INTEGRATED ANNUAL REPORT

for the year ended 30 June 2017

PAN AFRICAN
RESOURCES
PLC

PROFITABLE | SUSTAINABLE | STAKEHOLDERS | GROWTH

The following tools will assist you throughout the report

For further reading on our website
www.panafricanresources.com

For further reading in this report

KEY FEATURES

GOLD SOLD 173,285oz (2016: 204,928oz)

REVENUE ZAR2,925.3 million (2016: ZAR3,460.1 million)
GBP169.6 million (2016: GBP161.3 million)

EARNINGS PER SHARE 19.81 cents per share
(2016: 30.20 cents per share) **1.14 pence per share** (2016: 1.41 pence per share).

PROFIT AFTER TAX ZAR309.9 million (2016: ZAR547.0 million)
GBP17.9 million (2016: GBP25.5 million)

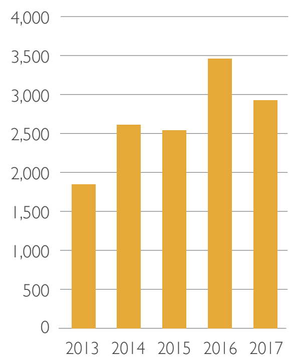
ALL-IN COST PER KILOGRAM
ZAR540,693/kg (2016: ZAR410,206/kg). (Note 1)

PROPOSED FINAL DIVIDEND The board has proposed a final dividend of **ZAR185 million** or approximately **GBP10.8 million** (2016: ZAR300 million or GBP17.1 million), equating to **ZAR0.08279 per share** or approximately **0.48697 pence per share** (2016: ZAR0.1544 per share or 0.88 pence per share) for the 2017 financial year. (Note 2)

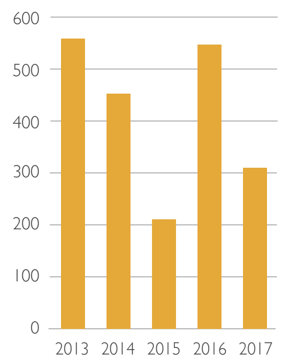
*Note 1: * Refer to (A) APMs on page 209.*

Note 2: The GBP proposed final dividend was calculated based on 2,234,687,537 total shares in issue and an illustrative exchange rate of ZAR17:1. Shareholders on the United Kingdom register are to note that a revised exchange rate will be communicated prior to approval at the annual general meeting (AGM).

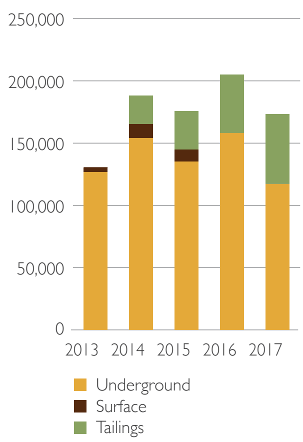
GROUP REVENUE
ZAR million



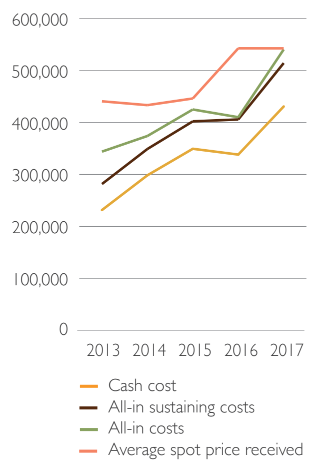
PROFIT AFTER TAXATION
ZAR million



GOLD SOLD
Ounces



REVENUE AND COST PER KG
ZAR/KG



Alternative Performance Measures

Words with this symbol (A) are defined in the Alternative Performance Measures (APMs) section of the integrated annual report.

ABOUT THIS REPORT

SCOPE AND BOUNDARY

We are pleased to present Pan African Resources' integrated annual report (the report) for the year 1 July 2016 to 30 June 2017. This report provides an overview of the group's integrated approach to its financial and non-financial information and is aimed at our shareholders and other interested stakeholders. The report includes the activities of the holding company, Pan African Resources, and all its operations and subsidiaries. The group's subsidiaries are incorporated in South Africa and their functional currency is the ZAR. The group's business is conducted in ZAR and the accounting records are maintained in this currency, except precious metal product sales, which are conducted in USD before conversion into ZAR. The ongoing review of the results of the operations conducted by executive management and the board is also performed in ZAR. For ease of reference, abbreviations and terms are defined in the glossary on page 214.

PROCESS FOR DEFINING REPORT CONTENT

The process for defining the report content was guided by the recommendations contained in the International Integrated Reporting Council's (IIRC) framework. We continue to embed the guiding principles and content elements contained in the IIRCs framework. The report content focuses on those issues which materially impact our ability to create and sustain value over the short term (one year), medium term (two to three years) and long term (beyond three years). Pan African Resources appreciates that its business operations use various forms of capital, including financial capital, human capital, natural capital, intellectual capital, manufactured capital and social and relationship capital. Consideration of the six forms of capital is shown in our business model on page 6.

Further, the report was prepared in line with both the AIM Market (AIM) of the London Stock Exchange (LSE), the LSE's international market for smaller growth companies, and the Johannesburg Stock Exchange's (JSE) Listings Requirements. We have applied the principles of the King IV Report on Corporate Governance for South Africa, 2016 (King IV) with a report included on our website at www.panafricanresources.com. Aspects of the UK Corporate Governance Code (UK Code) were considered in the preparation of the report. The sustainability information contained in this report and online was prepared based on the Global Reporting Initiative (GRI) G3.1 standard disclosure guidelines. A separate GRI report is available on our website at www.panafricanresources.com. The abridged mineral resources and mineral reserves report was based on the Mining and Metals Sector Disclosure Guidelines. The annual financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), the South African Institute of Chartered Accountants Financial Reporting Guidelines, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and the requirements of the UK Companies Act 2006 (UK Companies Act).

King IV	IIRC	IFRS
⊙	⊙	⊙

STRATEGIC REPORT

Our strategic report including the investment case and from pages 1 to 80, was reviewed and approved by the board on 20 September 2017.

ALTERNATIVE PERFORMANCE MEASURES

Throughout the strategic report we use a range of financial and non-financial measures to assess our performance. Management uses these measures to monitor the group's financial performance alongside IFRS measures because they assist in illustrating the underlying financial performance and position of the group. We have defined and explained the purpose of each of these measures on pages 209 to 213, where we provide more detail, including reconciliations to the closest equivalent measure under IFRS.

These APMs should be considered in addition to, and not as a substitute for, or as superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS. APMs are not uniformly defined by all companies, including those in the group's industry. Accordingly, APMs may not be comparable with similarly titled measures and disclosures by other companies.

ASSURANCE

Pan African Resources' external auditor, Deloitte has independently audited the annual financial statements for the year ended 30 June 2017. Their unmodified audit reports are set out on pages 114 and 121.

FORWARD-LOOKING STATEMENTS

See inside back cover.

STATEMENT FROM THE BOARD OF DIRECTORS

The board acknowledges its responsibility to ensure the integrity of the integrated annual report. The board has applied its collective mind in the preparation and presentation of the report and is satisfied that the report addresses all material matters and fairly presents the integrated performance of Pan African Resources.

Keith Spencer
Chairman

Cobus Loots
Chief Executive Officer

20 September 2017

SUPPLEMENTARY INFORMATION

This report represents one of three elements of Pan African Resources' 2017 financial year-end communication strategies with stakeholders, the other two being:

- Online supplementary information, which contains additional non-financial disclosures referencing GRI.
- Pan African Resources' mineral resources and mineral reserves report, which provides technical information on the mineral assets compliance with the South African Code for Reporting of Mineral Resources and Mineral Reserves (the SAMREC Code).

The above supplementary information, together with this 2017 integrated annual report, is available on the group's website at www.panafricanresources.com

Feedback

We welcome any feedback stakeholders may have on our integrated annual report. Please contact info@paf.co.za with your feedback.
Online copies of our integrated annual report are available on our website http://www.panafricanresources.com.
A limited number of hard copies are available on request from the Company Secretary, whose details appear on the inside back cover.

INVESTMENT CASE

Pan African Resources is a mid-tier African-focused precious metals producer.

The key enablers of our strategy are:

PEOPLE

Fostering relationships through action, integrity and honesty

Committed to sustainability

- Focused on achieving zero harm.
- Operational transformation trusts are actively involved in local economic development (LED) projects.
- Legacy of environmentally responsible mining with all rehabilitation liabilities fully funded.
- Strong transparent relationships with labour, government and communities.
- People focused ethos with a largely stable workforce.

Disciplined approach to capital management

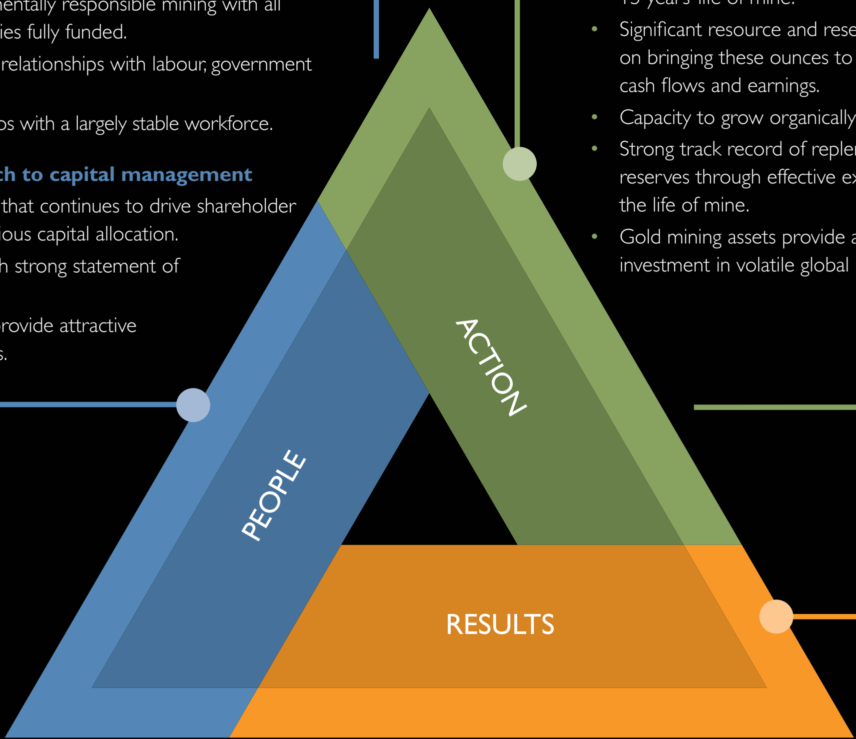
- Management team that continues to drive shareholder value through judicious capital allocation.
- Limited gearing with strong statement of financial position.
- Investments must provide attractive shareholder returns.

ACTION

Leadership, planning and control

Preferred gold investment

- Profitable production growth from long-life assets.
- Long-life quality gold mining operations Barberton Mines 20 years' life of mine and Evander Mines – 15 years' life of mine.
- Significant resource and reserve base, with a focus on bringing these ounces to account in the form of cash flows and earnings.
- Capacity to grow organically and acquisitively.
- Strong track record of replenishing mineral reserves through effective exploration to increase the life of mine.
- Gold mining assets provide a safe-haven investment in volatile global markets.



RESULTS

Delivering on all our targets without compromise | Maximising sustainable gold production | Positive impact on earnings

Proven business model, committed to low-cost production and successful organic growth with value-accretive transactions

- Culture of delivery – Barberton Mines' Barberton Tailings Retreatment Plant (BTRP) and Evander Mines' Tailings Retreatment Plant (ETRP).
- Quality assets delivering strong cash flows and robust returns.
- Approval for the construction of the Elikhulu Tailings Retreatment Plant project (Elikhulu Project).
- Improved sustainability at our operations.
- Total mineral resources: gold of 34.4Moz and an attractive project development pipeline.
- Uitkomst Colliery – conclusion of the sale to Coal of Africa Limited (Coal of Africa), which resulted in a 107.5% shareholder return over a 15-month period. Refer to APMs on page 213).
- On 31 July 2017 Pan African Resources entered into an agreement to dispose of Phoenix Platinum Mining Proprietary Limited (Phoenix Platinum) to Sylvania Platinum Limited (Sylvania) for ZAR89 million.

Delivering consistent and increasing returns

- Attractive dividend yield with a track record of sector-leading dividends.
- Robust profitability and cash flow generation.
- Cash flow generative assets enable consistent dividend payments to be made.
- Project delivery and requisite shareholder returns: BTRP payback within 18 months, ETRP payback within three years.

Cash flow generative and dividend paying

- Dividend policy linked to cash generation and a track record of sector-leading dividend payments.
- A five-year historical average dividend yield in excess of 5%.
- Low level of gearing with a strong statement of financial position.
- Access to a revolving credit facility (RCF) of ZAR1 billion and a ZAR1 billion term facility for the Elikhulu Project.

OUR PURPOSE, VISION AND STRATEGY

Our **purpose** is to exploit mineral deposits in a way that creates value for our stakeholders and for the betterment of society in a sustainable manner. Our **vision** is to continue to build and grow a mid-tier precious metals producer that delivers on this purpose.

OUR STRATEGY

Our growth strategy is executed by identifying and exploiting mining opportunities that create stakeholder value by driving growth in our mineral reserve and resource base; production; earnings; cash flows in a margin-accretive manner; and by capturing the full precious metals mining value chain by focusing on:

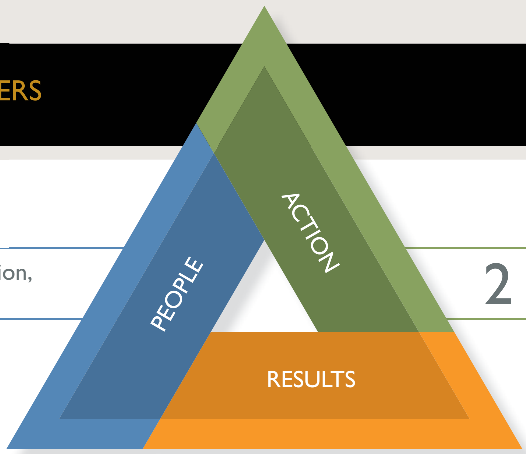
- Low cost base.
- Growth in mineral reserve base and profitable production.
- Positive impact on earnings, in a sustainable manner.
- Maximising recovered grade and production tonnes.
- High margins.

We encourage an entrepreneurial culture that fosters consistent value accretion for stakeholders by first identifying and then executing opportunities within our business and operations. This culture further contributes to sourcing new investments, thereby bolstering our portfolio of mining assets.

The group is profitable and cash generative at the current gold price, with the ability to fund all on-mine sustaining capital expenditure internally and meet its other funding and growth commitments.

The leadership review discusses the group's strategic progress in greater detail on page 10.

OUR KEY STRATEGIC ENABLERS



1 Fostering relationships through action, integrity and honesty

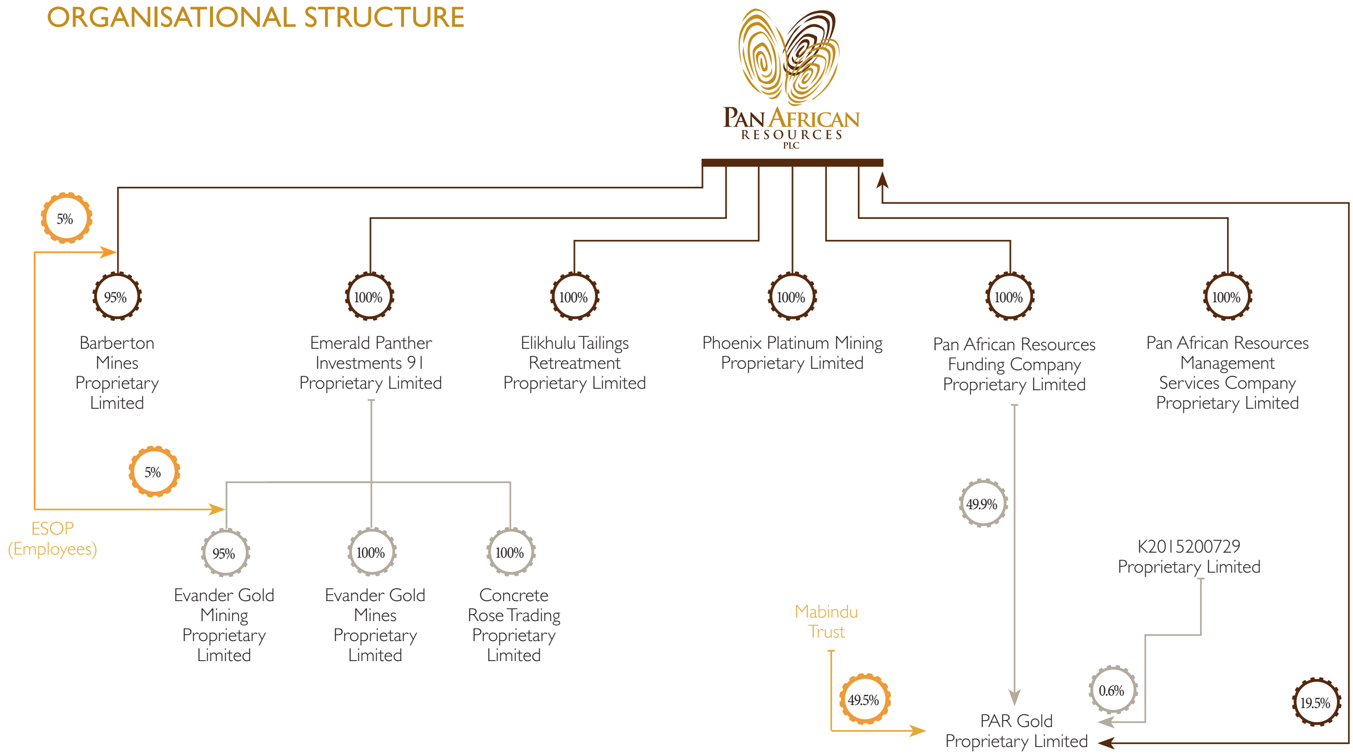
2 Leadership, planning and control

3 Delivering on all our targets without compromise, maximising sustainable gold and positive impact on earnings

OUR FOUR STRATEGIC PILLARS

WHO WE ARE

ORGANISATIONAL STRUCTURE



African mid-tier precious metals business

Quality assets with a production capacity in excess of 190,000oz of gold per annum.

Focused on maintaining and increasing profitable production ounces.

HISTORY

2000
- Incorporated as Viking Internet PLC in February.
- Admitted to AIM in May.

2001–2006
- Exploration phase.

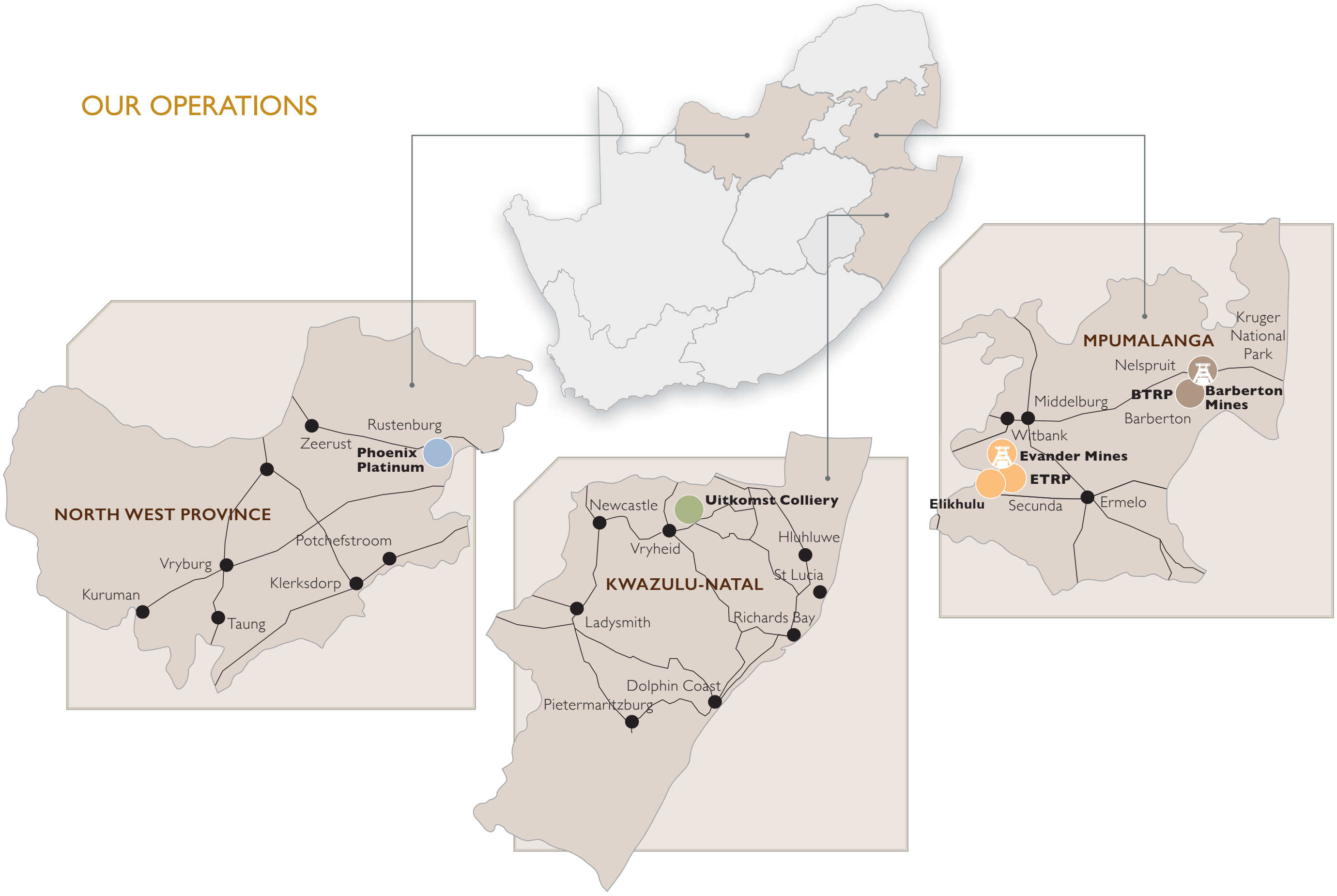
2007
- Acquired 74% of Barberton Mines from Metorex Limited (Metorex).

2009
- Acquired the remaining 26% of Barberton Mines from PAR Gold (previously known as Shanduka Gold Proprietary Limited) in exchange for 295.7 million shares in the company.
- Exercised the option to acquire 100% of Phoenix Platinum from Metorex for cash in May.

2013
- Finalised the acquisition of 100% of the share capital of Evander Mines for a total net purchase consideration of ZAR1.3 billion.
- Commissioned the BTRP.

2015
- Commissioned the ETRP.

OUR OPERATIONS



Significant growth projects

Gold resources base of 34.4Moz.

- Acquired the Uitkomst Colliery on 31 March for a cash consideration of ZAR148 million.
- Acquired shares in PAR Gold held by Standard Bank of South Africa Limited and the shares held by Jadeite Limited. Pan African Resources acquired the stake for ZAR546.9 million, a significant discount to the prevailing market price at the time. The transaction was funded from Pan African Resources' operational cash flows and a vendor consideration placement through an issue of shares.

2016

2017

- Approval received for the Elikhulu Project at a cost of ZAR1.74 billion – venture to yield over 56,000 ounces of gold per annum over a 13-year project life, boosting group production.
- Raised equity and secured debt financing to fund construction of Elikhulu.
- Disposed of the Uitkomst Colliery effective 30 June 2017 for a consideration of ZAR277.6 million to Coal of Africa.
- Concluded a conditional agreement to dispose of Phoenix Platinum for a total cash consideration of ZAR89.0 million after year-end.

Dual listed on London's AIM and South Africa's JSE

Market capitalisation at 30 June 2017 of ZAR5.3 billion (2016: ZAR7.3 billion).

Diversified shareholder base of major South African and international institutions.

PAR Gold Proprietary Limited (PAR Gold) is the empowerment partner with a 19.53% direct shareholding. The group's BEE ownership for purposes of the Mineral and Petroleum Resources Development Act (MPRDA) equates to approximately 26% of the gold mining operations by applying the flow through principles of excluding state-controlled entities (such as the Public Investment Corporation SOC Limited (PIC) and governmental pension funds) and including the operations employee share ownership programmes of 5%.

OPERATING ASSETS

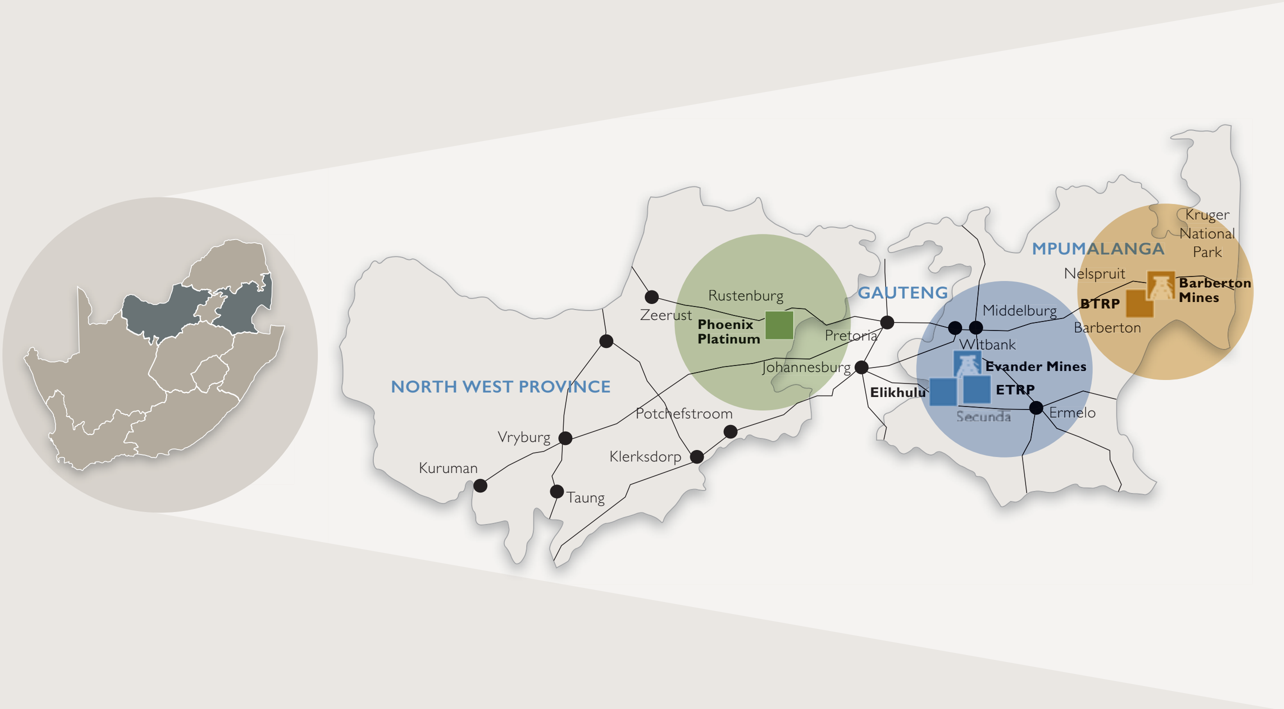
Pan African Resources is a mid-tier African-focused precious metals producer with a production capacity in excess of 190,000oz gold per annum.

The group's assets at the end of the financial year include:

BARBERTON MINES
three underground gold mines and the BTRP in Mpumalanga

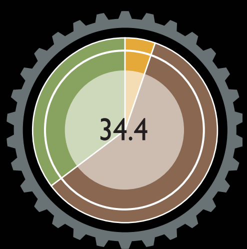
EVANDER MINES
a gold mine in Mpumalanga, ETRP and several brownfield projects

PHOENIX PLATINUM
the CTRP in the North West province



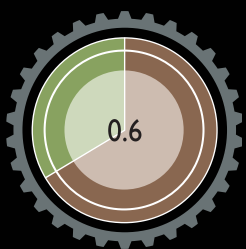
GROUP MINERAL RESOURCES (Moz)

Gold



1.9 Measured
20.4 Indicated
12.1 Inferred

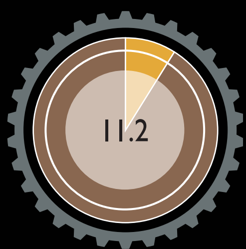
PGEs 4E



– Measured
0.4 Indicated
0.2 Inferred

GROUP MINERAL RESERVES (Moz)

Gold



1.0 Proved
10.2 Probable

PGEs 4E

– Proved
0.2 Probable

Employees | Contractors | Life of mine | Description and location | Operational statistics | Resources and reserves

Barberton Mines

Employees: 1,980 | Contractors: 606 | Life of mine: 20 years

Located in a greenstone belt, this is a low-cost, high grade operation comprising three underground mines: Fairview, Sheba and New Consort, and a tailings retreatment plant (BTRP).

Production (tonnes milled):	246,915
Produced (oz/annum):	71,763
Capacity (oz/annum):	95,000
Tonnage (capacity per annum):	300,000
Sustainable capital per annum:	ZAR112.8 million
Acquired:	74% from Metorex 2007 and then remaining 26% from PAR Gold in 2009

Resources:	9.6Mt @ 10.30g/t (3.2Moz)
Reserves:	4.7Mt @ 8.37g/t (1.3Moz)
Head grade:	9.80g/t
Cash cost:	USD953/oz
Mining Charter rating: 3	

Barberton Tailings Retreatment Plant (BTRP)

Employees: 26 | Contractors: 38 | Life of mine: 14 years

Located at Barberton Mines, the R325.7 million gold tailings retreatment plant commenced construction in April 2012, was completed on schedule and within budget, and achieved its inaugural gold pour in June 2013.

Production (tonnes milled):	821,691
Produced (oz/annum):	26,745
Capacity (oz/annum):	30,000
Tonnage (capacity per annum):	1.2 million
Sustainable capital per annum:	ZAR4.0 million
Developed:	Steady-state production commenced in 2013

Resources:	21.4Mt @ 1.30g/t (0.9Moz)
Reserves:	13.3Mt @ 1.51g/t (0.6Moz)
Head grade:	2.30g/t
Cash cost:	USD378/oz
Mining Charter rating: 3	

Evander Mines

Employees: 1,808 | Contractors: 484 | Life of mine: 15 years

Located in the Witwatersrand basin, current operations comprise No 8 Shaft, several potential development projects – Poplar, Evander South, Rolspruit and the Kinross metallurgical processing plant and tailings storage facility.

Production (tonnes milled):	260,784
Produced (oz/annum):	45,304
Capacity (oz/annum):	95,000
Tonnage (capacity per annum):	480,000
Sustainable capital per annum:	ZAR198.4 million
Acquired:	100% from Harmony in March 2013

Resources:	90.6Mt @ 9.70g/t (28.2Moz)
Reserves:	28.4Mt @ 8.26g/t (7.6Moz)
Head grade:	5.7g/t (includes development waste tonnes)
Cash cost:	USD1,679/oz
Mining Charter rating: 3	

Evander Tailings Retreatment Plant (ETRP)

Employees: 99 | Contractors: 141 | Life of mine: 15 years

A tailings retreatment project which will exploit historically generated gold tailings deposited in the Kinross tailings storage facility and surface sources.

Production (tonnes milled):	2,321,723
Produced (oz/annum):	29,473
Capacity (oz/annum):	30,000
Tonnage (capacity per annum):	2.4 million
Sustainable capital per annum:	ZAR2.0 million
Developed:	Steady-state production commenced in 2015

Resources:	36.3Mt @ 0.29g/t (0.3Moz)
Reserves:	36.3Mt @ 0.29g/t (0.3Moz)
Head grade:	Tailings: 0.3g/t Surface feedstock: 1.9g/t
Cash cost:	USD554/oz
Mining Charter rating: 3	

Elikhulu Project*

Employees: 67 | Contractors: 178 | Life of mine: 14 years

A tailings retreatment project which will exploit historically generated gold tailings deposited in the Kinross, Leslie/Bracken and Winkelhaak tailings storage facility.

Production (tonnes milled):	12,000,000
Produced (oz/annum):	56,000 to 45,000
Capacity (oz/annum):	56,000
Tonnage (capacity per annum):	12,000,000
Project capital:	ZAR1.74 billion
Developed:	Steady-state production to commence in 2018/19

Resources:	179.1Mt @ 0.29g/t (1.7Moz)
Reserves:	148.9Mt @ 0.29g/t (1.4Moz)
Head grade:	Tailings: 0.29g/t
Cash cost:	USD550/oz

Phoenix Platinum

Employees: 3 | Contractors: 82 | Life of mine: 7 years

Phoenix Platinum is a tailings plant which extracts platinum group metals from chrome tailings.

Production (tonnes milled):	283,067
Produced (oz/annum):	8,709
Capacity (oz/annum):	12,000
Tonnage (capacity per annum):	360,000
Sustainable capital per annum:	ZAR3.4 million
Developed:	Steady-state production commenced in 2012

Resources:	5.7Mt @ 3.12g/t (0.6Moz)
Reserves:	2.3Mt @ 2.32g/t (1.7Moz)
Head grade:	2.4g/t
Cash cost:	USD730/oz
Mining Charter rating: 3	

** Figures in table based on definitive feasibility study (November 2016).*

BUSINESS MODEL

INPUTS

We use each of the six forms of capital in our business activities to create and preserve shareholder value.

FINANCIAL CAPITAL

• Shareholder equity.	ZAR3,620.5 million
• Internally generated operational cash flows before dividend.	ZAR339 million
• Debt facilities.	ZAR1.0 billion RCF ZAR1.0 billion term debt facility for the Elikhulu Project ZAR100.0 million in general banking facilities (GBF)

MANUFACTURED CAPITAL

• Gold resources.	34.4Moz
• Property, plant and equipment and mineral rights.	ZAR3,810.7 million

HUMAN CAPITAL

• Employees' skills and experience.	3,932 employees
• Skilled and experienced board.	

INTELLECTUAL CAPITAL

- Mining and prospecting licences.
- Key personnel for managing the BIOX® process.
- Management and board's combined expertise.
- Networks and relationships.
- Leadership, planning and control.

SOCIAL AND RELATIONSHIP CAPITAL

- Investing in our communities.
- Stakeholder relations – unions, regulators, communities.

NATURAL CAPITAL

- Energy consumption.
- Water consumption.

BUSINESS ACTIVITIES

We are committed to low-cost production and optimising extraction efficiency through our mining activities, while ensuring we invest in the communities within which we operate and maintain a legacy of environmentally responsible mining.

MINING ACTIVITIES

Barberton Mines and BTRP

Phoenix Platinum

(CTRP) – concluded a conditional disposal agreement on 31 July 2017

Evander Mines and ETRP

Uitkomst Colliery
Effective disposal 30 June 2017

UPLIFTING COMMUNITIES

through **corporate social investment** and **local economic development**

Embracing **best practice corporate governance**

OUTCOMES

Through our business activities and the use of capital inputs, we continue to have a positive impact on the economy and the communities within which we operate.

1 **Supporting South Africa's economy** through the taxes paid and employment provided for 3,932 people during the year.

2 **Supporting entrepreneurs,** other sectors and industries through our supply chain.

3 **Supporting 24 students** with full-time bursaries in the fields of geology, mining engineering, mechanical engineering, actuarial science, finance, economics and mine surveying.

4 **Investing in communities** through the group's transformation trusts totalling ZAR15.4 million – including gold mining operations and suppliers' contribution.

EXTERNAL OPERATING ENVIRONMENT > | Commodity markets | Regulatory environment |

OUTPUTS

Our outputs support our vision to continue to build a precious metals business in Africa by remaining focused on our four strategic pillars: profitable, sustainable, stakeholders and growth.

OTHER ACTIVITIES

Growing the business through organic and acquisitive opportunities such as:

- Elikhulu Project.
- Evander Mines' 2010 Pay Channel.
- Evander South.
- Rolspruit.

Stakeholder engagement with shareholders, investors, employees, unions, regulators, communities, suppliers, customers.

FINANCIAL CAPITAL

• Revenues generated	
– Gold.	ZAR2,925.3 million
– PGE.	ZAR82.2 million
– Coal.	ZAR432.8 million
• Profit after taxation.	ZAR309.9 million
• Internally generated operational cash flows after dividend.	ZAR106.5 million
• Dividends paid to shareholders.	ZAR300 million
• Interest payments to debt funders.	ZAR47.5 million
• Reinvestment in infrastructure.	ZAR613.1 million
• Government taxes and royalties paid.	ZAR141.0 million

MANUFACTURED CAPITAL

• Reserves.	Gold 11.2Moz
	PGE 0.2Moz
• Resources.	Gold 34.4Moz
	PGE 0.6Moz
• Production.	Gold 173,285oz per annum
	PGE 8,709oz per annum

HUMAN CAPITAL

• Three fatalities.	
• Skills development and training.	ZAR32.1 million
• Employee remuneration.	ZAR1,119.0 million

INTELLECTUAL CAPITAL

- Mining and prospecting licences.

SOCIAL AND RELATIONSHIP CAPITAL

• Corporate social investment and local economic development.	ZAR24.3 million
• Stakeholder relations – unions, regulators, communities.	Mining Indaba, community and regular union meetings.

NATURAL CAPITAL

• Energy consumption.	1,521,811Gj
• Water consumption.	25,395m^3
• Carbon emissions.	0.12CO_2e/t milled

5 **Producing precious metals** in support of increased investor demand as they seek protection against economic and currency volatility.

6 **Creating employment and skills development opportunities** to communities through initiatives such as Umjindi Jewellery and the Sinqobile Life Skills Centre.

7 **Limiting environmental degradation.**

8 **Minimising the occurrence of illegal mining.**

9 **Creating shareholder value** through dividend distributions.

10 **Supporting South Africa's transformation goals.**

Capital and foreign exchange markets | Labour and communities | Energy costs |

LEADERSHIP REVIEW

Keith Spencer
Chairman

Cobus Loots
Chief Executive Officer

Our corporate purpose envisages value creation for our stakeholders and for the betterment of society, which we deliver through continuous profitable growth as a mid-tier precious metals producer on a sustainable basis.

Despite the operational challenges experienced during the year, which negatively impacted the group's financial results, the group delivered on its purpose through value-accretive and growth transactions, and by improving the reliability of mining infrastructure and reducing operational costs. Looking ahead we are well positioned for a much improved production and financial performance.

We are pleased to present our first leadership review, combining the Chairman and Chief Executive Officer's reviews.

The operational and safety challenges experienced in the past year tested our resilience at a time when the mining industry is under pressure on a number of local and international fronts. We do however believe our group has emerged stronger and better positioned after a difficult period, and we look forward to the year ahead. In a world where investors are seeking a cash return on their investments, the group also maintained an attractive dividend to our shareholders.

GLOBAL AND LOCAL OPERATING ENVIRONMENT

The operating landscape was characterised by significant political and social challenges and an increased measure of uncertainty – both globally and locally.

Global operating environment

Internationally, geopolitical risks increased with, *inter alia*, the election of the Trump administration in the United States of America (USA), an increase in populism in Europe, North Korea's military actions, continued uncertainty around the United Kingdom's exit from the European Union (EU), an increase in terror attacks, instability and war in the Middle East and continued concerns pertaining to global economic recovery and growth prospects.

South African operating environment

Locally, South Africa experienced a tumultuous year politically, economically and socially. Public awareness of and anger over an unbridled corruption scourge was heightened, with increasing rumours and evidence of "state capture". The surprising cabinet reshuffle by President Jacob Zuma in late March 2017, followed by South Africa's ratings downgrade to sub-investment grade status by Fitch Ratings (Fitch) and Standard & Poor's (S&P), led to volatility in the Rand and negative investor sentiment towards the country. Nationwide protests to demonstrate against the government's lack of service delivery and lack of employment opportunities were frequent, with the official unemployment rate in excess of 27%. Looking ahead politically, we are most likely to experience further uncertainty leading up to the ANC's elective conference in December 2017, when a new party president will be elected.

KEY FEATURES

Elikhulu, which is fully funded and under construction, is expected to materially enhance the group's production and profitability profile. Elikhulu is expected to produce an average of 56,000oz per annum in the initial eight years of the project life, at an all-in sustaining cost of below USD550/oz.

Statement of financial position is robust with net debt reduced to ZAR67.6 million (2016: ZAR339.6 million).*

Safety performance improved with lost time injury frequency rate (LTIFR) remaining stable at 3.51 (2016: 3.50) and the reportable injury frequency rate (RIFR) improving to 1.53 (2016: 2.04).

Sale of Uitkomst Colliery generated profits of ZAR91.3 million and total shareholder returns of 107.5% over a 15-month ownership period.*

Group generated profit after taxation of ZAR309.9 million, despite a stagnant gold price environment and operational challenges.

Long-term sustainability of underground operations significantly improved with infrastructure repairs and cost reductions at Evander Mines, and a new sub-vertical shaft project at Barberton Mines' world-class 11-block orebody.

Large group gold resources of 34.4Moz positions the group for further growth in medium-term gold production, through projects such as Evander Mines' 2010 Pay Channel and production expansions at Barberton Mines.

Refer to (A) APMs on pages 212 and 213.

CHALLENGES

We are deeply saddened to lose three colleagues within the group – Evander Mines (one employee fatally injured) and Barberton Mines (two employees fatally injured).

Evander Mines' underground operations were suspended for 55 days to attend to the refurbishment of critical shaft infrastructure during March and April 2017, which was completed on time and within budget.

During the restructuring of Evander Mines 628 employees were retrenched, and contractors were reduced by 147.

Community unrest at Barberton due to poor governmental service in surrounding villages which affected the mining operations in the first half of the financial year.

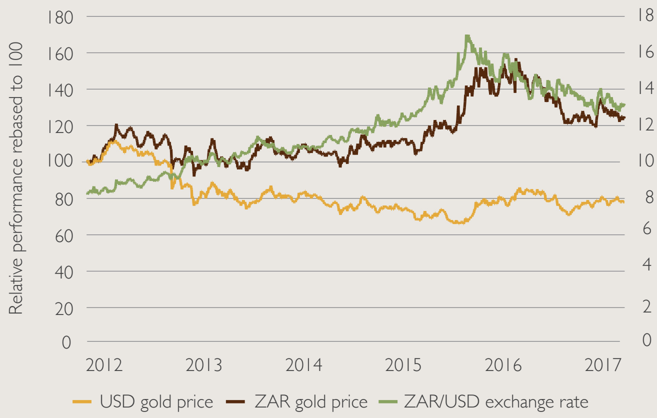
Volatile commodity price and exchange rates, with a stagnant ZAR gold price through the past year.

Gold production reduced from prior year as a result of operational challenges, however improved gold production is expected for the 2018 financial year.

Uncertainty related to the proposed new South African Mining Charter and economic instability.

USD vs ZAR gold price

Five years ended 30 June 2017



THE YEAR IN REVIEW

Pan African Resources experienced a difficult operational year, with lower gold production exacerbated by a stagnant ZAR gold price environment. Regrettably three employees were fatally injured while on duty underground. We continue to strive towards a workplace and environment of "zero harm" and believe this to be achievable as we continuously work to improve our safety and environmental performances. Despite the very distressing setback related to employees being fatally injured, other safety statistics were encouraging, with our LTIFR stabilising and the RIFR improving year-on-year. Significant progress has been made on ensuring the on-mine safety management teams are appropriately staffed and skilled to drive our safety improvement campaigns. The safety performance at Barberton Mines and Evander Mines is better than the average industry safety rates, and the focus is on improving safety year-on-year.

Gold production was lower than expected as Evander Mines suspended underground production for 55 days to effect critical infrastructure refurbishments to its shaft infrastructure, and Barberton Mines' production was adversely affected by logistical and flexibility constraints at its Fairview operation, compounded by community unrest and the Department of Mineral Resources (DMR) safety stoppages.

Evander Mines restructured its operations during the year, which has resulted in improved operational efficiencies and a leaner, more sustainable cost base. The shaft failure at Evander Mines prompted a review of the mine's engineering function to ensure similar problems are detected timeously in future. Furthermore, Evander Mines' shaft infrastructure was subject to a number of internal and external engineering reviews and we believe the risk of another similar failure is materially reduced. Our engineering reviews have identified a number of infrastructural issues which are being addressed to ensure the risk associated with the mine's infrastructure is further addressed.

The challenges highlighted above impacted the group's results, with revenues decreasing by 15.5% to ZAR2,925.3 million (2016: ZAR3,460.1 million), principally due to a 15.4% decrease in gold production. The average ZAR gold price received remained materially unchanged at ZAR542,773/kg (2016: ZAR542,850/kg). The group's profit after taxation decreased by 43.3% to ZAR309.9 million (2016: ZAR547.0 million), with inflationary cost escalations impacting operating margins and reduced gold production which also affected profits.

Despite these difficulties, the group emerged stronger, with reduced debt levels at the end of the financial year and a renewed focus on its strategic growth path. Positive developments at Evander Mines included the approval of the Elikhulu Project and improvements to the reliability of mine infrastructure, with the completion of critical structural and engineering refurbishments at Evander Mines' No 7 and No 8 Shafts during March and April 2017. An exploration programme at Evander Mines' 2010 Pay Channel has started, and if proven a viable mining proposition, this project will involve the mining of this orebody from the existing No 7 Shaft, thereby saving the cost of sinking another deep-level shaft. Work is progressing well at Barberton Mines' Fairview shaft with the development of a sub-vertical shaft to improve access and flexibility in mining the 11-block high-grade orebody.

The sale of our Uitkomst Colliery in KwaZulu-Natal to Coal of Africa realised a profit on sale of ZAR91.3 million and further boosted the group's already strong financial position. On 31 July 2017, the group signed a conditional sale agreement with Sylvania to acquire Phoenix Platinum for ZAR89 million in cash.

An important development during the year under review was the gazetting of the revised Mining Charter by the Mineral Resources Minister in June 2017, amid controversies surrounding the lack of consultation between the government and other stakeholders, including labour and the mining industry, as well as concerns about specific impositions in this new charter. The revised Mining Charter announced in June 2017 was subsequently suspended in July 2017, and is now the subject of discussions as well as legal actions by the respective industry stakeholders. Pan African Resources is supportive of a constructive engagement that results in a Mining Charter geared to revitalise the mining industry, support job creation and creating much-needed economic growth. While we closely monitor developments regarding the revised Mining Charter, we are proud of the progress made in transformation during the past years, which includes our involvement in the communities within which we operate and the establishment of employee ownership structures at all our gold operations.

SAFETY, HEALTH AND ENVIRONMENT

Providing our employees with a safe and healthy operating environment and minimising the adverse impact on the natural environment remains a priority. This practice is entrenched within our governance processes and incorporated within our "sustainable" strategic pillar.

It is therefore with deep regret we report three fatalities at our gold mining operations during the year under review. Mr Velile Chaplin Kapa, an engineering assistant at Evander Mines, sustained a fatal head injury when a section of the main shaft pump column failed while he was working in the shaft bottom area. Mr Antonio Xavier Mbanze, a mining contract locomotive driver at Barberton's Fairview operation, was fatally injured by ore entering a draw point, while clearing an obstruction in the restricted area. Mr Luca Sipho Khoza, a load-haul driver at Barberton Mines' Fairview operation, sustained a head injury on 28 October 2016 while transporting ore underground, and while recovering unfortunately succumbed to his injuries on 3 July 2017. Pan African Resources' management and board express our sincere condolences to the families, friends and colleagues of the deceased. Processes to further improve the group's safety measures continue to be introduced to reduce the risk of future incidents. We also continue to appeal to all employees and other stakeholders to assist us in achieving our safety targets and goals.

The group experienced an encouraging improvement in its RIFR to 1.53 (2016: 2.04), and the LTIFR remained unchanged at 3.51 (2016: 3.50). We remain focused on entrenching a culture of safety at all operations. The group continued to improve relations with the DMR inspectorate regarding section 54 safety stoppages and we have taken a joint approach to collectively work together to improve safety for all employees.

Pan African Resources assumes full responsibility for providing a work environment that promotes practices conducive to the long-term wellbeing of our employees, ensuring adequate oversight of workplaces and providing appropriate healthcare facilities and resources. It was pleasing to note the progress made on providing voluntary counselling and testing for HIV/Aids to employees, of which about 60% (2016: 45%) volunteered for testing. A 39% improvement in noise-induced hearing loss (NIHL) cases was achieved during the year. Managing pulmonary tuberculosis (TB) cases and other lifestyle diseases remains a challenge but the progress made is a testament to the group's health and wellness management across all operations.

In keeping with our commitment to being an operationally sustainable business, we did not incur any environmental fines at any of our operations in the current or prior year.

STRATEGY

Our strategy is underpinned by four pillars, namely *profitable, sustainable, stakeholders* and *growth* with the key enablers being *people, action* and *results*. The group's strong financial position, well-established cash-generative operations, decentralised hands-on management structure and cost-conscious culture continue to differentiate us from our peers. These attributes provide the group with a competitive advantage for further growth and also allow us to capitalise on potential acquisition opportunities.

People

People form the nucleus of our organisation and we foster relationships through action, integrity and honesty. These relationships extend to all our employees (permanent and contractors), the communities within which we operate, labour unions, government and other stakeholders.

The group's workforce is mature, evidenced by a low employee turnover percentage of 6.4%. No major industrial action was recorded during the year, partly due to positive and transparent communication with employees and their representative unions. Following Evander Mines' restructure, 628 employees were retrenched. However, we are confident the Elikhulu Project will provide employment and entrepreneurial opportunities for a number of these employees and for the greater Evander community in general. A steering committee consisting of Evander Mines, the community and the local municipality was established to drive these employment opportunities and entrepreneurial prospects.

During the financial year, the group invested ZAR24.3 million (2016: ZAR21.0 million) in corporate social investment and local economic development programmes to uplift the communities surrounding our operations. Following operational disruptions at Barberton due to community unrest, primarily directed against government service delivery, Barberton Mines organised a Mining Indaba to engage with key stakeholders and to outline current and prospective development projects, which was positively received by the local community and our labour unions.

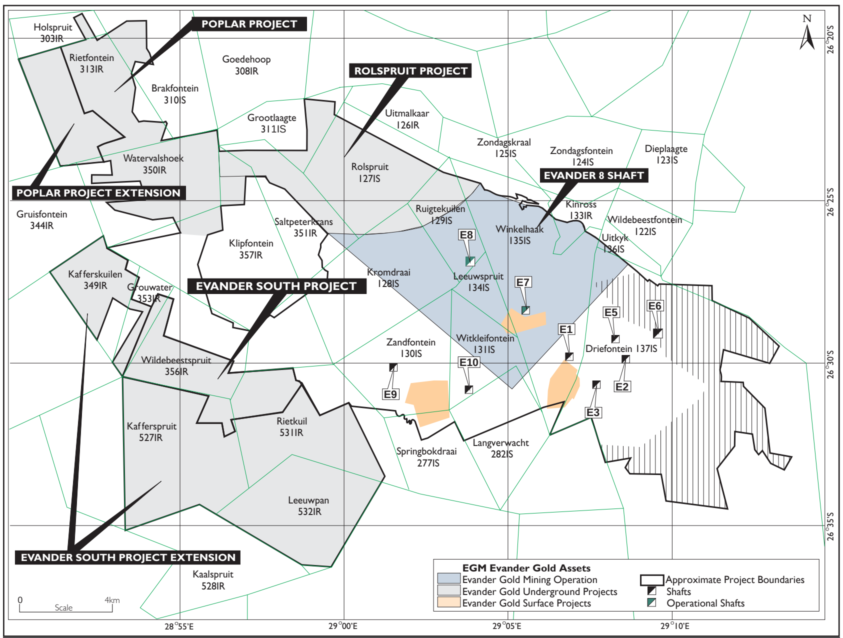
Action

Our ambition is to be a mining investment of choice. We action this ambition by maximising the intrinsic value of our existing assets, and constantly seek opportunities for value-accretive growth – whether organic or acquisitive – to deliver shareholder returns. This strategy is evident in the approved and in-construction Elikhulu Project, the Evander Mines' 2010 Pay Channel exploration project and the profitable disposal of Uitkomst Colliery.

Mineral resources and mineral reserves – organic growth

Elikhulu Project

In December 2016, the board approved the ZAR1.74 billion investment in the Elikhulu Project at Evander Mines. The execution risk associated with the project is deemed to be low, given the proven technology and the production precedent set by the existing ETRP. Full commissioning of the Elikhulu Project is scheduled for the final quarter of the 2018 financial year and the project is expected to produce more than 56,000oz of gold annually in its first eight years, and a further 45,000oz per annum of gold for the remaining six years thereafter. This project positions Pan African Resources as an established processor of surface material, with approximately 85,000 ounces or 35% of our annual gold production being produced in this manner in the future. Of the total project capital of ZAR1.74 billion required, ZAR1 billion will be financed through a five-year committed debt facility and the balance will be funded through the recent equity raised of approximately ZAR696 million. The debt redemption profile is matched to the project's cash flows so as to not compromise the group's history of dividend distributions. The final regulatory approvals – the integrated environmental authorisation and water-use licence – were received on 31 July and 24 August 2017, respectively.



Summary of project areas at Evander Mines

Evander Mines' 2010 Pay Channel

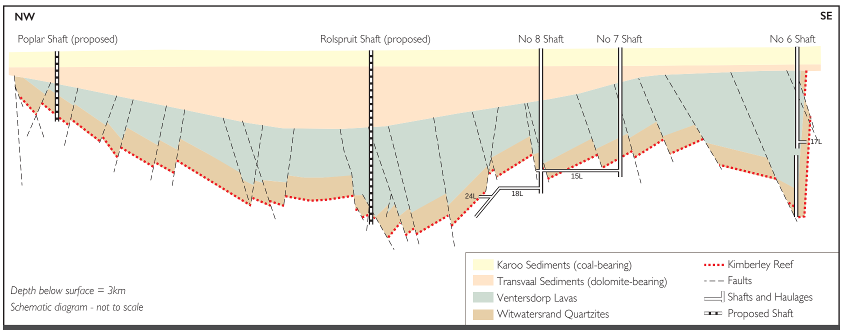
The 2010 Pay Channel was identified as the priority exploration project within the group's portfolio and an exploration programme on the orebody was subsequently initiated. Should the project prove technically and financially viable, the orebody can potentially be accessed through Evander Mines' existing No 7 Shaft, negating the need for establishing a new vertical shaft infrastructure. Refer to the abridged mineral resources and mineral reserves report on page 58.

Evander Mines No 9 Shaft and Evander South project

The group is investigating further medium- to long-term underground production increases from sources such as Evander Mines' No 9 Shaft and the Evander South project. There is potential to exploit both resources collectively by using the No 9 Shaft infrastructure, which is approximately two kilometres from the Evander South orebody.

Rolspruit Project

Evander Mines' No 8 Shaft is currently mining on levels 24 and 25 and Rolspruit is merely the extension of the No 8 Shaft mining area, from 26 to 29 Level and to an approximate depth of three kilometres at the deepest point. Rolspruit can potentially be mined with additional development from 26 Level to 18 Level with an inter-linking sub-vertical shaft designed for employees and material, which could use the existing shaft systems of No 8 Shaft and No 7 Shaft. The operation would require a new shaft to exploit the full extent of the available orebody. The Rolspruit mineral resource is 9.0Moz at 11.82g/t with a mineral reserve of 6.5Moz at 8.60g/t, potentially producing 200,000oz – 300,000oz of gold per annum.



The idealised cross-section of the Evander basin

Disposal of Uitkomst Colliery

Pan African Resources concluded an agreement[1] to dispose of Uitkomst Colliery to Coal of Africa[2] for a final amount of ZAR277.6 million in cash, shares and deferred consideration. The immediate cash inflow of ZAR125 million boosted the group's existing cash resources, strengthening its financial position for the development of growth opportunities. The balance of the consideration was settled by means of a two-year interest-bearing deferred payment of ZAR25 million and 261,287,625 issued Coal of Africa shares equivalent to ZAR127.6 million in value, and equating to approximately 9.3% of the Coal of Africa share register. The group realised an attractive 107.5% shareholder return on the original ZAR148 million investment over the 15-month ownership period. Refer to A APMs on page 213.

"Pan African Resources is pleased to have concluded this transaction with Coal of Africa. It reaffirms Pan African Resources' focus on our core mining business and, again, demonstrates our ability to conclude value-accretive transactions to the benefit of our shareholders."

Cobus Loots, *Chief Executive Officer*

Geographic expansion

The group continued to evaluate acquisitive gold opportunities as part of its geographic expansion strategy. Opportunities considered are measured against the group's stringent capital allocation criteria, which require that any investment must contribute profitable production ounces within a short- to medium-term timeframe and deliver the requisite risk-adjusted returns to our shareholders.

During the year under review, the group assessed several acquisition opportunities outside South Africa, and submitted a conditional proposal to acquire an attractive development asset in West Africa. To date, our efforts to acquire producing or near-producing assets have been unsuccessful. However, we will continue pursuing opportunities in a disciplined and structured manner, and will ensure that any acquisition is value accretive and does not detract from our current portfolio's value.

Results

Financial and operational performance

The group aims to deliver on its financial and operational targets and has a proven business model committed to relatively low-cost production and delivering strong returns through quality assets. Unfortunately, we were unable to meet our internal financial and operational targets in the current financial year, following the 15.4% decline in gold production due to the operational challenges experienced at

[1] *Effective date of the transaction was 30 June 2017. The financial statements disclosure includes the Uitkomst Colliery's results for the full financial year on a separate line item in the statement of comprehensive income in discontinued operations.*

[2] *Coal of Africa is an emerging coal mining, development and exploration company operating in South Africa and incorporated in Australia, where its shares are traded on the Australian Securities Exchange, the AIM Market of the LSE and the main board of the JSE.*

both our Barberton and Evander mining operations (see details on page 54) and the low ZAR gold price environment. Although operational cash flows were adversely impacted, the group still generated surplus cash flows, further boosted by the disposal proceeds of the Uitkomst Colliery, which positions the group favourably to continue paying a sector-leading dividend.

Detail of our financial performance is contained in the Financial Director's review and the operational performance per operation is detailed on pages 34 and 55 respectively.

DIVIDEND POLICY AND PAYMENT

Pan African Resources aspires to pay a regular dividend to its shareholders. In balancing this cash return to shareholders with the group's strategy of generic and acquisitive growth, Pan African Resources believes a target pay-out ratio of 40% of net cash generated from operating activities – after allowing for the cash flow impact of sustaining capital, contractual debt repayments and the cash flow impact of once-off items – is appropriate. This measure aligns dividend distributions with the cash-generation potential of the business. In proposing a dividend, the board will also take into account the company's financial position, future prospects, satisfactory solvency and liquidity assessments and other factors deemed relevant at the time. The board also allows itself flexibility to deviate from the above policy, when deemed appropriate.

Although cash generated by operating activities for the period was below expectations, the cash flow generated by the sale of Uitkomst Colliery and other investments amounted to ZAR148 million and largely constitutes the return to shareholders of the profits realised on the original investments. While this is a deviation from the group's stated dividend policy, the board considered that the exceptional circumstances warrant the proposed dividend as the Elikhulu Project debt facility has been closed and sustaining capital can be funded from operational cash flows at the prevailing gold price.

The board is pleased to propose a final dividend of ZAR185 million or approximately GBP10.9 million (2016: ZAR300 million or GBP17.1 million), equating to ZAR0.08279 per share or approximately 0.48697 pence per share (2016: ZAR0.1544 per share or 0.88 pence per share) – subject to shareholder approval at the AGM on 21 November 2017. The dividend represents a dividend yield of approximately 3.5% at the prevailing share price, comparing favourably to our peers.

GOVERNANCE

Pan African Resources is committed to the highest standards of governance and embeds sound corporate governance practices into daily operations and processes. As part of our robust corporate governance framework, we incorporate both local (King IV) and international (UK Code) best practice.

The Institute of Directors Southern Africa released the King IV Report on Corporate Governance for South Africa in November 2016, which builds on the content of King III. The group conducted a gap analysis of the differences between King IV and King III to determine any shortcomings the board should address. This gap analysis was presented to the board and will be actioned by management to ensure the recommended governance outcomes of ethical culture, good performance, effective control and legitimacy are achieved.

The group's King IV checklist is available on the group's website on www.panafricanresources.com and the detailed governance section is on page 84.

LOOKING AHEAD

Notwithstanding the challenging 2017 financial year and the uncertain local and global environment, the remedial action taken by management in the past year to deal with the operational difficulties positions the group favourably to deliver on its 2018 production guidance.

In the new financial year, the key focus areas for the group, from an operational perspective, include:

- Continuing to improve our safety and regulatory compliance across all operations.
- Achieving our gold production guidance of 190,000oz, or more, for the 2018 financial year.
- Ensuring construction of the Elikhulu Project progresses according to the original schedule and budget.
- Completing the drilling programme deflections on the Evander Mines' 2010 Pay Channel and finalising the technical and economic evaluation of the project.
- Commencing construction of the Barberton Mines sub-vertical shaft project at Fairview.
- Ensuring sustainable and optimal operating performance at our gold mining operations.
- Further improving stakeholder engagement to minimise operational stoppages.
- Concluding the ZAR89 million disposal of Phoenix Platinum to Sylvania.

The group will also continue to evaluate acquisitive opportunities, particularly within other African jurisdictions, in accordance with the group's stringent capital allocation criteria.

APPRECIATION

We would like to thank fellow board members for their continued participation in our business and their insight during the year under review. Furthermore, a warm thanks to the executive management team and all employees, who continued to show commitment, perseverance and determination in a particularly challenging operating environment, which is likely to persist going forward. We extend our appreciation to our shareholders, all business partners and industry regulators for your ongoing support of Pan African Resources. We look forward to the year ahead.

Keith Spencer
Chairman

Cobus Loots
Chief Executive Officer

20 September 2017

STRATEGIC SCORECARD

Strategic pillar	Deliverable	2017 objectives	2017 progress	Self-assessment on progress	Link to principal risk
Profitable	Attributable profitability.	Improve profitability at operations.	Profits in ZAR decreased by 43.3% to ZAR309.9 million. Reduction in profits and production due to the challenges highlighted in the operational review, exacerbated by the stagnant ZAR gold price environment.		• Financial. • Operational.
	HEPS.*	Improve group HEPS.	HEPS declined by 33.2% to 20.17 cents.		
	EBITDA.*	Improve group cash generation.	EBITDA decreased by 45.5% to ZAR524.6 million.		
	Cost containment.	Cost containment measured on an all-in sustaining cost basis and total cash cost.	All-in sustaining costs increased by 26.8% to ZAR514,435/kg.		
	Mining profit margin from gold operations.	Operational profit.	Mining profits decreased by 62.5% to ZAR401.2 million (2016: ZAR1,069.8 million).		
	Optimal grade/ tonnage production profiles for operations and business plans.	Grade improvement/ maintenance.	Barberton Mines grade declined to 9.8g/t and the grade at Evander Mines improved to 5.7g/t. The float feed head grade at Phoenix Platinum decreased to 2.4g/t from processing of tailings.		
Sustainable	Optimising mineral reserves for sustainable life of mine production profile.	Implement earnings and cash flow accretive growth.	The Gold transaction positively impacted earnings in the current financial year and remains value accretive. The Gold acquisition results in 436.4 million shares, equating to 19.53% of the company's issued share capital, being held as treasury shares. Disposal of the Uitkomst Colliery contributed ZAR91.3 million profit to the group's results. Life of mine decreased to 20 years (2016: 22 years) at Barberton Mines and Evander Mines decreased to 15 years (2016: 16 years). Phoenix Platinum life of operation declined to seven years (2016: nine years).		• Financial. • Safety. • Environment. • Operational. • Reputational – social licence to operate.
	Operating profit margins.	Improved operating margins.	Mining profits decreased by 62.5% to ZAR401.2 million (2016: ZAR1,069.8 million).		
	All-in cash cost of production per kilogram.*	Maintaining cost inflation per kilogram.	All-in cash cost of production increased by 31.8% to ZAR540,693/kg (2016: ZAR410,206/kg).		
	Environmental compliance.	Zero harm.	No environmental transgressions or fines.		

* *Refer to* (A) *APMs on pages 211 and 212.*

↑ Good progress = Moderate progress ↓ Limited progress

Strategic pillar	Deliverable	2017 objectives	2017 progress	Self-assessment on progress	Link to principal risk
Sustainable continued	Safety record.	No fatalities.	Severity of accidents: one fatality at Evander Mines and two fatalities at Barberton Mines (2016: one fatality at Evander Mines).	↓	• Financial. • Safety. • Environment. • Operational. • Reputational – social licence to operate.
	Sufficient working capital for maintenance and growth.	Reduced debt and improved working capital.	Group capital expenditure increased to ZAR613.1 million (2016: ZAR302.4 million), due to additional ZAR175.5 million capital incurred on the Elikhulu Project and an increase in operational once-off capital expansion costs to ZAR100.8 million (2016: ZAR27.8 million), which related predominantly to the construction of the BTRP cyanide detoxification plant and Fairview's ventilation refrigeration and infrastructure. Net cash flow generated by operations before investing and financing activities was ZAR106.5 million (2016: ZAR581.4 million).	=	
	Enabling company culture.	Benchmarking of group values and culture.	Ongoing commitment to empowering employees by reinforcing group values and culture.	↑	
	Decentralised and effective management.	Decentralised management structures in place.	Strengthening of operational management structures.	↑	
	Engagement with local communities.	Maintain engagement with communities.	Ongoing engagement with communities.	↑	
	Skills development and training.	Maintain skills and development training.	The group spent ZAR32.1 million (2016: ZAR33.3 million) on skills development and training.	↑	
Stakeholders	Ongoing engagement.	Improve and maintain stakeholder communication and relationships.	Ongoing engagement with all stakeholders.	↑	• Reputational – social licence to operate. • Regulatory and legal. • Safety. • Financial.
	Social labour plans (SLPs) and Mining Charter compliance.	Finalise negotiations of operational employee share ownership plan.	Operational employee share ownership plans in place at gold mining operations.	↑	
	Return on shareholder funds. Dividend paying.	Maintain dividend payments.	ZAR185 million dividend proposed for the 2017 financial year. ZAR300 million final dividend paid in December 2016.	↑	

STRATEGIC SCORECARD continued

Good progress | Moderate progress | Limited progress

Strategic pillar	Deliverable	2017 objectives	2017 progress	Self-assessment on progress	Link to principal risk
Stakeholders continued	Safety record.	Improved safety across all operations.	The LTIFR remained stable at 3.51 (2016: 3.50) and the RIFR improved to 1.53 (2016: 2.04). The group's total recordable injury frequency rate (TRIFR) improved to 13.68 (2016: 14.57). The improvement in the group's overall safety performance is encouraging and we continue to strive to achieve a zero-harm environment.	Moderate progress	• Reputational – social licence to operate. • Regulatory and legal. • Safety. • Financial.
	Union engagement and relationships.	Ongoing improvement in labour relations.	Multi-year wage agreements across all operations. Evander Mines to enter negotiations in 2018 and Barberton Mines negotiations are underway. Ongoing union engagement and minimal labour unrest.	Moderate progress	
	Labour legislative compliance.	Minimising DMR section 54 stoppages and fines.	Ongoing engagement and interaction with the DMR and other regulators.	Moderate progress	
	Wage increases and appropriate remuneration policies.	Appropriate levels of compensation across the group.	Remuneration benchmarking takes place and all senior personnel remuneration is approved by remuneration committee.	Good progress	
	Contributions to revenue authorities.	Contributing to taxes and royalties.	Income tax and royalty paid of ZAR141.0 million (2016: ZAR269.6 million).	Good progress	
	CSI spend.	Contributions to CSI projects.	The group spent ZAR24.3 million (2016: ZAR21.0 million) on corporate social investment initiatives.	Good progress	
Growth	Organic growth (achieved within existing infrastructure).	Organic growth in production profile.	0.5Moz decrease in group's gold resources to 34.4Moz (2016: 34.9Moz).	Moderate progress	• Financial. • Operational.
	Acquisitive growth (achieved outside of existing infrastructure).	Acquisitive growth.	Approval of the Elikhulu Project.	Good progress	
	Replacement of mineral reserve projects for depleted projects.	Maintenance of life of mine of existing operations.	Barberton Mines 20 years (2016: 22 years), Evander Mines 15 years (2016: 16 years) and Phoenix Platinum 7 years (2015: 9 years). Refer to the 2017 MR&MR report for further details.	Moderate progress	

OPERATING ENVIRONMENT

The mining industry is heavily dependent on global commodity prices; favourable currency fluctuations; a stable political, labour and social environment; constrained resources and market sentiment.

Pan African Resources' sustainability and response to its operating environment is guided by its vision and purpose – to build and grow a mid-tier precious metal producer, while creating shareholder value and advancing society. Good governance and sound ethics form the foundation of our business and our experienced leadership and high-performance culture ensures resilience in a challenging and constantly changing operating environment. We currently only operate in South Africa and have developed skills to operate sustainably, with the view to increasing investor appetite for mining investment in our country.

Operating in South Africa has many advantages, which include access to technical skills, expertise and support, a well-trained, experienced workforce, excellent road, power and other infrastructure and more than a century of deep-level and general mining experience. Despite these benefits, the current in-country political instability and economic challenges cannot be ignored, and will have to be addressed if South Africa is to attract investment and successfully grow its economy.

We appreciate that, in general, we cannot control or predict our operating environment, but we continue to focus on those factors we can control or influence positively, such as gold production, the cost of production and delivering into value-accretive opportunities.

GLOBAL AND LOCAL ECONOMY DYNAMICS

The world has become more uncertain with increasing risks, including geopolitical tensions, political dissonance, weak governance, corruption, extreme weather conditions, terrorism and security concerns. Global trade relations also continue to worsen as countries focus inwardly on their economies, creating more inequality and fewer growth opportunities.

South Africa's economy has become more precarious due to an unexpected political reorganisation by President Jacob Zuma and severe political instability and infighting. This situation has not only resulted in ratings downgrades but also civil society reacting strongly with several public protests, as citizens expressed their concerns of facing limited job opportunities, the rising cost of essential foods and stagnating salaries. Positively, the Rand was relatively stable over the 2017 financial year but remains vulnerable due to continued political discord and global economic turmoil.

The dynamics of the global economy will continue to impact and influence the South African economy as well as the group. Local ideological and regulatory dogmatism are particularly concerning as they threaten Pan African Resources' South African local growth potential, due to the erosion of investor sentiment. For this reason, diversification is a strategic objective, thereby reducing our sovereign risk and capitalising further opportunities to enhance shareholder value. Diversification can however not be at all costs – any new investment by the group will have to demonstrate the requisite returns to shareholders.

THE ECONOMIC ENVIRONMENT AND THE GOLD MARKET

Historically South Africa was the world's largest gold producer with more than 75% of 1970 global reserves being held by the country. Today, it produces only 10% of the world's gold output. Gold may have lost prominence in the local economy, but the gold sector remains important as an employer and generator of foreign exchange.

Since Pan African Resources cannot control or predict the price it receives for its gold, especially when the USD gold price is combined with the exchange rate, fluctuations make gold receipts even harder to forecast. The group therefore focuses on gold production from operations and the cost of production. Refer to the Financial Director's and operational reviews on pages 34 and 54.

AN EVOLVING REGULATORY ENVIRONMENT

The mining industry is highly regulated, chiefly by the DMR, with the Mine Health and Safety Inspectorate executing the statutory mandate of the DMR, to safeguard the health and safety of mine employees and communities affected by mining operations. Pan African Resources continues to proactively engage with the DMR, with the common goal of achieving zero harm.

Another important act, which continues to evolve, is the MPRDA. The MPRDA's strategic intent is to streamline licensing processes to improve the ease of doing business in the industry and contribute towards national development imperatives. It aims to integrate and align the mining, environmental and water authorisation processes with the National Environment Management Authority and the National Water Act. The MPRDA aims to enhance provisions relating to the regulation and implementation of SLPs, entrenching and embedding transformation, and providing for enforcement of housing and living conditions standards for mineworkers. Amendments to the MPRDA have introduced some onerous requirements, with enhanced sanctions for non-compliance. In addition, uncertainties around these amendments run the risk of increased investor dissonance. Pan African Resources continues to monitor these developments.

A new draft of the Mining Charter (the charter), gazetted in June 2017, proposed certain provisions of concern to the mining industry, including raising black ownership from 26% to 30% in a manner that avoids dilution and appears to conflict with other legislation; and a requirement that 70% of all mining goods and 80% of all services in the mining industry must be procured from black economic empowerment (BEE) entities, when the number of possible suppliers is very limited. The proposed new charter also provides that all new mining rights are subject to a 1% revenue payment to BEE shareholders prior to any shareholder distribution and a minimum annual vesting of the BEE shareholding. After the Chamber of Mines' urgent interdict to prevent the revised charter's implementation, the charter was suspended, pending judgment in the Chamber of Mines urgent interdict. Pan African Resources welcomes the robust debate around the revised charter and is committed to finding a sustainable empowerment model for the industry. We continue to closely monitor developments on the revised Mining Charter and remain committed to transformation and compliance with the current Mining Charter and our operations' agreed SLPs.

The group has and will proactively implement several initiatives to increase its empowerment shareholding, which include the current employee share ownership schemes at Barberton Mines and Evander Mines, as well as the current PAR Gold shareholding in the group. These initiatives should reduce future dilution to other shareholders.

The group remains mindful of the Davies Commission on Tax, which is still investigating the appropriateness of the current mining tax regime. There remains a risk that revised tax legislation may negatively impact the mining industry's returns.

A SOCIAL LICENCE TO OPERATE

Mining depends on its employees and the surrounding communities. Ongoing community and employee relations are vital to ensure a harmonious working environment. The group's operations are controlled by mining rights and each operation's SLPs are submitted to the DMR annually for approval.

The Chamber of Mines plays a critical role in negotiating with the unions and bargaining on basic wages and conditions of employment takes place on behalf of its members (certain South African mining companies), while bargaining on organisational, operational and workplace issues are conducted at mine or company level. Evander Mines operation secured a wage agreement for three years, ending 2018. Barberton Mines is not a member of the Chamber of Mines but is aware of the Chamber of Mines' policies. Barberton is negotiating a new wage agreement in 2017.

Illegal mining continues to pose a major challenge for the South African mining industry. These miners typically access both abandoned and operating mines, without the requisite logistical support, safety equipment and ventilation. These activities negatively affect the surrounding communities and deprive the state of material amounts of tax and royalties from the gold illegally extracted. Pan African Resources manages the risk of illegal miners by conducting regular security operations in cooperation with law enforcement, the appropriate access controls at its operations and other measures to deter illegal miners.

RESPECTING NATURAL RESOURCES

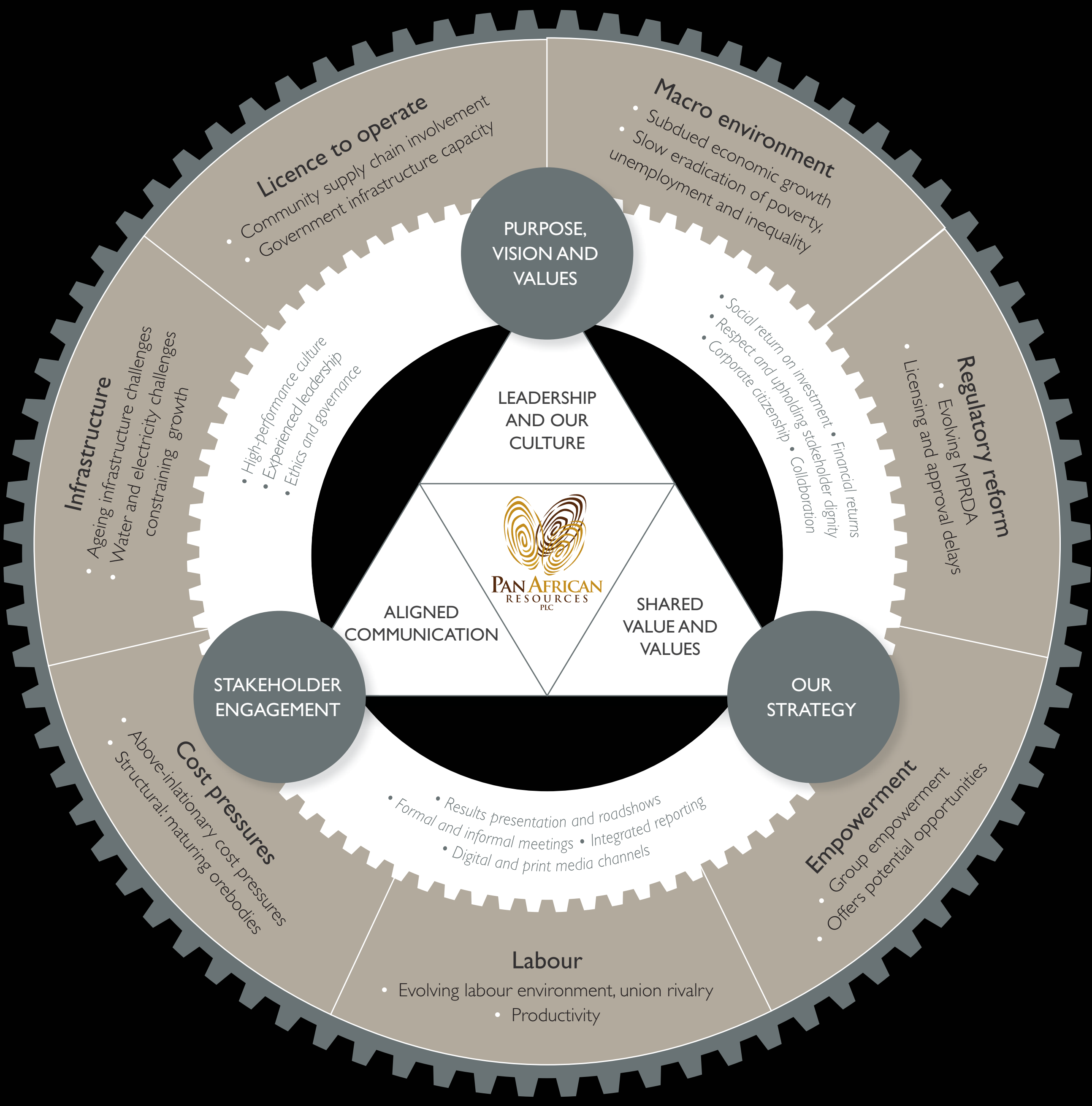
Mining involves the use of various natural resources, most notably land, water and energy, all of which must be used with circumspection given the vulnerability of these resources. All Pan African Resources' operations hold valid water-use licences and our carbon footprint is monitored at all our operations and, where appropriate, we implement energy-saving initiatives. Although South Africa's power supply has stabilised, the increased cost of electricity remains a challenge for both the mining industry and the country as a whole.

Contamination of water sources is one of the highest environmental risks at our operations and regular testing of boreholes is conducted to monitor water quality. The recently commissioned cyanide destruction plant at Barberton Mines will materially reduce the risk of ground water pollution. See further details in the environmental review on page 72.

Regarding land rehabilitation, the group has fully provided for such future costs by means of funds held in a dedicated rehabilitation trust with available funds at 30 June 2017 of ZAR320.6 million (2016: ZAR321.5 million).

THE SOUTH AFRICA MINING MARKET

Pan African Resources' sustainability and response to its operating environment are guided by its philosophy as shown below. We pursue our strategic goals through leadership that creates shared value and alignment between the company's vision and values, its strategy as well as the needs and expectations of its stakeholders. See page 28 for more information.



NEW DRAFT MINING CHARTER PROPOSAL

- Raising black ownership from 26% to 30%.
- 70% of all mining goods to be procured from BEE entities.
- 80% of all services in the mining industry to be procured from BEE entities.

RISKS, OPPORTUNITIES AND MATERIAL ISSUES

It is critical for Pan African Resources to identify and understand the risks facing its business, in order to proactively mitigate and/or manage these risks as well as to inform strategic objectives. This risk management process positions the group to identify and capitalise on potential opportunities. The risks the organisation is subject to also inform the group's vision and strategy.

RISK MANAGEMENT APPROACH

Pan African Resources' risk management philosophy and appetite is set by the board and subject to board oversight. Risk appetite and tolerance levels are set in accordance with the level of risk the group is willing to accept to achieve its strategic objectives, and these levels vary depending on internal and external environmental factors. Management has processes in place to define and align its macro-economic, financial, operational and strategic objectives within the group's risk appetite and risk management framework.

Factors impacting the group's ability to create value in the short, medium and long term are grouped into the main categories listed below. The group's material issues and challenges are informed and impacted by these factors as well as the nature of the individual operations' activities (internal environment) and the external environment. These issues, if not effectively managed, could impact the group's sustainability and its ability to continue to create value. The group's principal risks are clustered under these material issues, which are also inter-linked, and the management of these risks is imperative for the group to execute its strategy in a risk-conscious and sustainable manner.

1/ Macro-economic	2/ Financial	3/ Operational	4/ Strategic
to an extent beyond the group's control, although the effects can be anticipated to a degree and managed or mitigated.	managed and monitored proactively through a centralised treasury, capital allocation discipline, balance sheet gearing levels, access to funding and adherence to risk management and internal control policies.	managed proactively by implementing policies and process controls and monitoring performance against targets and benchmarks on an ongoing basis.	impacting the group's ability to execute its strategy and deliver into its strategic objectives.

Factors impacting value creation	Material issue	Principal risk
1/ Macro-economic	• Managing our evolving regulatory environment and volatile commodity and currency prices.	• Regulatory and legal. • Financial.
2/ Financial	• Financial sustainability in a challenging economy with political and macro-economic volatility.	• Financial.
3/ Operational	• Operating in a safe and healthy environment with continuous stakeholder engagement. • Respecting the natural environment.	• Safety. • Operational. • Environment.
4/ Strategic	• Extracting reserves and resources in a responsible manner. • Attracting and retaining key talent. • Operating in a challenging environment with increasing local political risk. • Ensuring longevity of operations.	• Operational. • Financial. • Reputational – social licence to operate.

RISK MANAGEMENT PROCESS

The group's risk management process is guided and informed by the external environment (macro-economic), specific regulatory requirements, and its internal environment (financial, operational and strategic), all of which continually enlighten the group's strategy. The day-to-day risk compliance and implementation is the responsibility of management at operations as well as the executive and operations committees at the corporate office. The board and the audit committee provide oversight of the risk management process. Common risks across the operations are predominantly related to safety and operations while corporate office risks are more strategic and financial in nature. All risks are managed in conjunction with the audit committee and board.

Risks are identified and analysed in a risk matrix format (risk register), based on the impact of the risk and the likelihood of the risk occurring. Risk categories are set specific to the nature of the operations. These risks are then prioritised to ensure that adequate management action and controls are in place to mitigate or manage the identified risk. Control activities include policies and procedures and are implemented at the level of individual operations, across a specific group discipline, or at executive management level. Management selects an appropriate risk response to reduce the inherent risk levels to acceptable residual risk levels. The residual risks are those risks that remain after the mitigating effect of controls. Depending on circumstances these responses entail avoidance, acceptance, mitigation, transference and pricing of the residual risk.

Risk coordinators are responsible for maintaining each operation's risk register and continuous engagement between the operations and the corporate office takes place to discuss any changes to the identified risks that may arise during the year. Strategic workshops are conducted regularly to evaluate risks, the appropriateness and effectiveness of risk-mitigating measures, and to prepare quarterly board and audit committee reports. Regular feedback on the group's risk profile is provided to the board and audit committee.

The group's risks are also benchmarked against its peers to ensure the risks are industry wide and to provide comfort to the board that the group has not excluded an industry-specific risk.

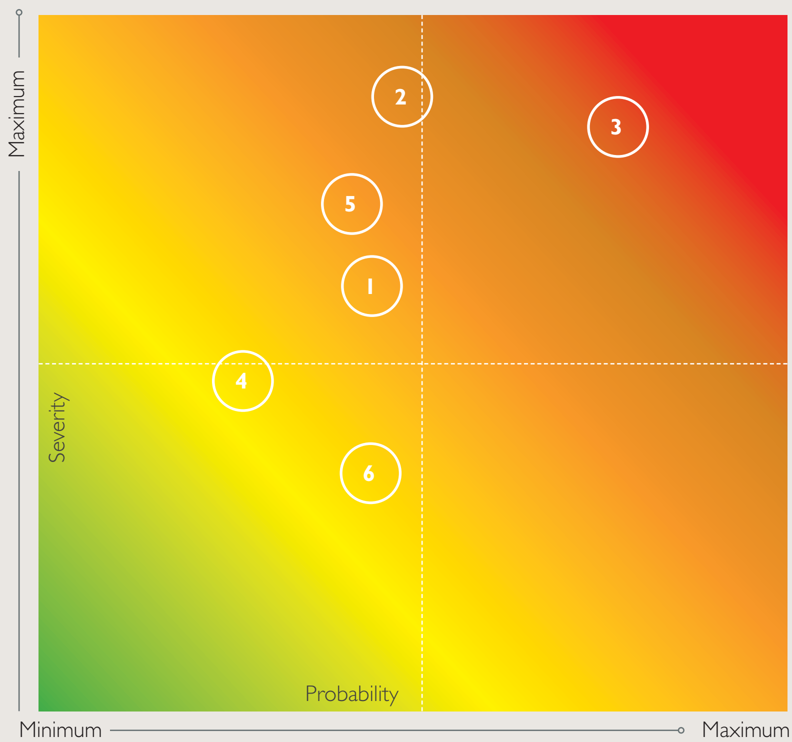
Board risk governance

The board is responsible for oversight of the group's risk management approach and is guided by the audit committee and by its own internal risk assessments and regular reviews of the risk reports from the operations. The SHEQC committee also informs the board from a safety, health and environmental perspective. The board reviews the group's risk appetite annually to ensure it remains relevant to the group's strategy as circumstances change. The board also ensures the appropriate risk management programmes are in place and monitors the implementation of risk-mitigating strategies against key risk indicators.

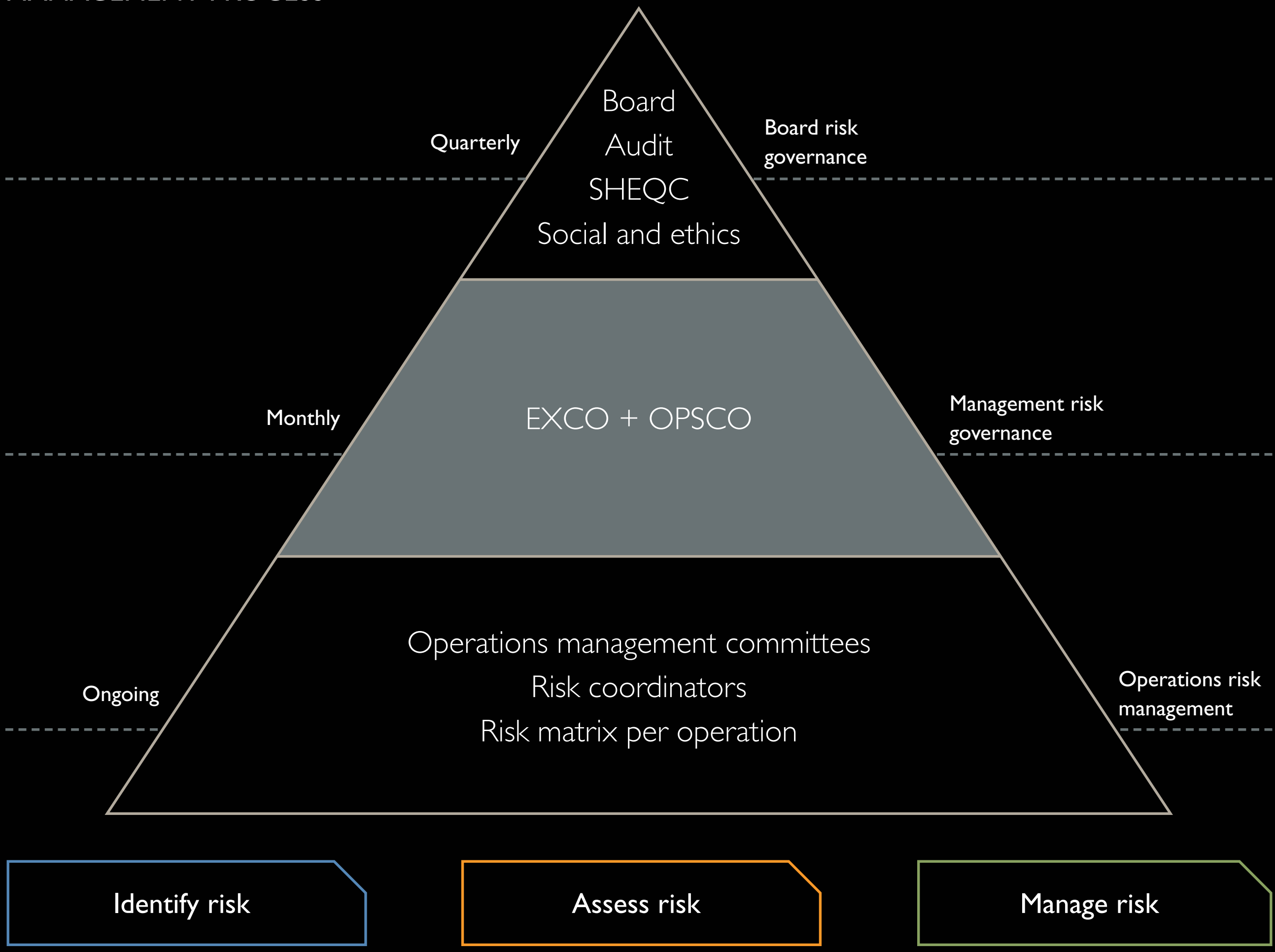
The heat map below depicts the group's top risks in order of priority with comparative risk rankings. The table on page 23 describes each principal risk the group is exposed to and how it is mitigated and aligned to the group's strategic pillars.

TOP 6 RISKS

1. Safety (2016: 1)
2. Operational (2016: 2)
3. Regulatory and legal (2016: 3)
4. Financial (2016: 4)
5. Reputational – social licence to operate (2016: 5)
6. Environmental (2016: 6)



PAN AFRICAN RESOURCES RISK MANAGEMENT PROCESS



IDENTIFYING OPPORTUNITIES

Opportunities can arise as a consequence of a specific set of circumstances as well as through various business activities driven by the group's strategy. A key differentiating factor of Pan African Resources is its ability to identify opportunities that may arise and swiftly assess whether the group is in a position to capitalise on them and manage the associated risks. Examples of opportunities the group has identified and capitalised on include:

- Disposing of the Uitkomst Colliery to crystallise value for shareholders and to enable management to focus on its gold operations and growth opportunities such as the Elikhulu Project. This transaction is explained further under the leadership review on page 12.
- Initiating the construction of the Elikhulu Project, where Evander Mines' old tailings storage facilities will be re-processed at relatively low cost to extract gold reserves, thereby enhancing the group's production profile. This project is similar in many respects to the existing tailings plants at Barberton and Evander operations, which have been operational since 2015 and 2012 respectively. This project is expanded on under the leadership review on page 11.
- Initiating capital projects such as Evander's 2010 Pay Channel project and Barberton's Fairview sub-vertical shaft, in order to maintain and increase the group production profile. Further detail on these projects is included on pages 10 and 11.
- Strategically hedging gold price risk to protect the group's cash flows and dividend as a mitigation to currency and commodity volatility. Further details are included in the Financial Director's review on page 41.
- Implementing a group SHEQC dashboard to further improve the focus on safety, health and environment at all operations. Further details are included in the safety, health and environment reviews on pages 70 and 72.
- Earmarking key employees for a three-year lock-in period from 2016 to 2018 to ensure adequate succession planning and skills retention. Further details are included in the remuneration review on page 98.
- Hosting a Mining Indaba at Barberton to proactively engage with communities and understand concerns. Further details are included in the community review on page 11.

 Substantially achieved  Moderate progress  Not achieved

Principal risk	Nature of risk	Controls in place to mitigate the risk	Link to strategy	Self-assessment on progress during 2017
Macro-economic				
Regulatory and legal	Uncertainty surrounding mining and environmental legislation.	• Strengthening the group's empowerment credentials and monitoring changing legislation to ensure compliance. • Maintaining flexibility around empowerment shareholding structures. • Broad-based employee share ownership programme in place at operational level. • Annual independent assessment of the BEE status. • Incentives linked to the achievement of objectives and value creation. • Enterprise development funding. • Community development spend. • Training and development of own candidates through structured training plans. • Cultivating good working relationships with regulators and with representatives of the national or local government.	• Profitable. • Sustainable. • Stakeholder.	
	Regulatory compliance.	• Policies, standards and procedures in place to ensure compliance. • Regular compliance review by advisers and sponsors. • Register of all titles. • Compliance with water-use licence guidelines. • Outsourced legal, tax and internal audit functions. • Continuous engagement with and reviews by regulators on compliance. • Independent reviews on compliance undertaken from time to time. • Submitted a new SLP for Evander Mines and awaiting approval. • Regular meetings with municipalities, trade unions and the DMR.		
	Not adhering to anti-bribery and corruption legislation.	• Anti-bribery and corruption policies in place. • A culture of zero tolerance towards corruption. • Ongoing training and awareness. • Focus on oversight and segregation of duties. • Specific internal controls to mitigate bribery risk. • Independent internal and external audit functions.		

RISKS, OPPORTUNITIES AND MATERIAL ISSUES continued

Principal risk	Nature of risk	Controls in place to mitigate the risk	Link to strategy	Self-assessment on progress during 2017
Financial				
Financial	Poor capital allocation decisions.	• Capital allocation is based on stringent investment criteria and subject to board oversight. • Ensuring the required skills and experience in place in decision-making. • RCF of ZAR1 billion in place. • Term debt facility of ZAR1 billion in place for the Elikhulu Project.	• Profitable. • Sustainable. • Growth.	
	Weak cash flow generation and excessive debt levels.	• Ongoing daily to monthly monitoring of working costs and capital expenditure, cash flow generation and group debt levels. • Conservative debt levels. • Continuous focus on improvement of operational margins. • Standby facilities to bridge working capital deficits.		
	Financial risk.	• Selective hedging and monitoring of currency, liquidity, commodity and interest rate exposures within board-approved risk levels.		
	Ratings downgrades.	• Strong financial position with conservative debt levels.		
	Volatile commodity and currency prices.	• Adherence to treasury and financial risk management policies to ensure financial risk remains within board-approved limits. • Strategic hedging of gold prices and exchange rates. • Focus on production costs to maximise margins.		
	Financial cybercrime.	• Robust internal controls. • Fidelity insurance cover. • Internal audit reviews with the use of additional data analytic reviews to identify potential trends and relationships.		
Operational				
Safety	Mine accidents.	• Legal compliance, standards and procedures in place, plan task observation and regular audits conducted. • Ongoing examination of workplace conditions. • Monthly and quarterly inspections by safety department and quarterly risk and rock engineering reviews. • Fall-of-ground committee in place. • Senior and experienced safety managers at operations. • Independent oversight by regulators.	• Sustainable. • Stakeholder.	
	Ambient working conditions.	• Installation of a refrigeration plant at Barberton Mines. • Improvement of ventilation conditions using various methods. • Ongoing monitoring of working conditions. • Ventilation audits conducted.		

 Substantially achieved  Moderate progress  Not achieved

Principal risk	Nature of risk	Controls in place to mitigate the risk	Link to strategy	Self-assessment on progress during 2017
Operational continued				
Safety continued	Onerous logistic challenges in responding to emergency trauma situations.	• Emergency service providers at operations and emergency training in place.	• Sustainable. • Stakeholder.	
	Illegal miners pose a risk to employees and contractors underground and on surface.	• Strict access control into the respective areas of the operations. • Security actions, including proactive approach by on-mine security. • Ongoing involvement of police and regulatory bodies.		
	Risk of a safety incident or DMR section 54 stoppages due to regulatory issues.	• Continued emphasis on safety compliance and implementation of risk management systems such as proximity detection systems. • Governance of SHEQC which is decentralised and subject to group standardisation and oversight. • Proactive relationship with regulator.		
	Legislative breaches.	• Ongoing training, audits, reviews and monitoring of compliance, including independent reviews.		
	Employees working in unhealthy workplace conditions.	• Medical surveillance and monitoring of occupational diseases. • Annual medical examinations for all employees and contractors. • Daily monitoring of workplace conditions for heat, noise and airborne pollutants. • Provision of medical facilities or medical aid coverage. • Appropriate occupational health practices. • Medical health hubs. • Managed health programmes. • Behaviour-based training, disease management programmes and awareness programmes. • Prevalence testing, wellness programmes and anti-retroviral treatment. • Insurance and disability schemes in place.		
Operational	Strike actions.	• Proactive, strong relationships with representative unions. • Recognition agreements. • Multi-year wage agreements in place where possible. • Appropriate remuneration practices. • Compliance with all relevant South African labour legislation including the Mining Charter and implementation of SLPs.	• Profitable. • Stakeholder. • Growth.	

RISKS, OPPORTUNITIES AND MATERIAL ISSUES continued

Principal risk	Nature of risk	Controls in place to mitigate the risk	Link to strategy	Self-assessment on progress during 2017
Operational continued				
Operational continued	Challenges associated with ageing infrastructure and challenging operating environment.	• People, systems and procedures in place to ensure successful continuing operations. • Active management of engineering risk registers for all operations. • Independent audits to identify areas of risk. • Scheduling of operations to take account of constraints. • Performance monitoring systems instituted. • Planned routine maintenance contracts. • Refurbishment, major overhaul and capital investment. • Support generators for critical functions and back-up generators provide limited power to processing plants. • Energy-efficient programmes to reduce consumption. • Engagement with Eskom on planned and unplanned power interruptions and infrastructure management. • Power management and load monitoring. • Production performance monitoring systems implemented. • Repairs schedule in place for ageing shaft steelwork.	• Profitable. • Stakeholder. • Growth.	
Environmental	Risk of environmental damage.	• Environmental management plans in place. • Rehabilitation trust funds in place to minimise and mitigate the environmental effects of mining. • Pollution control and water catchment dams. • Continuous training and monitoring of environmental damage detection systems, such as scavenger borehole and pumping. • Compliance with water-use licence guidelines and requirements. • Control of arsenic in contained storage areas. • Specific action plans in place to deal with flooding incidents. • Cyanide constraints dealt with by procuring additional solid cyanide briquette from alternative sources and continued engagement with principal supplier to ensure a sustainable supply. • De-cyanidation plant installed at Barberton.	• Sustainable. • Stakeholders.	
	Ventilation requirements are constrained with limited capacity to supply required volumes.	• Monitoring of ventilation systems and upgrading, where necessary. • Ventilation audits conducted. • New refrigeration plant installed at Barberton to assist cooling and ventilation.		

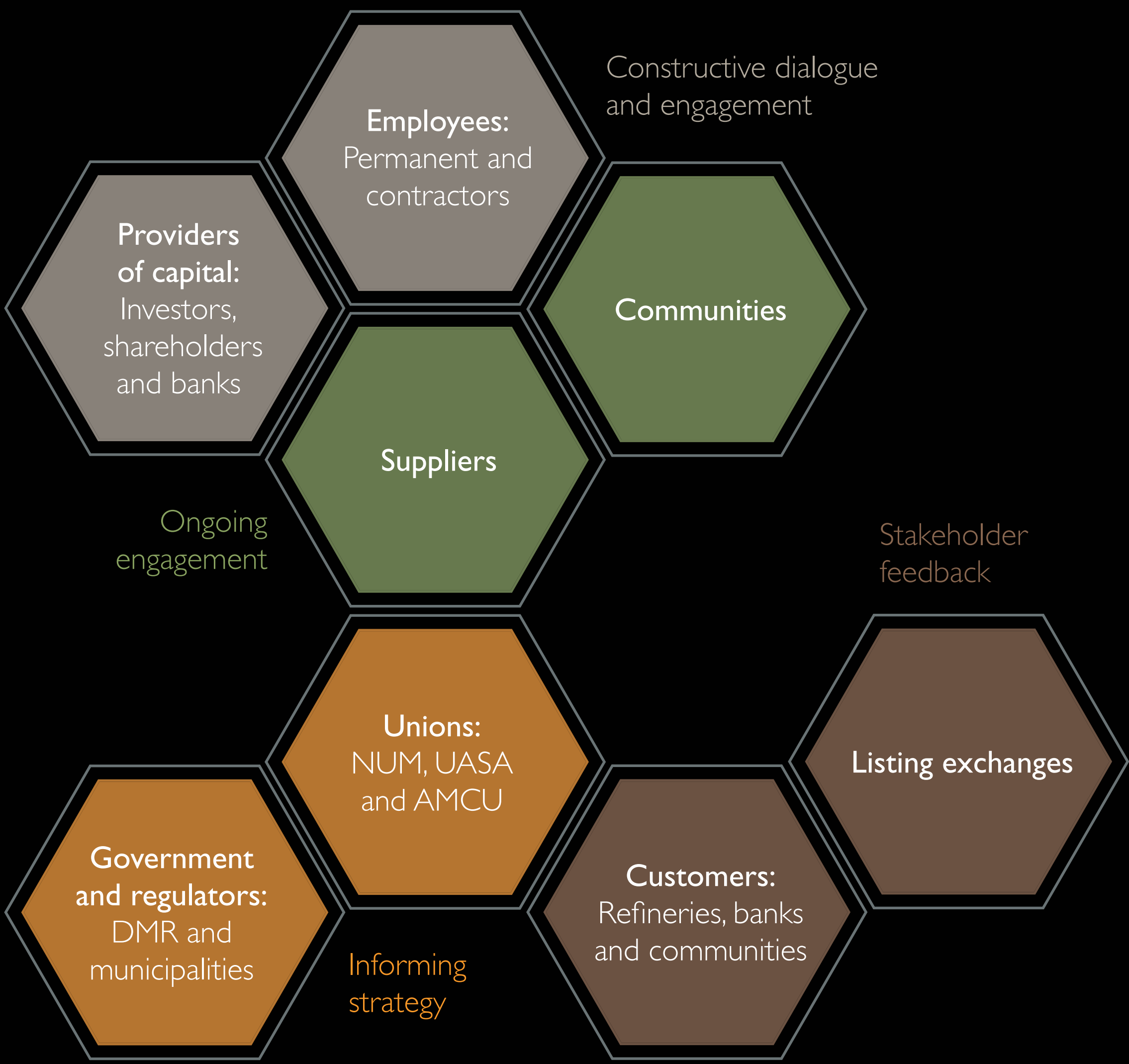
Substantially achieved · Moderate progress · Not achieved

Principal risk	Nature of risk	Controls in place to mitigate the risk	Link to strategy	Self-assessment on progress during 2017
Strategic				
Operational	Declining resource and reserve base.	• Strategies in place to identify value-enhancing organic and acquisitive growth opportunities, such as the Elikhulu Project, 2010 Pay Channel and a sub-vertical shaft. • Continued investment in further exploration and reserve generation.	• Profitable. • Sustainable. • Stakeholders. • Growth.	
	Geological reporting of quality and quantity of reserves.	• Conducted an independent geological review and mine optimisation study.		
	Inability to attract and retain staff.	• Recruitment strategies and succession programmes in place. • Structured retention incentives – current, annual and long-term. • Regularly benchmarked market-related remuneration. • Growth opportunities and career planning for employees.		
	Skills shortage.	• Apprenticeships and learnerships in place. • Bursary in place for tertiary students. • Ongoing market research conducted on availability of scarce category skills. • Comprehensive training including job-based skills training.		
Financial	Inability to integrate acquisitions and manage new projects.	• Extensive change management experience from prior transactions. • Project management skills in place, complemented with external expertise. • Elikhulu Project capital was raised through equity and debt funding.	• Sustainable. • Growth.	
Reputational – social licence to operate	Underperforming market expectations.	• Regular market communication. • Monitoring operational performance relative to analyst forecasts.	• Sustainable. • Stakeholders. • Growth.	
	Stakeholder expectations.	• Regular communication with unions. • Ongoing communication with communities. • Corporate social investment and local economic development programmes in place across operations. • Compliance with listing and regulatory requirements.		

STAKEHOLDER ENGAGEMENT, VALUE CREATION AND DISTRIBUTION

Pan African's stakeholders are integral to the group's growth, value creation and sustainability. They have been identified as one of our four key strategic pillars which include: profitable, sustainable, stakeholders and growth. Stakeholder feedback and concerns are carefully considered when reviewing and refining strategy, which fosters realistic perceptions by and expectations from our stakeholders of our business, decisions and performance.

OUR KEY STAKEHOLDERS



STAKEHOLDER ENGAGEMENT APPROACH

Stakeholder engagement is important to the group as it fosters transparent communication channels to share information and proactively resolve concerns, while at the same time balancing the expectations of shareholders and other stakeholders. It is essential in shaping our strategy, better managing risks, identifying opportunities and managing our reputation.

Stakeholder engagement takes place centrally at the corporate office and operationally at all the operations. The Chief Executive Officer assumes responsibility at a corporate office level and is supported by the Financial Director as they engage with investors and analysts, the Executive: Human Resources who engages with labour unions and employees and the operational management who engages with the DMR on health and safety issues. At an operational level, stakeholder engagement is the responsibility of the general and human resources managers. The board also engages with shareholders at the AGM and on an ad hoc basis, when required.

Concerns raised operationally are governed by the management committee and at a board level the SHEQC committee oversees stakeholder concerns.

KEY STAKEHOLDERS

The group's operations impact various stakeholder groups, some more materially than others, depending on the nature of the engagement. In determining and prioritising our stakeholders we consider, *inter alia*, the following factors:

- How the stakeholder impacts our business from a strategic and reputational perspective.
- The risk we are exposed to should the group not actively engage with the stakeholder.
- The opportunities realised in actively engaging with the stakeholder.
- What impact the stakeholder has on our operational performance.
- How the stakeholder informs our material issues.
- Corporate and social responsibility towards specific stakeholders.

STAKEHOLDERS' KEY CONCERNS DURING FY2017

The table below shows the key concerns raised by stakeholders during the year under review and how Pan African Resources responded to each concern.

Key concern	Stakeholders impacted	Pan African Resources response	Reference to further input
Three fatalities – one at Evander Mines and two at Barberton Mines **Employee injuries and safety concerns**	• Employees. • Government and regulatory body – DMR.	• The group continues to dedicate considerable effort to achieve and maintain zero harm and processes have been introduced to further improve the group's safety measures to reduce the risk of future incidents, such as the shaft infrastructure upgrade at Evander Mines. • Safety awareness campaigns were improved and made more practical. A priority going forward is to improve the learnings from potential incidents, as a preventative tool in improved performance. • A key focus is on the behavioural component of our safety strategy and reinforcement of frontline supervision. • The group's safety dashboard system continues to manage and monitor all operations' safety systems.	Page 70
628 Evander Mines employees were retrenched following a restructure and retrenchment programme	• Employees. • Unions. • Providers of capital – debt and equity.	• Management actively engaged with affected employees and organised labour and a retrenchment agreement was reached with NUM and UASA. • A steering committee between Evander Mines, the community and municipality was established to drive various job opportunities and entrepreneurship prospects, once the Elikhulu Project commences construction.	Page 10
Increase in DMR section 54 stoppages at both Barberton Mines and Evander Mines	• Employees. • Government and regulatory body – DMR. • Providers of capital – debt and equity.	• DMR section 54 stoppages impact on the morale of employees and on operational performance, however we consistently review the effective safety controls that we have implemented to support and demonstrate good employee practices. • The group continues to engage in an active and transparent manner with the DMR inspectorate to strive for a zero-harm working environment.	Page 9

Key concern	Stakeholders impacted	Pan African Resources response	Reference to further input
Suspension of Evander Mines underground operations for up to 55 days to refurbish No 7A Shaft Production guidance revised from 195,000oz to 173,285oz	• Employees. • Providers of capital – debt and equity. • Unions.	• Critical infrastructure refurbishments to Evander Mines No 7A Shaft were completed and internal and external engineering reviews were also conducted to ensure that the risk of another catastrophic failure is materially reduced. • Commenced an exploration programme at Evander Mines' 2010 Pay Channel, which if proven to be a viable mining proposition, will involve the mining of this orebody from the existing No 7 Shaft, thereby saving the cost of sinking another deep-level shaft and increasing gold production levels.	Page 9
Frequent operational interruptions due to community unrest relating to government service delivery in and around Barberton operations (three separate incidents resulting in six days of lost production)	• Communities. • Employees.	• Barberton Mines engaged in a two-day Indaba where various stakeholders, employees and Barberton management engaged in an open and transparent platform. • Barberton Mines expanded on the financial predictions for the mine and it outlined each mine's current social responsibility plans and those in the pipeline.	Page 9

The table below provides a high-level overview of the nature, frequency and responsibility for stakeholder engagement and what matters to stakeholders.

Stakeholder	What matters to stakeholders	Nature of engagement	How feedback informs strategy	Responsibility
Providers of capital	• Safe mining. • Return on investment. • Financial performance. • Operational performance. • Union relationships. • Accreditations and regulatory compliance. • Resources and reserves reporting. • Sustainability of the business. • Environmental compliance.	• Results presentations and roadshows. • Site visits. • Regulatory communications. • Ad hoc one-on-one meetings with investor community. • Interim and full-year results announcements. • Integrated annual report. • Financier communications with respect to the group's capital structure and compliance with conditions of existing debt agreements. • Media releases.	• Poll results and feedback from presentations and one-on-one meetings discussed at executive management level.	• Chief Executive Officer. • Financial Director. • Other senior executives.

Stakeholder	What matters to stakeholders	Nature of engagement	How feedback informs strategy	Responsibility
Employees	• Safety. • Transformation. • Job security. • Reward and incentives. • Holistic and occupational health. • Skills development and training. • Environmental exposure.	• Bargaining council forums. • Shaft committees. • Health and safety structures. • Supervisory and disciplinary structures. • Social media. • Publicity and posters. • Policy and procedure documents. • One-on-one supervision. • Contract negotiations. • Performance assessments. • Future forum meetings.	• Discussed at operational, executive and board level.	• Operational human resource managers. • Group Executive Human Resources. • Group SHEQC manager. • Other senior executives.
Suppliers	• Group financial performance. • Payment track record. • Growth project pipeline. • Loyalty.	• One-on-one meetings.	• Discussed at operational and executive management level.	• General managers and financial managers. • Group procurement manager.
Communities	• Job creation. • Corporate social investment. • Environmental conservation/ protection.	• Community meetings and forums. • Media.	• Discussed at the SHEQC committee, Exco and board level.	• General managers. • Community liaison managers at each operation. • CSI officers at each operation.
Unions	• Health and safety. • Transformation. • Job security. • Fair remuneration and reward.	• Employee committees. • Branch committees. • Shaft committees. • Mine committees.	• Discussions between union and management occur on the mines and the outcomes are conveyed to the corporate office. • Discussed at operational, executive and board level.	• Group Executive: Human Resources. • Shaft/mine/ branch committees.
Government and regulators	• Transformation. • Mining Charter compliance. • Job creation. • Safe mining. • Profitable mining.	• Regular and frequent communication with Departments: DMR, Labour, Water Affairs, Education and Public Works and local municipalities' independent development plans.	• Discussed at executive management and board level.	• General managers. • Chief Executive Officer. • Other senior executives.
Customers	• Quality. • Timeous delivery. • Price. • Volumes.	• One-on-one meetings with the refinery.	• Discussed at executive management and board level.	• General managers. • Metallurgical managers.
Listing exchanges	• Compliance with listing requirements.	• Sponsor (JSE) and Nomad (AIM) review and oversight. • Panel reviews of reported information.	• Discussed at board and executive directors level.	• Chief Executive Officer. • Financial Director. • Other senior executives.

STAKEHOLDER VALUE CREATION AND DISTRIBUTION

Using our financial, human, manufactured and natural capital resources, Pan African Resources endeavours to create value and positively impact all stakeholders with whom it interacts, including communities, employees, government, shareholders and suppliers. During the year under review, the group created ZAR1,915.1 million in value (2016: ZAR2,183.6 million), which was distributed to our various stakeholders.

Pan African Resources remains committed to creating value for all stakeholders and recognises that all its capital resources are interconnected – as one capital resource is increased or created, another is depleted. To ensure future sustainability, it is important to balance the use of these capital resources.

As depicted in the group's business model on page 6, capital inputs are used in its mining activities to create value, which is distributed to various stakeholders by way of payment for services and goods, salaries and wages, corporate social investment, taxes and dividends. The mining industry is heavily dependent on various factors to sustain value creation, some of which are beyond its control.

The group is cognisant of the need to explore and crystallise other opportunities, either through organic or acquisitive growth, to ensure it can sustain and enhance the value it creates. Opportunities currently under development include the Elikhulu Project (see page 11) and the 2010 Pay Channel (see page 11). In addition to organic and acquisitive growth, the group reinvested ZAR518.1 million (2016: ZAR771.3 million), which is 14.6% (2016: 21.2%) of the total value created, to sustain its existing operations.

Creating value for **employees** is important to ensure the group attracts and retains its talent. The group has 3,932 permanent employees (2016: 4,441) and distributed ZAR950.6 million (2016: ZAR891.5 million) in salaries and other remuneration during the year under review, which in turn positively impacts the communities within which these employees reside – as well as the broader economy where their salaries are spent. In addition, the group has implemented employee share ownership schemes, which seek to align the aspirations of the group's employees at its operations with that of management and shareholders. These employee share ownership schemes enable employees to participate directly in the value created at their respective operations. Further detail on the employee share ownership programme is shown on page 78.

Distributions to **suppliers** for the provision of services and goods totalled ZAR1,626.2 million (2016: ZAR1,458.7 million), which has a direct and broad economic impact on the manufacturing, engineering and chemical sectors.

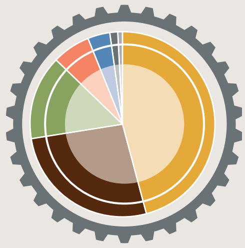
The group strives to uplift, both economically and socially, the **communities** within which it operates. The social value created is driven through the respective operations' SLPs, which include relevant social upliftment projects based on the needs of these communities. The group distributed ZAR24.3 million (2016: ZAR21.0 million) through its corporate social investment and local economic development initiatives.

The group's contribution to the **fiscus** was ZAR141.0 million (2016: ZAR269.6 million). These taxes contribute to the infrastructure development, educational needs, health, social and various other services rendered by the government in pursuit of the economic and social upliftment of South Africa.

Shareholder value, measured as total shareholder returns, is determined by share price performance and dividend declarations. The group's sector-leading dividend and track record of sustained dividend payments is a key differentiating factor relative to its peer group. Over the past five years, the group's total dividends paid amounted to ZAR1,008.3 million or GBP65.4 million (2016: ZAR803.9 million or GBP46.7 million).

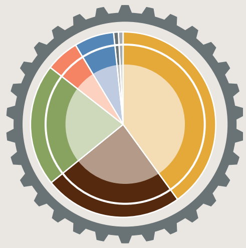
VALUE CREATION AND DISTRIBUTION

2017



- 45.9% Suppliers
- 26.8% Employees
- 14.6% Reinvested
- 6.6% Shareholders
- 4.0% Taxation
- 1.4% Finance costs
- 0.7% Corporate social investment and local economic development

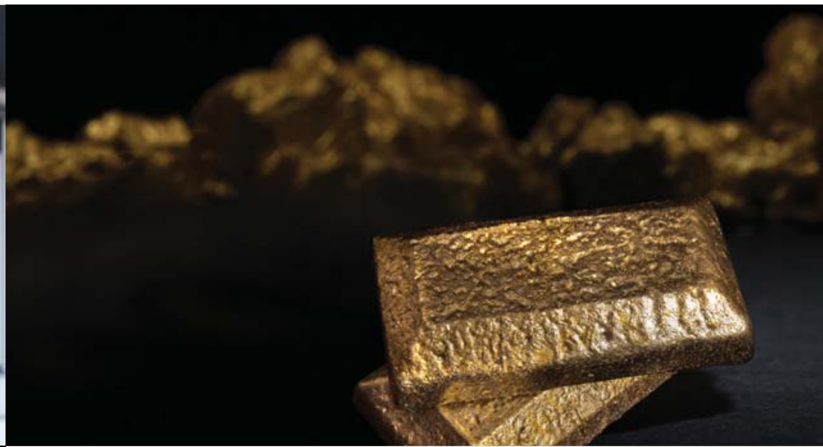
2016



- 40.0% Suppliers
- 24.4% Employees
- 21.2% Reinvested
- 5.8% Shareholders
- 7.1% Taxation
- 0.9% Finance costs
- 0.6% Corporate social investment and local economic development

STRATEGIC REPORT: PERFORMANCE REVIEW

FINANCIAL DIRECTOR'S REVIEW



Deon Louw
Financial Director

Pan African Resources is committed to creating value for all stakeholders on a sustainable basis. For shareholders, specifically, value is derived from capital appreciation in the company's share price and distributions in the form of dividends and share buybacks.

KEY FEATURES

- Payment of a ZAR300 million dividend in December 2016, and proposed ZAR185 million dividend for the 2017 financial year, subject to shareholder approval at the AGM on 21 November 2017.
- Conclusion of the Uitkomst Colliery disposal for ZAR277.6 million to Coal of Africa on 30 June 2017 resulting in a shareholder return of 107.5% over the 15-month ownership period.
- The group's profit after taxation in ZAR terms decreased by 43.3% to ZAR309.9 million as a result of operational challenges and a flat ZAR gold price.
- All-in sustaining cost per kilogram increased in ZAR terms to ZAR514,435/kg (2016: ZAR405,847/kg).
- The earnings accretion of the PAR Gold transaction, completed in the prior financial year, resulted in 436.4 million shares (equating to 19.53% of the company's issued shares) being held as treasury shares and has positively impacted the current reporting period's results.
- Successfully secured the equity and debt funding of ZAR1.74 billion for the Elikhulu Project.
- Net debt decreased to ZAR67.6 million (2016: ZAR339.6 million). Refer to (A) APMs on page 212.

CHALLENGES

- Volatile ZAR gold price environment.
- Cost pressures in excess of general inflation.
- Increased maintenance and capital required for operational infrastructure.
- Regulatory uncertainty pertaining to amended mining and environmental legislation.
- Evolving labour and community landscape.

KEY FINANCIAL STATISTICS

	For the year ended 30 June 2017		For the year ended 30 June 2016		Movement	
	ZAR million	GBP million	ZAR million	GBP million	%	%
Revenue	**2,925.3**	**169.6**	3,460.1	161.3	(15.5)	5.1
Cost of production	**(2,343.1)**	**(135.8)**	(2,176.0)	(101.4)	7.7	33.9
Mining profit	**401.2**	**23.3**	1,069.8	49.9	(62.5)	(53.3)
EBITDA*	**524.6**	**30.4**	963.6	44.9	(45.6)	(32.3)
Discontinued operations	**(82.0)**	**(4.9)**	3.7	0.2	>(100.0)	>(100.0)
Profit after taxation	**309.9**	**17.9**	547.0	25.5	(43.3)	(29.8)
Headline earnings*	**315.6**	**18.3**	547.1	25.5	(42.3)	(28.2)
EPS (cents/pence)	**19.81**	**1.14**	30.20	1.41	(34.4)	(19.1)
HEPS (cents/pence)*	**20.17**	**1.17**	30.20	1.41	(33.2)	(17.0)
Weighted average number of shares in issue (millions)	**1,564.3**	**1,564.3**	1,811.4	1,811.4	(13.6)	(13.6)

* *Refer to (A) APMs on page 211.*

OPERATING ENVIRONMENT

The South African gold mining environment experienced a volatile pricing environment with the ZAR strengthening relative to the USD during the year under review and the ZAR price of gold declining from ZAR625,000/kg at 30 June 2016 to ZAR520,000/kg at 30 June 2017. The average gold price received during the current reporting period was similar to that received during the corresponding period, resulting in margin compression as the ZAR denominated cost base increased in line with South African mining inflation. Key economic drivers that impact on production costs and the cost of capital goods are tabled below.

Economic drivers	2017	2016	Movement	Impact
Gold price				
USD gold price received	**USD1,242/oz**	USD1,164/oz	6.7%	Determines the price received for gold sold.
ZAR gold price received	**ZAR542,773/kg**	ZAR542,850/kg	(0.01%)	
Exchange rates				
USD/ZAR exchange rate	**13.59:1**	14.51:1	6.3%	Determines the value received in ZAR for gold and other metals produced and ultimately the group's revenue.
GBP/ZAR exchange rate (average)	**17.25:1**	21.45:1	19.6%	Influences the group's reporting performance in GBP, the reporting currency for accounting purposes.
GBP/ZAR exchange rate (closing)	**16.96:1**	19.78:1	14.3%	
South African inflation and interest rates				
CPI	**5.1%**	6.3%	(19.0%)	Impacts the rate of increase in the group's operating costs, the most significant of which is employee costs, followed by electricity costs.
PPI	**4.0%**	7.4%	(45.9%)	
Interest rates				
JIBAR	**7.1%**	7.1%	–	Determines the cost of debt finance and the return on surplus cash.

FINANCIAL PERFORMANCE ANALYSIS

Line item	2017	2016	Movement	Material reasons for movements	Performance
Revenue (continuing and discontinued operations)	**ZAR3,440.4 million**	ZAR3,632.8 million	(5.3%)	• The average ZAR gold price received by the group remained constant at ZAR542,773/kg (2016: ZAR542,850/kg), as a result of the average ZAR/USD exchange rate strengthening by 6.3% to 13.59:1 (2016: 14.51:1) and the USD gold price received increasing by 6.7% to USD1,242/oz (2016: USD1,164/oz). The GBP revenue figures were positively impacted by the ZAR/GBP average exchange rate strengthening by 19.6% year-on-year. • Gold ounces sold decreased by 15.4% to 173,285oz (2016: 204,928oz), following the operational challenges highlighted in the leadership review on page 9. • Uitkomst Colliery revenue of ZAR432.8 million (2016: ZAR98.0 million) or GBP25.1 million (2016: GBP4.6 million), disclosed in discontinued operations, following the conclusion of the disposal to Coal of Africa on 30 June 2017. • Phoenix Platinum revenue of ZAR82.2 million (2016: ZAR74.7 million) or GBP4.8 million (2016: GBP3.5 million) disclosed in discontinued operations, following its classification as an asset held for sale ahead of the signing of a disposal agreement with Sylvania.	
	GBP199.4 million	GBP169.4 million	17.7%		
Gold cost of production	**ZAR2,343.1 million**	ZAR2,176.0 million	7.7%	• Group gold operations' salaries and wages (represents 43.1% of the total gold cost of production) increased by 4.5% to ZAR1,010.8 million (2016: ZAR967.7 million). Salaries and wages increased in line with the gold labour agreements signed in the 2016 financial year, but this was offset by the reduction in labour costs at Evander Mines due to the retrenchment of 628 employees at the operation. • The group's electricity costs (represents 13.8% of the total gold cost of production) increased by 2.1% to ZAR324.0 million (2016: ZAR317.3 million). The National Energy Regulator of South Africa (NERSA) approved an increase of 7.9% for the period 1 July 2016 to 31 March 2017, and 2.2% from 1 April 2017. Production challenges detailed previously also contributed to lower power consumption, specifically at Evander Mines during the 55-day suspension of underground operations. • The group's mining and processing costs (represents 28.3% of total gold cost of production) increased by 18.0% to ZAR662.6 million (2016: ZAR561.3 million), mainly due to the following material expenses: – ETRP's processing costs increased by ZAR60.4 million or 44.2% due to treating additional surface feedstock material. The tonnes of surface feedstock processed increased by 17.8% to 467,610 tonnes (2016: 396,942 tonnes) and this contributed an additional ZAR33.4 million to the group's adjusted EBITDA. – Maintenance of Evander Mines' No 7 Shaft infrastructure resulted in an additional ZAR4.5 million expenditure being incurred.	

Substantially achieved Moderate progress Not achieved

Line item	2017	2016	Movement	Material reasons for movements	Performance
PGE cost of production (disclosed in discontinued operations)	**ZAR86.4 million**	ZAR74.1 million	16.6%	• The increase was largely due to higher refining costs being incurred in the form of chrome penalties on the Elandskraal/Kroondal tailings. Additional transport costs were also incurred to deliver tailings material from the more distant Elandskraal/Kroondal tailings sites.	
Coal cost of production (disclosed in discontinued operations)	**ZAR375.0 million**	ZAR91.8 million	n/a	• Comparative coal cost of production was for a four-month period 1 April 2016 to 30 June 2016. The current period cost of production is for a full financial year's coal cost of production.	
Group realisation costs	**ZAR31.5 million**	ZAR20.5 million	53.7%	• An additional ZAR15.4 million in refining costs associated with the extraction and recovery of gold from various sections of the Evander Mines processing plant.	
Depreciation costs	**ZAR181.0 million**	ZAR214.4 million	(15.6%)	• The depreciation charge is based on the available units of production over the life of the operations and, with the reduced mining tonnages and gold production, the gold operations' depreciation reduced commensurately.	
Cash costs*	**ZAR430,863/kg**	ZAR338,242/kg	27.4%	• Gold sold decreasing by 15.4% to 173,285oz (2016: 204,928oz). • A 7.7% increase in gold production costs per the commentary under cost of production on page 36.	
All-in sustaining costs*	**ZAR514,435/kg**	ZAR405,847/kg	26.8%	• Primarily impacted by an increase in gold production costs and a decrease in gold sold.	
All-in cost*	**ZAR540,693/kg**	ZAR410,206/kg	31.8%	• Increase due to once-off capital expansion costs of ZAR100.8 million (2016: ZAR27.8 million), which related predominantly to the construction of the BTRP cyanide detoxification plant and Fairview's ventilation refrigeration plant and associated infrastructure.	
Other expenditure and income	**ZAR34.5 million**	ZAR261.0 million	(86.8%)	• The group recorded a pre-tax realised mark-to-market fair-value gain of ZAR94.7 million on Barberton Mines' cost collar (2016: pre-tax realised cost collar derivative fair-value loss of ZAR113.8 million) – due to a 16.8% decline in the spot gold price at year-end. • The group disposed of a listed investment for ZAR23.4 million with a resulting profit of ZAR4.6 million. • Pan African Resources' share price decreased by 37.1% to ZAR2.36 from ZAR3.75, which resulted in a decrease in the group's cash-settled share option costs. • The fair value adjustment of the group's rehabilitation liability resulted in an increase of ZAR0.4 million (2016: ZAR38.2 million decrease in liability). The rehabilitation investment decreased by ZAR0.9 million (2016: ZAR9.2 million increase in the investment) due to movements in the market values of the underlying investments.	
Net finance costs	**ZAR48.6 million**	ZAR31.1 million	56.3%	• Increased RCF utilisation during the current reporting period resulted in the increased finance costs.	

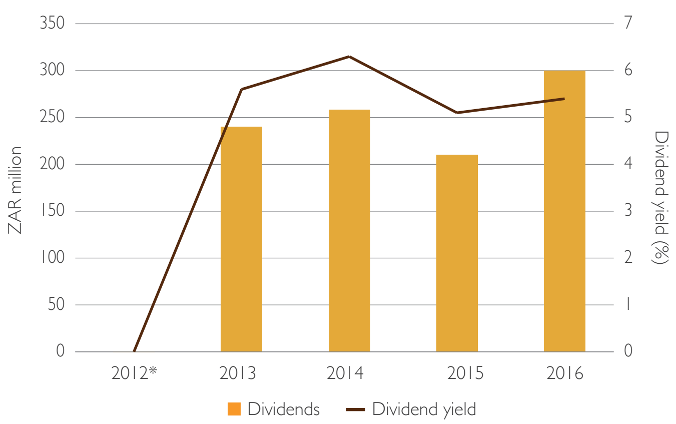
** Refer to (A) APMs on page 211.*

Substantially achieved | Moderate progress | Not achieved

Line item	2017	2016	Movement	Material reasons for movements	Performance
Profit after taxation	**ZAR309.9 million**	ZAR547.0 million	(43.3%)	Decreased as a result of factors detailed above as well as: • Profit on sale of the Uitkomst Colliery operations of ZAR91.3 million (GBP5.4 million) – Uitkomst Colliery also contributed ZAR35.4 million (GBP2.0 million) to the current year's profits. • Impairment of Phoenix Platinum of ZAR100.9 million (GBP5.9 million). • Royalty costs decreased by ZAR36.7 million (GBP1.5 million) due to the decreased gold revenues and production. • The group's total taxation charge decreased to ZAR4.2 million (2016: ZAR184.0 million) due to: – The deferred tax credit of ZAR76.2 million (2016: ZAR19.9 million credit) mainly as a result of the deferred taxation associated with the pre-tax realised mark-to-market fair-value gain of ZAR94.7 million and a reduction of the long-term deferred taxation rate to 23.1% from 28% and 25.5% for Barberton Mines and Evander Mines, respectively. – A decrease in the current taxation charge by 60.1% to ZAR80.4 million (2016: ZAR203.9 million).	Moderate progress
	GBP17.9 million	GBP25.5 million	(29.8%)		
EPS	**19.81 cents**	30.20 cents	(34.4%)	The EPS and HEPS are calculated by applying the group's weighted average number of shares in issue to the attributable and headline earnings. The weighted average number of shares used in calculating the EPS and HEPS figures is disclosed on page 39.	Moderate progress
HEPS*	**20.17 cents**	30.20 cents	(33.2%)		
Dividend	**ZAR185 million**	ZAR300 million	(38.3%)	See detail in leadership review on page 13.	Moderate progress

** Refer to (A) APMs on page 212.*

GROUP DIVIDEND HISTORY



** Forgone dividend to fund the acquisition of Evander Mines.*

WEIGHTED AVERAGE NUMBER OF SHARES IN ISSUE

The weighted average number of shares in issue for calculating earnings per share is reconciled below:

	2017 Shares million	2016 Shares million
Shares in issue at the beginning of the year	**1,943.2**	1,831.5
Issue of 291,480,983[1] shares – vendor placement (date 12 April 2017) – weighted for the year	**57.5**	–
Issue of 111,711,791 shares – vendor placement (date 3 June 2016) – weighted for the year	**–**	8.5
Elimination of shares held by PAR Gold – weighted for the year[2]	**(436.4)**	(28.6)
Weighted average shares in issue at the end of the year – decreased by 13.6%	**1,564.3**	1,811.4

[1] *On 12 April 2017 the group issued 291,480,983 ordinary shares to fund the equity component of the Elikhulu Project's construction.*

[2] *The PAR Gold shares were acquired on 7 June 2016 and, in the current reporting period, the group benefited from a full year exclusion of these shares in the calculation of the weighted average number of shares compared to the period of less than a month in the corresponding results.*

FINANCIAL POSITION AND RESOURCE ALLOCATION

	30 June 2017		30 June 2016		Movement	
	ZAR million	GBP million	ZAR million	GBP million	%	%
Non-current assets	**4,631.2**	**276.2**	4,450.9	230.7	4.1	19.7
Current assets	**497.0**	**29.3**	434.2	21.9	14.5	33.8
Assets held for sale	**95.2**	**5.6**	1.3	0.1	>100	>100
Total equity	**3,620.5**	**216.6**	2,874.4	151.0	26.0	43.4
Non-current liabilities	**1,066.7**	**62.9**	1,372.4	69.5	(22.3)	–
Current liabilities	**530.0**	**31.3**	639.6	32.2	(17.1)	–
Liabilities directly associated with assets held for sale	**6.2**	**0.4**	–	–	100.0	100.0

Line item	2017	2016	Movement	Material reasons for movements	Performance
Non-current assets	**ZAR4,631.2 million**	ZAR4,450.9 million	4.1%	• Increase was partly attributable to capital expenditure during the year amounting to ZAR613.1 million (2016: ZAR302.4 million), less a depreciation charge of ZAR181.0 million (2016: ZAR214.4 million). • Included in non-current assets is the rehabilitation trust fund balance of ZAR320.6 million (2016: ZAR321.5 million), which decreased by ZAR0.9 million as a result of movements in the value of the underlying investment portfolio. The rehabilitation trust fund's investment portfolio comprises investments in guaranteed equity-linked notes, government bonds, equities and cash holdings.	
Current assets	**ZAR497.0 million**	ZAR434.2 million	14.5%	• Cash on hand increasing to ZAR160.2 million (2016: ZAR52.6 million). • Accounts receivable decreasing to ZAR233.1 million (2016: ZAR277.8 million) predominantly due to: – The exclusion of Uitkomst Colliery accounts receivables of ZAR63.4 million following the disposal on 30 June 2017. – The exclusion of Phoenix Platinum accounts receivable of ZAR27.2 million due to the operation being classified as an asset held for sale. • Inventory decreased to ZAR85.6 million (2016: ZAR87.0 million) mainly due to the exclusion of ZAR23.6 million relating to the discontinued operations. • Current tax asset increased to ZAR18.1 million (2016: ZAR16.8 million).	

Substantially achieved | Moderate progress | Not achieved

Line item	2017	2016	Movement	Material reasons for movements	Performance
Non-current liabilities	**ZAR1,066.7 million**	ZAR1,372.4 million	22.3%	• Non-current portion of the RCF decreased to ZAR180.5 million (2016: ZAR279.3 million). • Non-current portion of the gold loan balance decreased to nil (2016: ZAR26.6 million), due to the gold loan term terminating on 31 October 2017. • Non-current portion of cash-settled share option liability decreased to ZAR25.4 million (2016: ZAR55.4 million) in line with the group's share price performance. • Non-current post-retirement benefits decreased to ZAR1.1 million (2016: ZAR1.3 million). • Long-term rehabilitation provisions decreased to ZAR197.7 million (2016: ZAR206.4 million). • Deferred taxation liability decreased to ZAR660.5 million (2016: ZAR803.4 million).	
Current liabilities	**ZAR530.0 million**	ZAR639.6 million	17.1%	• The zero-cost collar was closed out prior to 30 June 2017, resulting in no mark-to-market liability (2016: ZAR117.6 million). • Uitkomst Colliery accounts payable exclusion of ZAR27.0 million. • Phoenix Platinum accounts payable exclusion of ZAR3.3 million. • The current portion of the RCF decreasing to ZAR20.7 million (2016: ZAR31.1 million). • The current portion of the gold loan decreased to ZAR26.6 million (2016: ZAR55.2 million). • The current portion of the cash-settled share option liability decreasing to ZAR23.0 million (2016: ZAR54 million).	
Equity	**ZAR3,620.5 million**	ZAR2,874.4 million	26.0%	• The increase in the group's retained earnings by ZAR77.3 million, resulted from the profit after taxation of ZAR309.9 million (2016: ZAR547.0 million) and the net dividend of ZAR232.6 million (2016: ZAR210 million) for the 2017 financial year. • Share capital and premium increased by ZAR672.0 million following the issue of 291,480,983 million shares (2016: 111,711,791 shares) to part fund the Elikhulu Project's construction.	

SUMMARY OF GROUP FACILITIES

	RCF		Evander Mines gold loan		Total	
	30 June 2017 ZAR million	30 June 2016 ZAR million	30 June 2017 ZAR million	30 June 2016 ZAR million	30 June 2017 ZAR million	30 June 2016 ZAR million
Non-current portion	**180.5**	279.3	–	26.6	**180.5**	305.9
Current portion	**20.7**	31.1	**26.6**	52.2	**47.3**	86.3
Total	**201.2**	310.4	**26.6**	81.8	**227.8**	392.2

Net debt (refer to APMs on page 212)

Total debt facilities utilised at 30 June 2017 amounted to ZAR227.8 million (2016: ZAR392.2 million), and cash holdings were ZAR160.2 million (2016: ZAR52.6 million), resulting in a decrease in net debt to ZAR67.6 million (2016: ZAR339.6 million). The decrease in net debt was predominantly as a result of the gross proceeds received of ZAR696 million equity raised completed on 12 April 2017 as well as cash of ZAR125 million received on the disposal of Uitkomst Colliery.

The group's RCF debt covenants per the applicable periods are summarised below.

Covenant	Requirement	30 June 2017	30 June 2016	Description
Net debt to equity ratio	Must be less than 1:1	**0.02**	0.11	Improvement
Net debt to EBITDA ratio	Must be less than 2.5:1	**0.13**	0.38	Improvement
Interest cover ratio	Must be greater than 4 times	**10**	26	Regression due to reduced profits and higher interest expense

CASH FLOW STATEMENT COMMENTARY

Cash generated by operations decreased by ZAR474.9 million to ZAR106.5 million (2016: ZAR581.4 million), due to lower gold production following the operational disruptions and challenges noted previously. Cash generated by operations includes net dividends paid to shareholders of ZAR232.6 million (2016: ZAR210 million).

The cash outflows from investing activities decreased to ZAR491 million (2016: ZAR969 million decrease), predominantly due to:

- Capital expenditure incurred increasing to ZAR613.1 million (2016: ZAR302.4 million), due to the Elikhulu Project and higher once-off capital expenditure mainly due to the construction of the BTRP cyanide detoxification plant and Fairview's ventilation refrigeration and infrastructure.
- Proceeds on the sale of a listed investment of ZAR23.4 million, and proceeds on the sale of property, plant and equipment of ZAR7 million at Uitkomst Colliery.
- Inflow of funds of ZAR125 million following the sale of Uitkomst Colliery, with net proceeds of the disposal being ZAR111.7 million net of the cash transferred within the business.

Net cash inflows from financing activities increased to ZAR493 million (2016: ZAR375.9 million outflow), predominantly due to:

- The utilisation of the RCF to fund operational capital expenditure.
- Share issues resulting in gross proceeds of ZAR696 million, and ZAR672 million net of share issue costs.

Evander Mines incurred cash outflows of ZAR345.2 million during the financial year, following the refurbishment of critical shaft infrastructure which resulted in lower gold production.

The ZAR345.2 million cash outflows is summarised as follows:

- Cash outflows of Evander Mines operations of ZAR116.3 million.
- Cash outflows from investing activities in capital expenditure (excluding Elikhulu Project) of ZAR222.2 million of which ZAR42 million related to the refurbishment of critical No 7 Shaft infrastructure and ZAR180.2 million was normalised operational capital expenditure.
- Cash outflows from financing activities of ZAR6.7 million.

FINANCIAL RISK MANAGEMENT

The group manages its financial risk, liquidity and solvency by means of a centralised treasury function in Pan African Resources Funding Company Proprietary Limited (Funding Company), a wholly owned subsidiary of Pan African Resources, with the objective of centrally managing all aspects of the group's financial risk. The group's philosophy is to hedge only specific exposures arising from capital investments and transactional flows and limits hedging to a maximum of 25% of the group's annual production. Hedging will only be entered to cover specific operational risks and capital expenditure. At 30 June 2017 the group had no open positions or exposures to gold or interest rate hedges.

As an additional condition to the Elikhulu facility becoming effective, the bankers required that a minimum hedge volume of the lesser of 50% of Evander Mines' underground costs or 25% of the group's production profile is hedged for two calendar years, commencing on 1 January 2018. The intent is to have two one-year rolling hedges to protect the group's cashflows at a time that the Elikhulu debt profile peaks. The hedge volume based on Evander Mines' underground production amounts to approximately 27,500 ounces which is the lesser of 47,500 ounces at 25% of the yearly production profile. Subsequent to the 30 June 2017 financial year-end, the group entered into a cost collar hedge with a put price of ZAR550,000/kg and an average call price of ZAR630,688/kg for the first calendar year commencing on 1 January 2018.

Revolving credit facility

The group's existing RCF is provided by a consortium of local banks. The ZAR1 billion facility (2016: ZAR800 million facility) has a tenure of five years effective from June 2015. The RCF bears interest at JIBAR plus a margin of 2.5% and provides Pan African Resources with access to a long-term flexible debt facility to fund its organic and acquisitive growth ambitions.

Working capital and debt management

The group manages its debt levels within prudency limits approved by the board, and based on the recommendations of the audit committee after taking into account the variability in group cash flow generation, capital expenditure programmes and the board's ambitions to continue declaring a sector-leading dividend.

Capital allocation discipline

The board is conscious of the aspirations of our stakeholders for value creation and all capital allocation decisions are subject to rigorous scrutiny and predefined risk-adjusted return parameters to ensure this objective is fulfilled. Of paramount consideration in all such capital allocation decisions is the group's ability to successfully execute on investment opportunities and realise the required returns over the investment horizon. The attractive returns being earned on the capital invested in the BTRP, the ETRP, Uitkomst Colliery and the PAR Gold transactions bear testimony to our success in this regard.

Our investment return criterion is to earn a minimum real return of 15% per annum, after adjusting for project-specific and sovereign risks. Further, to ensure our returns are robust, we endeavour to invest only in projects that fall into the lower half of the cost curve and where the execution risk is within our capability.

DIVIDEND POLICY

Refer to the leadership review on page 13.

LOOKING AHEAD

Our focus for the 2018 financial year continues to be on balance sheet strength, and improved cash flow generation from our existing operations through improved production and cost control. The group is in the process of growing its production base through the Elikhulu Project investment, and our focus is to ensure this project is completed on schedule and within budget. We continue to assess the merits of acquisitive growth opportunities that meet our investment criteria and contribute to the group's profitability in the short to medium term.

Deon Louw
Financial Director

20 September 2017

FIVE-YEAR REVIEW

	Unit	2017	2016	2015	2014	2013
Operating performance						
Gold mining tonnes milled	(t)	**507,699**	676,664	908,958	948,149	512,869
Gold tailings processed	(t)	**3,143,414**	2,801,021	1,618,794	815,736	–
Gold head grade – mining operations	(g/t)	**7.7**	7.7	5.4	5.8	8.6
Gold head grade – tailings operations	(g/t)	**0.9**	0.9	1.0	1.6	–
Gold sold	(oz)	**173,285**	204,928	175,857	188,179	130,493
Gold spot price received	(USD/oz)	**1,242**	1,164	1,212	1,303	1,553
Total gold mining cash costs	(USD/oz)	**986**	725	949	897	815
Coal sold	(t)	**670,210**	136,102	–	–	–
PGE sold	(oz)	**8,709**	8,339	10,245	7,204	6,480

	2017		2016		2015		2014		2013	
	ZAR million	GBP million	ZAR million	GBP million	ZAR million	GBP million	ZAR million	GBP million	ZAR million	GBP million
Statement of comprehensive income										
Revenue	**2,925.3**	**169.6**	3,632.8	169.4	2,539.4	141.1	2,608.8	154.6	1,848.1	133.5
Cost of production	**(2,343.1)**	**(135.8)**	(2,321.4)	(108.2)	(1,987.4)	(110.4)	(1,795.9)	(106.4)	(985.1)	(71.2)
Mining profit	**401.2**	**23.3**	1,066.6	49.7	353.4	19.6	637.8	37.8	776.8	56.1
EBITDA (including discontinued operations)	**577.7**	**33.5**	969.5	45.2	512.1	28.4	745.5	44.2	735.2	53.1
Impairment costs	**100.9**	**6.0**	–	–	(1.0)	(0.1)	–	–	(242.3)	(16.1)
Profit after taxation	**309.9**	**17.9**	547.0	25.5	210.2	11.7	452.1	26.8	558.9	42.6
Headline earnings*	**315.6**	**18.3**	547.1	25.5	213.6	11.9	452.0	26.8	487.0	35.2
Dividends	**(300)**	**(17.1)**	(210)	(9.7)	(258.0)	(14.9)	(240.3)	(14.7)	–	–
Statement of financial position										
Non-current assets	**4,631.2**	**276.2**	4,450.9	230.6	4,147.1	220.1	3,941.5	223.4	3,726.2	249.3
Current assets	**497**	**29.3**	434.2	21.9	332.3	17.2	423.4	23.5	401.5	26.7
Assets held for sale	**95.2**	**5.6**	1.3	0.1	–	–	–	–	–	–
Total equity	**3,620.5**	**216.6**	2,874.4	151.0	2,738.5	147.2	2,788.4	159.4	2,568.8	172.2
Non-current liabilities	**1,066.7**	**62.9**	1,372.4	69.5	1,309.5	67.9	1,144.1	63.5	1,200.9	80.0
Current liabilities	**530**	**31.3**	639.6	32.2	431.4	22.4	432.4	24.0	361.2	24.1
Liabilities directly associated with assets held for sale	**6.2**	**0.4**	–	–	–	–	–	–	–	–
Cash flows										
Net cash generated from operating activities	**106.5**	**6.5**	581.4	28.5	95.7	5.4	360.3	22.2	668.0	48.3
Capital expenditure	**613.1**	**35.5**	302.4	14.1	352.0	19.6	363.0	21.5	381.6	27.6
Net movements in cash and cash equivalents	**108.5**	**6.6**	(11.7)	(1.5)	(36.9)	(1.7)	29.6	1.7	(216.0)	(15.6)

** Refer to A APMs on page 212.*

		2017		2016		2015		2014		2013	
	Unit	ZAR	GBP	ZAR	GBP	ZAR	GBP	ZAR	GBP	ZAR	GBP
Key ratios											
Return on shareholders' funds	(%)	**8.6**	**8.3**	19.0	16.9	7.7	7.9	16.2	16.8	21.8	24.7
Net debt:equity ratio	(Ratio)	**0.02**	**0.02**	0.11	0.10	0.12	0.11	0.04	0.04	0.04	0.04
Net debt:EBITDA	(Ratio)	**0.13**	**0.13**	0.38	0.34	0.63	0.58	0.14	0.13	0.13	0.12
Interest cover	(Ratio)	**10.0**	**10.0**	26.0	24.8	7.3	7.2	38.9	37.9	41.6	41.9
Current ratio	(Ratio)	**0.9**	**0.9**	0.7	0.7	0.8	0.8	1.0	1.0	1.1	1.1
Statistics											
Shares in issue (millions)	(Number)		**2,234.7**		1,943.2		1,831.5		1,830.0		1,822.8
Weighted average number of shares in issue	(Number)		**1,564.3**		1,811.4		1,830.4		1,827.2		1,619.8
Earnings per share (EPS)	(Cents/Pence)	**19.81**	**1.14**	30.20	1.41	11.48	0.64	24.74	1.47	34.51	2.63
Headline earnings per share (HEPS)*	(Cents/Pence)	**20.17**	**1.17**	30.20	1.41	11.67	0.65	24.74	1.47	30.07	2.17
Net asset value (NAV)*	(Cents/Pence)	**201.33**	**12.04**	190.75	10.02	149.52	8.04	152.37	8.71	140.93	9.45
Dividends per share (DPS)	(Cents/Pence)	**15.44**	**0.88**	11.47	0.53	14.10	0.82	13.15	0.81	–	–
Dividend yield	(%)	**5.0**	**4.9**	5.1	4.3	6.3	6.7	5.6	5.7	–	–
Price earnings	(Ratio)	**11.9**	**12.01**	12.4	13.5	15.7	14.9	10.79	9.69	5.5	4.8
Volume of shares traded (millions)	(Number)	**623.7**	**932.6**	650.7	461.6	573.2	527.9	435.5	199.8	760.3	459.2
Volume traded as percentage of number in issue	(%)	**32.1**	**46.6**	33.5	25.5	31.3	28.8	23.8	10.9	41.7	25.2
Number of transactions	(Number)	**16,217**	**34,020**	35,926	20,784	29,855	21,221	28,498	11,496	30,814	16,121
Value of shares traded (millions)	(Number)	**1,920.1**	**164.5**	1,540.6	58.2	1,266.7	64.3	1,029.6	28.3	1,762.4	74.4
Traded prices											
– last sale in year	(Cents/Pence)	**236.0**	**13.75**	375.0	19.0	180.0	9.5	267	14.3	191.0	12.8
– high	(Cents/Pence)	**469.0**	**24.25**	400.0	19.0	278.0	15.5	294	16.8	299.0	21.0
– low	(Cents/Pence)	**224.0**	**13.8**	122.0	6.3	180.0	9.5	186	11.8	185.0	11.8
– average price per share traded	(Cents/Pence)	**308.3**	**17.8**	225.0	12.4	222.3	12.2	236.0	14.2	233.0	16.2

Refer to A APMs on pages 212 and 213.

OPERATIONAL REVIEW AND PERFORMANCE

BARBERTON MINES

Casper Strydom
General Manager

HIGHLIGHTS

Remained one of the lowest-cost producers in the South African gold industry with an all-in cost of ZAR437,199/kg (2016: ZAR354,417/kg).

The BTRP all-in cost was ZAR198,830/kg (2016: ZAR164,168/kg).

CHALLENGES

Tragically two employee fatalities occurred.

Gold sold decreased by 13.0% to 98,508oz (2016: 113,281oz) due to underground gold sold decreasing to 71,763oz (2016: 84,428oz).

HISTORICAL OVERVIEW

Barberton Mines consists of three underground mines and a tailings operation: Fairview, Sheba, New Consort and the BTRP. Fairview produces approximately 40%, Sheba and New Consort produce 23% and 10% respectively, and the BTRP contributes 27% of Barberton Mines gold production. Operating three mines continues to provide flexibility and versatility in terms of resource allocation.

The mix of high-grade ore from the mines is planned monthly to maintain the targeted grade/tonnage profile and gold production, giving Barberton Mines the advantage of managing cash flows from an early stage in the mining process. The operation has a proven track record of consistently delivering a solid performance, driven to a large extent by an embedded culture of cost control, as well as the very high-grade orebodies.

The mining methods used are underground semi-mechanised cut and fill by either up-dip or breast mining. An estimated 16% to 18% of gold is recovered by sweeping and vamping contractors focusing on worked-out areas and mining high-grade pillars.

Gold is extracted using the BIOX® gold extraction process, an environmentally friendly process, which uses bacteria to release gold from the sulphide ore.

Gold was originally discovered in the Barberton area in 1886 and comprises the sediments and metavolcanics within the Barberton Greenstone Belt. Barberton Mines has therefore been mined for over a century with current production practices now embedded. Given the aged mine infrastructure, the operations undergo ongoing maintenance and refurbishment.

Historically Barberton Mines' relative isolation has spurred creative engineering solutions, which contribute to its cost control. Facilities established over the years, such as an in-house workshop for maintenance of the mines' fleet, not only help control costs but also allow for in-house manufacture or customisation of equipment.

SALES AND PRODUCTION

Overall Barberton Mines operation (including BTRP)

Barberton Mines' gold sold decreased by 13.0% to 98,508oz (2016: 113,281oz). The total combined ZAR cash costs per kilogram increased to ZAR348,127/kg (2016: ZAR279,226/kg). The combined USD cash costs per ounce increased by 33.1% to USD797/oz (2016: USD599/oz) largely due to the 13.0% reduction in gold production.

Some challenges facing Barberton Mines included two fatalities at Fairview Mine (see details on page 10). The operation also experienced flexibility issues at Fairview Mine, specifically at its high-grade 11-block. Additional production platforms have been developed to expose additional high-grade panels, which increased mining grades and flexibility in the final quarter of the financial year.

Pan African Resources, with the assistance of DRA, has completed a feasibility study on the construction of a raise-bored, sub-vertical shaft from Fairview's 42 Level to 64 Level, with the potential of continuing the vertical shaft to 68 Level in future. This sub-vertical shaft will be used to transport employees and material to the working areas, which will allow the No 3 Decline to be used exclusively for rock hoisting, increasing overall capacity and production from this mining area.

Underground mining

Tonnes mined from underground mining operations decreased to 246,915t (2016: 258,405t), while the head grade decreased to 9.8g/t (2016: 11g/t) which resulted in lower gold sold of 71,763oz (2016: 84,428oz).

Barberton Mines' (excluding BTRP) ZAR cash costs per kilogram terms increased by 28.6% to ZAR416,356/kg (2016: ZAR323,799/kg), while USD cash costs per ounce increased by 37.3% to USD953/oz (2016: USD694/oz).

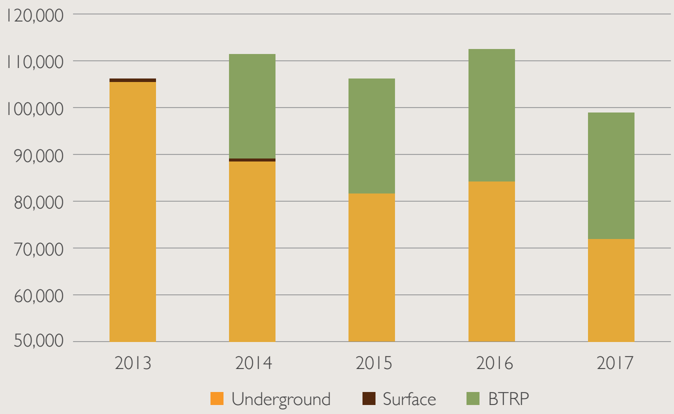
BTRP

Tonnes processed by the BTRP reduced by 14.3% to 821,691t (2016: 959,215t), due to re-mining the base of the Bramber tailings dam therefore limiting and reducing the tonnages processed by the BTRP. The head grade of the Bramber tailings processed increased substantially to 2.3g/t (2016: 1.7g/t). The overall recoveries decreased to 44% (2016: 54%) due to the introduction of the Harper Tailings Storage Facility (TSF) material, which had a 15- to 20-metre layer of highly refractory calcine material that had to be re-mined first, resulting in dilution of the recoveries achieved. This resulted in the gold sold from the BTRP decreasing marginally to 26,745oz (2016: 28,591oz) for the year.

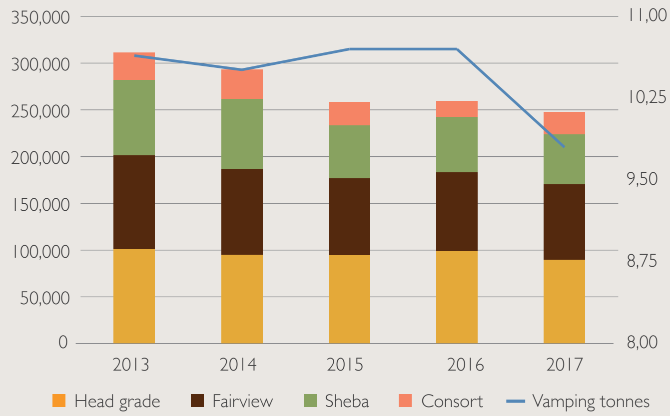
The BTRP's ZAR cash costs increased by 12.2% to ZAR165,088/kg (2016: ZAR147,162/kg) and USD cash costs per ounce were USD378/oz (2016: USD315/oz).

The BTRP remains one of the lowest-cost producers in the gold industry.

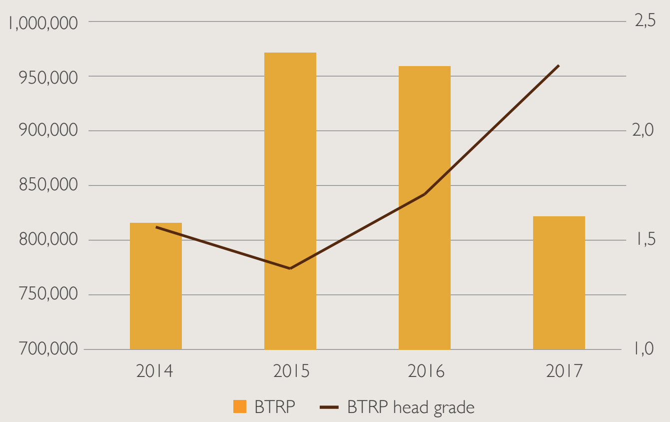
GOLD SOLD
Ounces



PRODUCTION STATISTICS – MINING AND SURFACE
Tonnes

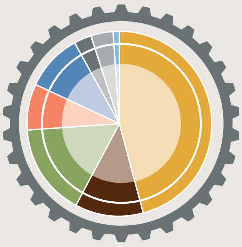


PRODUCTION STATISTICS – BTRP
Tonnes



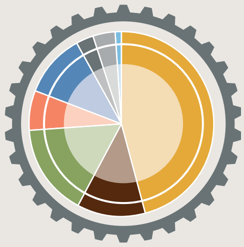
CASH COST BREAKDOWN (INCLUDING BTRP)

OPERATING COSTS
– CURRENT YEAR



- 46% Salaries and wages
- 12% Mining costs
- 16% Processing costs
- 8% Engineering and technical services
- 10% Electricity costs
- 3% Security costs
- 4% Administration and other costs
- 1% Off-mine costs

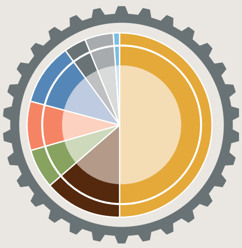
OPERATING COSTS
– PRIOR YEAR



- 46% Salaries and wages
- 12% Mining costs
- 16% Processing costs
- 7% Engineering and technical services
- 11% Electricity costs
- 3% Security costs
- 4% Administration and other costs
- 1% Off-mine costs

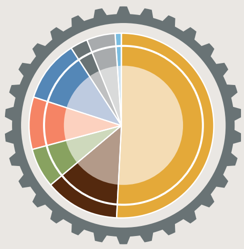
CASH COST BREAKDOWN (EXCLUDING BTRP)

UNDERGROUND OPERATING COSTS
– CURRENT YEAR



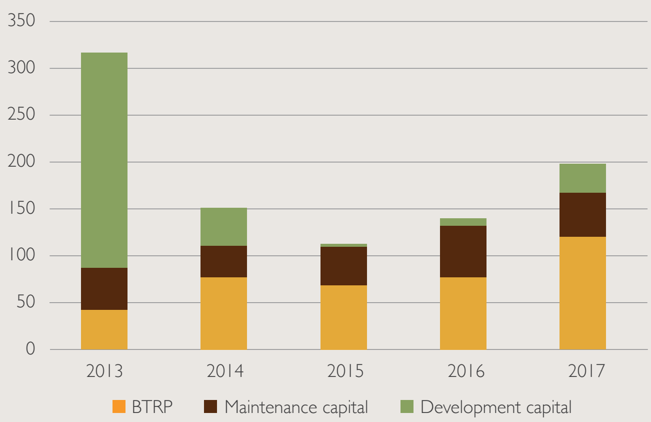
- 51% Salaries and wages
- 14% Mining costs
- 7% Processing costs
- 9% Engineering and technical services
- 11% Electricity costs
- 4% Security costs
- 3% Administration and other costs
- 1% Off-mine costs

UNDERGROUND OPERATING COSTS
– PRIOR YEAR



- 51% Salaries and wages
- 13% Mining costs
- 7% Processing costs
- 9% Engineering and technical services
- 11% Electricity costs
- 3% Security costs
- 5% Administration and other costs
- 1% Off-mine costs

CAPITAL EXPENDITURE (INCLUDING BTRP)
ZAR million



COST OF PRODUCTION

Barberton Mines' cost of production increased by 8.4% to ZAR1,066.7 million (2016: ZAR983.7 million). The main cost increases included salaries and wages (up 8.4%), mainly due to wage increases as per the wage agreement entered into between the mine and unions representing our employees. Mining costs increased by 15.9% mainly due to repairs and maintenance costs incurred at the Sheba shaft and the MRC orebody to maintain the shaft in a safe running condition. Electricity costs (up 6.2%) were well managed and remained below the 7.9% NERSA-approved increases.

CAPITAL EXPENDITURE

Total capital expenditure at Barberton Mines increased by 38.5% to ZAR193.5 million (2016: ZAR139.7 million). Maintenance capital expenditure of ZAR50.8 million (2016: ZAR54.5 million) and development capital expenditure of ZAR65.7 million (2016: ZAR63.4 million) was incurred. Once-off expansion capital was ZAR77.0 million (2016: ZAR21.8 million), which related to the construction of the BTRP cyanide detoxification plant and Fairview Mine's ventilation refrigeration and infrastructure.

LOOKING AHEAD

The No 3 Shaft deepening and sub-vertical shaft at the Fairview operation remains a priority to increase flexibility and ultimately additional tonnages. The management team remains committed to improving the safety performance and working with the DMR to reduce safety stoppages. The Fairview sub-vertical shaft is a priority to assist with future flexibility and production growth.

OPERATIONAL REVIEW AND PERFORMANCE

EVANDER MINES

Lazarus Motshwaiwa
General Manager

HIGHLIGHTS

Average mining head grade remained constant at 5.7g/t (2016: 5.7g/t) largely due to increased mining on the higher grade 25 level on No 8 Shaft.

ETRP and associated surface sources production increased 62.4% to 29,473oz (2016: 18,151oz).

CHALLENGES

Tragically one employee fatality occurred.

55-day suspension of underground mining operations for the refurbishment of critical shaft infrastructure at No 7A Shaft which impacted production and revenue.

HISTORICAL OVERVIEW

Evander Mines exploits the Kimberley reef in the Evander basin, part of the greater Witwatersrand basin. Mining methods employed are underground conventional scraper mining and rail-bound equipment with some trackless mechanised development. With No 8 Shaft at a depth of 2.5km, it takes the workforce approximately an hour to reach the mining area via a lift, locomotive and two chairlifts. The rock is then hauled along 11 conveyors from the rock face to the bottom of No 7 Shaft, where it is hoisted to surface. The gold is extracted at a carbon-in-leach (CIL) plant.

SALES AND PRODUCTION

For the year under review, Evander Mines' gold sold decreased by 18.4% to 74,777oz (2016: 91,647oz) due to the operational challenges noted previously.

Underground mining

Underground tonnes milled decreased by 36.1% to 260,784t (2016: 408,281t).

The head grade remained constant at 5.7g/t (2016: 5.7g/t). Gold sold from underground operations decreased by 38.4% to 45,304oz (2016: 73,496oz).

Evander Mines' (excluding ETRP) ZAR cash costs per kilogram terms increased by 64.8% to ZAR733,664/kg (2016: ZAR445,078/kg), while USD cash costs per ounce increased by 76% to USD1,679/oz (2016: USD954/oz).

ETRP

Evander Mines' ETRP and associated surface sources production increased by 62.4% to 29,473oz (2016: 18,151oz).

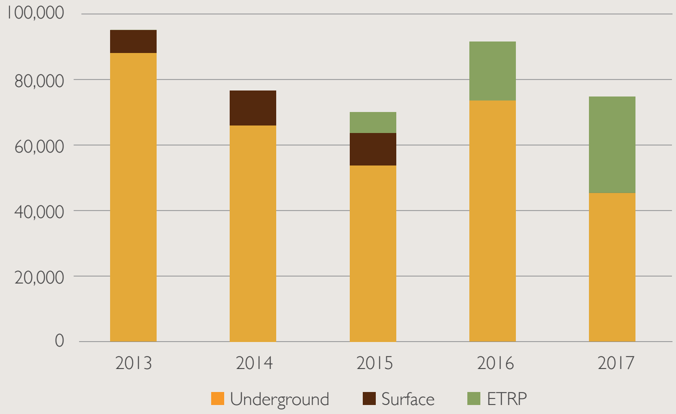
The ETRP's ZAR cash costs per kilogram amounted to ZAR242,049/kg (2016: ZAR273,965/kg), equating to USD cash costs per ounce of USD554/oz (2016: USD587/oz).

COST OF PRODUCTION

The total cost of production (including off-mine costs) increased by 6.6% to ZAR1,255.7 million (2016: ZAR1,177.9 million). The main cost movements included labour costs (up 0.1%) due to the reduction in labour complement, processing costs (up 16.2%) and refining costs (up 46.9%) due to increased milled tonnages from tailings and surface sources.

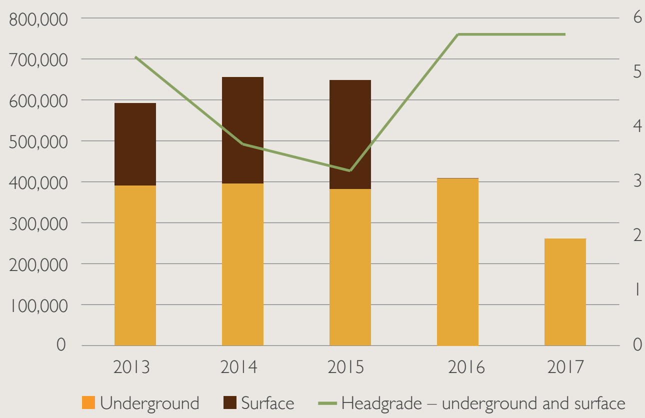
GOLD SOLD – UNDERGROUND AND SURFACE SOURCES

Ounces



PRODUCTION STATISTICS – UNDERGROUND AND SURFACE

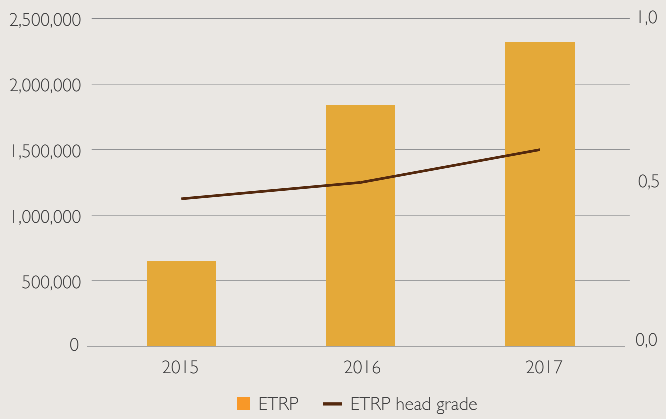
Tonnes

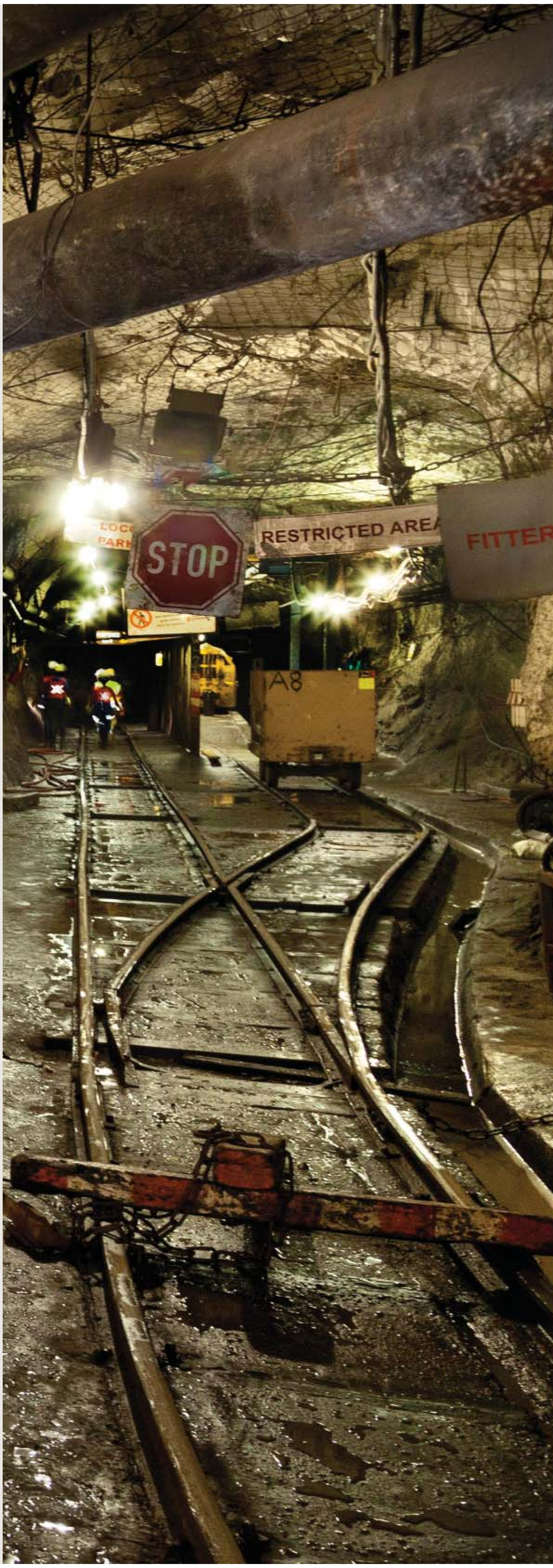


Note: *All surface sources production are allocated to ETRP from 1 March 2015.*

PRODUCTION STATISTICS – ETRP

Tonnes





CAPITAL EXPENDITURE

Total capital expenditure at Evander Mines was ZAR397.7 million (2016: ZAR153.8 million). Maintenance capital expenditure was ZAR118.6 million (2016: ZAR29.4 million) of which ZAR42 million related to the refurbishment of critical shaft infrastructure, and development capital expenditure was ZAR79.8 million (2016: ZAR118.4 million). Once-off expansion capital of ZAR23.8 million (2016 ZAR6.0 million) relates to costs associated with No 8 Shaft's 26 Level decline, the A block development and the 2010 Pay Channel drilling programme. Capital expenditure incurred on the Elikhulu Project amounted to ZAR175.5 million at 30 June 2017.

LOOKING AHEAD

Evander Mines going forward is a leaner operation with the ability to mine sustainably and profitably while still safely managing the complex and aged infrastructure. The operation will continue the implementation of a clean, safe and sustained mining strategy.

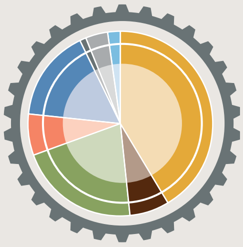
The Elikhulu Project commenced full construction on 24 August 2017 following the receipt of all its environmental approvals. The Elikhulu Project is expected to commence production in the last quarter of the 2018 calendar year and contribute an additional 56,000 ounces of gold in the initial eight years, and 45,000 ounces in the remaining six years of the project's life.

The group is currently performing a feasibility study on the 2010 Pay Channel (refer to page 11 of the leadership section for more detail). This resource could materially improve the production of the operation if exploited.

The group is investigating further medium- to long-term underground production increases from sources such as Evander Mines' No 9 Shaft and the Evander South project. There is potential to exploit both resources collectively by using the No 9 Shaft infrastructure, which is approximately two kilometres from Evander South orebody.

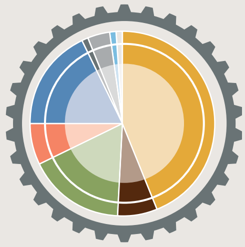
CASH COST BREAKDOWN (INCLUDING ETRP)

OPERATING COSTS – CURRENT YEAR



- 41% Salaries and wages
- 7% Mining costs
- 21% Processing costs
- 7% Engineering and technical services
- 16% Electricity costs
- 1% Security costs
- 4% Administration and other costs
- 2% Off-mine costs
- 1% Inventory adjustments

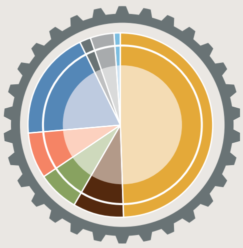
OPERATING COSTS – PRIOR YEAR



- 44% Salaries and wages
- 7% Mining costs
- 17% Processing costs
- 7% Engineering and technical services
- 18% Electricity costs
- 1% Security costs
- 4% Administration and other costs
- 1% Off-mine costs
- 1% Inventory adjustments

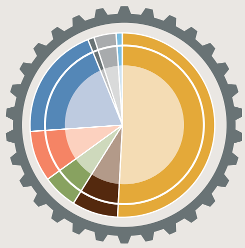
CASH COST BREAKDOWN (EXCLUDING ETRP)

UNDERGROUND OPERATING COSTS – CURRENT YEAR



- 49% Salaries and wages
- 9% Mining costs
- 7% Processing costs
- 8% Engineering and technical services
- 19% Electricity costs
- 2% Security costs
- 4% Administration and other costs
- 1% Off-mine costs
- 1% Inventory adjustments

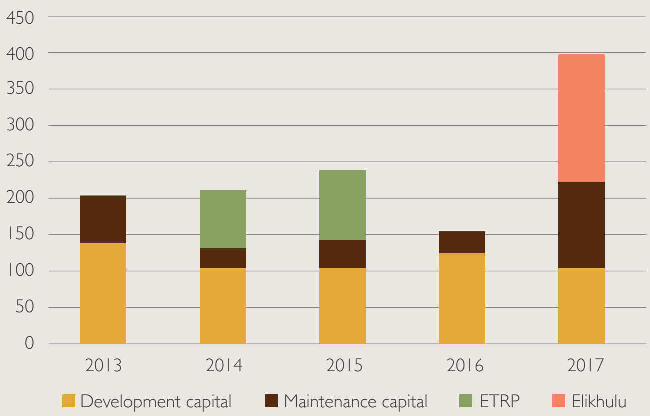
UNDERGROUND OPERATING COSTS – PRIOR YEAR



- 51% Salaries and wages
- 8% Mining costs
- 6% Processing costs
- 9% Engineering and technical services
- 20% Electricity costs
- 1% Security costs
- 4% Administration and other costs
- 1% Off-mine costs
- 0% Inventory adjustments

CAPITAL EXPENDITURE (INCLUDING ETRP)

ZAR million



OPERATIONAL REVIEW AND PERFORMANCE

PHOENIX PLATINUM (DISCONTINUED OPERATION)

Bertin Mcleod
Plant Manager Metallurgy

HISTORICAL OVERVIEW

Phoenix Platinum recovers PGEs from CTRP located on IFL's Lesedi Mine. The Buffelsfontein, Elandskraal and Kroondal mineral resources originate from the mining of chromitite seams from the Bushveld Igneous Complex. The Bushveld Igneous Complex is host to the world's largest deposits of PGEs. The operation is expected to produce PGEs over a life of mine of seven years. The PGEs are extracted in the flotation plant and the concentrate is delivered to Northam Platinum Limited Smelter for toll extraction. The CTRP was designed to treat sulphide material from the Lesedi Mine, which is supplied to Phoenix Platinum with sulphide-rich material, as a current arising.

SALES AND PRODUCTION

Revenue increased by 10.0% to ZAR82.2 million (2016: ZAR74.7 million) due to a 4.4% increase in production to 8,709oz (2016: 8,339oz). There was also a 5.5% increase in the effective PGE revenue price received of ZAR9,441/oz (2016: ZAR8,952/oz).

Overall plant recoveries increased to 52% (2016: 43%), following the installation of high-energy agitation cells in the plant.

Cost per ounce of production increased by 11.6% to ZAR9,919/oz (2016: ZAR8,890/oz). In USD terms, the PGE basket price received increased by 12.6% to USD695/oz (2016: USD617/oz). The USD cash costs per ounce increased by 19.1% to USD730/oz (2016: USD613/oz).

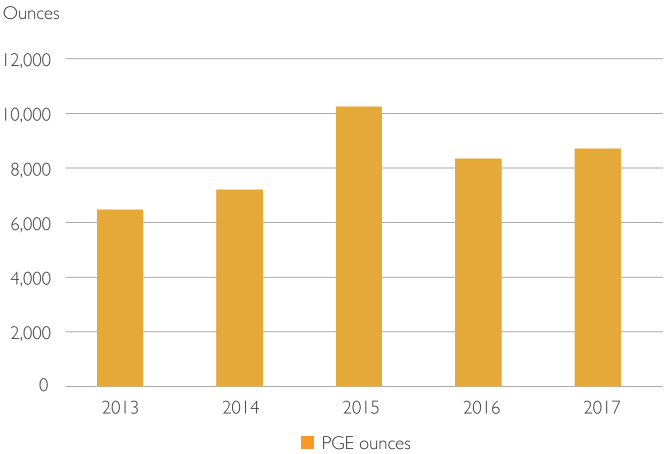
HIGHLIGHTS

- Revenue increased by 10% to ZAR82.2 million (2016: ZAR74.7 million) due to a marginal production increase.
- Recoveries increased to 52% from 43% following the installation of high-energy agitation cells in the plant.

CHALLENGES

- Low-grade material from the Elandskraal resource impacted production compounded by the increased cost of transportation to the plant from the TSF.
- IFMSA business rescue resulted in loss of feedstock from Lesedi Mine.
- Limited water supply following the drought in 2016.

PGE OUNCES PRODUCED



COST OF PRODUCTION

The cost of production increased by 16.6% to ZAR86.4 million (2016 ZAR74.1 million). The main cost increases were refining and processing costs (up 18.2%) following additional transport costs to move tailings material from the Kroondal TSF. Upgrades were also carried out on the plant pumps to cater for the increased plant feed tonnes. Administration costs increased by 130.7% due to increased legal costs associated with the IFM business rescue process and the finalisation of a new refining agreement between Phoenix Platinum and Northam Platinum Limited.

CAPITAL EXPENDITURE

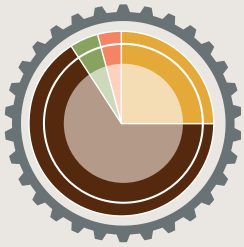
Total capital expenditure at Phoenix Platinum decreased to ZAR5.4 million (2016: ZAR6.8 million).

LOOKING AHEAD

Sylvania and Pan African Resources have signed a conditional sale of business agreement for a cash consideration of ZAR89 million, which remains subject to Competition Commission approval.

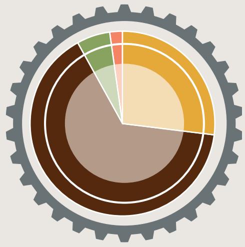
CASH COST BREAKDOWN

OPERATING COSTS – CURRENT YEAR



- 25% Salaries and wages
- 66% Processing costs
- 5% Electricity costs
- 4% Administration and other costs

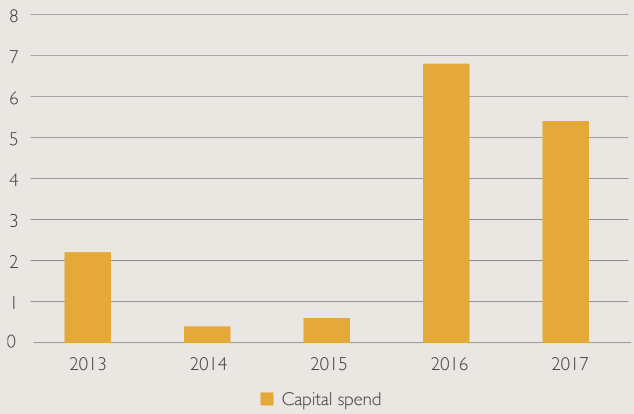
OPERATING COSTS – PRIOR YEAR



- 27% Salaries and wages
- 65% Processing costs
- 6% Electricity costs
- 2% Administration and other costs

CAPITAL EXPENDITURE

ZAR million



OPERATIONAL REVIEW AND PERFORMANCE

UITKOMST COLLIERY (DISCONTINUED OPERATION)

Johan Gloy
General Manager

HISTORICAL OVERVIEW

The group assumed effective control over the Uitkomst Colliery on 31 March 2016, which was followed by an operational integration process. This operation produces yields of high-grade coal suitable for export or metallurgical markets. Effective 30 June 2017, the group sold the Uitkomst Colliery to Coal of Africa.

HIGHLIGHTS

- Improved safety performance.
- Opportunistic revenue generated through external coal acquired and sold.
- Generated material cash flows from the sale of historical high-grade discarded slurry.
- Surplus demand for coal production.
- Uitkomst Colliery was sold to Coal of Africa on 30 June 2017 for an effective purchase consideration of ZAR277.6 million and profit on sale of ZAR91.3 million. The group realised shareholder returns of 107.5%* over the 15-month ownership period.

* Refer to (A) APMs on page 213.

CHALLENGES

- Volatile coal market.
- DMR section 54 stoppages.

SALES AND PRODUCTION

The Uitkomst Colliery's profit after taxation was ZAR35.4 million (2016: ZAR12.6 million). The operation produced and sold 670,210 (2016: 136,120) tonnes of coal, of which 351,908 tonnes was from the underground mining operations and 318,302 tonnes was acquired from third parties for blending, processing and direct export.

COST OF PRODUCTION

Cost of production amounted to ZAR375.0 million (2016: ZAR91.8 million) which equated to ZAR560/t (2016: ZAR674/t or USD41/t (2016: USD45/t) for the period under review.

CAPITAL EXPENDITURE

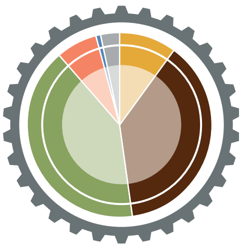
Capital expenditure incurred amounted to ZAR15.1 million (2016: ZAR0.9 million).

LOOKING AHEAD

The operation has been sold to Coal of Africa.

CASH COST BREAKDOWN

OPERATING COSTS – CURRENT YEAR



- 10% Salaries and wages
- 37% Mining costs
- 40% Processing costs
- 7% Engineering and technical services
- 1% Electricity costs
- 0% Security costs
- 3% Administration and other costs
- 2% Inventory adjustments

OPERATING COSTS – PRIOR YEAR

- 8% Salaries and wages
- 38% Mining costs
- 20% Processing costs
- 11% Engineering and technical services
- 2% Electricity costs
- 1% Security costs
- 4% Administration and other costs
- 16% Inventory adjustments

OPERATIONAL PRODUCTION

GOLD OPERATIONS

			Underground and surface operations			Tailings operations			Total continuing operations		
	Year ended 30 June	Units	Barberton Mines	Evander Mines	Total	BTRP	ETRP	Elikhulu	Barberton Mines total	Evander Mines total	Group total
Tonnes milled – underground	**2017**	**(t)**	**246,915**	**260,784**	**507,699**	**–**	**–**	**–**	**246,915**	**260,784**	**507,699**
	2016	(t)	258,405	408,281	666,686	–	–	–	258,405	408,281	666,686
Tonnes milled – surface	**2017**	**(t)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2016	(t)	9,978	–	9,978	–	–	–	9,978	–	9,978
Tonnes milled – total underground and surface	**2017**	**(t)**	**246,915**	**260,784**	**507,699**	**–**	**–**	**–**	**246,915**	**260,784**	**507,699**
	2016	(t)	268,383	408,281	676,664	–	–	–	268,383	408,281	676,664
Tonnes processed – tailings	**2017**	**(t)**	**–**	**–**	**–**	**821,691**	**1,854,113**	**–**	**821,691**	**1,854,113**	**2,675,804**
	2016	(t)	–	–	–	959,215	1,445,044	–	959,215	1,445,044	2,404,259
Tonnes processed – surface feedstock	**2017**	**(t)**	**–**	**–**	**–**	**–**	**467,610**	**–**	**–**	**467,610**	**467,610**
	2016	(t)	–	–	–	–	396,942	–	–	396,942	396,942
Tonnes processed – total tailings and surface feedstock	**2017**	**(t)**	**–**	**–**	**–**	**821,691**	**2,321,723**	**–**	**821,691**	**2,321,723**	**3,143,414**
	2016	(t)	–	–	–	959,215	1,841,986	–	959,215	1,841,986	2,801,201
Tonnes milled and processed – total	**2017**	**(t)**	**246,915**	**260,784**	**507,699**	**821,691**	**2,321,723**	**–**	**1,068,606**	**2,582,507**	**3,651,113**
	2016	(t)	268,383	408,281	676,664	959,215	1,841,986	–	1,227,598	2,250,267	3,477,865
Head grade – underground	**2017**	**(g/t)**	**9.8**	**5.7**	**7.7**	**–**	**–**	**–**	**9.8**	**5.7**	**7.7**
	2016	(g/t)	11.0	5.7	7.8	–	–	–	11.0	5.7	7.8
Head grade – surface	**2017**	**(g/t)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2016	(g/t)	1.2	–	1.2	–	–	–	1.2	–	1.2
Head grade – total underground and surface	**2017**	**(g/t)**	**9.8**	**5.7**	**7.7**	**–**	**–**	**–**	**9.8**	**5.7**	**7.7**
	2016	(g/t)	10.7	5.7	7.7	–	–	–	10.7	5.7	7.7
Head grade – tailings	**2017**	**(g/t)**	**–**	**–**	**–**	**2.3**	**0.3**	**–**	**2.3**	**0.3**	**0.9**
	2016	(g/t)	–	–	–	1.7	0.3	–	1.7	0.3	0.9
Head grade – surface feedstock	**2017**	**(g/t)**	**–**	**–**	**–**	**–**	**1.9**	**–**	**–**	**1.9**	**1.9**
	2016	(g/t)	–	–	–	–	1.3	–	–	1.3	1.3
Head grade – total tailings and surface feedstock	**2017**	**(g/t)**	**–**	**–**	**–**	**2.3**	**0.6**	**–**	**2.3**	**0.6**	**1.1**
	2016	(g/t)	–	–	–	1.7	0.5	–	1.7	0.5	0.9
Head grade – total	**2017**	**(g/t)**	**9.8**	**5.7**	**7.7**	**2.3**	**0.6**	**–**	**4.0**	**1.2**	**2.0**
	2016	(g/t)	10.7	5.7	7.7	1.7	0.5	–	3.7	1.5	2.2
Recovered grade	**2017**	**(g/t)**	**9.0**	**5.4**	**7.2**	**1.0**	**0.4**	**–**	**2.9**	**0.9**	**1.5**
	2016	(g/t)	9.8	5.6	7.3	0.9	0.3	–	2.9	1.3	1.8
Overall recovery – underground operations	**2017**	**(%)**	**92**	**94**	**93**	**–**	**–**	**–**	**92**	**94**	**93**
	2016	(%)	92	98	95	–	–	–	92	98	95
Overall recovery – tailings operations	**2017**	**(%)**	**–**	**–**	**–**	**44**	**41**	**–**	**44**	**41**	**44**
	2016	(%)	–	–	–	54	46	–	54	46	52
Gold production – underground operations	**2017**	**(oz)**	**71,763**	**45,304**	**117,067**	**–**	**–**	**–**	**71,763**	**45,304**	**117,067**
	2016	(oz)	84,428	73,496	157,924	–	–	–	84,428	73,496	157,924
Gold production – surface operations	**2017**	**(oz)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2016	(oz)	262	–	262	–	–	–	262	–	262
Gold production – tailings operations	**2017**	**(oz)**	**–**	**–**	**–**	**26,745**	**8,113**	**–**	**26,745**	**8,113**	**34,858**
	2016	(oz)	–	–	–	28,591	6,724	–	28,591	6,724	35,315
Gold production – surface feedstock	**2017**	**(oz)**	**–**	**–**	**–**	**–**	**21,360**	**–**	**–**	**21,360**	**21,360**
	2016	(oz)	–	–	–	–	11,427	–	–	11,427	11,427
Gold sold	**2017**	**(oz)**	**71,763**	**45,304**	**117,067**	**26,745**	**29,473**	**–**	**98,508**	**74,777**	**173,285**
	2016	(oz)	84,690	73,496	158,186	28,591	18,151	–	113,281	91,647	204,928
Average ZAR gold price received	**2017**	**(ZAR/kg)**	**550,028**	**535,730**	**544,495**	**542,761**	**535,944**	**–**	**548,055**	**535,815**	**542,773**
	2016	(ZAR/kg)	544,618	539,202	542,102	547,862	541,483	–	545,437	539,654	542,850

	Year ended 30 June	Units	Underground and surface operations: Barberton Mines	Underground and surface operations: Evander Mines	Underground and surface operations: Total	Tailings operations: BTRP	Tailings operations: ETRP	Tailings operations: Elikhulu	Total continuing operations: Barberton Mines total	Total continuing operations: Evander Mines total	Total continuing operations: Group total
Average USD gold price received	**2017**	**(USD/oz)**	**1,259**	**1,226**	**1,246**	**1,242**	**1,227**	**–**	**1,254**	**1,226**	**1,242**
	2016	(USD/oz)	1,167	1,156	1,162	1,174	1,161	–	1,169	1,156	1,164
ZAR cash cost	**2017**	**(ZAR/kg)**	**416,356**	**733,664**	**539,148**	**165,088**	**242,049**	**–**	**348,127**	**539,850**	**430,863**
	2016	(ZAR/kg)	323,799	445,078	380,150	147,162	273,965	–	279,226	411,168	338,242
ZAR all-in sustaining cost	**2017**	**(ZAR/kg)**	**501,330**	**914,841**	**661,351**	**171,480**	**242,260**	**–**	**411,762**	**649,683**	**514,435**
	2016	(ZAR/kg)	413,422	526,817	466,109	155,080	275,661	–	348,231	477,044	405,847
ZAR all-in cost (note 3)	**2017**	**(ZAR/kg)**	**526,053**	**959,976**	**693,974**	**198,830**	**242,260**	**–**	**437,199**	**677,024**	**540,693**
	2016	(ZAR/kg)	418,628	529,438	470,114	164,168	275,661	–	354,417	479,145	410,206
USD cash cost	**2017**	**(USD/oz)**	**953**	**1,679**	**1,234**	**378**	**554**	**–**	**797**	**1,236**	**986**
	2016	(USD/oz)	694	954	815	315	587	–	599	881	725
USD all-in sustaining cost	**2017**	**(USD/oz)**	**1,147**	**2,094**	**1,514**	**392**	**554**	**–**	**942**	**1,487**	**1,177**
	2016	(USD/oz)	886	1,129	999	332	591	–	746	1,023	870
USD all-in cost (note 3)	**2017**	**(USD/oz)**	**1,204**	**2,197**	**1,588**	**455**	**554**	**–**	**1,001**	**1,549**	**1,237**
	2016	(USD/oz)	897	1,135	1,008	352	591	–	760	1,027	879
ZAR cash cost per tonne (note 1)	**2017**	**(ZAR/t)**	**3,764**	**3,964**	**3,866**	**167**	**96**	**–**	**998**	**486**	**636**
	2016	(ZAR/t)	3,178	2,492	2,764	136	84	–	801	521	620
Capital expenditure	**2017**	**(ZAR million)**	**167.1**	**222.2**	**389.3**	**26.4**	**–**	**175.5**	**193.5**	**397.7**	**591.2**
	2016	(ZAR million)	131.6	153.8	285.4	8.1	–	–	139.7	153.8	293.5
Revenue	**2017**	**(ZAR million)**	**1,227.7**	**754.9**	**1,982.6**	**451.5**	**491.3**	**–**	**1,679.2**	**1,246.2**	**2,925.4**
	2016	(ZAR million)	1,434.6	1,232.6	2,667.2	487.2	305.7	–	1,921.8	1,538.3	3,460.1
Cost of production	**2017**	**(ZAR million)**	**929.3**	**1,033.7**	**1,963.0**	**137.4**	**222.0**	**–**	**1,066.7**	**1,255.7**	**2,322.4**
	2016	(ZAR million)	852.9	1,017.4	1,870.3	130.8	154.8	–	983.7	1,172.2	2,155.9
All-in sustainable cost of production	**2017**	**(ZAR million)**	**1,119.0**	**1,289.0**	**2,408.0**	**142.7**	**222.2**	**–**	**1,261.7**	**1,511.2**	**2,772.9**
	2016	(ZAR million)	1,089.0	1,204.3	2,293.3	137.9	155.7	–	1,226.9	1,360.0	2,586.9
All-in cost of production	**2017**	**(ZAR million)**	**1,174.2**	**1,352.6**	**2,526.8**	**165.4**	**222.2**	**–**	**1,339.6**	**1,574.8**	**2,914.4**
	2016	(ZAR million)	1,102.7	1,210.3	2,313.0	145.9	155.7	–	1,248.6	1,366.0	2,614.6
Adjusted EBITDA (note 2)	**2017**	**(ZAR million)**	**408.6**	**(334.0)**	**74.6**	**267.6**	**276.4**	**–**	**676.2**	**(57.6)**	**618.6**
	2016	(ZAR million)	422.4	204.3	626.7	307.4	153.3	–	729.8	357.6	1,087.4
Average exchange rate	**2017**	**(ZAR/USD)**	**13.59**	**13.59**	**13.59**	**13.59**	**13.59**	**13.59**	**13.59**	**13.59**	**13.59**
	2016	(ZAR/USD)	14.51	14.51	14.51	14.51	14.51	14.51	14.51	14.51	14.51
RIFR	**2017**	**Rate**	**–**	**–**	**–**	**–**	**–**	**–**	**0.58**	**2.49**	**1.53**
	2016	Rate	–	–	–	–	–	–	0.62	3.31	2.04
LTIFR	**2017**	**Rate**	**–**	**–**	**–**	**–**	**–**	**–**	**2.04**	**4.98**	**3.51**
	2016	Rate	–	–	–	–	–	–	1.86	4.96	3.50
Life of mine	**2017**	**Years**	**20**	**15**	**20**	**14**	**15**	**14**	**20**	**15**	**20**
	2016	Years	22	16	22	15	16	–	22	16	22

Note 1: *Split between ETRP and surface feedstock cost per tonne is ZAR38.54/t and ZAR286.34/t respectively, averaging at ZAR91/t.*
Note 2: *Adjusted EBITDA is represented by earnings before interest, taxation, depreciation and amortisation and impairments.*
Note 3: *Excluding Elikhulu capital expenditure.*

OPERATIONAL PRODUCTION continued

PGE OPERATIONS

	Year ended 30 June	Units	Tailings operations Phoenix Platinum
Tonnes processed – tailings	**2017**	**(t)**	**283,067**
	2016	(t)	248,981
Head grade – tailings	**2017**	**(g/t)**	**2.43**
	2016	(g/t)	3.08
Overall recovery	**2017**	**(%)**	**52**
	2016	(%)	43
PGE sold	**2017**	**(oz)**	**8,709**
	2016	(oz)	8,339
Average ZAR PGE price received	**2017**	**(oz)**	**9,441**
	2016	(oz)	8,952
Average USD PGE price received	**2017**	**(USD/oz)**	**695**
	2016	(USD/oz)	617
ZAR cash cost	**2017**	**(ZAR/oz)**	**9,919**
	2016	(ZAR/oz)	8,890
ZAR all-in sustaining cash cost	**2017**	**(ZAR/kg)**	**10,957**
	2016	(ZAR/kg)	10,113
ZAR all-in cost	**2017**	**(ZAR/kg)**	**11,184**
	2016	(ZAR/kg)	10,600
USD cash cost	**2017**	**(USD/oz)**	**730**
	2016	(USD/oz)	613
USD all-in sustaining cash cost	**2017**	**(USD/oz)**	**806**
	2016	(USD/oz)	697
USD all-in cost	**2017**	**(USD/oz)**	**823**
	2016	(USD/oz)	731
ZAR cash cost per tonne	**2017**	**(ZAR/t)**	**305**
	2016	(ZAR/t)	298
Capital expenditure	**2017**	**(ZAR million)**	**5.4**
	2016	(ZAR million)	6.8
Revenue	**2017**	**(ZAR million)**	**82.2**
	2016	(ZAR million)	74.7
Cost of production	**2017**	**(ZAR million)**	**86.4**
	2016	(ZAR million)	74.1
All-in sustainable cost of production	**2017**	**(ZAR million)**	**95.4**
	2016	(ZAR million)	84.3
All-in cost of production	**2017**	**(ZAR million)**	**97.4**
	2016	(ZAR million)	88.4
EBITDA (note 1)	**2017**	**(ZAR million)**	**(8.6)**
	2016	(ZAR million)	(5.4)
Average exchange rate	**2017**	**(ZAR/USD)**	**13.59**
	2016	(ZAR/USD)	14.51
RIFR	**2017**	**Rate**	**–**
	2016	Rate	–
LTIFR	**2017**	**Rate**	**–**
	2016	Rate	–
Life of mine	**2017**	**Years**	**7**
	2016	Years	9

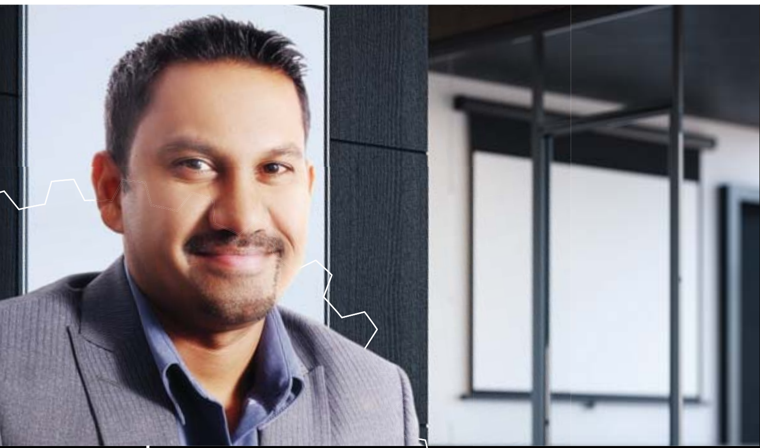
Note 1: *Adjusted EBITDA is represented by earnings before interest, taxation, depreciation and amortisation and impairments.*

COAL OPERATIONS

	Year ended 30 June	Units	Coal operation Uitkomst Colliery
Tonnes processed – underground	**2017**	**(t)**	**458,350**
	2016	(t)	128,022
Tonnes processed – coal acquired	**2017**	**(t)**	**50,160**
	2016	(t)	38,354
Tonnes processed – total underground and acquired	**2017**	**(t)**	**508,509**
	2016	(t)	166,376
Tonnes – total	**2017**	**(t)**	**508,509**
	2016	(t)	166,376
Yield	**2017**	**(%)**	**69.2**
	2016	(%)	68.3
Coal washed – underground and acquired	**2017**	**(t)**	**351,908**
	2016	(t)	113,634
Coal traded – no processing required	**2017**	**(t)**	**318,302**
	2016	(t)	22,468
Coal sold	**2017**	**(t)**	**670,210**
	2016	(t)	136,102
Average ZAR coal price received	**2017**	**(ZAR/t)**	**646**
	2016	(ZAR/t)	720
Average USD coal price received	**2017**	**(USD/t)**	**48**
	2016	(USD/t)	48
ZAR cash cost	**2017**	**(ZAR/t)**	**560**
	2016	(ZAR/t)	674
ZAR all-in sustaining cost	**2017**	**(ZAR/t)**	**584**
	2016	(ZAR/t)	657
ZAR all-in cost	**2017**	**(ZAR/t)**	**591**
	2016	(ZAR/t)	657
USD cash cost	**2017**	**(USD/t)**	**41**
	2016	(USD/t)	45
USD all-in sustaining cost	**2017**	**(USD/t)**	**43**
	2016	(USD/t)	44
USD all-in cost	**2017**	**(USD/t)**	**43**
	2016	(USD/t)	44
Capital expenditure	**2017**	**(ZAR million)**	**15.1**
	2016	(ZAR million)	0.9
Revenue	**2017**	**(ZAR million)**	**432.8**
	2016	(ZAR million)	98.0
Cost of production	**2017**	**(ZAR million)**	**375.0**
	2016	(ZAR million)	91.8
All-in sustainable cost of production	**2017**	**(ZAR million)**	**391.4**
	2016	(ZAR million)	89.4
All-in cost of production	**2017**	**(ZAR million)**	**396.2**
	2016	(ZAR million)	89.4
Adjusted EBITDA (note 1)	**2017**	**(ZAR million)**	**65.0**
	2016	(ZAR million)	10.8
Average exchange rate	**2017**	**(ZAR/USD)**	**13.59**
	2016	(ZAR/USD)	14.51
RIFR	**2017**	**Rate**	**0.95**
	2016	Rate	0.77
LTIFR	**2017**	**Rate**	**0.95**
	2016	Rate	2.06

Note 1: *Adjusted EBITDA is represented by earnings before interest, taxation, depreciation and amortisation and impairments.*

ABRIDGED MINERAL RESOURCES AND MINERAL RESERVES REPORT



Barry Naicker
Group Mineral Resource Manager

Pan African Resources uses the SAMREC Code (2016) which sets out the internationally recognised procedures and standards for reporting Mineral Resources and Mineral Reserves.

SCOPE OF REPORT

This version of the Pan African Resources Mineral Resources and Mineral Reserves Report 2017 (MR&MR) conforms to the standards determined by the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (the SAMREC Code, 2016 edition) and forms part of Pan African Resources' integrated annual report, including the annual financial statements for the year ended 30 June 2017. The entire suite of documents is available on www.panafricanresources.com.

The mineral resource is inclusive of the mineral reserve component, unless otherwise stated. Information in this report is presented by operation, mine or project. The tables and graphs used to illustrate developments across the operations of Pan African Resources, include:

- Mineral resource tables by commodity.
- Mineral reserve modifying factors.
- Mineral reserve tables by commodity.
- An annual comparison of the mineral resource and mineral reserve estimates.
- Development sampling results and mineral reserve projects.
- Appointed competent persons.

Matters on which detail is provided in this abridged version include regional geology, location, exploration drilling and organic mineral reserve projects. Note, rounding of numbers in this document may result in minor computational discrepancies.

REPORTING CODE

The guiding principle in the MR&MR is to ensure integrity, transparency and materiality in informing all stakeholders on the status of the group's mineral asset base. Pan African Resources uses the SAMREC Code (2016) which sets out the internationally recognised procedures and standards for reporting Mineral Resources and Mineral Reserves in South Africa, developed by the South African Institute of Mining and Metallurgy as the recommended guideline for reserve and resource reporting for JSE-listed companies. Distinct effort has also been made to comply with AIM Rules for Mining and Oil and Gas Companies of the LSE.

Amphibolite schist from New Consort No 7 Shaft

PAN AFRICAN RESOURCES' REPORTING IN COMPLIANCE WITH THE SAMREC CODE

To meet the requirement of the SAMREC Code that the material reported as a Mineral Resource should have "reasonable and realistic prospects for eventual economic extraction", Pan African Resources has determined an appropriate cut-off grade which has been applied to the quantified mineralised body. In determining the mineral resource cut-off grade, Pan African Resources uses a gold price of ZAR600,000/kg. At our underground mines, the optimal cut-off is defined as the lowest grade at which an orebody can be mined such that the total profits, under a specified set of mining parameters, are maximised. The mineral resources optimiser tool that was accordingly developed in-house was applied to the mineral resource inventory.

The optimiser program requires the following inputs to convert the mineral resources to the mineral reserves:

- The database inventory of all mineral resource blocks.
- An assumed gold price – ZAR550,000/kg.
- Planned production rates for each mine.
- Mine call factor (MCF).
- Plant recovery factors.
- Planned cash operating costs.

The mineral reserve represents that portion of the measured and indicated mineral resource above cut-off in the life of mine plan, and has been estimated after considering all modifying factors affecting extraction. A range of disciplines has been involved at each mine in the life of mine planning process including geology, surveying, planning, mining engineering, rock engineering, metallurgy, financial management, human resources management and environmental management.

The competent person for Pan African Resources, Mr Barry Naicker, the group mineral resource manager, signs off the MR&MR for the group. He is a member of the South African Council for Scientific Professions (400234/10). Mr Naicker has 16 years of experience in economic geology and mineral resource management. He is based at 1st Floor, The Firs, corner Cradock and Biermann Avenues, Rosebank 2196, Gauteng.

SRK Consulting Proprietary Limited has independently reviewed the Mineral Resources and Mineral Reserves of the Pan African Resources gold assets as at 30 June 2017 and signed off on the declared estimates.

GOLD

Relationship between exploration results, mineral resources and mineral reserves showing Pan African Resources attributable resources and reserves as at 30 June 2017.

EXPLORATION RESULTS	
RESOURCES Total 34.4Moz Au	**RESERVES Total 11.2Moz Au**
Inferred 12.1Moz Au	
Indicated 20.4Moz Au	Probable 10.2Moz Au
Measured 1.9Moz Au	Proved 1.0Moz Au

PGEs

Relationship between exploration results, mineral resources and mineral reserves showing Pan African Resources' attributable resources and reserves as at 30 June 2017.

EXPLORATION RESULTS	
RESOURCES Total 0.6Moz PGEs 4E	**RESERVES Total 0.2Moz PGEs 4E**
Inferred 0.2Moz PGEs 4E	
Indicated 0.4Moz PGEs 4E	Probable 0.2Moz PGEs 4E
Measured –	Proved –

The company has divested its coal business. The sale of Uitkomst Colliery and Pan African Coal Holdings was finalised on 30 June 2017 and thus no coal resources and reserves are reported in the current year.

HIGHLIGHTS

In the context of achieving our vision, the MR&MR report encompasses our four strategic pillars as below:

High grade/low cost producer

Barberton Mines	**9.8g/t**
Evander Mines	**5.7g/t**
Phoenix Platinum	**2.4g/t**
BTRP	**2.3g/t**
ETRP	**0.3g/t**

Mineral Reserves

- Gold up **12%** **11.2Moz**
- PGEs **0.2Moz**
- Elikhulu **1.7Moz**

Life of mine

- Barberton Mines **20 years**
- Evander Mines **15 years**
- Phoenix Platinum **7 years**
- BTRP **14 years**
- ETRP **15 years**
- Elikhulu **14 years**

Stakeholders

- Mineral tenure
- Longevity in operations
- Organised labour
- Stakeholder engagement
- Communities

Mineral Resources

- Gold **34.4Moz** down **1.4%**
- PGEs **0.6Moz**
- **Elikhulu** resource declared at 2.0Moz
- **Organic growth projects**
  - Barberton Mines
    - Fairview sub-vertical shaft project – MRC orebody
    - Royal Sheba orebody
  - Evander Mines
    - 2010 Pay Channel surface drilling
    - Elikhulu soil resource
- **Brownfield projects**
  - Barberton Mines
    - New Consort Bullion orebody
    - Sheba ZK orebody extension
  - Evander Mines
    - Rolspruit
    - Evander 9 Shaft A Block
    - Evander South

OUR GROUP STRATEGY

Pan African Resources has an exceptional mineral asset base with attractive organic growth opportunities, in both established projects and brownfield exploration prospects.

OUR STRATEGY

Our growth strategy is executed by identifying and exploiting mining opportunities that create stakeholder value by driving growth in our mineral reserve and resource base, production, earnings and cash flows in a margin-accretive manner, and by capturing the full precious metals value chain by focusing on:

- Low cost base.
- Growth in mineral reserve base and profitable production.
- Positive impact on earnings, in a sustainable manner.
- Maximising recovered grade and production tonnes.
- High margins.

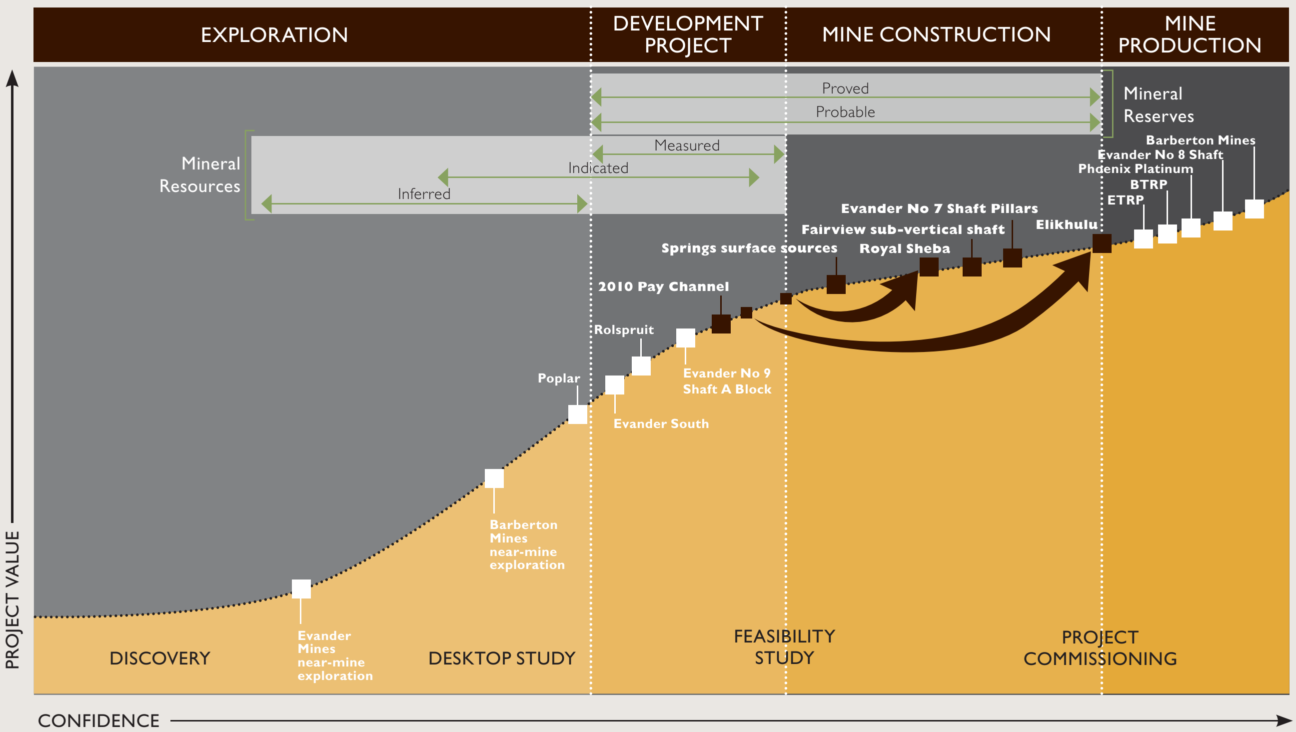
We encourage an entrepreneurial culture that fosters consistent value-accretion for stakeholders by first identifying and then executing opportunities within our business and operations. This culture further contributes to sourcing new investments, thereby bolstering our portfolio of mining assets.

The group is profitable and cash generative at the current gold price, with the ability to fund all on-mine sustaining capital expenditure internally and meet its other funding and growth commitments.

VALUE CREATION

The group strategy is based on global best practice in mineral resource management (MRM) to aggressively explore and develop projects that will become next generation long-term business units.

The evolution of a project from initial testing to commissioning can take 12 to 18 months or longer, and involves a series of study stages to reach investment approval and implementation. The graph below demonstrates the group's mineral assets within the value chain and how value is released through projects such as the BTRP, ETRP and Elikhulu.



GROUP GOLD % CHANGES DURING 2017

Mineral Resources

1.4%

Mineral Reserves

12.0%

Increase attributed to conversion of Elikhulu to mineral reserves

GROUP – PGEs 2016 (%)

Mineral Resources

0%

Mineral Reserves

0%

The mineral resources and mineral reserves underpin the enterprise value of Pan African Resources, and the group's position on its mineral resources and mineral reserves is presented below.

GOLD

Group mineral resources

The total mineral resources for the group decreased from 34.9 million ounces (Moz) in June 2016 to 34.4Moz in June 2017 – a gross annual decrease of 0.5Moz, or 1.4%.

				Contained gold	
As at 30 June 2017	Category	Tonnes million	Grade g/t	Tonnes	Moz
Mineral Resources	Measured	5.3	10.94	57.6	1.9
	Indicated	262.2	2.43	636.2	20.4
	Inferred	70.4	5.35	376.5	12.1
Resources	Total	337.9	3.17	1 070.3	34.4

Group Mineral Reserves

Pan African Resources' mineral reserves increased from 10.0Moz in June 2016 to 11.2Moz in June 2017 – a gross annual increase of 1.2Moz, or 12.0%.

				Contained gold	
As at 30 June 2017	Category	Tonnes million	Grade g/t	Tonnes	Moz
Mineral Reserves	Proved	4.1	7.19	29.8	1.0
	Probable	227.7	1.40	317.9	10.2
Reserves	Total	231.8	1.50	347.7	11.2

The increase can primarily be attributed to the conversion of the Elikhulu Project mineral resouces to mineral reserves.

PGEs

Group Mineral Resources

The group's total mineral resource PGEs did not change materially for the year under review.

				Contained PGEs 4E	
As at 30 June 2017	Category	Tonnes million	Grade g/t	Tonnes	Moz
Mineral Resources	Measured				
	Indicated	2.3	2.32	5.4	0.2
	Inferred	3.4	3.67	12.5	0.4
Resources	Total	5.7	3.12	17.9	0.6

Group Mineral Reserves

Pan African Resources' mineral reserve PGEs did not change materially for the year under review.

				Contained PGEs 4E	
As at 30 June 2017	Category	Tonnes million	Grade g/t	Tonnes	Moz
Mineral Reserves	Proved				
	Probable	2.3	2.32	5.4	0.2
Reserves	Total	2.3	2.32	5.4	0.2

GROUP ORGANIC GROWTH

The operations' robust life of mine plans support the group business plans. Current exploration drilling as well as activities to access and develop our orebodies were aggressively maintained during the year. The strategy of converting mineral resources to mineral reserves was progressed by moving organic projects further up the mining value chain towards feasibility or production. The tables below reflect the progress of near-mine growth projects that have contributed ounces to the mineral resources for the year.

Exploring the orebody: exploration drilling

Operation	Total metres	Number of boreholes	Average channel width cm	Number of intersections above cut-off	Average grade g/t	Total expenditure ZAR million
Barberton Mines	8,793	106	136	34	17	4.7
Evander Mines	783	14	31	6	28	1.4

Accessing the orebody: on-reef development

Operation	Total on-reef development metres	Average grade g/t
Barberton Mines	2,533	6.20
Evander Mines	245	28.86

Developing the orebody: capital ore reserve projects – Barberton Mines

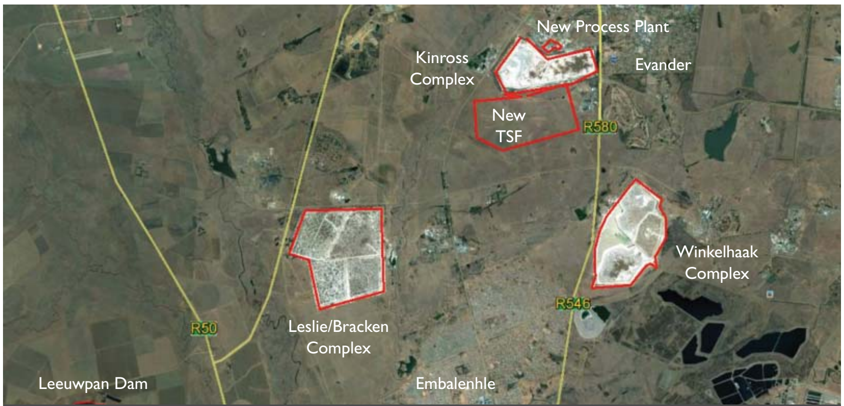
Project	2017 metres	2016 metres	2015 metres	Potential resource target oz
Sheba – pillar development	450	540	824	10,101
Sheba – Edwin Bray to Thomas and Joe's Luck area	8	27	5	18,701
Fairview – 11 Level Royal Reef	–	Equipping	Equipping	826
Fairview – 1# one reserve opening	71	131	84	13,958
Fairview – No 3 Shaft deepening	171	64	26	22,943
Fairview – (64 – 68) Level	451	581	447	851,562
New Consort – (33 – 45) PC	265	387	258	10,000
New Consort – MMR pillar development	8	–	–	66,309
New Consort – No 3 Shaft	–	17	327	5,969
Royal Sheba	143	189	165	309,180
Sheba Western Cross	4	133	295	25,143

Capital ore reserve projects: Evander Mines

Project	2017 metres	2016 metres	2015 metres	Potential resource target oz
No 2 Decline 24 – 25 Level	73	356	904	1,200,000
25 A block ventilation	222	87	10	

GROWTH PROJECTS

Elikhulu Project



Locality map of the tailings storage facilities

The Elikhulu Project entails establishing facilities and infrastructure at Evander Gold Mining Proprietary Limited, owned and operated by Pan African Resources, to re-treat gold plant tailings at a rate of one million tonnes per month. This is in addition to the existing production from the ETRP which will continue to operate independently of the Elikhulu Project for the next 15 years. Three existing tailings storage facilities will be reclaimed, in the following order: Kinross, Leslie and Winkelhaak. The three tailings facilities will, post their processing, be consolidated into a single enlarged Kinross facility, thus reducing Evander Mines' environmental footprint and associated environmental impact.

The project is expected to yield approximately 56,000oz of gold per annum for the initial eight years of production (while treating the Kinross and Leslie tailings storage facilities), and then approximately 45,000oz a year for the project's remaining six years from processing the Winkelhaak tailings storage facility. These production figures exclude an inferred resource of 244,398 ounces of gold delineated in the soil material beneath the existing tailings dumps.

Mineral Resource estimate

Resource category	Tailings storage facility	Tonnes million	Grade g/t	Contained gold Moz
Indicated	Kinross	51.03	0.31	0.51
	Winkelhaak	72.47	0.24	0.56
	Leslie	70.07	0.32	0.71
		193.57	0.29	1.79
Inferred (soil)	Kinross	9.23	0.33	0.10
	Winkelhaak	8.02	0.27	0.07
	Leslie	4.57	0.45	0.08
Total		21.83	0.33	0.24
Total mineral resource*		215.40	0.29	2.03

Mineral Reserve estimate

Reserve category	Tailings storage facility	Tonnes million	Grade g/t	Contained gold Moz
Probable	Kinross	45.2	0.31	0.4
	Leslie	70.1	0.32	0.7
	Winkelhaak	70.0	0.24	0.6
Total mineral reserve*		185.3	0.29	1.7

** Inclusive of ETRP.*

The mineral reserve estimate is a probable 185.3Mt, comprised of the Kinross (45.2Mt), Leslie (70.1Mt) and Winkelhaak (70Mt) TSF at Evander Mines. The combined 185.3Mt will provide feed material to the existing ETRP at 200,000 tonnes per month, and to the new project process plant at a rate of one million tonnes per month (of which 40,000 tonnes per month will be from run of mine tailings).

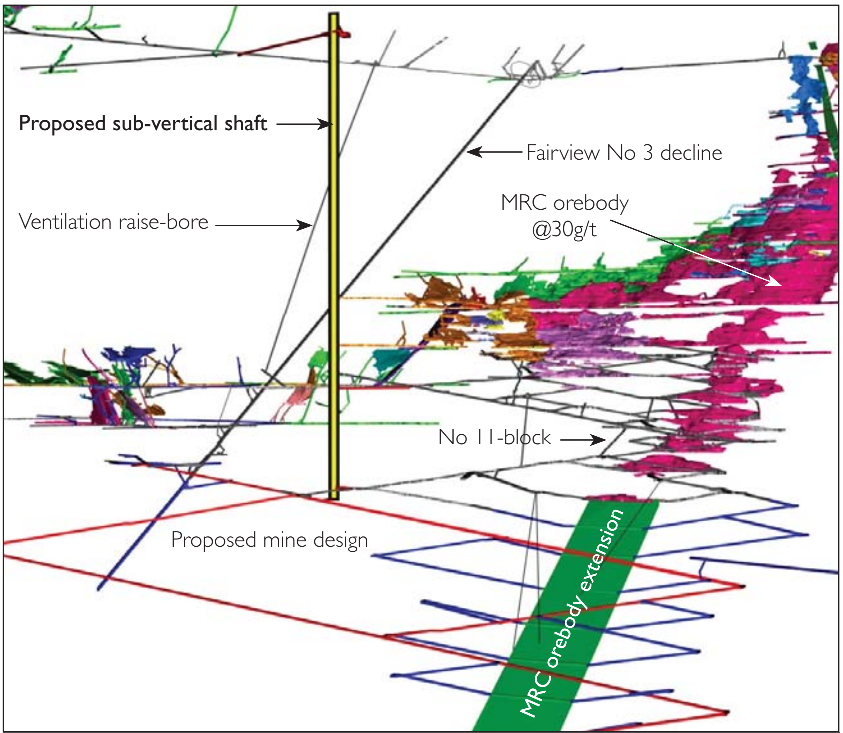
The combined mineral reserve contains an estimated 1.7Moz, of which an estimated 688,000oz will be recovered over the life of the project. This estimate excludes the inferred resource 244,398oz of gold leached and contained in the soil beneath the existing tailings dumps, which could potentially increase the project life.

The mineral reserve estimate assumes a non-selective mining method whereby the whole of the mineral deposit is mined in a predetermined sequence. The mining method allows for 100% extraction of the targeted mineral deposit. Hydraulic mining has been selected as the mining method as it is a proven technology, cost effective and technically and operationally well understood.

The overall average gold recovery over the life of the project is forecast at 47.8%. Using modelled recoveries, the gold dissolution value estimated for Kinross is 51.4%, Leslie 48.3% and Winkelhaak 53.8%.

The Elikhulu Project is progressing according to plan with project completion and first gold expected in the last quarter of the 2018 calendar year.

Barberton Mines sub-vertical shaft project at Fairview Mine



Fairview sub-vertical shaft design

As at 30 June 2017	Category	Tonnes million	Grade g/t	Contained gold Tonnes	Contained gold Moz
Mineral Resources	Measured	1.08	10.92	11.26	0.38
	Indicated	1.06	14.13	14.97	0.48
	Inferred	2.68	14.90	39.93	1.28
Resources	Total	4.82	13.79	66.16	2.14

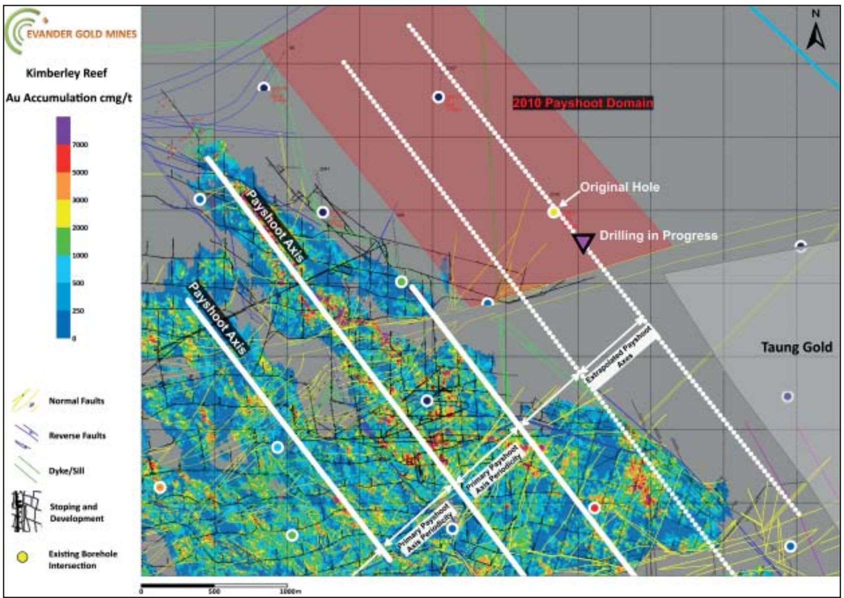
As at 30 June 2017	Category	Tonnes million	Grade g/t	Contained gold Tonnes	Contained gold Moz
Mineral Reserves	Proved	0.51	10.05	6.68	0.21
	Probable	1.50	13.89	18.28	0.58
Reserves	Total	2.01	12.42	24.96	0.79

The Fairview mining operation is currently restricted by the hoisting capacity of its No 3 Decline, which is used to access workings below 42 Level. This decline is currently used to transport employees and material, and for rock hoisting. The 11-block, or MRC, orebody has an average grade of 31.3g/t and current life of mine of 20 years. With no intervention, future mining at depth will result in increased travelling distance, reduce employee face time and cause a lack of capacity to ensure both ore replacement and exploration development.

Pan African Resources, with the assistance of DRA Projects SA Proprietary Limited (DRA), has completed a feasibility study on the construction of a raise-bored, sub-vertical shaft from Fairviews' 42 Level to 64 Level, with the potential of continuing the vertical shaft to 68 Level in future. This sub-vertical shaft will be used to transport employees and material to the working areas, which will allow the No 3 Decline to be used exclusively for rock hoisting, increasing overall capacity and production from this mining area.

DRA has reviewed the technical and commercial aspects of the project and the supporting feasibility study has yielded very positive results. The estimated capital expenditure for the project, including contingencies, is approximately ZAR105 million, to be incurred over a two-year period. The productivity improvements for Fairview are estimated to yield an additional 7,000oz of gold per annum, which can be optimised further to more than 10,000oz per annum.

Evander Mines No 7 Shaft No 3 Decline and 2010 Pay Channel



Location of 2010 Pay Channel with surrounding gold grades

The 2010 Pay Channel resource is adjacent to the No 7 Shaft infrastructure and extends from the boundary of Taung Gold International Limited's No 6 Shaft project and mining rights. As previously reported, Evander Mines embarked on an exploration programme to drill a further exploration borehole from surface, to increase geological confidence in the 2010 Pay Channel orebody, for which resources are summarised in the table below:

No 7 Shaft No 3 Decline and 2010 Pay Channel resources

			Contained gold	
Category	Tonnes million	Grade g/t	Tonnes	Moz
Measured	0.45	8.94	4.0	0.13
Indicated	0.70	7.11	5.0	0.16
Inferred	4.13	8.93	36.9	1.19
Total	5.28	8.69	45.9	1.48

On 6 July 2017, the exploration borehole successfully intersected the Kimberley reef at a depth of approximately two kilometres, highlighting a reef intersection with a 6cm width at 36.8g/t. Additional drilling deflections are currently being drilled to further delineate the orebody. The previous borehole into the 2010 Pay Channel yielded a reef intersection with a 49cm width at 36.04g/t.

2010 Pay Channel exploration borehole results

			Grades	
Borehole	Depth m	Core width cm	g/t	cmg/t
2245	2,059.3	49.0	36.0	1,766
EGM PAR 1	2,014.6	5.7	36.8	210
EGM PAR 1 – Deflection 1	2,014.9	5.7	33.2	189
EGM PAR 1 – Deflection 2	2,014.8	4.8	144.7	694

Harmony Gold Mining Company Limited previously developed the No 7 Shaft mine workings towards the 2010 Pay Channel. However due to financial constraints and a reassessment of capital expenditure priorities, it halted all development on the Evander Mines shafts (other than No 8 Shaft) in 2009. This resulted in the controlled flooding of the development ends and No 7 Shaft's No 3 Decline, from 22 Level up to 18 Level. Following the dewatering, only standard footwall and on-reef development would need to be completed, with the associated engineering infrastructure, before mining can commence.

The 2010 Pay Channel is approximately 4.5 kilometres in tramming distance from No 7 Shaft, which is currently used by Evander Mines for hoisting to the Kinross metallurgical plant. This compares favourably with the No 8 Shaft mining area, which is approximately 12 kilometres in tramming distance from No 7 Shaft.

The Pan African Resources' project team has commenced a feasibility study related to the No 7 Shaft No 3 Decline and 2010 Pay Channel resource, which will address the following critical issues:

- Collation of geological data from the drillhole intersection and deflections.
- The cost and timing of dewatering and re-equipping the No 7 Shaft No 3 Decline from 18 Level to 22 Level.
- The development cost and timing to access the 2010 Pay Channel.
- The economic viability of the project.

The 2010 Pay Channel can potentially increase Evander Mines' underground gold production materially at a relatively low capital cost, using Evander Mines' established shaft and metallurgical facilities. The feasibility study for the project is expected to be completed during the first quarter of 2018.

EMPLOYEE REVIEW

Our people are one of three enablers that assist the group in executing its strategy. They are fundamental to our business sustainability. Recognising our responsibility to the wider employment context, we also employ from, and upskill, the communities surrounding our operations.

HIGHLIGHTS

- Low staff turnover at most operations.
- Finalised Uitkomst Colliery employee share scheme during September 2016.

CHALLENGES

- Strengthening relations with communities surrounding our operations and with unions.
- Ageing workforce.
- Increased rate of unemployment in communities surrounding our operations.

LOOKING AHEAD

- Continuous stakeholder engagement ensuring alignment with the group's vision and strategic objectives.
- Reinforcing succession planning and training of staff in specialised positions.
- Focusing on the implementation of all elements in the operations' SLPs.

WHY EMPLOYEES ARE MATERIAL TO PAN AFRICAN RESOURCES

Our employees form the foundation of our group, often working in challenging conditions to enable Pan African Resources to run its core business successfully. Therefore, it is imperative that our employees operate in a safe, stable and healthy working environment.

	Material issue	Principal risk	Strategic business pillar
Employees	Attracting and retaining key talent. Operating in a safe and healthy environment with continuous stakeholder engagement.	• Safety. • Reputational – social licence to operate.	• Sustainable. • Stakeholders. • Profitable. • Growth.

KEY PERFORMANCE INDICATORS

Employee statistics

	Unit	2017	2016
Employees	(Number)	**5,284**	6,062
– Permanent	(Number)	**3,932**	4,441
– Contractors	(Number)	**1,352**	1,621
Employee turnover	(%)	**6.4**[1]	6.4
Human resources development spend	(ZAR million)	**28.4**	33.3
Total number of permanent employees by age group			
20 – 30 years	(Number)	**503**	582
30 – 40 years	(Number)	**1,001**	1,156
40 – 50 years	(Number)	**1,059**	1,129
50+ years	(Number)	**1,369**	1,574
Total		**3,932**	4,441

[1] *The employee turnover excludes retrenched employees.*

EMPLOYEE STATISTICS PER OPERATION

	Barberton Mines		Evander Mines		Phoenix Platinum		Uitkomst Colliery		Corporate office		Group	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Permanent	**2,006**	1,891	**1,907**	2,418	**3**	3	–	115	**16**	14	**3,932**	4,441
Contractors	**644**	460	**625**	772	**82**	62	–	326	**1**	1	**1,352**	1,621
Total	**2,650**	2,351	**2,532**	3,190	**85**	65	–	441	**17**	15	**5,284**	6,062
% of workforce South African	**98.0**	98.0	**80.0**	76.2	**100.0**	100.0	–	99.3	**100.0**	100.0	**90.0**	86.0

Note: *Uitkomst Colliery disposal was effective on 30 June 2017.*

GROUP OVERVIEW OF PROGRESS

Substantially achieved Moderate progress Not achieved

Our focus for 2017	What we achieved	Self-assessment
Continuous stakeholder and employee engagement to ensure alignment with the company's vision and strategic objectives.	• Facilitated a Mining Indaba in Barberton to proactively engage with the community, employees and the local municipality.	
Reinforcing succession planning and training of staff in specialised positions.	• A succession policy was approved by executive management and implemented across the group.	
Successful implementation of all elements of the SLPs.	• Ongoing implementation.	
Aligning human resource policies and practices at the Uitkomst Colliery with those of the group.	• Achieved alignment.	

MANAGEMENT APPROACH

Our employees are critical in achieving the group's vision for business growth and stakeholder value. All our policies and procedures, which are reviewed by human resource managers on-site and at our corporate office, align to South Africa's labour legislation, with any changes reported to the board through the SHEQC sub-committee. The group's remuneration policy also ensures that employees are fairly remunerated to attract and retain motivated employees who help achieve our strategic objectives.

Mining rights regulate our operations and each operation has developed a SLP. These SLPs are comprehensive documents discussed with various external and internal stakeholders, including unions, municipalities, mine management, shaft employee representatives, disabled representatives and women in mining representatives. All operations submit a SLP progress report to the DMR annually. An annual workplace skills plan and training report, and employment equity plan, is also submitted to the Mining Qualifications Authority (MQA) and the Department of Labour respectively. Employees also have individual development plans in place that are regularly monitored and updated.

Pan African Resources embraces and abides by the human rights conventions of the International Labour Organisation, as supported by the South African Constitution. Human rights adherence is monitored at each operation and centrally by the executive committee, which reports to the board.

The group is committed to upholding the human rights of all our employees, contractors, suppliers and the communities in which we operate.

Employee profile

Our people are the primary driver of our four-pronged business strategy. At year-end the group's total staff complement including contractors decreased to 5,284 (2016: 6,062) following a number of retrenchments after Evander Mines was restructured. We actively engaged with affected employees and organised labour to ensure an amicable agreement was reached for all parties.

During the year under review, the group staff turnover was 6.4% (2016: 6.4%).

Employee relations

To ensure that our employees live the group's vision and values, we engage them continuously so they understand:

- How their individual roles influence operational performance.
- How external factors impact the operating environment.

Both managers and executives engage with our employees through one-on-one meetings, staff and production meetings and other methods such as emails, print (internal newsletters and posters) and digital (intranet, corporate website and social media).

Pan African Resources' workforce is unionised and complies with all applicable legislation and bargaining arrangements. Each operation also has a strategic, proactive and consultative engagement process with unions and employees to strengthen relations.

Evander Mines is a member of the Chamber of Mines, and a three-year wage agreement was concluded for the period July 2015 to June 2018. Barberton Mines is not a member of the Chamber of Mines and conducts its own wage negotiations. The two-year wage agreement concluded in September 2015 expired in June 2017. Wage negotiations are currently in progress with NUM for the 2017/2018 period whereas UASA still has an agreement in place for 2017.

Skills development and training

The group is committed to human resources development and training and spent ZAR32.1 million (2016: ZAR33.3 million) in the current year. Barberton Mines and Evander Mines have on-site accredited training centres offering a range of occupational skills training programmes, while Phoenix Platinum and Uitkomst Colliery provide on-site training or outsource training where applicable. Learnership and bursary programmes are also in place for the operations.

ZAR32.1 million spent on development and training at operations.

During the year under review, Evander Mines concluded a MOU with the MQA to train 50 local artisans, which will also address the ageing workforce risk. In addition, this MOU provides funding for 20 bursaries to any South African university.

Performance management

We know that managing and reviewing employee performance and fostering employee development is critical to achieving our strategic priorities and overall success. All group employees from a head of department and above have defined key performance indicators (KPIs), which align with the group's strategic objectives. These KPIs include production and personal-related KPIs, the weighting of which depends on the employee's role and position. Assessments take place annually with the employee's line manager and remuneration is linked to the score achieved by the employee.

Talent management and succession planning

Talent management is essential in attracting, developing, motivating and retaining productive, engaged employees. Our talent management approach aims to create a high-performance, sustainable organisation that meets its strategic and operational objectives.

During the year under review, we implemented a succession planning policy to provide a continuous talent pipeline that can meet the group's strategic objectives and minimise the risk of critical skills depletion. The group policy covers middle management positions and above.

Remuneration

Employees must be fairly remunerated for their roles. Remuneration depends on the individual job grading, and the group undertakes relevant research to ensure its remuneration is market related. Remuneration for employees consists of a basic salary and benefits, including medical aid and pension for certain employees. Short-term incentive rewards are also paid monthly, quarterly and annually, depending on the level of the employee. All remuneration and incentives are measured objectively against predetermined targets.

The group's share appreciation bonus plans are in place to appropriately incentivise selected employees at managerial level within the group. This ensures we retain critical skills for sustainable performance and to align management and shareholder interests. The remuneration review on page 93 provides more detail on the group's remuneration policy and implementation report as well as detail on executive and non-executive directors' remuneration.

Disabled employees

The group is committed to providing equal opportunities for individuals in all aspects of employment. Pan African Resources gives every consideration to applications for employment by disabled persons where a disabled person may adequately fill the requirements of the job. Where existing employees become disabled, it is the group's policy, wherever practical, to provide continuing employment under similar terms and conditions and to provide training, career development and promotion wherever appropriate.

SAFETY AND HEALTH REVIEW

Our formal, integrated, board-approved SHEQC policy filters down through the group. Our SHEQC performance, as with all performances within the group, is driven by the group's philosophy of continuous improvement.

Safety Health

HIGHLIGHTS

Safety

- Zero fatalities at metallurgical plants across all operations.
- Improved total reportable injuries across the group.
- Strengthened relations with internal and external stakeholders.

Health

- Improved voluntary counselling and testing (VCT) of HIV/Aids.
- Reduction in NIHL cases.
- Effectively managing lifestyle diseases through awareness programmes.

CHALLENGES

Safety

- Three fatalities.
- Behaviour and culture of employees towards safety.
- DMR section 54 safety stoppages.
- Illegal miners on the increase, posing a safety threat to the operations' employees.

Health

- Managing pulmonary TB cases and lifestyle diseases despite awareness improvements.

LOOKING AHEAD

Safety

- Striving for zero fatalities at operations.
- Establishing and implementing a behavioural safety culture programme to further reduce safety injury rates.

Health

- Continuing to focus on establishing a group health strategy.
- Continuing the improvement in VCT of HIV/Aids.

WHY SAFETY AND HEALTH IS MATERIAL TO PAN AFRICAN RESOURCES

A safe and healthy mining culture is a business imperative that underpins the group's four key strategic pillars – profitable, sustainable, stakeholders and growth. They are robustly managed through the group's risk management approach, and we expend considerable resources to promote a safe and healthy work environment to ensure zero harm.

	Material issue	Principal risk	Strategic business pillar
Safety	Operating in a safe and healthy environment with continuous stakeholder engagement.	• Safety.	• Sustainable. • Stakeholders. • Profitable.

KEY PERFORMANCE INDICATORS

	2017	2016
Safety		
Rate/million man hours		
TRIFR	**13.68**	14.57
LTIFR	**3.51**	3.50
RIFR	**1.53**	2.04
FIFR	**0.21**	0.07
Number of fatal injuries	**3**	1
Number of LTIs	**48**	48

	2017	2016
Safety continued		
Number of reportable injuries	**21**	28
Number of medical and first aid treatment cases	**188**	124
Health		
Number of HIV/Aids – VCT	**3,102**	2,516
Number of NIHL cases reported	**34**	56

MANAGEMENT APPROACH

The board assumes ultimate responsibility for the group's SHEQC performance. The SHEQC sub-committee (see page 88) oversees and manages the SHEQC and keeps the board apprised of SHEQC matters relating to compliance, discipline and action plans around incidents and accidents. The general managers at the mines are ultimately accountable for SHEQC at the operations.

Our SHEQC objectives aim to create a culture of sustained safety performance through zero harm and minimal environmental impact. All our operations have embedded our policies and procedures in their working culture, and we encourage employees at all levels to engage freely about SHEQC matters.

SHEQC meetings are held as needed, with at least four held annually. Membership, responsibilities and attendance of the SHEQC committee meetings are shown on page 89. Health and safety committees are in place for all operations and represent the entire workforce.

The group's SHEQC policy contains specific guidelines that integrate safety, human resources, health and occupational hygiene. This approach ensures that the group promotes safe production to support sustainable growth.

Pan African Resources complies strictly with the mining licence conditions set by the DMR, the Mine Health and Safety Act 29 of 1996 (as amended from time to time) and other relevant legal requirements. The group SHEQC manager, as well as safety, health and environmental officials, guide and advise each operation, aligned to our philosophy of continuous improvement. Legal requirements are treated as minimum requirements, with regular internal audits by the operations' safety, health and environmental officials. Monthly SHEQC performance reviews also ensure compliance with SHEQC standards and procedures. The group is monitoring the DMR milestones (established in 2014) to ensure compliance. Internal monitoring and measuring takes place across operations monthly, quarterly and annually to ensure that we achieve zero harm by 2020. Results are regularly reported to the DMR.

Our employees, contractors and suppliers are pivotal to achieve our SHEQC objectives, so we encourage involvement and buy-in through training, written communications and regular face-to-face meetings. We have forged strong relationships with the communities where we operate and assist them, where possible, with health and wellness programmes and stakeholder engagements.

Training

Each mining operation has its own in-house training programmes aligned to the group's strategic objective of zero harm. Safety, health and environmental training, including job-specific training, is included in employee inductions and when employees return from leave.

System improvements

To further improve safety at all operations, we held individual discussions with employees, and reviewed the baseline risk assessment. Safety awareness campaigns were improved and made more practical. The group continued to implement a safety dashboard system to manage and monitor all operations' safety systems.

During the year under review, the group continued to engage and strengthen relations with the DMR inspectorate.

Illegal miners

Illegal miners at our gold mining operations continue to pose a safety risk to employees. The respective operations have a combination of biometric and normal access control systems to prevent illegal miners from accessing underground operations. Regular interventions are conducted to reduce illegal mining activity.

Product responsibility

Barberton Mines and Evander Mines produce gold in the form of bars and by-products. At Phoenix Platinum, PGE concentrates are refined and acquired by Northam Platinum Limited. Gold and PGEs are benign products with no significant environmental, health or safety impacts. All gold products generated by the group are refined by Rand Refinery, an accredited London Bullion Market Association refinery, and sold to South African financial institutions. The Uitkomst Colliery produces coal that is sold to both domestic and export markets.

SAFETY GROUP OVERVIEW OF PROGRESS

Substantially achieved | Moderate progress | Not achieved

Our focus for 2017	What we achieved	Self- assessment
Establishing and implementing a behavioural safety-based programme.	• Active engagement took place across operations to determine employee safety concerns. • Group safety rates TRIFR and RIFR improved.	

The group safety trend experienced an encouraging improvement in its TRIFR and RIFR. The LTIFR remained unchanged and the FIFR has regressed for the year under review. We remain focused on employees' behaviour and creating a culture of safety at all operations.

Regrettably, three fatalities occurred at the group's operations during the year under review. The details of the respective incidents are disclosed in the leadership section on page 10.

ENVIRONMENT REVIEW

Pan African Resources is committed to monitoring, measuring and managing our environmental impact, since the environment gives us resources to conduct our business.

HIGHLIGHTS

Zero environmental fines across all operations.

Finalised all environmental data on the group SHEQC dashboard.

CHALLENGES

Behaviour and culture towards environmental compliance and awareness.

LOOKING AHEAD

Maintaining zero environmental fines.

Rolling out a group behaviour-based programme addressing safety, health and environmental awareness.

WHY THE ENVIRONMENT IS MATERIAL TO PAN AFRICAN RESOURCES

Our business depends on the environment and its natural resources – land, water and air. We are committed to stewarding these resources responsibly by eliminating or minimising our environmental impact and improving our environmental performance.

	Material issue	Principal risk	Strategic business pillar
Environment	Respecting the environment.	• Environmental.	• Sustainable. • Stakeholders. • Profitable. • Growth.
	Operating in a dynamic regulatory environment and challenging local economy.	• Regulatory and legal. • Reputational – social licence to operate.	

KEY PERFORMANCE INDICATORS

	Unit	2017	2016
Environment			
Total water consumption	(000m^3)	**25,395**	20,354[1]
Total electricity consumption	(Gj)	**1,521,811**	1,456,738[1]
Total GHG emissions	(tCO_2e/t milled)	**0.09**	0.1
Environmental fines and penalties	(Number)	**–**	–

[1] *Restated to include the Uitkomst Colliery.*

GROUP OVERVIEW OF PROGRESS

 Substantially achieved  Moderate progress  Not achieved

Our focus for 2017	What we achieved	Self-assessment
Maintaining zero environmental fines.	• No environmental fines.	
Ensuring all operations have zero significant environmental incidences.	• Two reported environmental incidents occurred at Evander Mines as result of excess water overflowing on the Kinross TSF.	
Continuing to monitor and review the SHEQC dashboard.	• All operations' environmental information has been captured into the SHEQC system and ongoing monitoring takes place.	
Ensuring compliance with water-use licence conditions to prevent pollution.	• All operations comply with water-use licence conditions.	
Ensuring compliance with approved mining rights, prospecting rights and environmental management programmes.	• All operations are in compliance.	

MANAGEMENT APPROACH

Environmental stewardship forms part of our strategy and risk management practices and we are committed to reducing our environmental impact. Our environmental objectives include the following:

- **Environmental legal compliance** – achieving zero penalties for environmental breaches, ensuring compliance with water-use licence conditions and environmental management plans and that air quality remains within legal limits.
- **Environmental risk management** – evaluating environmental risks associated with activities, products and services, and taking appropriate action to minimise potential risks.
- **Water management** – reducing water incidents and incidental overflow to minimise the impact on surrounding communities and the environment.
- **Energy management** – achieving our internal environmental targets to reduce the group's carbon footprint.
- **Waste management** – reducing, reusing and recycling waste to minimise the impact on surrounding communities and the environment.
- **Biodiversity management** – ensuring that the tailings and pollution control dams are continuously monitored to avert potential negative biodiversity impacts.

Environmental governance and legislation

The group monitors adherence to mining-related legislation (see alongside) through a robust SHEQC governance framework, which contains specific environmental guidelines. All operations have closure plans in place.

We are aware of the pending carbon tax legislation and have taken steps to enhance environmental monitoring through the SHEQC dashboard. This dashboard collates environmental information to calculate the group's carbon emissions.

The Waste Management Act, promulgated in November 2015, requires mines to line new tailings dams. We are aware of these requirements and will ensure compliance with any new tailings activities.

The group is also mindful of climate change, as set out in the group SHEQC policy. All indicators impacted by climate change are regularly monitored. Waste dump design and management, and the pumping of underground water, are part of the day-to-day activities of the mines. Neither of these risks is deemed to have a significant financial or environmental impact on the group due to controls in place.

KEY ENVIRONMENTAL LEGISLATION REGULATING THE MINING INDUSTRY:

- Mineral and Petroleum Resources Royalty (Administration) Act, 2008.
- National Environmental Management Act, 1998.
- National Water Act, 1998.
- National Nuclear Regulator Act, 1999.
- National Environmental Waste Act 59 of 2008.
- Air Quality Amendment Act 20 of 2014.

Radiation

The group's operations have been assessed and classified as low risk due to the low levels of radiological exposure, with radiation levels monitored quarterly by a radiation protection officer. Radiological clearances are conducted at decommission sites to ensure the future classification of these areas. Evander Mines is the holder of a Certificate of Registration (COR 046) issued by the National Nuclear Regulator.

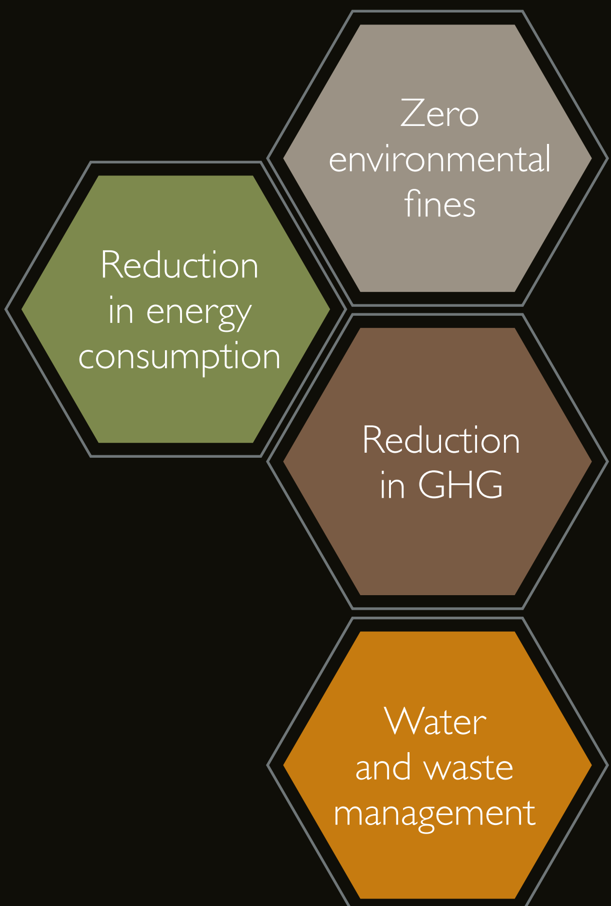
The group's operations have implemented a group environmental management system, which aligns to ISO 14001. Environmental impact assessments are conducted at all operations with impact and aspect registers available for each operation. These are reviewed annually to ensure legislative compliance. Risk registers are reviewed quarterly and reported to the group SHEQC manager, who elevates any material issues to the SHEQC board sub-committee.

All operations have assessed the environmental risk associated with the transport of goods and materials and found no significant environmental impact. Any cyanide transported to Barberton Mines and Evander Mines is delivered by a supplier-approved transporter. Emergency response trailers are stationed on-site at Barberton Mines, BTRP and Evander Mines to deal with potential spillages.

GHG emissions

Emissions at all operations are closely monitored and tracked. The group applied the GHG Protocol and emissions factors published by Eskom to establish direct and indirect emissions.

ENVIRONMENTAL OBJECTIVES



Water management

All operations hold approved water-use licences issued by the Department of Water and Sanitation Affairs. Contamination of water sources is a significant risk in terms of negatively impacting local communities. Drilling and blasting underground releases groundwater, which is pumped to the surface where it is recycled for use in the mining or metallurgical processes in a closed circuit. Any excess water evaporates in approved ponds. Rainwater collected on tailings dams and in pollution control dams is part of the mine water system.

During the year under review, the group was impacted by the drought, especially at Phoenix Platinum and Uitkomst Colliery. Action plans were implemented to address these water shortages, thereby limiting the impact on production.

Environmental legislation: fines and incidents

No environmental fines were issued during the year under review. Two environmental incidents were reported at Evander Mines during the year under review, detailed on our website www.panafricanresources.com.

The DMR approved Barberton Mines' amended EMP in August 2017. The DMR approved Evander Mines' amended EMP in September 2013 and its water-use licence (including Elikhulu) in August 2017. The Uitkomst Colliery has an approved EMP and water-use licences. Phoenix Platinum operates within the mining area of Samancor and must comply with Samancor's mining licence conditions and EMP.

Training and awareness

Environmental awareness training is conducted at group operations during induction, and refresher training is provided when employees return from leave. In addition, monthly awareness training focuses on specific environmental topics.

Due to behaviour and culture challenges experienced across operations, the group will focus on reinforcing an employee culture shift towards environmental awareness and accountability.

Water management

Water quality in the areas surrounding operations is monitored and managed rigorously. Surrounding surface and groundwater are monitored to prevent polluted water being discharged. The discharge of water by our operations, through controlled releases into the environment, is predetermined through regulatory requirements and is in line with our water-use licences.

Energy and GHG emissions management

Energy management is based on energy efficiency and climate change, which aligns to the group SHEQC policy. This is driven by the need to reduce energy consumption and GHG emissions and includes promoting energy efficiencies at the group's operations.

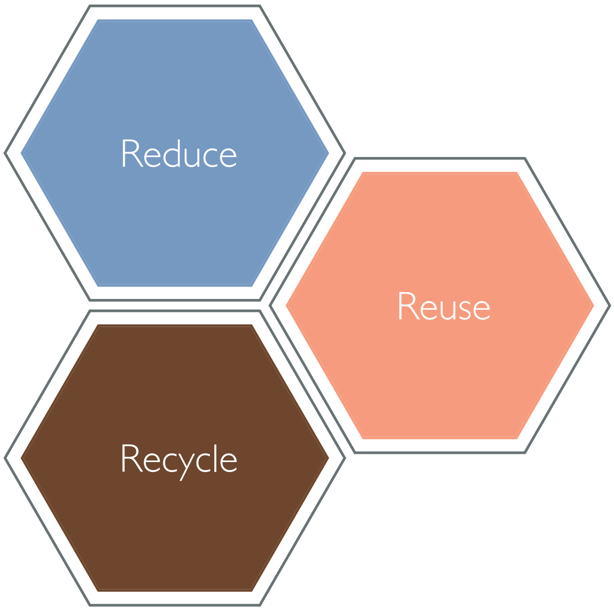
Waste management

Waste at operations is managed in line with the group SHEQC policy and the legal requirements of the National Environmental Waste Act 59 of 2008 and the National Waste Management Strategy. All operations apply the 3Rs principle – reduce, reuse and recycle – to minimise the impact of waste production on community health and the environment.

Internal audits ensure compliance with internal procedures. All waste is disposed of responsibly and sent for recycling where applicable. Waste disposal suppliers are appropriately certified.

Operational waste includes mineral and non-mineral waste. Mineral waste, e.g. waste rock, is mostly waste generated from gold production, while non-mineral waste is generated from processing operations and produced in smaller volumes than mineral waste. This non-mineral waste, e.g. plastics, steel, paper and timber, is managed by recycling, reuse, offsite treatments, and disposal or on-site landfills. The group's operations ensure responsible storage, treatments and disposal of non-mineral waste in an environmentally responsible way.

The group uses material safety data sheets to identify and manage potentially hazardous materials and waste. There were no significant spills at any of the operations during the year.



ENVIRONMENTAL PROTECTION

Expenditure on environmental protection

	Barberton Mines		Evander Mines		Phoenix Platinum		Uitkomst Colliery[1]		Group	
	2017 ZAR million	2016 ZAR million	2017 ZAR million	2016 ZAR million	2017 ZAR million	2016 ZAR million	2017 ZAR million	2016 ZAR million	2017 ZAR million	2016 ZAR million
Pollution control and prevention	**0.9**	0.9	**0.6**	0.5	**–**	–	**1.6**	0.2	**3.1**	1.6
Rehabilitation	**1.2**	0.6	**0.5**	0.3	**–**	–	**–**	–	**1.7**	0.9
Environmental – operational	**0.9**	0.3	**0.5**	1.1	**0.5**	0.5	**2.4**	0.2	**4.3**	2.1
Total	**3.0**	1.8	**1.6**	1.9	**0.5**	0.5	**4.0**	0.4	**9.1**	4.6

[1] *The 2016 environmental expenditure includes three months comparatives only – Pan African Resources acquired Uitkomst Colliery effective 31 March 2016. The 2017 values include a full financial year's costs.*

The group's expenditure on environmental protection was ZAR9.1 million (2016: ZAR4.6 million) for the year under review. Evander Mines' and Phoenix Platinum's expenditure reduced marginally, however Barberton Mines' and the Uitkomst Colliery's operational and rehabilitation expenditure increased for the year under review. Barberton Mines' increase was largely due to pollution prevention studies conducted, extra boreholes drilled to monitor possible pollution and the clean-up of spillages as result of illegal mining activities in Barberton. Uitkomst Colliery's increase resulted from the use of a diesel generator in mining operations and the current 2017 financial year includes a full years' expenditure compared to the three months in the comparative period.

REHABILITATION TRUST FUNDS

Barberton Mines		Evander Mines		Group	
2017 ZAR million	2016 ZAR million	2017 ZAR million	2016 ZAR million	2017 ZAR million	2016 ZAR million
44.4	44.5	**276.2**	277.0	**320.6**	321.5

The rehabilitation minimises and mitigates the environmental effects of mining. Rehabilitation management of the group's operations is an ongoing process.

COMMUNITY REVIEW

Pan African Resources strives to promote opportunities for local communities, while minimising any negative social impacts caused by our mining operations. We monitor, measure and manage the social and economic impacts created by our operations in line with our approved SLPs.

HIGHLIGHTS

Group spend on CSI and LED initiatives amounted to ZAR24.3 million (2016: ZAR21.0 million).

Mining Indaba held in Barberton to engage the local community and address concerns.

Land donated by Evander Mines to the local municipality valued at ZAR8.1 million and earmarked for the construction of an industrial park.

CHALLENGES

Addressing issues over local unemployment, procurement, and skills development.

LOOKING AHEAD

Continuing to implement all operations' SLPs.

Continuing to engage with the communities surrounding mining operations.

WHY COMMUNITIES ARE MATERIAL TO PAN AFRICAN RESOURCES

Our operations are situated in various communities (see page 3) with a workforce that originates in these communities. As part of our social licence to operate, we establish and maintain positive and transparent relationships within these communities. This engagement ensures that the group is aware of the needs of its workforce and the communities in the surrounding operating environment.

	Material issue	Principal risk	Strategic business pillar
Communities	Operating in a safe and healthy environment with continuous stakeholder engagement.	• Safety. • Reputational – social licence to operate.	• Sustainable. • Stakeholders. • Growth.

KEY PERFORMANCE INDICATORS

	Barberton Mines		Evander Mines		Phoenix Platinum		Uitkomst Colliery		Corporate office		Group	
	2017 ZAR million	2016 ZAR million	2017 ZAR million	2016 ZAR million	2017 ZAR million	2016 ZAR million	2017 ZAR million	2016 ZAR million	2017 ZAR million	2016 ZAR million	2017 ZAR million	2016 ZAR million
CSI	4.7	4.5	–	0.2	0.3	0.1	1.0	–	–	–	6.0	4.8
LED	12.2	11.1	3.4	3.1	–	–	–	–	–	–	15.6	14.2
Bursaries	1.8	2.0	0.3	–	–	–	0.6	–	–	–	2.7	2.0
Total	18.7	17.6	3.7	3.3	0.3	0.1	1.6	–	–	–	24.3	21.0

OVERVIEW OF PROGRESS

Substantially achieved | Moderate progress | Not achieved

Our focus for 2017	What we achieved	Self-assessment
Continually uplifting the communities within which we operate.	• Successful engagement with community at the Mining Indaba in Barberton. • Land donated by Evander Mines to the local municipality with ZAR8.1 million, which is earmarked for an industrial park. • Good progress made with community projects at all operations	Substantially achieved

MANAGEMENT APPROACH

We support the communities around our operations by:

- Driving local development projects for sustainable welfare.
- Encouraging our suppliers to source local labour.
- Proactively building relationships with local leaders and ward councillors at the mines.

In terms of the MPRDA, mines are required to develop and implement comprehensive SLPs, human resource development programmes, mine community development plans, a housing and living conditions plan, employment equity plan, and other processes to save jobs and manage downscaling and/or closure. Progress reports are submitted annually to the DMR.

Positively impacting our communities

We continue to drive various community-focused development projects in the areas around our operations. The group also promotes responsible supply-chain management by encouraging our suppliers to support local economic development where possible.

SLPs

To minimise any negative social impacts from our mining operations, we monitor, measure and manage our social and economic impact in line with approved SLPs.

Two-day Mining Indaba in Barberton – hosted by Barberton Mines

Barberton experienced community unrest during the year under review, which resulted in tenuous relationships between the mine, the unions and certain local communities. To address community concerns and expectations, Barberton Mines organised a two-day indaba where community members, unions, employees and Barberton management all engaged openly and transparently.

Barberton Mines' aim was twofold – first it elaborated on the financial predictions for the mine, in an ever-challenging operating landscape, and then it systematically outlined each mine's social responsibility plan as well as plans in the pipeline. Following the presentations, the attendees applauded the mine for the positive, well-presented social responsibility plans afforded not only to the local communities, but to the whole town.

Details of Barberton Mines' social responsibility programmes are outlined on the group's website on www.panafricanresources.com.

TRANSFORMATION REVIEW

Pan African Resources acknowledges that integrating genuine transformation is critical for the sustainability of its business in South Africa. We are committed to integrating real transformation throughout the group, under the auspices of the MPRDA, Mining Charter and SLPs. The group does not currently rank its B-BBEE contribution at group level but per operation. Current contributions are rated as per the Mining Charter requirements. Oversight of progress against transformation targets is monitored by the SHEQC committee.

RECENT MINING CHARTER DEVELOPMENTS

See page 10 for details.

OWNERSHIP

Pan African Resources strategic BEE partner

Shanduka Gold (subsequently renamed to PAR Gold) holds 19.53% of Pan African Resources' shares. By applying provisions of the MPRDA and Mining Charter to the Pan African Resources' share register and including all qualifying BEE shareholders and discounting shareholders who qualify as organs of state and public entities, we calculate as at 30 June 2017 that this equates to an effective 24.2% BEE ownership at a holding company level for purposes of the MPRDA.

EMPLOYEE SHARE OWNERSHIP PROGRAMMES

The group's employee share ownership programmes at our gold and coal operations aim to align the aspirations of employees, management and shareholders. Value is created for beneficiaries based on the profitability of each operation's performance. If these operations declare regular dividends, beneficiaries will receive dividends from the scheme from year one. Details of each operation's share ownership programme are included in the additional sustainability information online.

OPERATIONAL OWNERSHIP

Gold operations

Share ownership programmes at Barberton Mines and Evander Mines are in place and paying dividends to employees. Employees effectively own 5% of the issued share capital of the gold mining operations. A portion of dividends issued is retained to repay the notional financing. The portion retained ranges from 50% to 80% over the period of the scheme. The total BEE ownership of Barberton Mines and Evander Mines equates to approximately 26% by combining the Pan African Resources BEE ownership and the employee share ownership programme per operation respectively.

Uitkomst Colliery

The Uitkomst Colliery implemented a BEE transaction similar to those currently in place at Barberton Mines and Evander Mines. The BEE transaction resulted in an additional 9% historically disadvantaged on-mine ownership in Uitkomst Colliery. This 9% ownership is held by broad-based trusts and by a strategic entrepreneur's trust. The BEE transaction was financed by the Uitkomst Colliery on a notional basis, with the notional funding accruing interest linked to the prime interest rate. This transaction results in limited dilution to Pan African Resources and 80% of dividends issued to the BEE shareholders will be retained to repay the notional funding over a period of 10 years. Uitkomst Colliery's total BEE ownership exceeded 26% by combining the Pan African Resources BEE ownership and the employee share ownership programme prior to conclusion of the sale of the operation to Coal of Africa.

MANAGEMENT AND CONTROL

Our board includes one black male board director as at 30 June 2017. The group has also approved a diversity policy to promote race and gender diversity at a board level.

EMPLOYMENT EQUITY

Historically disadvantaged South Africans (HDSAs)

The Mining Charter requires that 40% of specialised functions be filled by HDSAs. Our operations made progress in achieving this goal, especially at management level.

		Barberton Mines		Evander Mines		Phoenix Platinum		Corporate office	
	Unit	2017	2016	2017	2016	2017	2016	2017	2016
Representation of HDSAs									
Senior management	(%)	**40.0**	44.4	**40.0**	44.4	**100.0**	100.0	**40.0**	40.0
Middle management	(%)	**60.0**	57.1	**52.0**	44.8	**50.0**	50.0	**100.0**	100.0
Junior management	(%)	**50.2**	49.1	**80.5**	78.3	**100.0**	100.0	**100.0**	100.0
Representation of women									
Women employed at mine	(Number)	**175**	134	**202**	265	**–**	–	**–**	–
Women in mining (core business)	(Number)	**122**	81	**143**	81	**–**	–	**–**	–
Percentage of women in mining/ core positions	(Number)	**6.1**	4.3	**7.5**	6.6	**–**	–	**–**	–

HUMAN RESOURCES DEVELOPMENT SPEND

Detail on this pillar is provided on page 69.

PREFERENTIAL PROCUREMENT

Supply chain management

Our primary procurement objective is to control costs, initiate savings and manage inventory across operations through centralised sourcing. In addition, we are committed to increasing spend from black-owned and black women-owned businesses. We are always looking to uplift the communities where we operate through proactive projects and strategic sourcing.

The table below shows the allocation of procurement spend according to the Mining Charter targets for the group's gold and platinum operations.

Category	Mining Charter target %	Barberton Mines 2017 %	Barberton Mines 2016 %	Evander Mines 2017 %	Evander Mines 2016 %	Phoenix Platinum 2017 %	Phoenix Platinum 2016 %
Capital goods	40	**53.5**	67.3	**75.0**	74.7	**50.0**	20.0
Services	70	**90.2**	89.1	**80.9**	70.8	**40.0**	40.0
Consumables	50	**90.9**	85.1	**50.2**	52.8	**100.0**	100.0

Procurement governance

Pan African Resources' procurement governance process ensures maximum efficiency and ethical conduct when procuring goods and services within operations. A group procurement policy is in place, and relevant employees at each operation are trained in its procedures and practices. The tender process is governed by a tender committee at each operation to ensure Pan African Resources and its operations comply fully with all relevant regulation, including the UK Bribery Act 2010. Monthly procurement reports are sent to the corporate office for oversight.

Centralised contracts

The group has a procurement plan for its high-value commodities to meet the procurement objectives mentioned above.

Transformation trusts

Wherever possible, the group promotes responsible and ethical supply chain management by encouraging suppliers to support socio-economic development. Transformation trusts for Barberton Mines and Evander Mines generate additional funds to invest back into the community through encouraging its suppliers to contribute up to 1% of their contract value to these trusts. The objective of these trusts is to improve the quality of life of the local community, create jobs and promote socio-economic development. A total of ZAR1.5 million (2016: ZAR1.2 million) was collected from suppliers on behalf of Barberton Mines Transformation Trust (BMTT) during the 2017 financial year. The Evander Mines Transformation Trust (EMMT) has collected ZAR0.5 million from suppliers since inception in 2016, with an additional 0.5% contribution committed from suppliers involved in the construction of the Elikhulu Project, which is estimated at approximately ZAR7 million, to be used for local economic development projects.

SOCIO-ECONOMIC DEVELOPMENT

Detail on this pillar is provided on the group's website on www.panafricanresources.com.

HOUSING AND LIVING CONDITIONS

In line with the Mining Charter requirements, the gold mining operations continue to invest in upgrading and converting old hostels into single and family accommodation units at Barberton Mines and Evander Mines respectively. Employees who do not live in company accommodation receive an appropriate housing allowance.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

NON-EXECUTIVE DIRECTORS

KEITH SPENCER (67)

Qualifications: BSc Eng (mining)

Designation: Independent non-executive director – Chairman

Appointed: 8 October 2007

Committee member: Audit, SHEQC *(Chairman)*

Skills and experience

Keith is a qualified mining engineer with 48 years' practical mining experience. He has managed some of the largest gold mines in the world. In 1984, Keith was appointed as general manager of Greenside Colliery and in 1986 moved to Kloof Gold Mine as general manager. In 1989, he was appointed consulting engineer for Gold Fields, South Africa, including Doornfontein Gold Mine, Driefontein Consolidated Gold Mine, Greenside Colliery and Tsumeb Base Metals Mine. He also served as managing director of Driefontein Consolidated, chairman and managing director of Deelkraal Gold Mine and as a board member of all gold mines belonging to Gold Fields, South Africa. In 1999, Keith joined Metorex, first as a private consultant and later as a permanent member of the executive, managing the Wakefield Coal operations, O'kiep Copper Company, Barberton Mines and Metmin Manganese Mine. In 2001, Keith became operations director for Metorex.

HESTER HICKEY (63)

Qualifications: CA(SA), BCompt (Hons)

Designation: Independent non-executive director

Appointed: 12 April 2012

Committee member: Audit *(Chairperson)*, SHEQC

Skills and experience

Hester worked at AngloGold Ashanti, initially as group internal audit manager and later as executive officer: head of risk. Prior to this she worked at Ernst & Young and Liberty Life and was acting head of internal audit at Transnet. In her early career she lectured at the University of Witwatersrand, was a partner at Ironside Greenwood and was the national technical and training manager at BDO Spencer Steward. Hester has also previously served as the chairperson of SAICA. She currently serves on the following boards: Northam Platinum Limited, Omnia Limited, Cashbuild Limited, Barloworld Limited and African Dawn Capital Limited. Hester is also a trustee on the Sentinel Pension Fund.

THABO MOSOLOLI (47)

Qualifications: BCom (Hons), CA(SA)

Designation: Independent non-executive director

Appointed: 9 December 2013

Committee member: Audit, remuneration

Skills and experience

Thabo brings a wealth of experience in financial management, corporate governance and audit, having qualified as a chartered accountant with KPMG in 1994. Since then, he has served on various boards as a member and chairman of audit committees in the resources and other industries in South Africa. He is currently chief operating officer of Sun International responsible for the South African operations, and continues to operate MFT Investment Holdings, a family-owned investment company strategically placed to capitalise on B-BBEE investment opportunities.

Executive management (Exco)

Cobus Loots (39)
Chief Executive Officer

Deon Louw (55)
Financial Director

André van den Bergh (61)
Executive: Operations and Human Resources

Qualifications: Diploma in Human Resources Management, Diploma in Labour Relations Management

Committee member: SHEQC

Operations committee (Opsco)

Neal Reynolds (34)
Group Financial Controller

Qualifications: BCom Accounting (Hons), CA(SA)

9 years of mining-related experience

Bert van den Berg (33)
Group Mining Engineer

Qualifications: BSc Mining Engineering, Mine Managers Certificate of Competency

14 years of mining-related experience

Barry Naicker (44)
Group Mineral Resource Manager

Qualifications: MEng Mineral Resource Management (Wits), Grad Dip Engineering (MRM), BSc (Hons) Geology and Economic Geology

16 years mining-related experience

Niel Symington (36)
Group Management Accounting and IT Manager

Qualifications: BCom Accounting, AGA (SA), Professional Accountant (SA)

9 years of mining-related experience

Mthandazo Dlamini (30)
Financial Controller

Qualifications: BCom Honours Accounting, CA(SA)

4 years of mining-related experience

Casper Strydom (59)
General Manager: Barberton Mines

Qualifications: National Higher Diploma, Metalliferous Mining and Mine Managers Certificate

41 years of mining-related experience

EXECUTIVE DIRECTORS

ROWAN SMITH (53)

Qualifications: BSc (Hons), BCom (Hons)

Designation: Independent non-executive director

Appointed: 8 September 2014

Committee member: Remuneration *(Chairman)*

Skills and experience

Rowan has nearly three decades of collective experience in the resources and investment banking industries. He was a founding shareholder and managing director of Resources, which he helped develop from a start-up in 2002 until his departure in 2012. Key milestones achieved at Shanduka Resources included significant investments in Mondi Shanduka Newsprint, Mondi Packaging, Kangra Coal, Shanduka Coal (with Glencore), Pan African Resources, DRA Projects, Lonmin (through Incwala), Assore and Lace Diamonds. Rowan's post-investment involvement included his representation on the executive committees and boards of most of the investee companies, including an executive directorship of the Shanduka group. Before Shanduka, Rowan was a director of Investec Bank's Mining Finance team in Johannesburg and worked on a number of debt and equity-based transactions in the sub-Saharan region. He also worked for Swiss-based Société Générale de Surveillance in Geneva, which entailed the management of audits on mineral consignments throughout the world. He started his career as a valuation geologist at the Harmony mine. Rowan is currently an adviser to Athena Capital and a director of Hlanganani Capital.

COBUS LOOTS (39)

Qualifications: CA(SA), CFA® Charterholder

Designation: Executive director – Chief Executive Officer

Appointed: 26 August 2009

Committee member: SHEQC

Skills and experience

Cobus qualified as a chartered accountant with Deloitte & Touche in South Africa. He has been a director of Pan African Resources since 2009 (Financial Director from 2009 to 2011 and a non-executive director from 2011 to 2013). He served as Financial Director of Pan African Resources from 2013 until his appointment as Chief Executive Officer on 1 March 2015. Cobus has almost 15 years of management and investment experience in the African mining environment, and has successfully executed a number of value-accretive projects and transactions during his time at Pan African Resources.

DEON LOUW (55)

Qualifications: CA(SA), CFA® Charterholder, PGD (Tax Law), AMCT (UK)

Designation: Executive director – Financial Director

Appointed: 1 March 2015

Skills and experience:

Deon has extensive finance and business experience, which includes investment banking, advisory and business administration in the finance and mining sectors. He has fulfilled the roles of financial director of Sentula Mining Limited, chief financial officer of Shanduka Coal, director of Resource Finance Advisers and head of resource structured finance at Investec Bank. Deon was appointed as Financial Director on 1 March 2015.

Lazarus Motshwaiwa (40)
General Manager: Evander Mines

Qualifications: Diploma in Mining Engineering, BTec Mining Engineering

18 years of mining-related experience

Bertin McLeod (40)
Plant Manager: Metallurgy Phoenix Platinum

Qualifications: BTech Chemical Engineering, Management Development Certificate, Senior Management Development Certificate

15 years of platinum industry experience

Mandla Ndlozi (46)
Group SHEQC Manager

Qualifications: NADSM (Unisa), EIA (PU for CHE), MDP (GIBS), SAMTRAC (NOSA), Integrated SHEQ Management (NWU)

18 years of mining-related experience

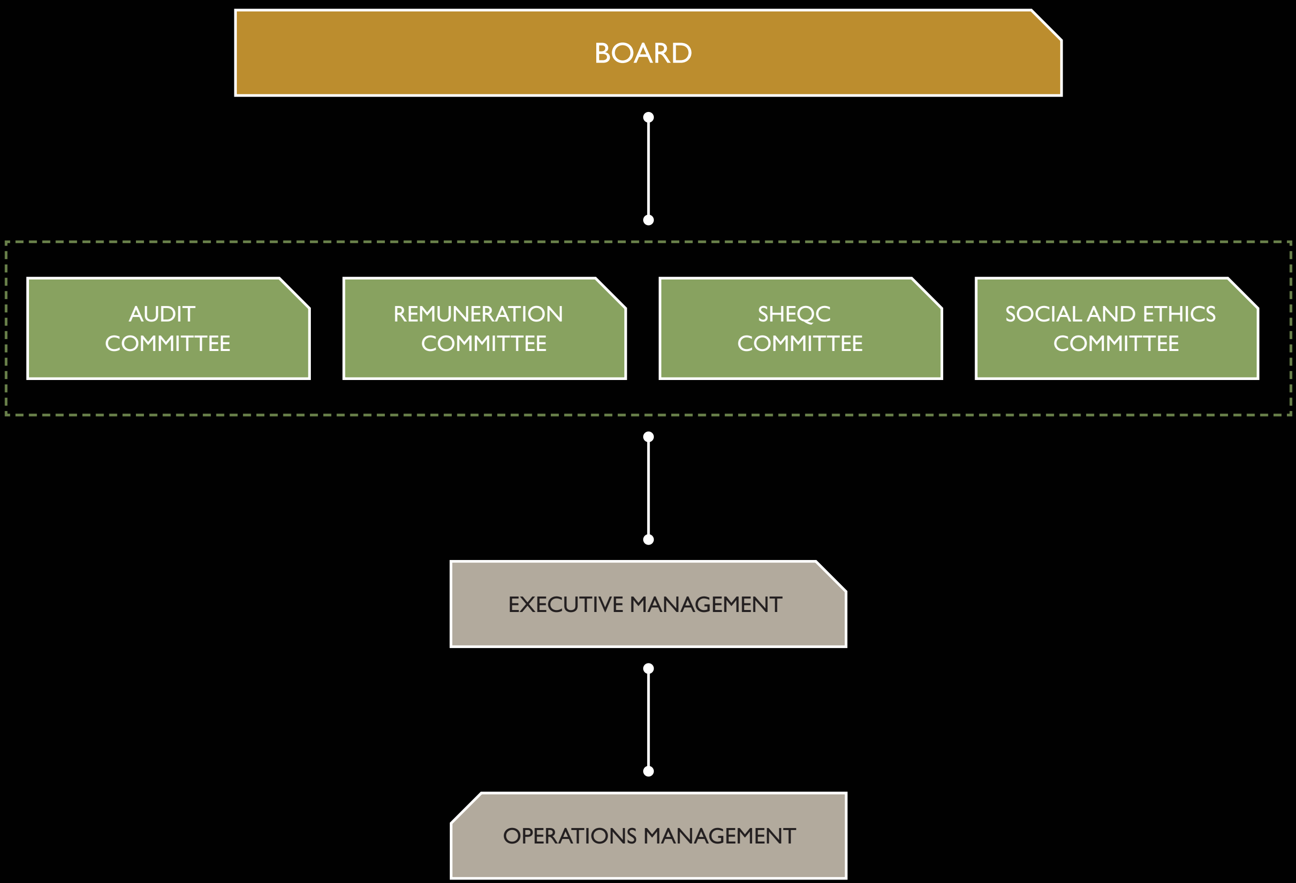
CORPORATE GOVERNANCE

The board is committed to responsibility, accountability, fairness and transparency through its ethical leadership. The board also integrates responsible corporate citizenship into the group's business strategy, audits and assessments and embeds sound corporate governance practices into daily operations and processes throughout the group.

GOVERNANCE FRAMEWORK

The board is ultimately responsible for the group's governance structure and is supported by its four sub-committees, as depicted in the framework below. This framework includes a delegation of authority process where the daily management of the group is delegated to the Chief Executive Officer and Exco, without abdicating the board's responsibility. Operationally, Exco is supported by the Opsco which incorporates the general managers at all mining operations and key corporate office employees.

The standards of disclosure relating to corporate governance at the group are regulated by the UK Companies Act, the SA Companies Act[1], AIM Rules, the JSE Listings Requirements and King IV. In addition, the board has considered the principles of corporate governance contained in the UK Code and the guidance published by the Institute of Chartered Accountants in England and Wales concerning the internal control requirements of the UK Code.



***Note:** A social and ethics committee was constituted during the year under review and its first meeting will be held in the 2018 financial year.*

[1] *SA Companies Act applicable to the South African entities.*

THE BOARD

The board is responsible and accountable for the performance and affairs of the group and has full control over all subsidiaries and operations. It acts as the focal point for, and custodian of, corporate governance. In doing so, it ensures the group remains a responsible corporate citizen, cognisant of the impact its operations may have on the environment and society in which the group operates, while acting in accordance with its own code of conduct.

At the reporting date, Pan African Resources' unitary board comprised six directors. The Chairman, Keith Spencer, is an independent non-executive director and the responsibilities of the Chairman and the Chief Executive Officer are separate. Executive directors are the Chief Executive Officer and the Financial Director. A brief CV of all directors is provided on pages 82 and 83. Exco and Opsco are invited to attend for ad hoc presentations to the board.

The Chairman provides independent board leadership and guidance and facilitates suitable deliberation on all matters requiring the board's attention. He further ensures the board operates efficiently and collectively. The Chief Executive Officer and Financial Director, supported by Exco and Opsco, are accountable for strategy implementation and the day-to-day operational decisions and business activities. Non-executive directors are not involved in the daily operations of the company. A formal board charter is in place to regulate the parameters within which the board operates and to ensure the application of good corporate governance in compliance with the group's Code of Conduct. The board satisfied its responsibilities during the year in compliance with its charter. A copy of the board charter is available from the Company Secretary on request.

There were no changes to the board during the year under review.

Chairman's responsibilities include:

- Setting the ethical tone for the board and the group.
- Providing effective leadership based on sound ethical principles.
- Formulating the board's annual agenda together with the Chief Executive Officer to align with the group's strategic direction.
- Presiding over board meetings and encouraging robust debates.
- Continually engaging with the Chief Executive Officer.
- Monitoring the board's effectiveness and assessing the performance of individual directors.
- Fostering positive relationships with shareholders and strategic stakeholders to build trust and confidence in the group.
- Presiding over annual general meetings.

Chief Executive Officer's responsibilities include:

- Developing the group's long-term strategy for board consideration and approval.
- Creating a positive and constructive working environment conducive to attracting and retaining employees.
- Ensuring adequate succession planning for the executive management team.
- Developing annual budgets that support the group's strategy.
- Monitoring and reporting to the board on the group's performance.
- Establishing an organisational structure that enables execution of the group's strategy.
- Ensuring that the group complies with all relevant laws and corporate governance principles.

Board activities

The key focus areas and issues discussed during the financial year are tabled below.

Focus areas	Key issues discussed in 2017
Strategy and operational execution	• Approved the disposal of Uitkomst Colliery. • Approved the investment in the Elikhulu Project. • Approved the 55-day critical shaft infrastructure refurbishment programme at Evander Mines. • Approved the restructuring programme and retrenchment packages for affected Evander Mines employees. • Reviewed and approved the group's general growth strategy. • Reviewed the 2010 Pay Channel exploration programme as a source of future production at Evander Mines.
Risk management	• Continuous independent and internal engineering reviews of the Evander Mines underground infrastructure. • Review of the proposed Mining Charter's impact on future mining investment in South Africa and on the group. • Ensuring no material overruns on the Elikhulu Project. • Considering the impact of South Africa's sovereign ratings downgrade on the group's operations.
Governance	• Considered the King IV report and listing requirements (JSE and AIM).
Stakeholder engagement	• Engaged with unions and the workforce during wage negotiations and other employee-related matters. • Engaged with communities of the mining operations to avoid future disruptions. • Obtained all requisite approvals from the AGM and general meetings held during the financial year.

The board ensures the group conducts its business with integrity, leading by example. This commitment is formalised in a code of conduct, which applies beyond the board and includes all employees of the group.

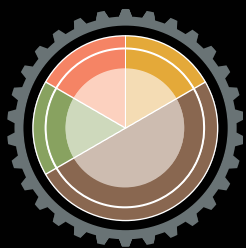
BALANCE OF BOARD

- 67% Independent directors
- 33% Executive directors

AGES OF BOARD

- 17% 30 years to 40 years
- 17% 40 years to 50 years
- 33% 50 years to 60 years
- 33% Above 60 years

TENURE OF BOARD



- 17% Less than three years
- 49% Three to six years
- 17% Six to nine years
- 17% Above nine years

Board composition

The board reflects a balance of executive and non-executive directors, the majority of whom are independent. More importantly, it reflects considerable experience in mining, business and related activities and collectively has a wealth of industry knowledge, adding depth to board discussions. No single director is positioned to exercise unfettered decision-making, which protects against the influence of possible personal interests and ensures that the interests of all stakeholders are represented and considered.

Director independence

Independence is determined through criteria set out in King IV, which includes an assessment of the individual directors' character and judgement as well as any relationships or circumstances that could appear to affect their independence. The board also continuously assesses each director's performance and tenure that exceeds nine years. Based on this assessment, the board is satisfied that its directors are independent.

Rotation and re-election of directors

In terms of the JSE Listings Requirements and the group's constitutional documents, one-third of the directors, excluding any director appointed since the previous annual general meeting, must retire from office at each AGM on a rotation basis. The directors to retire are those who have been longest in office since their last election. Retiring directors may make themselves available for re-election if they remain eligible as required by the constitutional documents and in compliance with the AIM Rules and JSE Listings Requirements. Accordingly, Keith Spencer and Rowan Smith retire by rotation and offer themselves for re-election.

A brief CV of each director standing for re-election at the AGM is contained on pages 82 and 83.

Board evaluation

An annual effectiveness self-evaluation is undertaken in respect of the board and its sub-committees and for the year under review, the board is satisfied that it and its sub-committees operated effectively. In addition, the Chairman also ensures the board operates effectively by regularly engaging with the non-executive directors on their performance and other matters that may need to be raised with Exco. Any pertinent matters of concern are conveyed by the Chairman to the Chief Executive Officer and filtered down to Exco.

Ethical leadership

Pan African Resources is committed to the highest standards of personal and professional ethical behaviour and its leadership endeavours to instil a culture of ethical behaviour that permeates throughout the group. The group's Code of Conduct sets out the group's values and practices over and above requirements of formal governance codes and legal requirements. It is designed to provide guidance on ethical conduct in all areas and across all activities. To supplement the effectiveness of the Code of Conduct, directors, Exco and Opsco receive ongoing training in regulations and in ethical leadership.

Pan African Resources has a zero-tolerance approach to bribery and corruption. A separate bribery and corruption policy is in place, which is communicated to all employees as well as to mine contractors, all of whom are expected to comply fully. Employees working in areas identified as being particularly high risk will receive additional training and support in identifying and preventing corrupt activities. In the event of a breach by an employee of the code of conduct, policies or practices above, the group human resources disciplinary procedures are followed. The board is notified if there are any material ethical breaches. No breaches by senior group employees were reported during the year.

Share dealings

All group employees at Paterson Grading D and above (which includes Exco and Opsco) with access to financial and any other price-sensitive information are prohibited from dealing in Pan African Resources shares during 'closed periods', as defined by the AIM and JSE Listings Requirements, or while the company is trading under a cautionary announcement. An appropriate communication is sent to all such employees alerting them that the company is entering a closed period. Should any of the relevant employees wish to trade Pan African Resources shares, written permission must be obtained from either the Chief Executive Officer or Financial Director and confirmed with the South African and UK-based corporate advisers prior to such a trade taking place. There were no contraventions of this policy during the year.

New appointments

The board[2] identifies, interviews and proposes potential candidates to the board. The board evaluates individuals in the context of the board's skill set and experience as a whole. The objective remains having a board that can best perpetuate our success and represent shareholder interests through the exercise of sound judgement, using its diverse experience. The group ensures all new directors are informed of the AIM and JSE rules with the assistance of the UK Nomad and JSE sponsor, given that all appointees are accomplished board directors and familiar with the fiduciary duties expected of them. New appointees are provided with an introductory pack which includes the latest annual and interim results, integrated annual report and minutes of previous board meetings to assist in their understanding of the group's business.

Ongoing development

All directors receive ongoing training on relevant matters and directors who are chartered accountants comply with the SAICA's continued professional development requirements. The UK-based Nomad ensures the directors remain up to date with AIM regulations, while the South African sponsor ensures the same regarding the JSE Listings Requirements. The Company Secretary and Chairman of the audit committee are responsible for keeping the board abreast of new legislation, recommendations and best practice.

[2] *The board performs the function and responsibility of the nominations committee.*

KING IV

Following the launch of the King IV report in November 2016, the board has familiarised itself with the requirements of the report. Pan African Resources benchmarked its governance practices against the principles of King IV and has included its King IV checklist on the group's website on www.panafricanresources.com.

BOARD COMMITTEES

Pan African Resources has an audit committee, remuneration committee, SHEQC committee, and a social and ethics committee to assist the board in discharging its collective responsibility of corporate governance. The board performs the function and responsibility of the nominations committee. All committees have satisfied their responsibilities during the year in compliance with formal charters. A copy of these charters is available from the Company Secretary on request.

The table below details the key issues discussed during the year under review.

Committee	Members	Key issues discussed in 2017
Audit committee	• Hester Hickey *(Chairperson)*. • Thabo Mosololi. • Keith Spencer. **Invitees** • Cobus Loots *(Chief Executive Officer)*. • Deon Louw *(Financial Director)*. • External auditors, internal auditors and financial executives.	• Approved the group's integrated annual report for 30 June 2017. • Approved interim report for 31 December 2016. • Reviewed internal and external audit reports. • Monitored the group's risk appetite and tolerance levels. • Reviewed financial implications of the Elikhulu funding and the Uitkomst Colliery disposal. • Approved internal and external audit fees. • Monitored auditor independence. • Monitored internal audit programme.
Remuneration committee[3]	• Rowan Smith *(Chairman)*. • Thabo Mosololi. **Invitees** • Cobus Loots *(Chief Executive Officer)*. • Deon Louw *(Financial Director)*. • External auditors, internal auditors and financial executives.	• Reviewed annual salary adjustments for all employees. • Reviewed executive directors' remuneration structure and remuneration. • Reviewed non-executive directors' remuneration for board approval. • Reviewed and approved retrenchment packages for Evander Mines employees who were made redundant. • Reviewed incentive structures for senior employees • Monitors group performance against MPRDA and other regulations.
SHEQC committee	• Keith Spencer *(Chairman)*. • Hester Hickey. • Cobus Loots. • Bert van den Berg. • Mandla Ndlozi. • André van den Bergh. • Sozabile Nkuna (representative from Phembani). **Invitees** • General managers – Barberton Mines, Evander Mines, Phoenix Platinum and Uitkomst Colliery.	• Monitored safety performance challenges and improvements at all operations. • Reviewed quantification of specific performance measures that are required to be reported for the sustainability report. • Monitored environmental management and adherence to relevant legislation. • Monitored health indicators at all operations.

[3] *The remuneration committee will appoint a third non-executive director in the 2018 financial year.*

Note: *The social and ethics committee was constituted during the year under review and its first meeting will be held in the 2018 financial year.*

Board and committee meetings attendance

The board meets quarterly with additional meetings as and when necessary. Attendance at board and committee meetings is set out below. In addition to these meetings, ad hoc meetings and calls are held regularly. Not all of these interactions are recorded in the table below.

	Keith Spencer	Hester Hickey	Cobus Loots	Thabo Mosololi	Rowan Smith	Deon Louw
PAR board meetings						
15 September 2016	✓	✓	✓	✓	✓	✓
17 November 2016	✓	✗	✓	✓	✓	✓
6 February 2017	✓	✓	✓	✗	✓	✓
13 February 2017	✓	✓	✓	✓	✓	✓
8 March 2017	✓	✓	✓	✓	✓	✓
24 March 2017	✓	✓	✓	✗	✓	✗
2 June 2017	✓	✓	✓	✓	✓	✗
15 June 2017	✓	✓	✓	✓	✓	✓
Audit committee meetings						
15 September 2016	✓	✓		✓		
13 February 2017	✓	✓		✓		
15 June 2017	✓	✓		✓		
Remuneration committee meetings						
1 August 2016				✓	✓	
13 February 2017				✓	✓	
SHEQC committee meetings						
13 September 2016	✓	✓	✓			
17 November 2016	✓	✗	✓			
14 February 2017	✓	✓	✓			
13 June 2017	✓	✓	✗			

Note: *A social and ethics committee was constituted during the year under review and its first meeting will be held in the 2018 financial year.*

INDEPENDENT ADVICE

All independent non-executive directors have unrestricted access to management and the group's external auditor. Further, all directors are entitled to seek independent professional advice on any matters pertaining to the group as they deem necessary and at the group's expense.

COMPANY SECRETARY

Pan African Resources outsources the company secretarial function to St James's Corporate Services Limited. The Company Secretary advises the board of any relevant regulatory changes and/or updates. The Company Secretary keeps records of shareholder registers, meeting attendance registers, meeting minutes, resolutions, directors' declarations of personal interest(s), all notices and circulars issued by the company, guidance on directors' duties and good governance. The Company Secretary is well versed in all relevant updates to current legislation and regulation and is responsible for advising the board in this regard. Further, the Company Secretary reviews the rules and procedures applicable to the conduct of the board. Wherever necessary the sponsor, Nomad, and other relevant experts are involved in ensuring that the directors have adequate information to sufficiently discharge their responsibilities in the best interests of the company.

The appointment and removal of the Company Secretary is a matter for the board. The audit committee reviews the Company Secretary's qualifications and competence and provides recommendations to the board. The board is comfortable that the Company Secretary, St James's Corporate Services Limited, always maintains an arm's length relationship with the board and is sufficiently qualified and skilled to act in accordance with and update directors in terms of the UK and international regulations and legislation.

ADVISERS

The group has several advisers including Numis Securities, One Capital, Peel Hunt LLP and BMO Capital Markets who provide advice regarding legislative requirements. One Capital is the group's South African appointed sponsor in accordance with the JSE Listings Requirements, and is responsible for ensuring the company is guided and advised as to the application of the JSE Listings Requirements. The other advisers are based in the UK and provide guidance on UK-related legislative requirements. SA and UK law firms are also regularly used to provide advice on specialised matters.

TECHNOLOGY AND INFORMATION GOVERNANCE

The board is responsible for technology and information governance, which is governed by an IT charter. The framework consists of an IT steering committee which includes the Financial Director, the Chief Information Officer and Executive: Human Resources. This steering committee is responsible for directing, controlling and measuring the IT activities and processes of the group. It also keeps the board apprised of the group's technology and information performance on a regular basis. Each operation has formal business continuity and disaster management plans in place, which are the responsibility of the respective general managers.

STAKEHOLDER ENGAGEMENT

The board oversees stakeholder relations and executive management keeps the board apprised of any material stakeholder concerns. The board also engages with shareholders at the AGM held in London and ongoing stakeholder engagement takes place at a corporate and operational level as detailed on page 29.

COMPLIANCE

The group complies with all applicable legal acts and regulations and some of the main acts and regulations are shown below. Compliance management and monitoring takes place at various levels within the group, including at an operational level where safety officers ensure health and safety compliance and external audits are conducted by the DMR. At a corporate office level, the Company Secretary and external advisers provide updates on any new legislation that may impact the group. The internal and external audit functions provide a further layer of compliance, as detailed on page 91. Management regularly updates the board and its sub-committees through its governance processes.

In accordance with the Payments to Governments Regulations 2014, the group is obliged to disclose payments to governments during the year under review. The table below is a record of these payments.

	Barberton Mines ZAR million	Evander Mines ZAR million	Phoenix Platinum ZAR million	Uitkomst Colliery ZAR million	Corporate ZAR million	Total ZAR million
Royalties	21.3	5.7	–	1.3	–	28.3
Income tax	87.7	(1.4)	–	15.5	3.9	105.7
Value added tax	(89.4)	(122.7)	(3.0)	10.9	6.3	(197.9)
Dividend withholding tax	0.8	–	–	0.1	12.4	13.3
PAYE	75.2	75.4	1.0	6.7	10.2	168.5
SDL	4.8	4.7	–	0.3	0.9	10.7
UIF	6.4	5.5	–	0.4	0.1	12.4
Total	106.8	(32.8)	(2.0)	35.2	33.8	141.0

ACTS AND CODES

SOUTH AFRICA

- South African Companies Act 71 of 2008 – applicable to South African entities.
- JSE Listings Requirements.
- King IV.
- Labour Relations Act of 1995.

UNITED KINGDOM

- UK Companies Act 2006.
- LSE Alternative Investment Market UK.
- Corporate Governance Code.
- UK Bribery Act 2010.

MINERALS AND ENERGY

- Minerals and Petroleum Resources Act of 2008.
- National Energy Act of 2008.
- Precious Metals Act of 2005.

SAFETY, HEALTH AND ENVIRONMENT

- Mine Health and Safety Act of 1996.
- Occupational Health and Safety Act of 1993.
- Compensation for Occupational Injuries and Diseases Act of 1993.
- National Environmental Management Act, 1998.
- National Water Act, 1998.
- National Nuclear Regulator Act, 1999.
- National Environmental Waste Act 59 of 2008.
- Air Quality Amendment Act 20 of 2004.

RISK GOVERNANCE

The board is ultimately responsible for the management of risk and a formal risk governance process is in place ensuring the board adequately discharges its responsibility, as described below. The board regularly reviews the risk reports from the operations, ensuring the appropriate risk management programmes and monitoring of progress against key risk indicators are being effectively implemented. The roles of the audit committee and internal and external functions, as they relate to risk management, are described below and the group's key risks and management approach are set out on page 20.

BOARD

AUDIT COMMITTEE

This committee reports directly to the board and has several responsibilities including internal control, internal audit, risk management and assurance. The committee meets at least three times a year and makes recommendations to the board, which retains ultimate responsibility regarding risk tolerance levels. It also works closely with the internal audit function and approves and reviews the internal audit plan and its execution.

EXECUTIVE MANAGEMENT

Implements operational controls to ensure the validity, accuracy and completeness of financial information. It ensures that employees assume responsibility for conducting themselves in accordance with established policies and procedures, to minimise the potential occurrence of any risk event and to seek opportunities to improve performance and efficiencies.

OPERATIONS MANAGEMENT

Initiatives to mitigate risks at operational level are designed to ensure continuous, safe and responsible production of gold and PGEs. Risks are identified at risk workshops and in an annual strategy session. Each of the group's operations maintain a risk register, which includes risk identification, risk-mitigating factors and responsibilities.

INTERNAL AUDIT FUNCTION

This function is outsourced to BDO, which evaluates the effectiveness and general compliance of controls aimed at addressing risks within the group.

EXTERNAL AUDIT FUNCTION

External Audit reports on the fair presentation of financial information on a statutory reporting level in compliance with IFRS as adopted by the EU and Article 4 of the IAS Regulation, the UK and SA Companies Acts.

The board, assisted by the audit committee, evaluates the effectiveness and independence of the external auditors – the South African and UK firm of Deloitte.

REMUNERATION REVIEW

REMUNERATION REVIEW

Message from the Chairman of the remuneration committee

Dear Pan African Resources stakeholders

I am pleased to present the 2017 Pan African Resources remuneration report on behalf of our remuneration committee (Remco) and board.

Remco is satisfied that it acts in an objective and independent manner, and that our remuneration policy and philosophy achieves its objectives. We were therefore pleased that our previous financial year's remuneration report was endorsed by an 86% vote at the AGM, which demonstrates that, through our remuneration philosophy, we have found an equitable approach to this sensitive matter.

The 2017 financial year was certainly one of Pan African Resources' most challenging periods, which impacted the group's financial and operational performance. The challenges and issues that affected our performance related both to the South African operating environment and to internal difficulties at our mining operations. These matters are thoroughly dealt with in other sections of this year's integrated report.

When reflecting on the operational challenges experienced, a key consideration is the manner in which the board and management responded to and addressed these challenges. The repairs at Evander Mines' No 7 Shaft were completed on schedule and within budget, and the simultaneous rightsizing and restructuring of the mine's workforce will greatly assist the operation's sustainability going forward. The new sub-vertical shaft project at Barberton Mines' Fairview operation will assist in mining flexibility and production growth in years to come. These initiatives, to name but a few, are examples of management actions to protect and grow the value of our business.

Despite the difficulties we experienced, the group achieved excellent progress on a number of strategic and value-accretive initiatives and opportunities. These include the positive feasibility completed on Elikhulu, the subsequent funding package finalised for the project, as well as the progress with construction to date. These initiatives also included the disposal of Uitkomst Colliery, generating a very attractive return for shareholders, with the transaction being completed within a short timeframe.

The Remco assists the board in ensuring that group remuneration is aligned with the overall business strategy, with the aim of enabling Pan African Resources to attract, incentivise and retain personnel who will create long-term value for all stakeholders.

The committee regularly reviews current compensation levels and incentive schemes to ensure they remain market related and fulfil their purpose as an incentive to align the interest of the group's senior management and employees to that of the stakeholders. In this regard, the committee draws on PricewaterhouseCoopers' (PwC) Remchannel and Aon Hewitt market analysis to ensure compliance with best practice in executive compensation. We also review remuneration of other employees in the group on a regular basis.

Shareholder returns regressed in the current year, as a result of the internal and external factors detailed above and in the other sections of this integrated report. Remco discussed and assessed all of these factors when determining the current year's short-term and operational incentives for executive directors, with recognition that reduced shareholder returns should also reflect in reduced

The group's remuneration framework is structured to provide remuneration that is fair, responsible and transparent. The framework is also aligned to the achievement of our strategic objectives over the short, medium and long term.

REMUNERATION OBJECTIVES

operational short-term incentives. Remco was, however, satisfied that the executive directors continue to provide exemplary leadership and remain committed to achieving the group's objectives and delivering value for shareholders and other stakeholders. It was also noted that through specific initiatives directly attributable to executive directors and detailed in this report, material financial benefit was created for shareholders, which was taken into account in determining overall compensation levels for our executive directors. Remco was also satisfied that the success of strategic and value-accretive initiatives could be attributed to the actions of the executive directors and other senior management, overseen by the board.

Remco and the board are aware that the group operates in an environment where compensation gaps between lower-paid employees and senior management is a contentious issue. While it is important to acknowledge that executive remuneration is a sensitive matter, the success of the group is determined largely by the actions of our senior managers, and ultimately all stakeholders benefit when these managers perform well. In the next financial year, the following critical matters have been identified as key deliverables for executive directors:

- Ensuring an improved production performance from our Evander Mines and Barberton Mines operations.
- Ensuring the successful implementation of the Elikhulu Project.
- Further improving the group's safety structures, programmes and performance.
- Identifying and implementing value-accretive initiatives across operations.
- Commencing the sub-vertical shaft development at Barberton Mines' Fairview Mine.

Remco noted that historically, the Chief Executive Officer and Financial Director had forgone increases during the 2015 financial year and also, when benchmarked against industry peers on a cost-to-company basis, our executives were remunerated materially below respective industry peer market means by 17.8% and 16.2% for the Chief Executive Officer and Financial Director respectively. In the 2018 financial year, guaranteed remuneration for the Chief Executive Officer and Financial Director will be increased such that it is better aligned with our industry peers' remuneration as per the PwC Remchannel report. However, Remco will ensure that guaranteed remuneration for these executives will still remain beneath the market mean, with performance incentives linked to tangible deliverables benefiting shareholders and other stakeholders.

Pan African Resources operates a relatively low-cost overhead structure. Despite this, to take account of the current challenging operating environment and relatively low ZAR gold price, Remco, together with the executive directors, reviewed and restructured the Pan African Resources corporate office during the 2017 financial year. Certain positions were either made redundant or staff reassigned to address specific requirements. The total cost saving of this initiative will be more than ZAR8.8 million per annum.

We do, however, remain receptive to feedback from our stakeholders on our remuneration philosophy or any matter related thereto, and appreciate that providing motivational and shareholder-aligned remuneration structures in a demanding operating environment remains a challenge.

Yours faithfully

Rowan Smith
Chairman, Remco

20 September 2017

PART ONE: REMUNERATION POLICY

OBJECTIVES OF THIS REPORT

Part one provides an overview of the group's remuneration policy highlighting the remuneration philosophy, governance and key remuneration elements. Part two details the remuneration implementation report highlighting the executive directors' and prescribed officers' remuneration for the 2017 financial and comparative year as well as their contractual arrangements. Directors' and prescribed officers' emoluments and incentives are shown in the annual financial statements section on pages 185 and 186.

REMUNERATION PHILOSOPHY

Pan African Resources' remuneration philosophy seeks to reward executive directors, other senior management and various employee levels for performance. It recognises that these individuals have the ability to significantly impact the performance of the group, over the short and long term. Executive directors and other senior management carry significant responsibility, statutory and otherwise, and appropriate skills are difficult to attract and retain in what is increasingly a challenging environment. It is therefore critical that remuneration aligns to the contribution and performance of the company and group, its teams and also importantly the contribution of key individuals. The group's key remuneration objectives are shown on page 100.

The group's remuneration policy provides a framework for remuneration to attract, retain and motivate employees to achieve the strategic objectives of the organisation, within its risk appetite and risk management framework.

The remuneration framework recognises the following principles:

- **Objectivity in short-term incentives:** comprising an annual bonus which rewards management for matters under their control or influence, but not matters outside their control such as commodity prices and exchange rates.
- **Objectivity in long-term incentives**: to align the long-term interest of the group's management and employees with that of the group's shareholders through incentives which are directly linked to the increase in the Pan African Resources share price. These awards generally vest over a period of three to four years.
- **Alignment to shareholders:** we believe that the combination of these incentives will achieve the objectives set out in the above philosophy, by aligning the interests of employees with the shareholder's aspirations.
- **Application of discretion:** Remco has the authority to apply its discretion in the event where specific circumstances are outside the control of the operations and these circumstances would be prejudicial to employees/management.

To achieve its remuneration objectives, Remco, in consultation with and oversight from the board, retains flexibility in terms of how it incentivises and rewards performance. Remco may therefore, in the event of exceptional performance (which can be reliably measured) by specific members of senior management or others, approve additional incentives if this is deemed justified. In the event of any such payments, the motivation and details are disclosed in this remuneration report and in the group financial statements.

REMUNERATION GOVERNANCE

Remco comprises only independent non-executive directors, which monitors and strengthens the credibility of the group's executive remuneration system, through its approved charter. It reviews the performance of the Chief Executive Officer, Financial Director and other executive and senior management and sets the scale, structure and basis of their remuneration and the terms of their service agreements. The committee also considers and makes recommendations to the board on remuneration packages and policies in this regard. The Remco Chairman is Mr Rowan Smith and the membership and attendance of Remco is shown on page 89.

Remco meetings are attended by the Chief Executive Officer, Financial Director and the Executive: Operations and Human Resources. None of these individuals are present when their remuneration is discussed. Some of the key focus areas discussed during the financial year are tabled below.

Focus areas during 2017 financial year	Discussion
Revision of Evander Mines' short-term incentive plan.	Revising Evander Mines' short-term incentive plan to better align with the group's plan and strengthen the philosophy of pay for performance.
Salary adjustments and benchmarking.	Ensuring that the salary adjustments were in line with the group's remuneration philosophy and within the industry peer benchmarks provided by PwC Remchannel market analysis.
Review of executive director remuneration structure and contract periods.	New structures finalised in the 2017 financial year and disclosed in this report. The new remuneration structure is expected to continue to reward performance and ensure long-term alignment with shareholders, while also ensuring critical skills are retained.
Compliance with Mining Charter and employment equity requirements regarding management and employees.	The group reviews, monitors and ensures compliance in terms of stipulated employment equity targets set.
Executive directors reviewed the corporate office overheads.	Restructuring and reallocation of corporate office overheads was implemented.

ACCESS TO INFORMATION AND ADVISERS

Remco has unrestricted access to the company's records, facilities and any other resources necessary to discharge its duties and responsibilities. Remuneration is reviewed annually and in the current year was measured against competitive industry-specific peer market data and analysis supplied by PwC Remchannel reports. The board approves remuneration proposals from Remco and submits them to shareholders for endorsement at the AGM.

REMUNERATION FRAMEWORK

<table>
<tr><th>Basic salary and benefits</th><th>Short-term incentives</th><th>Long-term incentives</th></tr>
<tr><td colspan="3">Key features</td></tr>
<tr><td>Reviewed annually against competitive industry peer market data supplied by PwC Remchannel</td><td>• Paid annually at corporate level.
• Paid annually at operations.
• Measured objectively against the group's performance or personal contribution.</td><td>• Pan African Resources' group Share Appreciation Bonus Plan.
• Employee ownership programme (Barberton and Evander Mines).
• Specific other schemes for executive directors.</td></tr>
<tr><td colspan="3">Criteria for eligibility</td></tr>
<tr><td rowspan="3">Employment at the group</td><td>Exco
Production and safety key performance indicators (KPIs) account for 60% of assessment based on:
• Group's gold and PGEs ounces sold.
• Costs of production.
• Safety targets (objective measurement based on group's actual achievements against set business plans for the financial year).

Personal KPIs account for 40% of assessment and are specific to the employee concerned. These personal KPIs are clearly defined and are intended to contribute specific positive outcomes to group results.</td><td>The main objective of the group Equity Share Option Plan and Share Appreciation Bonus Plan is to:
• Appropriately incentivise select employees who are employed at a managerial level within the group.
• Ensure retention of key skills required for the group's ongoing profitable performance and growth.
• Align management interests with those of shareholders.</td></tr>
<tr><td colspan="2">Opsco
Production and safety KPIs account for 60% of assessment based on:
• Group's gold sold and PGE ounces sold/coal tonnes sold.
• Costs of production.
• Safety targets (objective measurement based on group's actual achievements against set business plans for the financial year).

Personal KPIs account for 40% of assessment and are specific to the employee concerned. These KPIs are clearly defined and are intended to contribute specific positive outcomes to group results.</td></tr>
<tr><td colspan="2">Management committee on operations (Manco)
Production and safety KPIs account for 80% of assessment based on:
• Operational specific gold, PGEs ounces or coal tonnes sold.
• Costs of production.
• Safety targets (objective measurement based on group's actual achievements against set business plans for the financial year).

Personal KPIs account for 20% of assessment and are specific to the employee concerned, again intended to contribute positively to group results.</td></tr>
</table>

EMPLOYEE REMUNERATION COMPONENTS

Remuneration is currently disclosed and presented in GBP in the annual financial statements on page 147, however all non-executive directors, executive directors and employees are remunerated and paid in ZAR and no payments are made or linked to other currencies. Director and employment contracts are therefore also ZAR denominated. The detailed remuneration of the group's independent non-executive directors, executive directors and prescribed officers is disclosed in the financial statements on pages 185 and 186.

Element	Key features	Purpose	Eligibility	Factors considered
Guaranteed pay				
Exco, Opsco, Manco and heads of departments of operations (HODs)	• Pensionable salary. • Leave. • Pension/provident fund contributions. • Medical contributions. • Travel allowance. The above adds to the total cost to company of an employee.	Aligned to the value the individual provides to the group, including: • Skills and competencies required to generate results. • Sustained contribution to the group. • The value of the role and contribution of the individual to the group.	Exco, Opsco, Manco and HODs.	• Group performance. • Outlook for the next financial year. • Individual performance.
Collective bargaining employees	• Pensionable salary. • Leave. • Medical contributions. • Overtime/housing or living out allowance. • Other fixed allowances – underground allowances, rock drill operator allowances and meal allowances.	Aligned to the value the individual provides to the group, including: • Skills and competencies required to generate results. • Sustained contribution to the group. • The value of the role and contribution of the individual to the group.	Collective bargaining employees.	• All relevant factors in the industry such as annual wage agreements.
Variable pay				
Short-term incentives	• Paid annually at corporate level. • Paid monthly, quarterly or annually at operations depending on the level of employee. • Measured objectively against the group's performance or personal contribution.	• Designed to drive and reward short- and medium-term results, reflecting the level and time horizon of risk. This includes financial and non-financial results and metrics at an organisation, division and individual (and team) level.	Exco, Opsco and Manco and are paid annually. HODs are paid quarterly.	• Group financial and strategic performance. • Business unit (team) financial and strategic performance. • Individual contribution to team performance. • Individual performance, including alignment with corporate values and meeting performance objectives. • Notwithstanding financial performance and the individual contribution and performance, if the individual, team or group does not meet or only partially meets risk and compliance requirements, no award or a reduced award may be made.

Element	Key features	Purpose	Eligibility	Factors considered
Variable pay continued				
Short-term incentives continued			Collective bargaining employees.	• Eligibility to participate in the scheme. • The maximum variable remuneration as a percentage of total cost to company of an Individual. • The parameters for production targets to be achieved.
Retention bonus – short- to medium-term incentive (excluding Chief Executive Officer)	• Once-off payment in advance to key personnel to ensure their continued employment for the three-year retention period. • Three-year lock-in period from 1 July 2015 to 30 June 2018. • Claw-back clause included if three-year service period is interrupted.	• Designed to retain key personnel for a lock-in period of three years – 1 July 2015 to 30 June 2018.	Select key personnel, excluding the Chief Executive Officer.	• Key personnel identified to ensure sustainability.
Long-term incentives	• Alignment to shareholders' investment horizon and aspirations. • Equity linked. • Measured objectively against the group's performance and/or personal contribution.	• Discretionary remuneration designed to drive and reward long-term growth and sustained company value and align the interests of shareholders and participants. These include share options, share appreciation retention schemes or the like. It should be the intention to structure any form of long-term incentive in such a way as to retain and attract the necessary skills for the group and to ensure that it is market related and promotes appropriate actions and behaviour.	Exco and others approved by the board.	• Seniority and level of responsibility.
Long-term incentives – equity participation in operational ownership	• Alignment of the aspirations of Pan African Resources' employees at its operations with that of management and shareholders.	• To align the interests of employees with those of shareholders through providing direct participation in the benefits of company performance.	Collective bargaining employees up to 5% ownership in the gold operations.	• Paterson Grading C level and below on the operations.
Special remuneration benefits – sign-on, retention and termination benefits	• Discretionary.	• Designed to retain and attract certain scarce skills, especially at the heads of department and senior management levels.	Exco, Opsco and Manco.	• Experience and relevant qualifications.

RISK MANAGEMENT AND REMUNERATION

Pan African Resources recognises the need to fairly remunerate employees to attract and retain talent. However, it is cognisant of the need to ensure that effective risk management is part of its remuneration consideration, to drive the correct behaviour and avoid exposing the group to risks beyond its tolerance levels. The group's remuneration philosophy reinforces the need for the delivery of superior long-term results, while promoting sound risk management principles. Therefore, all employees' KPIs include specific elements that are aligned to the group's strategic long-term goals. These elements incorporate production and personal parameters as various percentage splits based on the relevant seniority level, and are weighted to drive the correct behaviour. Safety is imperative to the mines' operations and is included in the group's production parameters.

For executive directors, a substantial portion (30% for the Financial Director and 40% for the Chief Executive Officer) of their short-term bonus is deferred for a 24-month period and upon completion of the period payable upon approval by Remco, once it is confirmed that the measurement of the short-term incentives was accurate and benefited the group as initially anticipated.

NON-EXECUTIVE DIRECTOR REMUNERATION

Remco advises the board on fees for non-executive directors. In determining the annual fees, Remco considers the directors' responsibilities throughout the year, scarcity of skills, the group's performance, market-related conditions and local and international comparative remuneration. King IV recommends that fees should comprise a base fee and an attendance fee per meeting. The board agreed that a fixed fee for directors' services on the board and sub-committees was more appropriate, as the board's input extends beyond the attendance at meetings. When non-executive directors are required to spend significantly more time and effort than is normally expected in preparing for and attending board meetings and discussions, Remco considers additional fees to compensate non-executive directors for this additional time and effort. Non-executive fees are paid on a quarterly basis in arrears. There are no contractual arrangements for compensation for loss of office. Regulatory requirements considered when determining non-executive directors' remuneration include the SA Companies Act[1], the UK Companies Act, JSE Listings Requirements, King IV and the UK Code.

EXCO, OPSCO AND MANCO REMUNERATION

Remco is responsible for making recommendations to the board on the remuneration of the Chief Executive Officer, those who report directly to him and select senior staff. Remuneration is reviewed on an annual basis and is assessed based on the group's and operations' financial and strategic performance, individual contribution to the group's and operations' performance, alignment with group values and the contribution in meeting risk and compliance requirements.

Where the individual, team or group does not meet or partially meets requirements, no award or a reduced award may be made. An annual benchmarking exercise, through the PwC Remchannel market analysis (supplemented with other benchmarking information and sources), is used to determine a fair market-related remuneration. Individual KPIs are agreed upon annually and contain various elements, as shown on page 100.

Remuneration comprises fixed and variable (short-term and long-term incentives) remuneration. Short-term incentives have certain parameters, shown on page 97 and 98, to ensure a performance-based culture.

The board and executive committee retain discretion to determine which parameters apply and their weighting to reflect immediate priorities. There will be times when it is appropriate and in shareholders' best interest to attach more significant weight to (for example) one or more of production, financial, safety and transformation imperatives as circumstances dictate.

The maximum variable remuneration percentages applied are tabled below:

Position	2017 maximum variable remuneration as a % of total remuneration
Chief Executive Officer	Up to 110% (of which 30% to 40% is deferred for a 24-month period).
Financial Director	Up to 80% (of which 30% of the incentive is deferred for a 24-month period).
Executive committee	Up to 60%
Opsco, Manco and others approved by the board	Up to 50%.

[1] *SA Companies Act applicable to the South African entities.*

VARIABLE REMUNERATION CONDITIONS

Position	2017 maximum variable remuneration as a % of total remuneration	Qualification criteria at 100% achievement
Chief Executive Officer	Up to 110%	60% based on the following production parameters: • Total group commodities sold – weight 50%. • Total group cost per kilogram – weight 30%. • Group safety – weight 20%. 40% based on personal KPIs determined by the Remco. KPIs relate to pre-determined, definitive outcomes which add tangible value to the group. The Chief Executive Officer's KPIs for the 2017 financial year are shown on page 102. The approved yearly incentive is subject to 30% to 40% being withheld for a period of two years and accrued accordingly in the year the incentive is approved. The deferred incentive is payable only at the end of the 24-month period on confirmation of certain requirements having been met.
Financial Director	Up to 80%	60% based on the following production parameters: • Total group commodities sold – weight 50%. • Total group cost per kilogram – weight 30%. • Group safety – weight 20%. 40% based on personal KPIs determined by the Remco. KPIs relate to pre-determined, definitive outcomes which add tangible value to the group. The Financial Director's KPIs for the 2017 financial year are shown on page 103. The approved yearly incentive is subject to 30% being withheld for a period of two years.
Executive committee	Up to 60%	60% based on the following production parameters: • Total group commodities sold – weight 50%. • Total group cost per kilogram – weight 30%. • Group safety – weight 20%. 40% based on personal KPIs determined by the Chief Executive Officer in consultation with Remco. KPIs relate to specific predetermined outcomes.
Senior managers at corporate level	Up to 50%	60% based on the following production parameters: • Total group commodities sold – weight 50%. • Total group cost per kilogram – weight 30%. • Group safety – weight 20%. 40% based on personal KPIs which relate to specific predetermined outcomes set by the Chief Executive Officer.
Senior managers at operational level	Up to 50%	80% based on the following production parameters per individual operation: • Total operational commodity sold – weight 50%. • Total cost per kilogram – weight 30%. • Operational safety – weight 20%. 20% based on personal KPIs which relate to specific predetermined outcomes set by the Chief Operating Officer and General Manager.

EXECUTIVE DIRECTOR SERVICE CONTRACTS

The Chief Executive Officer and Financial Director are remunerated in ZAR for services performed, according to their employment contracts. The current contracts terminate on February 2021 (extended from February 2018 as disclosed in the prior year report). In terms of these contracts no amounts are payable at inception or termination at the end of the contract term and there is no limitation on the number of times an executive director may stand for board re-election.

The objectives of these contracts include:

- Ensuring retention of a highly competent and motivated management team.
- Ensuring continuity and stability of senior management.
- Continuity in executive management in achieving group strategic initiatives and/or the conclusion of imminent projects.

Key elements considered by Remco in the executive directors' contracts include:

- Basic remuneration.
- Short-term incentives linked to operational performance and personal performance.
- Long-term cash-settled performance incentives to ensure individual and group performance is aligned with the interests of shareholders. Such long-term incentives are linked to shareholder returns delivered versus Pan African Resources' peers.

PRESCRIBED OFFICERS

The group's prescribed officers are those individuals who exercise general executive control over and manage a significant portion of the group's business activities or regularly participate, to a material degree, in the exercise of general executive control over a significant portion of the group's business activities. In accordance with these requirements, Pan African Resources' prescribed officers include:

- André van den Bergh, Executive: Operations and Human Resources, Corporate office.
- Neal Reynolds, Group Financial Controller, Corporate office.
- Casper Strydom, General Manager, Barberton Mines.
- Adam Tendaupenyu, General Manager, Evander Mines.

SHORT- AND LONG-TERM INCENTIVES

Pan African Resources provides both short- and long-term incentives to executives, senior management and other persons approved by the board. The short-term incentives are largely used to incentivise eligible employees, based on operational outcomes that are mainly under management control. The long-term incentive is used to drive performance over the longer term (three to five years) to ensure improved alignment with the group's strategic objectives and long-term sustainability.

Share Appreciation Bonus Plan

The main objective of the Share Appreciation Bonus Plan (Bonus Plan) is to provide appropriate incentives to select employees who are employed at a senior managerial level within the group. This ensures retention of key skills required for the ongoing profitable performance and growth of Pan African Resources and to align management interests with those of shareholders. In terms of the Bonus Plan, select executives and employees (participants) of the group will be allocated notional shares in Pan African Resources. These notional shares will confer the conditional right on the participant to be paid a cash bonus equal to the appreciation in the Pan African Resources share price, from the date of allocation to the date of surrender or deemed surrender of his/her notional shares (share appreciation bonus). The share appreciation bonus will lapse no later than the sixth anniversary of the date that any notional shares were allocated. In the event of a change of control at a group or operational level, such an event would deem all outstanding unvested notional shares to vest for the participants applicable.

However, the participant can elect, subject to approval by Remco, to surrender his/her notional shares and receive the bonus at a date prior to the sixth anniversary date if the notional shares have vested. The bonus will be regarded as remuneration for income tax purposes and will be subject to the deduction of PAYE and all other taxes and contributions.

Share option salary multiples and total

The total bonus scheme exposure and ceiling levels of eligible employees' participation in the Bonus Plan is proposed by Remco and approved by the board. The multiples agreed to are shown below and Remco is required to monitor Pan African Resources' exposure to the Bonus Plan in a consistent manner.

Position	Multiples applied in determining the number of options to be issued
Exco	3.5 times annual cost to company (excluding Chief Executive Officer and Financial Director, executive directors do not participate in this scheme other than any historical allocations).
Opsco	3.0 times annual cost to company.
Manco	2.0 times annual cost to company.

PART TWO: REMUNERATION IMPLEMENTATION REPORT

EXECUTIVE DIRECTORS' OPERATIONAL AND PERSONAL KPI PERFORMANCE ANALYSIS

2017 financial year

Executive director	Cost to company ZAR	Production parameters %	Personal KPIs %	Total incentive %	Contractual 2017 incentive accrued ZAR (Note 1)	Transaction incentive accrued ZAR (Note 2)	Total 2017 incentive accrued ZAR	Total 2017 incentive accrued ZAR (Including deferred consideration) (Note 3)
Cobus Loots *(Chief Executive Officer)*	4,012,500	22.5 (max 66)	44 (max 44)	66.5 (max 110)	1,601,469	3,000,000	4,601,469	5,669,115
Deon Louw *(Financial Director)*	3,206,250	16.4 (max 48)	32 (max 32)	48.4 (max 80)	1,086,053	2,000,000	3,086,053	3,551,504

Note 1: The incentive is the cost to company multiplied by the incentive percentage less the two-year deferred consideration percentage application to the Chief Executive Officer and Financial Director.

Note 2: Following the conclusion of the high-value and earnings-accretive Uitkomst Colliery transaction, the Remco deemed it appropriate to review the executive directors' remuneration to include a transaction incentive following the successful conclusion of this transaction. Key considerations applied when approving the incentive were:

- *The transaction generated shareholder returns of 107.5% or ZAR178 million over the 15-month ownership period.*
- *The initial purchase transaction of the Uitkomst Colliery was implemented by the executive directors supported by key executives without the use of external advisers, therefore resulting in a substantial cost saving to the group.*
- *The sale of Uitkomst Colliery transaction to Coal of Africa was conceived and executed by the executive directors with limited external advice, within a very short timeframe.*

Note 3: The total incentive includes a two-year deferred consideration amounting to 30% to 40% of the yearly incentive of the Chief Executive Officer and Financial Director respectively.

Evidence of Chief Executive Officer's achievements on incentives

Production parameters per operation are weighted on budgeted profit contribution

- Barberton Mines production and safety group weighting of 67% was 17.7% (max 44.2%).
- Evander Mines production and safety group weighting of 28% was 1.8% (max 18.2%).
- Phoenix Platinum production and safety group weighting of 1% was 0.1% (max 0.4%).
- Uitkomst Colliery production and safety group weighting of 5% was 2.9% (max 3.2%).

Chief Executive Officer's personal KPIs

- Successful conclusion of a value-accretive transaction for the PAR Group: Percentage achieved.
- The Chief Executive Officer conceived and implemented the successful and profitable extraction of gold through a third-party refining contract for secondary gold resources obtained from the Kinross CIL plant (example: gold recovered from mill floor etc.). This initiative contributed 193.5 kilograms of gold to Evander Mines' production during the 2017 financial year.
- The successful conclusion of the Uitkomst Colliery sale to Coal of Africa on 30 June 2017 for an effective consideration of ZAR277.6 million resulting in a shareholder return of 107.5% over the 15-month ownership period.
- Securing the necessary funding for the Elikhulu Tailings Retreatment Project: Percentage achieved.
  - Completion of the definitive feasibility study which was approved by the board as announced on 5 December 2016.
  - The group completed the equity tranche of the Elikhulu funding raising ZAR696 million in gross proceeds upon issuance of 291.5 million shares on 12 April 2017.
  - The group successfully secured a ZAR1 billion term debt facility for Elikhulu at competitive interest rates of JIBAR plus 3.5% with the syndication of the debt funding being over-subscribed by 50%.

Evidence of Financial Director's achievements on incentives

Production parameters per operation are weighted on budgeted profit contribution

- Barberton Mines production and safety group weighting of 67% was 12.9% (max 32%).
- Evander Mines production and safety group weighting of 28% was 1.3% (max 13.2%).
- Phoenix Platinum production and safety group weighting of 1% was 0.1% (max 0.5%).
- Uitkomst Colliery production and safety group weighting of 5% was 2.1% (max 2.3%).

Financial Director's personal KPIs

- Successful conclusion of a value-accretive transaction for the PAR Group: Percentage achieved.
  – Refer to the Chief Executive Officer's summary of KPIs for additional information.
- Securing the necessary funding for the Elikhulu Project: Percentage achieved.
  – Refer to the Chief Executive Officer's summary of KPIs for additional information.

In addition to the initial KPIs agreed for the 2017 financial year, Remco also noted the following achievements when assessing executive director performance for the 2017 financial year:

- Evander Mines underground refurbishment and restructuring completed on time and within budget.
- Successful securing of additional third party coal blended by the Uitkomst Colliery contributed materially to the operation's earnings.

2016 financial year

Executive director	Cost to company ZAR	Production parameters %	Personal KPIs %	Total incentive %	Contractual 2016 incentive accrued ZAR	Transaction incentive accrued ZAR (Note 1)	Total 2016 incentive accrued ZAR
Cobus Loots *(Chief Executive Officer)*	3,500,000	36.7 (max 54)	36 (max 36)	72.7 (max 90)	2,544,500	4,000,000	6,544,500
Deon Louw *(Financial Director)*	2,750,000	24.5 (max 36)	24 (max 24)	48.5 (max 60)	1,333,750	2,000,000	3,333,750

Note 1: *Following the conclusion of the high-value and earnings-accretive Shanduka Gold transaction and related vendor consideration placement of Pan African Resources shares, the Remco noted the value created for shareholders exceeded ZAR800 million or approximately 17% of Pan African Resources' market capitalisation. Therefore, Remco deemed it appropriate to review the executive directors' remuneration to include a transaction bonus following the successful conclusion of this transaction.*

Evidence of Chief Executive Officer's achievements

Production parameters per operation are weighted on budgeted profit contribution

- Barberton Mines production and safety 31.53% (max 34.06%).
- Evander Mines production and safety 4.73% (max 17.78%).
- Phoenix Platinum production and safety 0.44% (max 2.16%).

Chief Executive Officer's personal KPIs

- *Successful conclusion of the Uitkomst Colliery transaction before 30 June 2016:* Transaction was successfully concluded on 31 March 2016. Percentage achieved – 18% (max 18%).
- *Conclusion of wage negotiations at all of the operations:* Multi-year agreements concluded with the NUM, AMCU and UASA within the approved board mandates. Percentage achieved – 18% (max 18%).

Evidence of Financial Director's achievements

Production parameters per operation are weighted on budgeted profit contribution

- Barberton Mines production and safety 21% (max 22.7%).
- Evander Mines production and safety 3.2% (max 11.9%).
- Phoenix Platinum production and safety 0.3% (max 1.4%).

Financial Director's personal KPIs

- *Facilitation of an action plan to improve efficiencies and production at Evander Mines:* Gold production increased by 30.8%. Percentage achieved – 12% (max 12%).
- *Facilitation of and ensuring that the due diligence process regarding a potential gold acquisition is completed by 30 June 2016:* Due diligence and valuation timeously completed, however negotiations terminated. Percentage achieved – 12% (max 12%).

In addition to the initial KPIs agreed for the 2016 financial year, Remco also noted the following achievements when assessing executive director performance for the 2016 financial year:

- Material production improvements at Evander Mines and Barberton Mines.
- ETRP operating in accordance with and better than initial project expectations.
- Successful completion of due diligence on a potential gold acquisition target.
- Progress with addressing safety challenges in group companies.
- Evander Mines successfully concluded profitable refining contract for secondary gold resources obtained from the Kinross carbon-in-leach (CIL) plant (example: gold recovered from mill floor etc.).

EXECUTIVE DIRECTORS' LONG-TERM INCENTIVES ANALYSIS

The executive directors' long-term incentives are cash settled, and on an annual basis the cost of these options is accrued based on independent actuarial valuations. Payment occurred when vested option are exercised subject to Remco approval.

2017 financial year

Executive director	Opening balance	Issued	Exercised	Closing balance	Weighted average strike price ZAR	Value of options accrued at year-end ZAR	Value of options paid during the year ZAR (Note 1)
Cobus Loots Notional share options	**4,000,000**	**–**	**(1,500,000)**	**2,500,000**	**2.05**	**1,726,842**	**2,490,000**
Cobus Loots Share incentive	**8,000,000**	**–**	**(3,500,000)**	**4,500,000**	**–**	**9,906,000**	**13,176,310**
Deon Louw Notional share options	**4,614,979**	**–**	**(2,500,000)**	**2,114,979**	**2.09**	**1,994,568**	**4,036,000**

Note 1: *The share options settled during the current financial year were appropriately accrued to the value of ZAR23 million at 30 June 2016. The payment collective of ZAR15.7 million to the Chief Executive Officer and ZAR4.0 million to the Financial Director during September 2016 relates to the values accrued in the 2016 financial year's accrued share option remuneration. Therefore, although paid in the 2017 financial year the cost of these options was accounted for in full during the 2016 financial year. The share option payments may be different to the share option accrual due to movements in the share price of Pan African Resources from the accrual date to the redemption date.*

2016 financial year

Executive director	Opening balance	Issued	Exercised	Closing balance	Weighted average strike price ZAR	Value of options accrued at year-end ZAR	Value of options paid during the year ZAR (Note 1)
Cobus Loots Notional share options	5,000,000	–	(1,000,000)	4,000,000	2.05	5,001,420	830,000
Cobus Loots Share incentive	–	8,000,000	–	8,000,000	–	12,833,333	–
Deon Louw Notional share options	4,614,979	–	–	4,614,979	2.09	5,154,037	–

Note 1: *The share options settled during the current financial year were appropriately accrued to the value of ZAR2.2 million at 30 June 2015. The payment of ZAR0.8 million to the Chief Executive Officer during March 2016 related to the 2015 financial year's accrued share option remuneration. Therefore, although paid in the 2016 financial year the cost of these options was accounted for in full during the 2015 financial year. The share option payments may be different to the share option accrual due to movements in the share price of Pan African Resources from the accrual date to the redemption date.*

SUMMARY OF CONTRACTUAL ARRANGEMENTS FOR CHIEF EXECUTIVE OFFICER AND FINANCIAL DIRECTOR

Term	Chief Executive Officer	Financial Director
Contract duration	Extension by three years to 28 February 2021.	Extension by three years to 28 February 2021.
Short-term annual incentive	A maximum of 110% of annual CTC, however 40% of this bonus is deferred, and only payable 24 months after initial payment (in shares or cash, at Remco election), subject to confirmation that original KPIs and operational performance was correctly recorded and benefited the group as originally anticipated.	A maximum of 80% of annual CTC, however 30% of this bonus is deferred, and only payable 24 months after initial payment (in shares or cash, at Remco election), subject to confirmation that original KPIs and operational performance was correctly recorded and benefited the group as originally anticipated.
Participation in the group phantom share scheme	No further participation in the phantom share scheme (other than existing allocation) and new long-term incentive as described below.	No further participation in the phantom share scheme (other than existing allocation) and new long-term incentive as described below.

Term	Chief Executive Officer	Financial Director
Minimum shareholding in Pan African Resources	Initial requirement of at least a ZAR2 million shareholding from personal funds, to be held for a minimum of two years. Requirements to be increased each financial year. Subsequent to 30 June 2017 financial year-end Remco required an additional ZAR250,000 in shares to be purchased by 31 December 2017.	Initial requirement of at least a ZAR0.5 million shareholding from personal funds, to be held for a minimum of two years. Requirements to be increased each financial year. Subsequent to 30 June 2017 financial year-end Remco required an additional ZAR150,000 in shares to be purchased by 31 December 2017.
Long-term share incentive	At year-end, under the previous scheme, 4,500,000 shares of which 3,666,666 are allocated but not yet vested. Allocation of 5,000,000 Pan African Resources shares effective only 1 March 2018, vesting over a three-year period (1 March 2018 to 28 February 2021). Vesting conditions will however be determined by measuring total shareholder return (defined as share price performance and dividends to shareholders) against gold sector peers on an annual basis. Shares vest only when Pan African Resources outperforms the sector, with a pro-rata vesting and all shares vesting in the event of an outperformance of 8% or more against peers. The new issuance of long-term incentives therefore vest in approximately five years from date of original issue. Remco may elect, at its discretion, in circumstances deemed reasonable/equitable, to apply amended vesting criteria. In the event of a significant outperformance of the market (in excess of 8%), Remco may also allocate additional shares.	Allocation of 3,100,000 Pan African Resources shares, effective only 1 March 2018, vesting over a three-year period (1 March 2018 to 28 February 2021). Vesting conditions will however be determined by measuring total shareholder return (defined as share price performance and dividends to shareholders) against gold sector peers on an annual basis. Shares vest only when Pan African Resources outperforms the sector, with a pro-rata vesting and all shares vesting in the event of an outperformance of 8% or more against peers. The new issuance of long-term incentives therefore vest in approximately five years from date of original issue. Remco may elect, at its discretion, in circumstances deemed reasonable/equitable, to apply amended vesting criteria. In the event of a significant outperformance of the market (in excess of 8%), Remco may also allocate additional shares.
Further alignment with shareholders	In the event of a significant acquisition or growth project, Remco will determine a portion of the annual short-term bonus "at risk". If the significant acquisition or growth project does not deliver into initial expectations, after-tax portion of bonus "at risk" is to be refunded by the executive director to the company. If the significant acquisition or growth project performs according to or better than expectations, a top-up bonus is payable by the company.	In the event of a significant acquisition or growth project, Remco will determine a portion of the annual short-term bonus "at risk". If the significant acquisition or growth project does not deliver into initial expectations, after-tax portion of bonus "at risk" is to be refunded by the executive director to the company. If the significant acquisition or growth project performs according to or better than expectations, a top-up bonus is payable by the company.

PRESCRIBED OFFICER REMUNERATION

The prescribed officers' remuneration is disclosed in the annual financial statements on page 186.

ELIKHULU PROJECT INCENTIVE

The Remco considered the merits of incentivising executive directors and key personnel involved in bringing the Elikhulu Project into production. Despite achievements to date, the Remco agreed that an Elikhulu incentive would not be appropriate in the current year, as the project had not yet been delivered and was not yet producing. Remco agreed that an incentive would only be considered once the project was completed and operating as per the definitive feasibility study.

Remco however noted the following project achievements to date:

- Definitive feasibility study successful completion with the key parameters:
  - Incremental gold production in excess of 50,000oz per annum equating to an increase in the group's gold production profile of approximately 25%.
  - Real internal rate of return of 21%, in excess of the group's targeted 15% return.
- The successful securing of competitive ZAR1.7 billion funding for the Elikhulu Project with no external debt advisory costs being incurred.
- The successful completion of environmental regulatory approvals within six months of submissions to the respective governmental departments (completed in August 2017).
- Commencement of plant construction (August 2017), on budget and on schedule.

ANNUAL FINANCIAL STATEMENTS

AUDIT COMMITTEE REPORT

INTRODUCTION

The principal purpose of the audit committee is to assist the board to fulfil its corporate governance and oversight responsibilities to ensure the integrity of the group's financial and corporate reporting, while ensuring adequate systems of internal control and risk management are in place and are operating effectively. The functions of a risk committee at a group level also fall within the ambit of the audit committee.

The committee has reporting responsibilities to the shareholders and the board of directors of Pan African Resources and is accountable to them. It operates in line with a documented charter and complies with all relevant legislation, regulation and governance codes and executes its duties in terms of the requirements of the governance codes in the UK (for the AIM market) and South Africa. These include King IV.

The performance of the audit committee is evaluated against the charter on an annual basis and a self-evaluation of the committee effectiveness is performed by the members and reviewed by the board.

The committee was appointed at the AGM on 25 November 2016. All the directors are considered by the board to have an independent and objective mindset. In terms of King IV there are three independent directors. The audit committee comprises two independent directors and an independent Chairman of the board is the third member. This situation has arisen as the company has a small number of directors. In terms of the UK code the audit committee requires a majority of independent members for AIM-listed companies.

The independent non-executive directors of the audit committee are:

- HH Hickey *(Chairman)*.
- TF Mosololi.
- KC Spencer *(Board Chairman)*.

AUDIT COMMITTEE RESPONSIBILITIES AND DUTIES

The audit committee fulfils its responsibilities and duties as set out in its charter. The functions of the audit committee include:

- Reviewing the interim and year-end financial statements and integrated annual report, where necessary, challenging the consistency and appropriateness of accounting principles, policies and practices which have been applied in the preparation, measurement and disclosures in the financial reports, culminating with a recommendation to the board.
- Monitoring the integrity of formal announcements relating to the group's financial performance, and reviewing significant financial and other reporting judgements.
- Reviewing the external audit reports, after the audit of interim and year-end consolidated financial results.
- Assessing the external auditor's independence and performance.
- Authorising the audit fees in respect of both the interim and year-end external audits, and making recommendations to the board on the appointment, reappointment or change of the group's external auditor.
- Specifying guidelines and authorising the award of non-audit services to the external auditor.
- Reviewing the internal audit management reports with, when relevant, recommendations being made to the board.
- Approving the internal audit plan and reviewing regular reports from the Head of Internal Audit on the effectiveness of the internal control system.
- Ensuring that a coordinated approach to all assurance activities is in place.
- Monitoring the group's compliance with legal and regulatory requirements including ensuring that effective procedures are in place relating to the group's whistleblowing and anti-corruption policies.
- Evaluating the appropriateness and effectiveness of risk management, internal controls and the governance processes.
- Dealing with concerns relating to accounting practices, internal audit, the audit or content of annual financial statements and internal financial controls.

MEETING ATTENDANCE AND COMMITTEE EXPERTISE AND INDEPENDENCE

The committee performs its duties by maintaining effective working relationships with the board, other board committees, management, and internal and external auditors. Under the stewardship of the Chairman, the audit committee met three times during the year under review to discharge its duties and responsibilities.

Attendance of the audit committee members is shown in the corporate governance review on page 89.

The members of the audit committee are all individually independent and non-executive directors. The board has satisfied itself that the audit committee as a functioning unit is competent and possesses relevant knowledge of the industry in which the group operates and that members of the committee individually have the relevant and recent accounting and auditing competence. The audit committee members' skills and experiences are detailed in the board of directors' profiles on page 82.

In cases where circumstances and issues arise, which are deemed outside of the scope of expertise of the audit committee members, independent services and advice from professional bodies and service providers is always sourced.

COMMITTEES' REMUNERATION

Audit committee members are remunerated in the same way as members of other board sub-committees. The fees are approved annually by the remuneration committee. No retirement fund contributions are currently made by the group on behalf of non-executive directors. Refer to page 185 of the consolidated annual financial statements for remuneration to audit committee members.

FINANCIAL REPORTING

The principal role of the audit committee in relation to financial reporting is reviewing, with key management and the external auditor, the integrated annual report, financial results announcements and other publications to ensure statutory and regulatory compliance.

The committee has evaluated the consolidated and separate financial statements for the year ended 30 June 2017 and, based on the information provided to the committee, considers that the consolidated and separate financial statements comply, in all material respects, with the requirements of the UK Companies Act 2006 and IFRS. The consolidated and separate financial statements were then recommended to the board for approval. The audit committee makes its recommendation based on a comprehensive review conducted by the executive directors and other senior management. The requirements from King IV are continuously being assessed and improved on with significant issues resolved.

The committee reviewed the annual financial statements and the non-financial information in the integrated annual report and web-based information and concluded that the key risks have been appropriately reported on.

KEY AND SIGNIFICANT ISSUES CONSIDERED BY THE COMMITTEE

Over the planning of the financial year-end audit and at the conclusion thereof, the committee, together with management and the external auditor, considered key focus areas for the financial year. The key focus areas considered by the audit committee during the year were:

Significant financial reporting matters	How the audit committee addressed the issue
Going concern Directors are required by the UK Companies Act 2006 and the JSE/AIM rules to make an annual statement in relation to the ability of the group to continue as a going concern for a period of no less than 12 months from the date of approval of the financial statements. Under guidelines set out by the UK Financial Reporting Council (FRC) the directors of each UK company are required to consider whether the going concern basis is the appropriate basis of preparation of the financial statements, and furthermore, are required to include appropriate disclosure as to any significant considerations or uncertainties relevant to the going concern assumption. The degree to which the debt funding required for the significant Elikhulu Project ZAR1.74 billion capital expenditure commitment is unconditional and the risk of this funding not being available was a key consideration for the assessment. Significant judgement is required in assessing the ability of the company and the group to continue as a going concern.	In assessing whether the going concern assumption is appropriate, management takes into account all available information for the foreseeable future, which should be at least, but not limited to, twelve months from the date of the financial statements (for SA Companies Act purposes) and twelve months from the date of the approval of the financial statements (for UK Companies Act purposes). These inputs are carefully scrutinised by the audit committee for reasonability. The appropriateness of the going concern assumption for the group is driven by the strength of its operations delivering into its budgeted cash flows in the foreseeable future. A rigorous budgeting process is undergone and facilitated by management over all operations to gather to a reasonable and reliable degree the extent of the following inputs translating to positive cash flows: • Life of mines and production expectations over the forecast period. • Anticipated rise in inflation rates and other factors influencing cost of production. • Reasonable commodity prices to be achieved over the forecast period. • Ability to retain debt facilities and service debt to an acceptable level and meeting all the covenant requirements. Management at group level monitors cash flows on a regular basis to understand cash constraints that will impact debt commitments. The audit committee, together with the board, reviews and, when satisfied with the consolidated budget after challenging the inputs, approves the model. The operations' continued ability to meet budgeted targets is regularly monitored and any deviations are given due attention by management. At year-end the budgeted future cash flows are stressed for reasonable sensitivities to understand where the pinch points are and how to strategically address them. The audit committee, together with the board, reviews that the going concern disclosures are appropriate, balanced and clear. The going concern assumption was assessed to be appropriate at the end of the financial year. The key assumptions underpinning management's base case and reasonable downside scenarios were considered reasonable, including mitigating actions identified.

Significant financial reporting matters	How the audit committee addressed the issue
Rehabilitation and decommissioning provision The group's operations hold material rehabilitation and decommissioning provisions. The provisions at year-end relate to Evander Mines and Barberton Mines. The judgements used to set or revise the provisions in respect of these obligations can be complex with a degree of estimation involved.	The group's policy is for an external review to be performed within a two-year cycle. Independent reviews are conducted on the mines by an expert. For the current year, reliance was placed on the independent assessments performed in the prior year. The audit committee is aware of the policy and reviews the rotation period annually for applicability. Other inputs used include the inflation rate which has been adjusted for a long-term view and the risk-free rate compounded annually and linked to the life of mine.
Classification of Phoenix Platinum as an asset held for sale The group announced on 31 July 2017 a conditional agreement with Sylvania, whereby the company will dispose of all of its shares and loan accounts in Phoenix Platinum to Sylvania for a total cash consideration of ZAR89 million. The transaction is conditional upon the conclusion of a confirmatory due diligence and other suspensive conditions customary for a transaction of this nature. The transaction is expected to be finalised within a 90-day timeframe from the date of the announcement. At the end of the financial period, Phoenix Platinum is held for sale and measured for accounting purposes under IFRS 5. An impairment charge has been recognised by the group.	Although the announcement for the Phoenix Platinum sale was announced after year-end, management and the board had gone through a lengthy process prior to year-end to understand the group's position with regard to the sale and went through various steps of finding a suitable buyer who had shown commitment to follow through with the transactions. As such management at year-end had met all the criteria required by IFRS 5 to classify the operation as held for sale. For the reporting period Phoenix Platinum is therefore classified under IFRS 5 and measured at the lower of carrying amount or fair value less cost to sell.

Impairment assessment
IAS 36: *Impairment of Assets* requires goodwill to be tested for impairment annually or earlier where indicators of impairment become apparent. IAS 36 requires that management evaluate whether there are any indicators of impairment for significant items of property, plant, machinery, equipment and mineral rights, and where indicators are present these should be tested for impairment.
 	
Furthermore IAS 36 requires that if the recoverability of goodwill is sensitive to a reasonably possible change, this be disclosed in the financial statements.
 	
The key assumptions that the recoverable amounts of the main cash-generative units (CGUs) are most sensitive, and involve the most judgement are:
• The life of mine and expected production profile.
• The long-term forecast:
  – Gold price (Barberton and Evander Mines).
  – Foreign exchange rates (that impact the ZAR gold price).
  – PGE basket price (Phoenix Platinum).
• The discount rate, based on the weighted average cost of capital (WACC).
• The extent to which the future capital developments will enhance the forecast production.
	Management assesses impairment annually for goodwill and at each balance sheet date, management reviews all assets (property, plant, machinery and equipment and investments) for any indication of impairment.
	
	The group's continuity as a viable business lies in the strength of the operations delivering positive cash flows over the respective life of mines. With the average life of mine per operation well over 10 years, the recoverability of the mining operations is in their value in use, unless there is a clear indication of a sale of an operation in the near future.
	
	At year-end the audit committee considered management's detailed assessment of the mining operations, including property, plant, machinery and equipment and mineral rights and share investments at group, operational and company level and the underlying assumptions used in the impairment testing in support of carrying amounts, recoverable amounts, life of mine plans and other key judgements and estimates.
	
	Key judgements and estimates undergo extensive internal review and challenge prior to submission to the audit committee.
	
	Based on the impairment testing performed, no impairment was required on goodwill, intangible assets, property, plant, machinery and equipment, and investment, with the exception of Phoenix Platinum which was impaired down to its realisable fair value of ZAR89 million at year-end. Refer to the recently announced sale transaction to Sylvania disclosed on page 192.
	
	The audit committee considered the reasonable range for key assumptions and reviewed the sensitivity disclosure.

SUBSIDIARY COMPANIES

The functions of the audit committee are also performed for each subsidiary company of the Pan African Resources group that has not appointed an audit committee.

EXTERNAL AUDITOR

The committee nominated Deloitte LLP as the statutory auditor and Deloitte & Touche SA for JSE reporting requirement purposes, for reappointment as external auditors of Pan African Resources.

The committee satisfied itself through enquiry that the external auditors are independent as defined by the UK Companies Act 2006 and the standards stipulated by the auditing profession.

The audit committee, in consultation with executive management, agreed to the terms of engagement. The audit fee for the external audit has been considered and approved for the 2017 financial year-end, taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

The committee approved a non-audit services policy which determines the nature and extent of any non-audit services which Deloitte may provide to the company. The policy allows for limited tax and corporate governance advice as well as the provision of reporting accountant services in relation to capital market transactions.

The committee monitors the external auditor's performance and the effectiveness of the audit process as provided with the terms of engagement and agreed audit scope and approach.

FINANCIAL DIRECTOR

The directors have considered the functioning of Pan African Resources' finance department and believe that it functions effectively, with the required controls and systems in place.

The committee has assessed and is satisfied that Deon Louw has the appropriate skill, expertise and experience as required by the JSE Listings Requirement.

INTERNAL AUDITOR

The committee plays an oversight role of internal audit by approval of the internal audit plan and review of the reporting of any findings on a regular basis. The committee satisfied itself that the internal audit function is independent and has the necessary resources, standing and authority to discharge its duties. The Head of Internal Audit has direct access to the Chairman of the audit committee and internal auditors are invited to attend each audit committee meeting.

The focus for the year under review has been on obtaining assurance on the following:

- Review of key risk areas within the control environment and investigations where this was necessary at the specific operations.

RISK MANAGEMENT

The committee is responsible for ensuring that a risk management process is in place. The board focuses on risk management during the strategy and business planning phase. The business units produce and evaluate their risks on a quarterly basis. Continued effort to improve the risk management process is ongoing. The group's integrated approach to risk management is outlined in the risk section on page 20.

ACCOUNTING PRACTICES AND INTERNAL CONTROL

Based on the available and communicated information, together with discussions with the independent external auditor, the committee is satisfied that there was no material breakdown in the internal accounting controls during the financial year under review. The committee reviewed the auditor's report to those charged with governance and can report that there were no material issues requiring immediate additional attention. The value-added issues raised are receiving the appropriate attention to ensure increased effectiveness in all areas of financial and business systems and controls.

On behalf of the audit committee

HH Hickey
Chairperson, audit committee

20 September 2017

DIRECTORS' STATEMENT OF RESPONSIBILITY

The directors are responsible for preparing the integrated annual report and the annual financial statements in accordance with applicable law and regulations.

UK Companies Act requires the directors to prepare such annual financial statements for each financial year. In accordance with the AIM rules the directors are required to prepare the group annual financial statements in accordance with IFRS as adopted by South Africa and the European Union (EU) (and Article 4 of the IAS Regulation) and have also chosen to prepare the parent company financial statements under IFRS as adopted by South Africa and the EU. In terms of the UK Companies Act, the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs and of the profit or loss of the group for that period.

In preparing these annual financial statements, the Act requires that directors:

- Properly select and apply accounting policies.
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- Provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events or conditions on the entity's financial position and financial performance.
- Make an assessment of the group's ability to continue as a going concern.

The directors confirm that to the best of our knowledge:

- The annual financial statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole.
- The strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.
- The integrated annual report and annual financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions, disclose with reasonable accuracy at any time the financial position of the group, and ensure that the annual financial statements comply with the UK Companies Act. They are also responsible for safeguarding the assets of the company and therefore responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of annual financial statements may differ from legislation in other jurisdictions.

CERTIFICATE OF THE COMPANY SECRETARY

I hereby certify that Pan African Resources has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the UK Companies Act. All such returns are true, correct and up to date.

St James's Corporate
Services Limited

St James's Corporate Services Limited
Company Secretary

20 September 2017

DIRECTORS' REPORT

The directors present their integrated annual report and the audited annual financial statements for the year ended 30 June 2017.

PRINCIPAL ACTIVITIES

The group's principal activity during the year was gold, platinum and coal mining. A full review of the activities of the business and of future prospects is contained in the leadership review that accompanies these annual financial statements, with financial and non-financial key performance indicators shown on page 9.

RESULTS AND DIVIDENDS

The results for the year are disclosed in the consolidated statement of profit and loss and other comprehensive income on page 127. The key features of these results can be found on page 34.

The group paid a final dividend of ZAR300 million or GBP17.1 million (2016: ZAR210 million or GBP9.7 million) on 22 December 2016. Refer to page 13 for further details.

POLICY FOR PAYMENT OF CREDITORS

It is the company's policy to settle all agreed transactions within the terms established with suppliers. The company's target credit days is to settle in less than 60 days from statement date.

RISK MANAGEMENT

A separate risk committee is not considered necessary, as this role is fulfilled by the board, its sub-committees and executive management. The identification and management of critical risks is a strategic focus area for executive management, reviewed on a monthly basis and, together with action plans, reported regularly to the board. Executive management and other board members have the ability to call for emergency board meetings, should the need arise. The group's risk management and key business risks are documented within the risk section on page 20.

INTERNAL CONTROL

The board is responsible for maintaining a sound system of internal controls to safeguard shareholders' investment and group assets. The directors monitor the operation of internal controls. The objective of the system is to safeguard group assets, ensure proper accounting records are maintained and that the financial information used within the business and for publication is reliable. Any such system of internal control can only provide reasonable but not absolute assurance against material misstatement or loss.

Internal financial control procedures undertaken by the board include:

- Review of monthly financial reports and monitoring performance.
- Review of internal audit reports and follow-up action of weaknesses identified by these reports.
- Review of competency and experience of senior management staff.
- Prior approval of all significant expenditure, including all major investment decisions.
- Review and debate of treasury and other policies.

The board has reviewed the operation and effectiveness of the group's system of internal control for the financial year and the period up to the date of approval of the annual financial statements.

GOING CONCERN

The group closely monitors and manages its liquidity risk by means of a centralised treasury function. Cash forecasts are regularly produced and sensitivities run for different scenarios including, but not limited to, changes in commodity prices and different production profiles from the group's producing assets. The group had ZAR800 million of available debt liquidity headroom and ZAR160.2 million cash and cash equivalents at 30 June 2017, and has also secured a further ZAR1 billion committed term facility to fund the Elikhulu Project. Based on the current status of the group's finances, having considered going concern forecasts and reasonably possible downside scenarios after considering the principal risks discussed on page 20, and in particular relating to gold prices and production volumes, the group's forecasts show it will have sufficient liquidity headroom for the 12 months from the date of approval of the financial statements to meet all its obligations in the ordinary course of business.

The board has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the group continues to adopt the going concern basis of accounting in preparation of the 30 June 2017 financial statements.

EVENTS AFTER THE REPORTING PERIOD

The group announced on 31 July 2017 that it will dispose of all of its shares and loan accounts in Phoenix Platinum to Sylvania for a total cash consideration of ZAR89 million. The transaction remains subject to conditions customary to a transaction of this nature, which includes a confirmatory due diligence.

DIRECTORS

The following were directors during the year under review:

KC Spencer
(Independent non-executive Chairman)[1]

JAJ Loots *(Chief Executive Officer)*

GP Louw *(Financial Director)*

HH Hickey[1]

TF Mosololi[1]

RM Smith[1]

[1] *Independent non-executive director.*

AUDITOR

Deloitte LLP has been appointed as the statutory auditor and Deloitte SA has been appointed as auditor for JSE reporting requirements until the conclusion of the next AGM.

Each of the persons who are directors at the date of approval of this annual report confirms that:

- As far as the directors are aware, all relevant information has been provided to the group's auditors.
- The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with S418 of the UK Companies Act.

Deloitte has expressed its willingness to continue in office as auditors, and a resolution to reappoint it will be proposed at the forthcoming AGM.

APPROVAL OF FINANCIAL STATEMENTS

The board of directors therefore approves the integrated report, strategic report and associated financial statements.

By order of the board

Cobus Loots
Chief Executive Officer

20 September 2017

UNITED KINGDOM

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of Pan African Resources

Report on the audit of the financial statements

OPINION

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2017 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Pan African Resources (the parent company for which separate financial statements are prepared) and its subsidiaries (the group) which comprise:

- the consolidated and separate statement of profit or loss and other comprehensive income;
- the consolidated and separate statement of financial position;
- the consolidated and separate statement of changes in equity;
- the consolidated and separate statements of cashflow;
- the accounting policies; and
- the related notes 1 to 39.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

SUMMARY OF OUR AUDIT APPROACH

Key audit matters	The key audit matters that we identified in the current year were: • Going concern. • Impairment of property, plant and equipment and goodwill. • Classification of Phoenix as an asset held for sale. • Rehabilitation provision.
Materiality	We determined materiality for the group to be GBP1.5 million, based on 6% of normalised three-year average pre-tax profit.
Scoping	Full scope audits have been performed on Barberton, Evander and Pan African Resources components and specified audit procedures were performed on the Phoenix and Uitkomst components. These account for 99% of the group's profit before tax, 100% of the group's revenue and 93% of the group's net assets.

CONCLUSIONS RELATING TO GOING CONCERN

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; and
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Going concern	
Key audit matter description See note 2 and the audit committee report on page 107 for further details.	The group is dependent on generating sufficient cash flows to maintain sufficient liquidity to continue operating under the normal course of business and meet covenant requirements, and hence operate within the parameters of its debt facilities. The directors have concluded that the going concern basis of accounting remains appropriate after performing a detailed forecast of liquidity and covenant compliance for a period of 12 months from the date of approval of the 2017 integrated annual report and has not identified any material uncertainties related to going concern. The forecast increase in the group's borrowings to fund capital expenditure requirements, in particular the Elikhulu Project, reduces the forecast available headroom on financial covenants. In addition, further pressure on the group's cash flow and available headroom on financial covenants arises from the volatility in the gold price and the Rand to US Dollar exchange rate and from challenges associated with ageing infrastructure. There is therefore a risk that the going concern basis of accounting will be adopted inappropriately or that the disclosures are not adequate.
How the scope of our audit responded to the key audit matter	We challenged the key assumptions in the directors' forecast cash flows for the next 12 months, within both base case and downside scenarios, by: • reviewing the directors' going concern paper and the accompanying cash flow and covenant compliance forecasts for the going concern period. This paper included stress tests for a range of reasonably possible scenarios; • comparing cash flow forecasts for 2017 with the board-approved budget for that period, and obtaining explanations for any significant differences; • comparing the forecast gold price assumption with the latest set of broker forecasts; • using our mining specialists, Venmyn Deloitte, to challenge the reasonableness of the production profile and recovery rates; • assessing the historical accuracy of budgeted production; • agreeing the group's committed debt facilities and hedging arrangements to supporting documentation; • testing the mechanical accuracy of the cash flow models and the related covenant compliance forecasts; and • assessing whether the disclosures relating to going concern included in the financial statements are balanced, proportionate and clear.

Going concern continued	
Key observations	Based on our procedures performed we are satisfied that the going concern assumption remains appropriate given the headroom available in the directors' base case and downside sensitivities and that the disclosures provided are proportionate, balanced and clear. Over the next 12 months the construction of the Elikhulu Project is forecast to increase the group's borrowings and the interest cover ratio remains the most sensitive financial covenant.
Impairment of property, plant and equipment and goodwill	
Key audit matter description See notes 3, 17 and 19 and the audit committee report on page 107 for further details.	The carrying value of property, plant and equipment on the statement of financial position at 30 June 2017 was GBP225 million (note 17) and goodwill associated with Barberton had a carrying value of GBP21 million (note 19) at 30 June 2017. In line with IAS 36: *Impairment of Assets* the directors are required to perform an impairment assessment on the carrying value of goodwill and assess whether any internal or external indicators of impairment exist in relation to its property, plant and equipment. The directors identified impairment indicators with regard to mining assets, including a decline in the forecast long-term gold price and production shortfalls, and therefore carried out an impairment assessment. This requires significant judgement to be exercised, primarily in regard to the impact of future expansion projects, the assumed forecast gold price, discount rates and the group's production and cost profiles at each of its mines. As referenced in note 3 of the financial statements, the recoverable value of property, plant and equipment and goodwill is considered by the directors to be a key source of estimation uncertainty. The directors have performed an impairment assessment on all of its cash-generating units (CGUs) and concluded that no impairments should be recognised in respect of the Barberton and Evander CGUs but that goodwill is sensitive to a potential impairment if the forecast gold price declines below ZAR520,800/kg. An impairment loss of GBP6 million was recognised on the Phoenix CGU which was remeasured to fair value less cost to sell when it was classified as a non-current asset held for sale.
How the scope of our audit responded to the key audit matter	We challenged the directors' significant assumptions used in the impairment testing for property, plant and equipment, and specifically the cash flow projections, by: • working with Venmyn Deloitte to analyse the directors' long-term mining plans which form the basis of their recoverable value models and consideration of the directors' inferred resource valuation assumptions for the 2010 Pay Channel (a proposed area for further mining in the Evander CGU); • considering the work of the directors' experts in producing the long-term mining plans and considering their experience and qualifications; • comparing the discount rates used by the directors with Deloitte's internal valuation specialists' calculations and the long-term gold prices assumed with external forecasts; • assessing the directors' allocation of the forecast cash inflows and capital costs of the Elikhulu Project, which has not yet been commissioned, to the Evander CGU; • reviewing the directors' accounting paper on impairments with consideration of all of the assumptions supporting their conclusions; and • testing capitalised expenditure during the year on a sample basis to assess whether the related costs qualify for capitalisation under the relevant accounting standards. We reviewed the adequacy and accuracy of disclosures and we also evaluated the sensitivity analysis performed by the directors relating to the impairment review.

Impairment of property, plant and equipment and goodwill (consolidated financial statements) continued	
Key observations	Based on our procedures performed, we are satisfied that the recoverability of the assets has been assessed in accordance with the requirements of IAS 36: *Impairment of Assets*. As disclosed in note 17, the recoverable values of the Barberton and Evander CGUs are sensitive to the assumed long-term real gold price of ZAR550,000/kg. We consider this assumption to be reasonable, though it is at the upper end of the range of independent analyst forecasts.
Classification of Phoenix as an asset held for sale	
Key audit matter description See note 14 and the audit committee report on page 107 for further details.	The directors classified the Phoenix Platinum plant as an asset held for sale and a discontinued operation under IFRS 5: *Non-current Assets Held for Sale and Discontinued Operations* at 30 June 2017, which resulted in: • the remeasurement of the Phoenix CGU to its fair value less costs of disposal and the recognition of a GBP6 million impairment charge; • the classification of all assets and liabilities within two separate line items within the statement of financial position in the current period; and • the classification of the Phoenix results for the current and comparative periods within discontinued operations. The Phoenix Platinum plant recorded sales of GBP5 million and incurred mining loss of GBP1 million in the period. These have been classified within profit from discontinued operations for the current period. The directors announced they agreed the sale of Phoenix with a third party effective 31 July 2017 and have used this agreed sale price as the basis to determine the fair value less cost to dispose at 30 June 2017. There is a risk that Phoenix's operations were prematurely classified as held for sale, and judgement is required to determine if the disposal of Phoenix within 12 months was highly probable as at 30 June 2017 as a binding sale had not been agreed by this date.
How the scope of our audit responded to the key audit matter	We have challenged the directors' assessment that the disposal of Phoenix was highly probable to be completed within 12 months at 30 June 2017 by: • reviewing correspondence and offers received that supported management's marketing activities at 30 June 2017; • reviewing the sale agreement with Sylvania; and • confirming directly with the executive directors and the audit committee that the board was committed to the disposal of Phoenix at 30 June 2017 and that the directors considered it highly probable that this would be completed within 12 months.
Key observations	We are satisfied that the classification of Phoenix as an asset held for sale at 30 June 2017 is appropriate and that the directors were actively marketing Phoenix at fair market price at 30 June 2017. The impairment recognised is reasonable.
Rehabilitation provision	
Key audit matter description See note 29 and the audit committee report on page 107 for further details.	The provision for rehabilitation and decommissioning at 30 June 2017 was GBP12 million. The measurement of this provision requires judgement to determine the forecast estimated cost of rehabilitation activity, the life of each mine, the forecast inflation rate and an appropriate discount rate.

Rehabilitation provision continued	
How the scope of our audit responded to the key audit matter	We have challenged the directors' key assumptions used in their determination of the rehabilitation provision by: • assessing the work of the directors' experts in producing the mine closure costs and assessing their competence, experience and qualifications; • working with Venmyn Deloitte to analyse the directors' long-term mining plans which form the basis for determining the expected timing of future cash flows; • interviewing mining engineers to understand the extent of any additional damage requiring rehabilitation and agreeing that this has been included in the forecast cash flows; and • agreeing the inflation and discount rate assumptions to independent sources.
Key observations	We are satisfied that the judgements made by the directors are reasonable. The directors' risk adjustments to the forecast cash flows are reasonable and consistent with industry practice and include a 10% contingency in the estimate of future costs (as required by in legislation in South Africa) and management has further adjusted the forecast cash flows by increasing the inflation assumption to 1% above official South African inflation.

OUR APPLICATION OF MATERIALITY

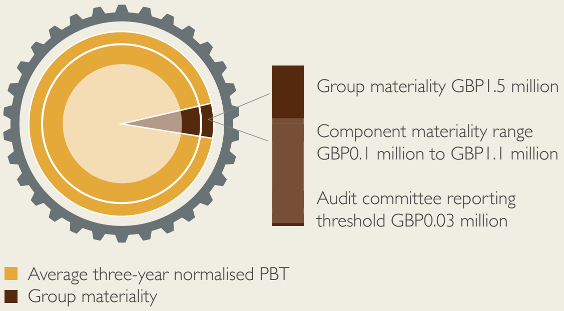
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality	GBP1.5 million/ZAR26 million (2016: GBP1.4 million/ZAR30 million) which was determined on the basis of a three-year average normalised profit before tax.
Basis for determining materiality	The applied materiality is approximately 6% of normalised three-year average pre-tax profit (2016: 6%). These normalising items are outlined in note 15 to the financial statements.
Rationale for the benchmark applied	The pre-tax profits for the 2015 to 2017 years have been normalised in determining materiality to exclude items which, due to their nature and/or expected infrequency of the underlying events, are not considered indicative of continuing operations of the group and so do not form part of the group's internally or externally monitored primary KPIs, and which if included, would distort materiality year-on-year. We consider this approach to be more appropriate than using a single period given the nature of the mining industry which is exposed to cyclical commodity price fluctuations. A three-year average provides a more stable base reflective of the group's size and operations. The materiality determined equates to less than 1% (2016: 1%) of equity.

MATERIALITY

Average three-year normalised PBT GBP24 million



We agreed with the audit committee that we would report to the committee all audit differences in excess of GBP0.03 million (2016: GBP0.03 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the audit committee on disclosure matters that we identify when assessing the overall presentation of the financial statements.

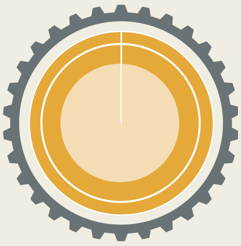
AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The group's operations are located in South Africa. Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level. Based on our continuing assessment, we focused our group audit scope primarily on the audit work at seven components, representing the group's most material operations, and utilised three component audit teams in South Africa.

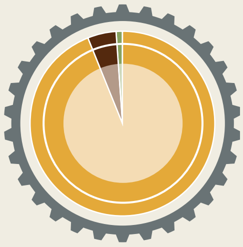
- four of these were subject to a full scope audit; and
- three were subject to specified audit procedures where the extent of our testing was based on our assessment of the risk of material misstatement and of the materiality of the group's operations at those locations.

These seven components account for 99% of the group's profit before tax, 100% of the group's revenue and 93% of the group's net assets.

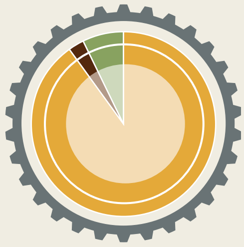
REVENUE



PROFIT BEFORE TAX



NET ASSET



For all full scope components the group audit team was involved in the audit work performed by the component auditors through a combination of our planning conference call meetings, in-country review and challenge of related component detailed working papers and of findings from their work (which included the audit procedures performed to respond to risks of material misstatement) and regular interaction on any related audit and accounting matters which arose.

The group audit partner and senior members of the group audit team travelled to South Africa as part of the audit and periodically met with local management and the component audit team.

At the parent entity level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the integrated annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' statement of responsibility, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and or the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

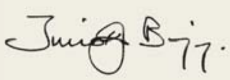
- we have not received all the information and explanations we require for our audit;
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; and
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of these matters.



Timothy Biggs FC
Senior statutory auditor

for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

20 September 2017

SOUTH AFRICA

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Pan African Resources

Report on the audit of the consolidated and separate financial statements

OPINION

We have audited the consolidated and separate financial statements of Pan African Resources (the group) set out on pages 126 to 196, which comprise the statements of financial position as at 30 June 2017, and the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group as at 30 June 2017, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on *Auditing* (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Going concern	
Key audit matter description See note 2 and the audit committee report on page 107 for further details.	The group is dependent on generating sufficient cash flows to maintain sufficient liquidity to continue operating under the normal course of business and meet covenant requirements, and hence operate within the parameters of its debt facilities. The directors have concluded that the going concern basis of accounting remains appropriate after performing a detailed forecast of liquidity and covenant compliance for a period of 12 months from the date of approval of the 2017 integrated annual report and has not identified any material uncertainties related to going concern. The forecast increase in the group's borrowings to fund capital expenditure requirements, in particular the Elikhulu Project, reduces the forecast available headroom on financial covenants. In addition, further pressure on the group's cash flow and available headroom on financial covenants arises from the volatility in the gold price and the Rand to US Dollar exchange rate and from challenges associated with ageing infrastructure. There is therefore inherent uncertainty in forecasting and a degree of judgement involved in evaluating whether the going concern basis of accounting will be adopted appropriately, as such we identified the assessment of the company and the group to continue as a going concern as a key audit matter.

Going concern continued	
How the scope of our audit responded to the key audit matter	We challenged the significant judgements in the directors' forecast cash flows for the next 12 months, within both base case and downside scenarios, by: • reviewing the directors' going concern paper and the accompanying cash flow and covenant compliance forecasts for the going concern period. This paper included stress tests for a range of reasonably possible scenarios; • comparing cash flow forecasts for 2017 with the board-approved budget for that period, and obtaining explanations for any significant differences; • comparing the forecast gold price assumption with the latest set of broker forecasts; • using our mining specialists, Venmyn Deloitte, to challenge the reasonableness of the production profile and recovery rates; • assessing the historical accuracy of budgeted production; • agreeing the group's committed debt facilities and hedging arrangements to supporting documentation; • testing the mechanical accuracy of the cash flow models and the related covenant compliance forecasts; and • assessing whether the disclosures relating to going concern included in the financial statements are balanced, proportionate and clear.
Key observations	Based on our procedures performed we are satisfied that the going concern assumption remains appropriate given the headroom available in the directors' base case and downside sensitivities and that the disclosures provided are proportionate, balanced and clear. Over the next 12 months the construction of the Elikhulu Project is forecast to increase the group's borrowings and the interest cover ratio remains the most sensitive financial covenant.

Impairment of property, plant and equipment and goodwill (consolidated financial statements)	
Key audit matter description See notes 3, 17 and 19 and the audit committee report on page 107 for further details.	The carrying value of property, plant and equipment on the statement of financial position at 30 June 2017 was GBP225 million (note 17) and goodwill associated with Barberton had a carrying value of GBP21 million (note 19) at 30 June 2017. In line with IAS 36: *Impairment of Assets* the directors are required to perform an impairment assessment on the carrying value of goodwill and assess whether any internal or external indicators of impairment exist in relation to its property, plant and equipment. The directors identified impairment indicators with regard to mining assets, including a decline in the forecast long-term gold price and production shortfalls, and therefore carried out an impairment assessment. This requires significant judgement to be exercised, primarily in regard to the impact of future expansion projects, the assumed forecast gold price, discount rates and the group's production and cost profiles at each of its mines. As referenced in note 3 of the financial statements the recoverable value of property, plant and equipment and goodwill is considered by the directors to be a key source of estimation uncertainty. The directors have performed an impairment assessment on all of its cash-generating units (CGUs) and concluded that no impairments should be recognised in respect of the Barberton and Evander CGUs but that goodwill is sensitive to a potential impairment if forecast long-term real gold price declines below ZAR520,800/kg. An impairment loss of GBP6 million was recognised on the Phoenix CGU which was remeasured to fair value less cost to sell when it was classified as a non-current asset held for sale. Due to the value of assets and the extent of significant judgement and esitmates required in evaluating the impairment, we have identified impairments as a key audit matter.

Impairment of property, plant and equipment and goodwill (consolidated financial statements) continued	
How the scope of our audit responded to the key audit matter	We challenged the directors' significant assumptions used in the impairment testing for property, plant and equipment, and specifically the cash flow projections, by: • working with Venmyn Deloitte to analyse the directors' long-term mining plans which form the basis of their recoverable value models and consideration of the directors' inferred resource valuation assumptions for the 2010 Pay Channel (a proposed area for further mining in the Evander CGU); • considering the work of the directors' experts in producing the long-term mining plans and considering their experience and qualifications; • comparing the discount rates used by the directors with Deloitte's internal valuation specialists' calculations and the long-term gold prices assumed with external forecasts; • assessing the directors' allocation of the forecast cash inflows and capital costs of the Elikhulu Project, which has not yet been commissioned, to the Evander CGU; • reviewing the directors' accounting paper on impairments with consideration of all of the assumptions supporting their conclusions; and • testing capitalised expenditure during the year on a sample basis to assess whether the related costs qualify for capitalisation under the relevant accounting standards. We reviewed the adequacy and accuracy of disclosures and we also evaluated the sensitivity analysis performed by the directors relating to the impairment review.
Key observations	Based on our procedures performed, we are satisfied that the recoverability of the assets has been assessed in accordance with the requirements of IAS 36: *Impairment of Assets*. As disclosed in note 17, the recoverable values of the Barberton and Evander CGUs are sensitive to the assumed long-term real gold price of ZAR550,000/kg. We consider this assumption to be reasonable, though it is at the upper end of the range of independent analyst forecasts.

Classification of Phoenix as an asset held for sale (consolidated financial statements)	
Key audit matter description See note 14 and the audit committee report on page 107 for further details.	The directors classified the Phoenix Platinum plant as an asset held for sale and a discontinued operation under IFRS 5: *Non-current Assets Held for Sale and Discontinued* operations at 30 June 2017, which resulted in: • The remeasurement of the Phoenix CGU to its fair value less costs of disposal and the recognition of a GBP6 million impairment charge. • The classification of all assets and liabilities within two separate line items within the statement of financial position in the current period. • The classification of the Phoenix results for the current and comparative periods within discontinued operations. The Phoenix Platinum plant recorded sales of GBP5 million and incurred mining loss of GBP1 million in the period. These have been classified within profit from discontinued operations for the current period. The directors announced they agreed the sale of Phoenix with a third party effective 31 July 2017 and have used this agreed sale price as the basis to determine the fair value less cost to dispose at 30 June 2017. There is a risk that Phoenix's operations were prematurely classified as held for sale, and judgement is required to determine if the disposal of Phoenix within 12 months was highly probable as at 30 June 2017 as a binding sale had not been agreed by this date; accordingly, we have identified this as a key audit matter.

Classification of Phoenix as an asset held for sale (consolidated financial statements) continued	
How the scope of our audit responded to the key audit matter	We have challenged the directors' assessment that the disposal of Phoenix was highly probable to be completed within 12 months at 30 June 2017 by: • reviewing correspondence and offers received that supported the directors' marketing activities at 30 June 2017; • reviewing the sale agreement with Sylvania; and • confirming directly with the executive directors and the audit committee that the board was committed to the disposal of Phoenix at 30 June 2017 and that the directors considered it highly probable that this would be completed within 12 months.
Key observations	We are satisfied that the classification of Phoenix as an asset held for sale at 30 June 2017 is appropriate and that the directors were actively marketing Phoenix at fair market price at 30 June 2017. The impairment recognised is reasonable.

Rehabilitation provision (consolidated financial statements)	
Key audit matter description See note 29 and the audit committee report on page 107 for further details.	The provision for rehabilitation and decommissioning at 30 June 2017 was GBP12 million. The measurement of this provision requires judgement to determine the forecast estimated cost of rehabilitation activity, the life of each mine, the forecast inflation rate and an appropriate discount rate, therefore, we identified the valuation of the rehabilitation provision as a key audit matter.
How the scope of our audit responded to the key audit matter	We have challenged the directors' key assumptions used in their determination of the rehabilitation provision by: • assessing the work of the directors' experts in producing the mine closure costs and assessing their competence, experience and qualifications; • working with Venmyn Deloitte to analyse the directors' long-term mining plans which form the basis for determining the expected timing of future cash flows; • interviewing mining engineers to understand the extent of any additional damage requiring rehabilitation and agreeing that this has been included in the forecast cash flows; and • agreeing the inflation and discount rate assumptions to independent sources.
Key observations	We are satisfied that the judgements made by the directors are reasonable. The directors' risk adjustments to the forecast cash flows are reasonable and consistent with industry practice and include a 10% contingency in the estimate of future costs (as required by legislation in South Africa) and the directors have further adjusted the forecast cash flows by increasing the inflation assumption to 1% above official South African inflation.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the directors' report, the audit committee's report and the certificate of the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the integrated annual report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or the company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or the company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Pan African Resources for eight years.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: P Ndlovu
Partner

20 September 2017

CONSOLIDATED AND SEPARATE

STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

		Consolidated		Separate	
	Notes	Audited 30 June 2017 GBP	Audited 30 June 2016 GBP	Audited 30 June 2017 GBP	Audited 30 June 2016 GBP
Assets					
Non-current assets					
Property, plant and equipment and mineral rights	17	**224,687,447**	190,725,199	**–**	–
Other intangible assets	18	**72,426**	123,235	**–**	–
Deferred taxation	31	**762,503**	1,117,092	**415,692**	–
Long-term inventory	23	**684,432**	186,861	**–**	–
Long-term receivables	20	**2,535,378**	–	**1,474,057**	–
Goodwill	19	**21,000,714**	21,000,714	**–**	–
Investments	21	**7,522,632**	1,269,228	**126,527,682**	124,200,675
Rehabilitation trust fund	22	**18,904,554**	16,253,708	**–**	–
		276,170,086	230,676,037	**128,417,431**	124,200,675
Current assets					
Inventories	23	**5,047,416**	4,398,813	**–**	–
Receivables from other group companies	36	**–**	–	**90,816,537**	51,716,563
Current taxation asset	28	**1,068,496**	848,946	**66,479**	8,469
Trade and other receivables	24	**13,744,108**	14,042,357	**5,563**	57,939
Cash and cash equivalents	25	**9,447,144**	2,658,947	**8,009,500**	77,660
		29,307,164	21,949,063	**98,898,079**	51,860,631
Assets held for sale	14	**5,610,475**	66,873	**5,247,642**	–
Total assets		**311,087,725**	252,691,973	**232,563,152**	176,061,306
Equity and liabilities					
Capital and reserves					
Share capital	26	**22,346,875**	19,432,065	**22,346,875**	19,432,065
Share premium		**145,400,890**	108,936,082	**145,400,890**	108,936,082
Translation reserve		**(36,902,740)**	(58,583,848)	**1,159,959**	(5,875,138)
Share option reserve		**1,221,395**	1,035,888	**897,658**	897,658
Retained earnings		**131,297,799**	126,620,650	**45,448,827**	43,496,979
Realisation of equity reserve		**(10,701,093)**	(10,701,093)	**–**	–
Treasury capital reserve		**(25,376,743)**	(25,376,743)	**–**	–
Merger reserve		**(10,705,308)**	(10,705,308)	**1,560,000**	1,560,000
Other reserves		**–**	317,509	**–**	317,509
Equity attributable to owners of the parent		**216,581,075**	150,975,202	**216,814,209**	168,765,155
Total equity		**216,581,075**	150,975,202	**216,814,209**	168,765,155
Non-current liabilities					
Long-term provisions	29	**11,655,325**	10,432,986	**–**	–
Long-term liabilities	30	**12,290,302**	18,456,309	**544,680**	–
Deferred taxation	31	**38,947,226**	40,616,337	**–**	–
		62,892,853	69,505,632	**544,680**	–
Current liabilities					
Trade and other payables	27	**27,056,598**	18,743,235	**1,123,317**	257,837
Current portion of long-term liabilities	30	**4,145,679**	6,980,711	**207,055**	–
Financial instruments	32	**–**	5,945,399	**–**	–
Payable to other group companies	36	**–**	–	**13,873,891**	7,038,314
Current taxation liability	28	**48,686**	541,794	**–**	–
		31,250,963	32,211,139	**15,204,263**	7,296,151
Liabilities directly associated with assets held for sale	14	**362,834**	–	**–**	–
Total equity and liabilities		**311,087,725**	252,691,973	**232,563,152**	176,061,306

The financial statements of Pan African Resources, registered number 3937466, were approved by the board on 20 September 2017 and signed on its behalf by:

Cobus Loots
Chief Executive Officer

Deon Louw
Financial Director

CONSOLIDATED AND SEPARATE

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2017

	Notes	Consolidated Audited 30 June 2017 GBP	Consolidated [1]Re-presented Audited 30 June 2016 GBP	Separate Audited 30 June 2017 GBP	Separate Audited 30 June 2016 GBP
Continuing operations					
Gold sales	4	**169,584,586**	161,312,220	–	–
Realisation costs	4	**(1,826,043)**	(956,709)	–	–
On-mine revenue		**167,758,543**	160,355,511	–	–
Gold cost of production	5	**(134,006,583)**	(100,487,340)	–	–
Mining depreciation and amortisation	17,18	**(10,493,064)**	(9,995,526)	–	–
Mining profit		**23,258,896**	49,872,645	–	–
Other (expenses)/income	8	**(2,002,545)**	(12,167,011)	**18,348,538**	13,421,553
Profit on disposal of investment	21	**222,571**	–	**222,571**	–
Profit on disposal of subsidiary	14	**5,385,915**	–	**6,343,387**	–
Impairments	21	–	–	**(6,352,320)**	–
Royalty costs		**(1,335,031)**	(2,783,423)	–	–
Net income before finance income and finance costs		**25,529,806**	34,922,211	**18,562,176**	13,421,553
Finance income	9	**291,912**	433,344	**51,496**	79,755
Finance costs	9	**(2,815,223)**	(1,448,248)	**(2,575)**	(6)
Profit before taxation from continuing operations	10	**23,006,495**	33,907,307	**18,611,097**	13,501,302
Taxation	13	**(242,942)**	(8,578,135)	**408,704**	(33,810)
Profit after taxation from continuing operations		**22,763,553**	25,329,172	**19,019,801**	13,467,492
Discontinued operations					
(Loss)/profit after taxation from discontinued operations	14	**(4,853,517)**	172,645	–	–
Profit after taxation		**17,910,036**	25,501,817	**19,019,801**	13,467,492
Other comprehensive income (net of taxes):					
Items that may be reclassified subsequently to profit and loss		**21,363,599**	(1,793,145)	**6,717,588**	1,895,938
Fair value movement on available-for-sale investment	21	**(94,938)**	388,188	**(94,938)**	388,188
Recycling of the gain on disposal of available-for-sale investment		**(222,571)**	–	**(222,571)**	–
Foreign currency translation differences		**21,681,108**	(2,181,333)	**7,035,097**	1,507,750
Total comprehensive income for the year		**39,273,635**	23,708,672	**25,737,389**	15,363,430
Profit attributable to:					
Owners of the parent		**17,910,036**	25,501,817	**19,019,801**	13,467,492
Total comprehensive income attributable to:					
Owners of the parent		**39,273,635**	23,708,672	**25,737,389**	15,363,430
Earnings per share	15	**1.14**	1.41	–	–
Diluted earnings per share	15	**1.14**	1.41	–	–

CONSOLIDATED AND SEPARATE

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2017

	Share capital GBP	Share premium GBP	Translation reserve[1] GBP	Share option reserve GBP
Consolidated				
Balance at 30 June 2015	18,314,947	94,846,046	(56,402,515)	1,035,888
Issue of shares	1,117,118	15,011,206	–	–
Share issue costs	–	(921,170)	–	–
Profit for the year	–	–	–	–
Other comprehensive income	–	–	(2,181,333)	–
Total comprehensive income	–	–	(2,181,333)	–
Dividends paid	–	–	–	–
Share buyback	–	–	–	–
Balance at 30 June 2016	**19,432,065**	**108,936,082**	**(58,583,848)**	**1,035,888**
Issue of shares	**2,914,810**	**37,892,528**	**–**	**–**
Share issue costs		**(1,427,720)**	**–**	**–**
Profit for the year	**–**	**–**		**–**
Other comprehensive income	**–**	**–**	**21,681,108**	**–**
Total comprehensive income	**–**	**–**	**21,681,108**	**–**
Dividends paid	**–**	**–**	**–**	**–**
Reciprocal dividends received	**–**	**–**	**–**	**–**
Share-based payment – charge for the year	**–**	**–**	**–**	**185,507**
Balance at 30 June 2017	**22,346,875**	**145,400,890**	**(36,902,740)**	**1,221,395**

	Share capital GBP	Share premium GBP	Translation reserve[1] GBP	Share option reserve GBP
Separate				
Balance at 30 June 2015	18,314,947	94,846,046	(7,382,888)	897,658
Issue of shares	1,117,118	15,011,206	–	–
Share issue costs	–	(921,170)	–	–
Profit for the year	–	–	–	–
Other comprehensive income	–	–	1,507,750	–
Total comprehensive income	–	–	1,507,750	–
Dividends paid	–	–	–	–
Balance at 30 June 2016	**19,432,065**	**108,936,082**	**(5,875,138)**	**897,658**
Issue of shares	**2,914,810**	**37,892,528**	**–**	**–**
Share issue costs	**–**	**(1,427,720)**	**–**	**–**
Profit for the year	**–**	–	**–**	**–**
Other comprehensive income	–	–	**7,035,097**	**–**
Total comprehensive income	–	–	**7,035,097**	**–**
Dividends paid	**–**	–	**–**	**–**
Balance at 30 June 2017	**22,346,875**	**145,400,890**	**1,159,959**	**897,658**

[1] ***Translation reserve:*** *comprises all foreign exchange differences arising from the translation of the financial results from the group's functional currency (ZAR) to the group's presentational currency (GBP).*

[2] ***Merger reserve:*** *was created through the historic reverse acquisition of Barberton Mines in Juy 2007.*

[3] ***Other reserve:*** *comprises unrealised gains or losses recognised in other comprehensive income when available-for-sale financial assets are subsequently measured at fair value.*

[4] ***Realisation of equity reserve:*** *was created in June 2009 through the acquisition of PAR Gold Proprietary Limited's 26% shareholding in Barberton Mines in exchange for the issue of new ordinary shares in Pan African Resources to PAR Gold Proprietary Limited.*

[5] ***Treasury capital reserve:*** *was created in June 2016 and comprises Funding Company's investment in PAR Gold Proprietary Limited after costs capitalised to the investment.*

Retained earnings GBP	Realisation of equity reserve[4] GBP	Treasury capital reserve[5] GBP	Merger reserve[2] GBP	Other reserves[3] GBP	Total GBP
110,850,201	(10,701,093)	–	(10,705,308)	(70,679)	147,167,487
–	–	–	–	–	16,128,324
–	–	–	–	–	(921,170)
25,501,817	–	–	–	–	25,501,817
–	–	–	–	388,188	(1,793,145)
25,501,817	–	–	–	388,188	23,708,672
(9,731,368)	–	–	–	–	(9,731,368)
–	–	(25,376,743)	–	–	(25,376,743)
126,620,650	**(10,701,093)**	**(25,376,743)**	**(10,705,308)**	**317,509**	**150,975,202**
–	**–**	**–**	**–**	**–**	**40,807,338**
–	**–**	**–**	**–**	**–**	**(1,427,720)**
17,910,036	**–**	**–**	**–**	**–**	**17,910,036**
–	**–**	**–**	**–**	**(317,509)**	**21,363,599**
17,910,036	**–**	**–**	**–**	**(317,509)**	**39,273,635**
(17,067,953)	**–**	**–**	**–**	**–**	**(17,067,953)**
3,835,066	**–**	**–**	**–**	**–**	**3,835,066**
–	**–**	**–**	**–**	**–**	**185,507**
131,297,799	**(10,701,093)**	**(25,376,743)**	**(10,705,308)**	**–**	**216,581,075**

Retained earnings GBP	Merger reserve[2] GBP	Other reserves[3] GBP	Total GBP
39,760,855	1,560,000	(70,679)	147,925,939
–	–	–	16,128,324
–	–	–	(921,170)
13,467,492	–	–	13,467,492
–	–	388,188	1,895,938
13,467,492	–	388,188	15,363,430
(9,731,368)	–	–	(9,731,368)
43,496,979	**1,560,000**	**317,509**	**168,765,155**
–	**–**	–	**40,807,338**
–	**–**	–	**(1,427,720)**
19,019,801	**–**	–	**19,019,801**
–	**–**	**(317,509)**	**6,717,588**
19,019,801	**–**	**(317,509)**	**25,737,389**
(17,067,953)	**–**	–	**(17,067,953)**
45,448,827	**1,560,000**	–	**216,814,209**

CONSOLIDATED AND SEPARATE

STATEMENT OF CASH FLOWS

for the year ended 30 June 2017

	Notes	Consolidated		Separate	
		Audited 30 June 2017 GBP	Audited 30 June 2016 GBP	Audited 30 June 2017 GBP	Audited 30 June 2016 GBP
Net cash generated from operations after tax, royalties and finance costs	38	**19,800,729**	37,489,038	**21,092,958**	13,625,376
Dividends paid net of PAR Gold reciprocal dividend		**(13,290,429)**	(9,024,833)	**(17,142,171)**	(9,024,833)
Net cash generated from operating activities		**6,510,300**	28,464,205	**3,950,787**	4,600,543
Investing activities					
Additions to property, plant and equipment and mineral rights	17	**(35,518,177)**	(14,079,918)	**–**	–
Additions to other intangible assets	18	**(22,817)**	(17,248)	**–**	–
Increase in long-term loans receivable	20	**(1,207,492)**	–	**–**	–
Loans to subsidiaries	36	**–**	–	**(39,099,974)**	(20,346,789)
Effect of foreign exchange rate changes on loans to subsidiaries		**–**	–	**(7,642,005)**	–
Proceeds from disposal of investment		**1,381,005**	–	**1,381,005**	–
Proceeds on disposals of property, plant and equipment		**396,604**	14,620	**–**	–
Acquisition of Uitkomst Colliery		**–**	(5,700,402)	**–**	–
Treasury share buyback transaction		**–**	(25,299,095)	**–**	–
Proceeds from disposal of subsidiary, net of cash	14	**6,586,262**	–	**6,586,262**	–
Net cash used in investing activities		**(28,384,615)**	(45,082,043)	**(38,774,712)**	(20,346,789)
Financing activities					
Proceeds from borrowings		**47,750,265**	38,061,147	**–**	–
Borrowings repaid		**(53,964,004)**	(38,131,957)	**(1,111,484)**	–
Settlement of cash-settled share option costs		**(3,299,545)**	–	**–**	–
Repayment of financial instruments		**(1,389,720)**	–	**–**	–
Increase/(decrease) in loans from subsidiaries		**–**	–	**6,835,577**	(175,227)
Effect of foreign exchange rate changes on loans from subsidiaries		**–**	–	**(2,424,949)**	–
Shares issued		**40,807,338**	16,128,324	**40,807,338**	16,128,324
Share issue costs		**(1,427,720)**	(921,170)	**(1,427,720)**	(921,170)
Net cash generated from financing activities		**28,476,614**	15,136,344	**42,678,762**	15,031,927
Net increase/(decrease) in cash and cash equivalents		**6,602,299**	(1,481,494)	**7,854,837**	(714,319)
Cash and cash equivalents at the beginning of the year		**2,658,947**	3,328,850	**77,660**	888,498
Cash and cash equivalents of discontinued operations		**(51,903)**	–	**–**	–
Effect of foreign exchange rate changes		**237,801**	811,591	**77,003**	(96,519)
Cash and cash equivalents at the end of the year	25	**9,447,144**	2,658,947	**8,009,500**	77,660

NOTES TO THE CONSOLIDATED AND SEPARATE

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2017

1. GENERAL INFORMATION

Pan African Resources is a company incorporated in the United Kingdom and registered in England and Wales under the UK Companies Act. The company's functional currency is ZAR. The company has a dual primary listing on the AIM of the LSE and JSE. The nature of the group's operations and its principal activities relate to commodity mining and exploration activities. The consolidated and separate financial statements are presented in Pounds Sterling. Foreign operations are included in accordance with the policies set out below. The individual financial results of each group company are maintained in their functional currencies, which are determined by reference to the primary economic environment in which they operate.

For the purpose of the consolidated financial statements, the results and financial position of each group company is expressed in Pounds Sterling. The consolidated and separate financial statements have been prepared on the going concern basis.

The consolidated and separate financial statements have also been prepared in accordance with the IFRS adopted by the EU and South Africa. The accounting policies listed below apply to both consolidated and separate annual financial statements.

2. ACCOUNTING POLICIES

Basis of preparation and general information

The consolidated and separate financial statements have been prepared under the historical cost basis, except for certain financial instruments which are stated at fair value. The principal accounting policies are set out below and are consistent in all material respects with those applied in the previous year, except where otherwise indicated.

Going concern

The group closely monitors and manages its liquidity risk by means of a centralised treasury function. Cash forecasts are regularly produced and sensitivities run for different scenarios including, but not limited to, changes in commodity prices and different production profiles from the group's producing assets. The group had ZAR800 million of available debt liquidity headroom and ZAR160.2 million cash and cash equivalents at 30 June 2017, and has also secured a further ZAR1 billion committed term facility to fund the Elikhulu Project. Based on the current status of the group's finances, having considered going concern forecasts and reasonably possible downside scenarios after consider the principal risks discussed on page 20, and in particular relating to gold prices and production volumes, the group's forecasts show it will have sufficient liquidity headroom for the 12 months from the date of approval of the financial statements to meet all its obligations in the ordinary course of business.

The board has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the group continues to adopt the going concern basis of accounting in preparation of the 30 June 2017 financial statements.

New and revised IFRS not yet adopted

The group applies all applicable IFRS in preparation of the consolidated and separate financial statements. Consequently, all IFRS statements adopted by the EU that were effective at 30 June 2017 and are relevant to its operations have been applied.

At the date of authorisation of these consolidated and separate financial statements, the following standards, which have been applied in these consolidated and separate financial statements for the first time, were in issue and effective as at 30 June 2017.

Standard	Amendment	Effective date
IFRS 1: First-time Adoption of International Financial Reporting Standards	Amendments resulting from 2012-2014 Annual Improvements Cycle	Annual periods beginning on or after 1 January 2016
IFRS 5: Non-current Assets Held for Sale and Discontinued Operations	Amendments resulting from 2012-2014 Annual Improvements Cycle	Annual periods beginning on or after 1 January 2016
IFRS 7: Financial Instruments: Disclosures	Amendments resulting from September 2014 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2016
IFRS 10: Consolidated Financial Statements	Amendments related to the application of the investment entities exceptions	Annual periods beginning on or after 1 January 2016
IFRS 12: Disclosure of Interests in Other Entities	Amendments related to the application of the investment entities exceptions	Annual periods beginning on or after 1 January 2016
IAS 1: Presentation of Financial Statements	Amendments arising under the Disclosure Initiative	Annual periods beginning on or after 1 January 2016
IAS 16: Property, Plant and Equipment	Amendments resulting from clarification of acceptable methods of depreciation and amortisation (Amendments to IAS 16 and IAS 38)	Annual periods beginning on or after 1 January 2016
IAS 16: Property, Plant and Equipment	Amendments to include 'bearer plants' within the scope of IAS 16 rather than IAS 41	Annual periods beginning on or after 1 January 2016

Standard	Amendment	Effective date
IAS 19: Employee Benefits	Amendments resulting from 2012-2014 Annual Improvements Cycle	Annual periods beginning on or after 1 January 2016
IAS 27: Separate Financial Statements	Amendments relating to equity method in separate financial statements	Annual periods beginning on or after 1 January 2016
IAS 34: Interim Financial Reporting	Amendments resulting from 2012-2014 Annual Improvements Cycle	Annual periods beginning on or after 1 January 2016
IAS 38: Intangible Assets	Amendments resulting from clarification of acceptable methods of depreciation and amortisation (Amendments to IAS 16 and IAS 38)	Annual periods beginning on or after 1 January 2016

At the date of authorisation of these consolidated and separate financial statements, the following standards and interpretations, which have not been applied in these consolidated and separate financial statements, were in issue and not yet effective as at 30 June 2017.

Standard	Amendment	Effective date
IFRS 1: First-time Adoption of International Financial Reporting Standards	Amendments resulting from 2014 – 2016 Annual Improvements Cycle	Annual periods beginning on or after 1 January 2018
IFRS 2: Share-based Payment	Amendment Classification and Measurement of Share-based Payment Transactions	Annual periods beginning on or after 1 January 2017
IFRS 4: Insurance Contracts	Amendment applying IFRS 9: Financial Instruments with IFRS 4: Insurance Contracts	Annual periods beginning on or after 1 January 2017
IFRS 9: Financial Instruments	Reissue of a complete standard with all the chapters incorporated	Annual periods beginning on or after 1 January 2018
IFRS 12: Disclosure of Interests in Other Entities	Amendments resulting from 2014 – 2016 Annual Improvements Cycle	Annual periods beginning on or after 1 January 2017
IFRS 15: Revenue from Contracts with Customers	Original issue	Annual periods beginning on or after 1 January 2017
IFRS 15: Revenue from Contracts with Customers	Amendment to defer the effective date to 1 January 2018	Annual periods beginning on or after 1 January 2018
IFRS 15: Revenue from Contracts with Customers	Clarifications to IFRS 15	Annual periods beginning on or after 1 January 2018
IFRS 16: Leases	Original issue	Annual periods beginning on or after 1 January 2019
IAS 7: Cash Flow Statement	Amendments as result of the Disclosure Initiative	Annual periods beginning on or after 1 January 2017
IAS 12: Income Taxes	Amendments regarding the recognition of deferred tax assets for unrealised losses	Annual periods beginning on or after 1 January 2017
IFRIC 22: Foreign Currency Transactions and Advance Consideration	Original issue	Annual periods beginning on or after 1 January 2018
IFRIC 23: Uncertainty over Income Tax Treatment	Original issue	Annual periods beginning on or after 1 January 2019

The impact of the adoption of the above standards and interpretations still needs to be considered, but is not expected to have a material impact on the financial results.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) to 30 June each year. Control is achieved where the company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. The results of the subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit and loss and other comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Inter-company transactions and balances between group entities are eliminated on consolidation.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of a business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3: Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisitions is recognised as an asset, and initially measured at cost, being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

Investment in associate

An associate is an entity over which the group and the company have significant influence and that is neither a subsidiary nor an interest in a joint venture.

In the company's separate financial statements, an investment in associate is stated at fair value less impairment losses, if any. An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated statement of financial position is initially recognised at fair value and adjusted thereafter for the post-acquisition change in the group's share of net assets of the investment.

Property, plant and equipment

Mining assets

Mining assets, including mine development costs and mine plant facilities, are recorded at cost less provision for impairment and accumulated depreciation.

Expenditure incurred after feasibility stage to develop new orebodies, to define mineralisation in existing orebodies, to establish or expand productive capacity and expenditure designed to maintain productive capacities, is capitalised within capital under construction until commercial levels of production are achieved. Capital under construction is not depreciated. All revenue generated during the commissioning phase is capitalised back to the property, plant and equipment as per IAS 16: Property, Plant and Equipment.

Mineral and surface rights

Mineral and surface rights are recorded at cost less provision for impairment and accumulated depreciation.

Land

Land is shown at cost and is not depreciated.

Gain or loss on disposal or retirement of assets

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation

Mining assets, mineral and surface rights mining assets, mine development costs, mineral and surface rights and plant mine facilities are depreciated over the estimated life of mine to their residual values using the units-of-production method based, on estimated proven and probable ore reserves.

Other mining plant and equipment is depreciated on the straight-line basis to their residual values over the shorter of the life of mine or their estimated useful lives.

Depreciation of non-mining assets

Buildings and other non-mining assets are recorded at cost and depreciated on the straight-line basis over their expected useful lives, which vary between three to ten years.

Research, development, mineral exploration and evaluation costs

Research, development, mineral exploration and evaluation costs are expensed in the year in which they are incurred until they result in projects that the group:

- Evaluates as being technically or commercially feasible.
- Has sufficient resources to complete development.
- Can demonstrate will generate future economic benefits.

Once these criteria are met, all directly attributable development costs and ongoing mineral exploration and evaluation costs are capitalised within other intangible assets. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

Capitalised preproduction expenditure is assessed for impairment in accordance with the group accounting policy stated below.

Impairment (except for goodwill)

At each statement of financial position date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset, being the higher of fair value less costs to sell or value in use, is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the CGU to which the asset belongs. Impairment losses are immediately recognised as an expense. A reversal of an impairment loss is recognised in the statement of comprehensive income.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the group's CGUs expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the CGU may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the CGU, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the CGU, pro rata on the basis of the carrying amount of each asset in the CGU. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Taxation

The charge for current tax is based on the results for the year as adjusted for items which are non-deductible or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction, which affects neither tax nor accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also recorded within equity, or where they arise from the initial accounting for a business combination. In a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or parts of the assets to be recovered.

Revenues, expenses and assets are recognised net of the amount of associated VAT, unless VAT incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

Provisions

Provisions are recognised when the group has a legal or constructive obligation resulting from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provision for environmental rehabilitation costs

Long-term environmental obligations are based on the mining operations' environmental plans, in compliance with current environmental and regulatory requirements. The provision is based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the statement of financial position date. Increases due to additional environmental disturbances are capitalised and amortised over the remaining lives of the mines. The estimated cost of rehabilitation is reviewed annually and adjusted as appropriate for changes in legislation or technology. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean-up at closure.

Provision for decommissioning costs

The group provides for the present value of decommissioning costs other than rehabilitation costs, if any, when the directors have prepared a detailed plan for closure of the particular operation, the remaining life of which is such that significant changes to the plan are unlikely, and the directors have raised a valid expectation in those affected that it will carry out the closure by starting to implement that plan or announcing its main features to those affected by it.

These estimates are reviewed at least annually and changes in the measurement of the provision that result from subsequent changes in the estimated timing or amount of cash flows, or change in discount rate, are added back to, or deducted from the cost of the related asset in the current period. Movements in the provision for decommissioning costs are recognised immediately in the income statement through profit and loss.

Lease assets

The group leases certain property plant and equipment. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the group. Other leases are classified as operating leases.

Finance lease assets are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability.

Foreign currencies

The group's subsidiaries are incorporated in South Africa and their functional currency is ZAR. The group's business is conducted in ZAR and the accounting records are maintained in this same currency, with the exception of precious metal product sales, which are conducted in USD, prior to conversion into ZAR. The ongoing review of the results of operations conducted by executive management and the board is also performed in ZAR.

Transactions in currencies other than the functional currency of the relevant subsidiary are initially recorded at the rates of exchange ruling on the dates of the transactions.

Monetary assets and liabilities denominated in such other currencies are translated at the functional currency spot rates of exchange ruling at reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

On consolidation, the group's assets and liabilities are translated into GBP, the presentational currency of the group, at the rate of exchange prevailing at the reporting date. The statement of profit or loss and other comprehensive income is translated at the exchange rate prevailing at the date of the transaction or the average rate for the period. The exchange differences arising on translation for consolidation are recognised in other comprehensive income (OCI).

In order to hedge its exposure to foreign exchange risks, the group may enter into forward contracts. Exchange differences arising from the translation of foreign operations are classified as equity and are recognised as income or expenses in the period in which the operation is disposed of. Translation differences on foreign loans to subsidiaries are recognised in other comprehensive income and accumulated equity.

Inventories

Inventories include the commodities in their produced or concentrate form on hand and consumable stores.

The commodities are valued at the lower of cost, determined on a weighted-average basis, and net realisable value. Costs include direct mining costs and mine overheads.

Commodities in process inventories represent materials that are currently in the process of being converted to saleable commodities products. The commodities in process inventories are valued only if they are reliably measurable and are valued at the lower of the average cost of the material fed to process plus the in-process conversion costs and net realisable value.

Consumable stores are valued at the lower of cost, determined on a weighted average basis, and estimated net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Obsolete and slow-moving consumable stores are identified and are written down to their economic or realisable values.

Retirement and pension benefits

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed schemes are dealt with as defined contribution plans where the group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan and are charged as an expense as they fall due.

Post-retirement benefits other than pension

Historically Barberton Mines and Evander Mines provided retirement benefits by way of medical aid scheme contributions for certain employees. The practice has been discontinued for some years. The net present value of estimated future costs of company contributions towards medical aid schemes for these retirees is recorded as a provision on the group statement of financial position. The provision is reviewed annually with movements in the provision recorded in the statement of comprehensive income.

Equity participation plan

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of equity instruments that will eventually vest. At each statement of financial position date, the group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the statement of comprehensive income such that the cumulative expense reflects the revised estimate, with corresponding adjustments to the equity-settled employee benefits reserve.

Cash participation plan

Cash-settled share-based payments to employees are measured at the fair value of the cash instruments at the grant date. The fair value determined at the grant date of the cash-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of cash instruments that will eventually vest. At each statement of financial position date, the company revises its estimate of the number of cash instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the statement of comprehensive income such that the cumulative expense reflects the revised estimate, with corresponding adjustments to the cash-settled employee benefits liability.

Contributions to rehabilitation trust

Contributions are made to a dedicated environmental rehabilitation trust to fund the estimated cost of rehabilitation during and at the end of the life of the group's mines. The trust's assets are recognised separately on the statement of financial position as non-current assets at fair value. Interest earned on funds invested in the environmental rehabilitation trust is accrued on a time proportion basis and credited to the provision for environmental rehabilitation costs. Movements, other than cash contributions or deductions, in the rehabilitation trust are recognised immediately in the income statement through profit and loss.

Revenue recognition

Sales represents the value of commodities sold, excluding value added tax, and is recognised when the significant risks and rewards of ownership have passed to the buyer, usually on delivery of goods. Revenue from the sale of commodities is measured at the fair value of the consideration received or receivable.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rates applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established. Revenue is recognised when the buyer takes title, provided that:

- It is probable that delivery will be made.
- The item is on hand, identified and ready for delivery to the buyer at the time the sale is recognised.
- The buyer specifically acknowledges the deferred delivery instructions.
- The usual payment terms apply.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments and that are not quoted in an active market are classed as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less impairment if necessary. Interest income is recognised by applying the effective interest rate, except for short-term receivables, when the recognition of interest would be immaterial.

Available-for-sale financial assets

Available-for-sale financial assets include equity investments. Equity investments classified as available for sale are those that are neither classified as held for trading nor designated at fair value through profit and loss.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited in the other reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss or the investment is determined to be impaired, when the cumulative loss is reclassified from the other reserve to the statement of profit or loss.

Impairment of financial assets

Financial assets, other than those at fair value through profit and loss (FVTPL), are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been negatively impacted.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments issued by the group

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing in the near future.
- It is part of an identified portfolio of financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking.
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.
- It forms part of a contract containing one or more embedded derivatives, and IAS 39: Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. The group has no financial liabilities classified as FVTPL.

Other financial liabilities

Other financial liabilities are initially valued at fair value and subsequently measured at amortised cost using the effective interest method, with interest recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts the estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

Derecognition of financial liabilities

The group derecognises financial liabilities only when the group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

In the ordinary course of its operations, the group may enter into a variety of derivative financial instruments to manage its exposure to commodity prices, volatility of interest rates and foreign exchange rate risk.

Derivatives are initially recognised at cost at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each statement of financial position date. The resulting gain or loss is recognised in the statement of profit and loss and other comprehensive income immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss and other comprehensive income depends on the nature of the hedge relationship. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The group may designate certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk or firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the group documents whether the hedging instrument that is used in a hedging relationship is effective in offsetting changes in fair values or cash flows of the hedged item.

Fair value hedge

Changes in the fair value of any derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the statement of comprehensive income relating to the hedged item. Hedge accounting is discontinued when the group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedge

The effective portion of changes in the fair value of any derivatives that are designated and qualify as cash flow hedges is deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line of the statement of comprehensive income. Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the statement of comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Hedge accounting is discontinued when the group revokes the hedging relationships, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

Fair value measurement

The assessment of fair value is principally used in accounting for business combinations, impairment testing and the valuation of certain financial assets and liabilities. Fair value is determined based on observable market data (in the case of listed investments, the market share price at 30 June of the respective investments is utilised) or discounted cash flow models (and other valuation techniques) using assumptions considered to be reasonable and consistent with those that would be applied by a market participant. Where discounted cash flows are used, the resulting fair value measurements are considered to be at level 3 in the fair value hierarchy as defined in IFRS 13: Fair Value Measurement as they depend to a significant extent on unobservable valuation inputs. The determination of assumptions used in assessing the fair value of identifiable assets and liabilities is subjective and the use of different valuation assumptions could have a significant impact on financial results. In particular, expected future cash flows, which are used in discounted cash flow models, are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including ore reserves and resources, together with economic factors such as commodity prices, exchange rates, discount rates and estimates of production costs and future capital expenditure.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Non-current assets held for sale

A non-current asset is designated as held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use and the asset is available for immediate sale in its present condition and the sale is highly probable. A sale is considered highly probable if management is committed to a plan to sell the non-current asset, an active divestiture programme has been initiated, the non-current asset is marketed at a price reasonable to its fair value and the disposal is expected to be completed within one year from classification. Non-current assets held for sale are stated at the lower of carrying value and fair value less costs to sell and are reviewed for impairment at each subsequent reporting date.

At the time of classification as held for sale, these assets are reviewed for impairment. The impairment charged to the income statement is the excess of the carrying value of the non-current asset and its expected net selling price (fair value less costs to sell). At each subsequent reporting date, the carrying values are reassessed for possible impairment. A reversal of impairment is recognised for any subsequent increase in net selling price but not in excess of the cumulative impairment loss already recognised. No depreciation is provided on non-current assets from the date they are classified as held for sale.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Pan African Resources executive committee. Management has determined the operating segments of the group based on the reports reviewed by the executive committee that are used to make strategic decisions. The executive committee considers the business principally according to the nature of the products and service provided, with the segment representing a strategic business unit. The reportable operating segments derive their revenue primarily from mining, extraction, production and selling of commodities.

Assets held for sale and discontinued operation

The group classifies assets and disposal groups as held for sale if the carrying amount will be recovered principally through a sale rather than continuing use. Such assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are incremental costs directly attributable to the sale excluding finance costs and income tax expense.

The criteria for held for sale classification are regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made. Management must be committed to the sale expected to be finalised within one year from the date of classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale and it:

- Represents a separate major line of business or geographical area of operations.
- Is part of a single coordinated plan to dispose of a separate major line of business geographical area of operations.
- Is a subsidiary acquired exclusively with a view of resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss and other comprehensive income.

Additional disclosures are provided in note 14. All other notes to the financial statements include amounts from continuing operations, unless otherwise mentioned.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the group's accounting policies, which are described in note 2, the directors are required to make certain judgements, estimates and assumptions that are not readily apparent from other sources that may materially affect the carrying amounts of assets and liabilities, the reported revenue and expense during the reported year and the related disclosures. The estimates and judgements are based on historical experience, current and expected future economic conditions and other factors. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements in applying the group's accounting policies:

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Impairment of assets

The allocation of non-current assets to each CGU for the purpose of assessing the CGU for impairment requires judgement. In the current period the capital expenditure incurred of GBP10.3 million, forecast remaining capital expenditure and forecast cash inflows associated with the Elikhulu Project was allocated to the Evander CGU as the Elikhulu Project will process resources and tailings generated by the Evander Mine and share significant infrastructure with the existing Evander operations.

The inclusion of the net present value of the forecast cash flows from the Elikhulu Project in the Evander CGU has reduced the sensitivity of the Evander CGU to impairment. Refer to note 17 for the Evander sensitivity disclosures and key assumptions used in the impairment assessment.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Impairment of assets

Mining operations require significant technical and financial resources to operate. Their value may be sensitive to a range of characteristics unique to each asset and key sources of estimation uncertainty include ore reserve estimates and cash flow projections.

In performing impairment reviews, the group assesses the recoverable amount of its operating assets principally with reference to fair value less costs of disposal, assessed using value in use discounted cash flow models. Management estimates the expected cash flows and the discount rates (including future production levels, commodity price and costs) associated with the assets or CGU. There is judgement in determining the assumptions that are considered to be reasonable and consistent with those that would be applied by market participants as outlined above.

Cash flow projections are based on financial budgets and life of mine plans incorporating key assumptions as detailed below:

- **Ore reserves and mineral resources:** Ore reserves and, where considered appropriate, mineral resources are incorporated in projected cash flows, based on Ore Reserves and Mineral Resource statements in accordance with the SAMREC Code (2016) for South African properties and exploration and evaluation work undertaken by appropriately qualified persons. Mineral resources are included where management has a high degree of confidence in their economic extraction, despite additional evaluation still being required prior to meeting the required confidence to convert to ore reserves.
- **Commodity and product prices:** Commodity and product prices are based on latest internal forecasts, benchmarked with external sources of information, to ensure they are within the range of available analyst forecasts. Where existing sales contracts are in place, the effects of such contracts are taken into account in determining future cash flows.
- **Discount rates:** Value in use and fair value less cost of disposal cash flow projections used in impairment models are discounted based on a real post-tax discount rate, assessed annually.

	Post-tax real WACC %	Pre-tax real WACC %
Barberton Mines	10.6	11.3
Evander Mines	9.4	10.0
Phoenix Platinum	9.0	10.1

Operating costs, capital expenditure and other operating factors: Operating costs and capital expenditure are based on financial budgets. Cash flow projections are based on life of mine plans and internal management forecasts. Cost assumptions incorporate management experience and expectations, as well as the nature and location of the operation and the risks associated therewith.

Refer to note 19 for disclosure of the carrying amount of goodwill and its sensitivity to potential impairment based on a range of forecast gold prices, and to note 17 for disclosure of the carrying amount of property, plant and equipment and each CGU's sensitivity to potential impairment based on a range of forecast gold prices.

Depreciation

The estimation of the depreciation expense requires judgement in selecting the appropriate method to depreciate the mining assets and determine the appropriate residual value.

The estimation of the forecast residual value of mining assets requires significant judgement and in the current period, following new information obtained on current market practices during the disposal processes undertaken, a detailed reassessment of the residual values of the remaining gold assets was undertaken.

Refer to note 17 for the impact on the annual depreciation charge from the above changes in estimates.

4. REVENUE

	Consolidated		Separate	
	Year ended 30 June 2017 GBP	Year ended 30 June 2016 GBP	Year ended 30 June 2017 GBP	Year ended 30 June 2016 GBP
Gold sales	**169,584,586**	161,312,220	**–**	–
Realisation costs	**(1,826,043)**	(956,709)	**–**	–
On-mine revenue	**167,758,543**	160,355,511	**–**	–
Finance income	**291,912**	433,344	**51,496**	79,755
	168,050,455	160,788,855	**51,496**	79,755

5. COST OF PRODUCTION

	Consolidated		Separate	
	Year ended 30 June 2017 GBP	Year ended 30 June 2016 GBP	Year ended 30 June 2017 GBP	Year ended 30 June 2016 GBP
Gold cost of production				
Salaries and wages	**(58,597,764)**	(45,115,956)	**–**	–
Electricity	**(18,783,014)**	(14,791,254)	**–**	–
Mining	**(13,052,882)**	(9,289,873)	**–**	–
Processing	**(25,358,099)**	(16,991,750)	**–**	–
Engineering and technical services	**(9,876,870)**	(7,424,303)	**–**	–
Administration and other	**(6,224,955)**	(4,618,025)	**–**	–
Security	**(2,849,005)**	(2,042,705)	**–**	–
Inventory valuation adjustment	**736,006**	(213,474)	**–**	–
	(134,006,583)	(100,487,340)	**–**	–

6. SEGMENTAL ANALYSIS

A segment is a distinguishable component of the group engaged in providing products or services in a particular business sector or segment, which is subject to risks and rewards different from those of other segments. The group's business activities were conducted through the following business segments:

Current operations:

- Barberton Mines (including BTRP), located in Barberton, South Africa.
- Evander Mines (including ETRP), located in Evander, South Africa.
- Corporate.
- Pan African Resources Funding Company Proprietary Limited (Funding Company).

Discontinued operations:

- Uitkomst Colliery, located in Newcastle, South Africa.
- Phoenix Platinum, located near Rustenburg, South Africa.

6. SEGMENTAL ANALYSIS continued

The executive committee reviews the operations in accordance with the disclosures presented above.

	Year ended 30 June 2017							
	Continuing operations				Discontinued operations			
	Barberton Mines GBP	Evander Mines GBP	Corporate GBP	Funding Company GBP	Uitkomst Colliery[3] GBP	Phoenix Platinum[4] GBP	Reclassification GBP	Consolidated GBP
Continuing operations								
Revenue								
Gold sales[1]	97,343,927	72,240,659	–	–	–	–	–	169,584,586
Platinum sales	–	–	–	–	–	4,766,689	(4,766,689)	–
Coal sales	–	–	–	–	25,089,705	–	(25,089,705)	–
Realisation costs	(606,367)	(1,219,676)	–	–	–	–	–	(1,826,043)
On-mine revenue	96,737,560	71,020,983	–	–	25,089,705	4,766,689	(29,856,394)	167,758,543
Cost of production	(61,229,000)	(72,777,583)	–	–	(21,741,484)	(5,007,705)	26,749,189	(134,006,583)
Depreciation and amortisation	(4,749,422)	(5,743,642)	–	–	(706,407)	(870,020)	1,576,427	(10,493,064)
Mining profit	30,759,138	(7,500,242)	–	–	2,641,814	(1,111,036)	(1,530,778)	23,258,896
Other (expenses)/income[2]	4,705,042	(1,255,689)	(5,542,295)	90,397	156,333	(117,318)	(39,015)	(2,002,545)
Profit on disposal of investment	–	–	222,571	–	–	–	–	222,571
Profit on disposal of subsidiary	–	–	5,385,915	–	–	–	–	5,385,915
Impairment costs	–	–	–	–	–	(5,950,757)	5,950,757	–
Royalty costs	(1,015,352)	(319,679)	–	–	(70,218)	–	70,218	(1,335,031)
Net income/(loss) before finance income and finance costs	34,448,828	(9,075,610)	66,191	90,397	2,727,929	(7,179,111)	4,451,182	25,529,806
Finance income	9,949	51,811	51,496	178,656	102,850	180	(103,030)	291,912
Finance costs	(18,652)	(12,244)	(14,202)	(2,770,125)	–	–	–	(2,815,223)
Profit /(loss) before taxation	34,440,125	(9,036,043)	103,485	(2,501,072)	2,830,779	(7,178,931)	4,348,152	23,006,495
Taxation	(5,654,821)	6,006,087	(531,248)	(62,960)	(782,022)	276,657	505,365	(242,942)
Profit /(loss) after taxation before inter-company charges from continuing operations	28,785,304	(3,029,956)	(427,763)	(2,564,032)	2,048,757	(6,902,274)	4,853,517	22,763,553
(Loss)/profit after taxation from discontinued operations	–	–	–	–	–	–	(4,853,517)	(4,853,517)
Profit/(loss) after taxation	28,785,304	(3,029,956)	(427,763)	(2,564,032)	2,048,757	(6,902,274)	–	17,910,036
Inter-company transactions								
Management fees	(2,805,797)	(2,075,362)	5,673,540	(92,522)	(438,989)	(260,870)	–	–
Inter-company interest charges	(760,141)	(1,513,938)	(654,122)	2,778,372	28,225	121,604	–	–
Profit/(loss) after taxation after inter-company charges from continuing operations	25,219,366	(6,619,256)	4,591,655	121,818	1,637,993	(7,041,540)	–	17,910,036

[1] *All gold sales were made in the Republic of South Africa and the majority of revenue was generated from selling gold to South African financial institutions (Rand Merchant Bank, a division of FirstRand Bank Limited and Investec Limited) through the group's Funding Company.*

[2] *Other expenses exclude inter-company management fees and dividends.*

[3] *Uitkomst Colliery disposal was effective on 30 June 2017. The disposal of Pan African Resources Coal Holdings Proprietary Limited and Uitkomst Colliery was completed on 30 June 2017 and this business was classified as a discontinued operation.*

[4] *Phoenix Platinum was classified as held for sale and as a discontinued operation at 30 June 2017.*

6. SEGMENTAL ANALYSIS continued

	Year ended 30 June 2017						
	Continuing operations				Discontinued operations		
	Barberton Mines GBP	Evander Mines GBP	Corporate GBP	Funding Company GBP	Uitkomst Colliery[3] GBP	Phoenix Platinum[4] GBP	Consolidated GBP
Segmental assets[1] (total assets excluding goodwill)	73,762,949	190,009,717	19,611,819	1,092,051	–	5,610,475	290,087,011
Segmental liabilities	25,157,858	52,481,513	4,589,589	11,914,856	–	362,834	94,506,650
Goodwill	21,000,714	–	–	–	–	–	21,000,714
Net assets (excluding goodwill)	48,605,091	137,528,204	15,022,230	(10,822,805)	–	5,247,641	195,580,361
Capital expenditure[2]	11,216,853	23,054,756	79,285	–	875,298	314,802	35,540,994

[1] *All assets are held within South Africa. The segmental assets and liabilities above exclude inter-company balances.*
[2] *Capital expenditure comprises additions to property, plant and equipment and mineral rights and intangible assets (refer to notes 17 and 18).*
[3] *Uitkomst Colliery disposal was effective on 30 June 2017. The disposal of Pan African Resources Coal Holdings Proprietary Limited and Uitkomst Colliery was completed on 30 June 2017 and this business was classified as a discontinued operation.*
[4] *Phoenix Platinum was classified as held for sale and as a discontinued operation at 30 June 2017.*

	Year ended 30 June 2016							
	Continuing operations				Discontinued operations			
	Barberton Mines GBP	Evander Mines GBP	Corporate GBP	Funding Company GBP	Uitkomst Colliery GBP	Phoenix Platinum GBP	Reclassi-fication GBP	Consolidated GBP
Revenue								
Gold sales[1]	89,596,245	71,715,975	–	–	–	–	–	161,312,220
Platinum sales	–	–	–	–	–	3,480,338	(3,480,338)	–
Coal sales	–	–	–	–	4,567,974	–	(4,567,974)	–
Realisation costs	(398,937)	(557,772)	–	–	–	–	–	(956,709)
On-mine revenue	89,197,308	71,158,203	–	–	4,567,974	3,480,338	(8,048,312)	160,355,511
Cost of production	(45,461,824)	(55,025,516)	–	–	(4,279,735)	(3,456,007)	7,735,742	(100,487,340)
Depreciation	(3,562,121)	(6,433,405)	–	–	(148,733)	(311,870)	460,603	(9,995,526)
Mining profit	40,173,363	9,699,282	–	–	139,506	(287,539)	148,033	49,872,645
Other (expenses)/income[2]	(7,253,912)	873,481	(5,867,355)	80,775	233,889	(249,773)	15,884	(12,167,011)
Royalty costs	(2,450,505)	(332,918)	–	–	(16,524)	–	16,524	(2,783,423)
Net income/(loss) before finance income and finance costs	30,468,946	10,239,845	(5,867,355)	80,775	356,871	(537,312)	180,441	34,922,211
Finance income	13,380	27,840	79,754	312,370	8,824	448	(9,272)	433,344
Finance costs	(6,048)	(7,383)	(7)	(1,434,810)	–	(489)	489	(1,448,248)
Profit /(loss) before taxation for continuing operations	30,476,278	10,260,302	(5,787,608)	(1,041,665)	365,695	(537,353)	171,658	33,907,307
Taxation	(8,492,721)	(757,683)	701,414	(29,145)	226,037	118,266	(344,303)	(8,578,135)
Profit /(loss) after taxation before inter-company charges or continuing operations	21,983,557	9,502,619	(5,086,194)	(1,070,810)	591,732	(419,087)	(172,645)	25,329,172
(Loss)/profit after taxation from discontinued operations	–	–	–	–	–	–	–	172,645
Profit/(loss) after taxation	21,983,557	9,502,619	(5,086,194)	(1,070,810)	591,732	(419,087)	(172,645)	25,501,817

[1] *All gold sales were made in the Republic of South Africa and the majority of revenue was generated from selling gold to South African financial institutions (Rand Merchant Bank, a division of FirstRand Bank Limited and Investec Limited) through the group's Funding Company.*
[2] *Other expenses exclude inter-company management fees and dividends.*

6. SEGMENTAL ANALYSIS continued

Year ended 30 June 2016

	Continuing operations				Discontinued operations			
	Barberton Mines GBP	Evander Mines GBP	Corporate GBP	Funding Company GBP	Uitkomst Colliery GBP	Phoenix Platinum GBP	Reclassification GBP	Consolidated GBP
Inter-company transactions								
Management fees	(1,439,394)	(1,137,529)	2,749,883	–	(65,734)	(107,226)	–	–
Inter-company interest charges	(331,029)	(750,800)	(135,868)	1,130,359	7,489	79,849	–	–
Profit/(loss) after taxation after inter-company charges	20,213,134	7,614,290	(2,472,179)	59,549	533,487	(446,464)	–	25,501,817

Year ended 30 June 2016

	Continuing operations				Discontinued operations		
	Barberton Mines GBP	Evander Mines GBP	Corporate GBP	Funding Company GBP	Uitkomst Colliery GBP	Phoenix Platinum GBP	Consolidated GBP
Segmental assets[1] (total assets excluding goodwill)	56,651,503	146,201,423	9,991,120	15,034,211	3,180,048	632,954	231,691,259
Segmental liabilities	27,035,796	48,372,120	883,249	4,545,415	5,154,888	15,725,303	101,716,771
Goodwill	21,000,714	–	–	–	–	–	21,000,714
Net assets (excluding goodwill)	29,615,707	97,829,303	9,107,871	10,488,796	(1,974,840)	(15,092,349)	129,974,488
Capital expenditure[2]	6,513,408	7,179,831	316,726	40,251	46,950	–	14,097,166

[1] *All assets are held within South Africa. The segmental assets and liabilities above, exclude inter-company balances.*

[2] *Capital expenditure comprises additions to property, plant and equipment and mineral rights and intangible assets (refer to notes 17 and 18).*

7. OPERATING LEASES

At the financial year-end, the group and company had outstanding commitments under non-cancellable operating leases, mainly in respect of office equipment, security cameras, building rentals and compressors, which fall due as follows:

	Consolidated		Separate	
	Year ended 30 June 2017 GBP	Year ended 30 June 2016 GBP	Year ended 30 June 2017 GBP	Year ended 30 June 2016 GBP
Not later than one year	**160,175**	175,799	**–**	–
Later than one year and no later than five years	**18,862**	400,054	**–**	–
	179,037	575,853	**–**	–
Minimum lease payments under operating leases recognised as an expense in the year	**179,669**	123,307	**–**	–

Leases are negotiated for an average term of three to five years.

7. OPERATING LEASES continued

The majority of the group's lease arrangements relate to the copier machines leased at the mining operations. The only material operating lease relates to the corporate office. During the 2015 financial year the existing lease agreement for the corporate office was renewed under a separate group entity and has the following terms as at 30 June 2017.

Duration of lease	3 years
Commencement of lease	1 April 2015
Remaining lease term	9 months
Escalation rate	8%
Tenant	Pan African Resources Management Services Company Proprietary Limited
Landlord	Investec Property Fund Limited
Monthly lease payments	GBP12,461

8. OTHER (EXPENSES)/INCOME

	Consolidated		Separate	
	Year ended 30 June 2017 GBP	Year ended 30 June 2016 GBP	Year ended 30 June 2017 GBP	Year ended 30 June 2016 GBP
Dividends received – subsidiary	–	–	21,930,492	13,892,774
Dividends received – other investments	37,477	45,371	37,477	45,371
Management fees	(16,659)	41,042	637,681	–
Foreign exchange gain/(loss)	194,841	2,841	157,821	(1,677)
Operating leases (refer to note 7)	(179,669)	(123,307)	–	–
Non-mining depreciation	(31,072)	(36,617)	–	–
Amortisation	(27,827)	–	–	–
Non-executive directors' emoluments	(167,997)	(196,960)	(167,997)	(196,960)
Executive directors' emoluments	(1,789,955)	(763,329)	(1,789,955)	–
Cash-settled share option increase/(decrease) (refer to note 30)	117,948	(5,143,905)	(1,792,385)	–
Auditors' fees	(271,954)	(151,752)	(95,213)	(70,204)
Salaries corporate office	(1,838,641)	(1,348,966)	–	–
Investor and public relations	(125,795)	(91,228)	(35,179)	(2,188)
Business development costs	(593,552)	(131,334)	(593,552)	12,358
Legal fees	(83,264)	(35,854)	(65,794)	(12,359)
Community projects	(452,507)	(977,602)	–	–
Profit/(loss) arising from fair valuing of financial instruments (refer to note 32)	5,488,407	(5,482,517)	–	–
Financial instrument receipts (refer to note 32)	698,615	174,825	–	–
Profit on disposal of property, plant and equipment	–	2,767	–	–
Rehabilitation trust fund fair value adjustments (refer to note 22)	(97,775)	414,955	–	–
Rehabilitation provision adjustment (refer to note 29)	(92,721)	1,755,313	–	–
Voluntary separation packages	(2,307,083)	–	–	–
Other (expense)/income	(463,362)	(120,754)	125,142	(245,562)
	(2,002,545)	(12,167,011)	18,348,538	13,421,553

9. FINANCE INCOME/(COSTS)

	Consolidated		Separate	
	Year ended 30 June 2017 GBP	Year ended 30 June 2016 GBP	Year ended 30 June 2017 GBP	Year ended 30 June 2016 GBP
Interest received – bank	**244,985**	413,732	**51,496**	76,396
Interest received – other	**–**	6,260	**–**	3,359
Interest income – rehabilitation trust fund	**46,927**	13,352	**–**	–
	291,912	433,344	**51,496**	79,755
Interest expense – bank	**(2,784,929)**	(1,440,817)	**(2,575)**	(6)
Interest expense – SARS	**(18,050)**	(47)	**–**	–
Interest expense – other	**(12,244)**	(7,384)	**–**	–
	(2,815,223)	(1,448,248)	**(2,575)**	(6)
Net finance (expense)/income	**(2,523,311)**	(1,014,904)	**48,921**	79,749

10. PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS

	Consolidated		Separate	
	Year ended 30 June 2017 GBP	Year ended 30 June 2016 GBP	Year ended 30 June 2017 GBP	Year ended 30 June 2016 GBP
Profit before taxation has been arrived at after charging:				
Cash-settled share options expense (refer to note 30)	**(117,948)**	5,143,905	**1,792,385**	–
Mining depreciation	**10,493,064**	9,995,526	**–**	–
Impairment costs	**–**	–	**6,352,320**	–
Staff costs	**62,226,360**	47,228,251	**1,789,955**	–
Royalty costs	**1,335,031**	2,783,423	**–**	–
Profit/(loss) arising from financial instruments (refer to note 32)	**5,488,407**	(5,307,692)	**–**	–
Business development costs	**593,552**	131,334	**593,552**	(12,358)
Operating leases (refer to note 7)	**179,669**	123,307	**–**	–

11. AUDITORS' REMUNERATION

	Consolidated		Separate	
	Year ended 30 June 2017 GBP	Year ended 30 June 2016 GBP	Year ended 30 June 2017 GBP	Year ended 30 June 2016 GBP
Fees payable to the company's auditors for the audit of the company's annual financial statements	**1,145**	1,049	**1,145**	1,049
Fees payable to the company's auditors for the audit of other services to the group				
Audit of the consolidated financial statements	**223,756**	144,011	**53,655**	49,139
Under provision of audit fee in the prior year	**47,053**	6,692	**40,413**	20,016
Total audit fees	**271,954**	151,752	**95,213**	70,204
Other services rendered by the auditors				
External auditors	**36,888**	9,336	**–**	9,336
Total non-audit fees	**36,888**	9,336	**–**	9,336

All audit fees were paid within South Africa with the exception of GBP54,800 (2016: GBP50,300) which was paid in the United Kingdom.

Details of the company's policy on the use of the auditor for non-audit services, the reasons why the auditor was used rather than another supplier and how the auditor's independence and objectivity was safeguarded are set out in the audit committee report on page 107. No services were provided pursuant to contingent fee arrangements.

12. STAFF COSTS

	Consolidated		Separate	
	Year ended 30 June 2017 GBP	Year ended 30 June 2016 GBP	Year ended 30 June 2017 GBP	Year ended 30 June 2016 GBP
Their aggregate remuneration comprised:				
Salaries and wages	56,175,416	42,471,299	(1,789,955)	–
Other retirement costs (refer to note 33)	6,050,944	4,756,952	–	–
	62,226,360	47,228,251	(1,789,955)	–

	Consolidated			
	Year ended 30 June 2017 Average	Year ended 30 June 2017 Closing	Year ended 30 June 2016 Average	Year ended 30 June 2016 Closing
The number of operating cost employees was:				
Corporate entities	16	16	14	14
Evander Mines	2,119	1,717	2,150	2,144
Phoenix Platinum	3	3	3	3
Uitkomst Colliery	125	–	114	115
Barberton Mines	1,738	1,781	1,705	1,716
	4,001	3,517	3,986	3,992
The number of capital employees[1]				
Barberton Mines	193	225	184	175
Evander Mines	257	190	275	274
Phoenix Platinum	1	–	–	–
	451	415	459	449
Total number of employees	4,452	3,932	4,445	4,441

[1] *Capital employees work primarily on capital projects and the related costs are capitalised to such projects.*

Refer to note 35 for disclosures on directors' emoluments.

13. TAXATION

	Consolidated		Separate	
	Year ended 30 June 2017 GBP	Year ended 30 June 2016 GBP	Year ended 30 June 2017 GBP	Year ended 30 June 2016 GBP
Income tax expense				
South African normal taxation				
– current year	4,372,157	9,599,015	–	33,810
– prior year	287,471	(92,806)	–	–
Deferred taxation				
– current year	(4,416,686)	(928,074)	(408,704)	–
Total taxation charge	242,942	8,578,135	(408,704)	33,810
Profit before taxation	23,006,495	33,907,307	18,611,097	13,501,302
Taxation at the domestic taxation rate of 28%	6,441,819	9,494,046	5,211,107	3,780,365
Taxation rate differential[1]	(559,309)	(967,752)	12,110	–
Exempt income				
Dividend income	–	–	(6,140,538)	(3,745,330)
Profit on sale of investment in subsidiary	(1,482,703)	–	(1,746,288)	–
Other exempt income	(248,811)	–	–	–
Rate change	(3,527,710)	–	–	–
Non-deductible expenses				
Impairment	–	–	1,748,748	–
Other non-deductible expenses	984,823	144,647	521,035	–
Under provision/(over provision) – prior year	85,449	(92,806)	–	–
Capital gains tax	(14,878)	–	(14,878)	–
Capital redemption	(1,435,738)	–	–	–
Tax effect of utilisation of tax losses	–	–	–	(1,225)
Taxation expense for the year	242,942	8,578,135	(408,704)	33,810
Effective taxation rates	%	%	%	%
South African statutory rate	28.00	28.00	28.00	28.00
Taxation rate differential	(2.43)	(2.86)	0.06	–
Exempt income				
Dividend income	–	–	(33.00)	(27.74)
Profit on sale of investment in subsidiary	(6.45)	–	(9.38)	–
Other exempt income	(1.08)	–	–	–
Rate change	(15.33)	–	–	–
Non-deductible expenses				
Impairment	–	–	9.40	–
Other non-deductible expenses	4.28	0.43	2.80	–
Under provision/(over provision) – prior year	0.37	(0.27)	–	–
Capital gains tax	(0.06)	–	(0.08)	–
Capital redemption	(6.24)	–	–	–
Tax effect of utilisation of tax losses	–	–	–	(0.01)
Effective taxation rate	1.06	25.30	(2.20)	0.25

[1] *Taxation rate differential: Difference between the effective mining taxation rate and the statutory mining taxation rate on mining income.*

South African income tax on mining income is determined according to a formula which takes into account the profit and revenue from mining operations. South African mining taxable income is determined after the deduction of all mining capital expenditure, with the proviso that these deductions cannot result in an assessed loss. Capital expenditure amounts not deducted are carried forward as unredeemed capital expenditure, to be deducted from future mining income. At year-end the group has the following unredeemed capital expenditure carried forward and deductible against future profits, held within Phoenix Platinum and Evander Mines (due to the expenditure on the ETRP, Elikhulu and other projects).

13. TAXATION continued

	Undeemed capital expenditure	
	30 June 2017 GBP	30 June 2016 GBP
Phoenix Platinum[1]	**6,231,044**	5,008,780
Evander Mines	**34,591,790**	13,515,292
	40,822,834	18,524,072

At year-end the group has the following assessed losses carried forward

	Assessed losses	
	30 June 2017 GBP	30 June 2016 GBP
Evander Mines	**10,825,723**	–
Phoenix Platinum[1]	**502,789**	75,348
Pan African Resources	**236,090**	–
Pan African Resources Management Services Company Proprietary Limited	**95,924**	–
Total	**11,660,526**	75,348

[1] *Phoenix Platinum has been classified as held for sale (note 14).*

Deferred tax assets have been recognised in respect of all assessed losses.

14. DISCONTINUED OPERATIONS

On 5 April 2017, the group announced the decision by its board to dispose of all its shares and loan accounts in its wholly owned subsidiary, Pan African Resources Coal Holdings Proprietary Limited, the holding company of Uitkomst Colliery, to Coal of Africa Limited. In June 2017, all conditions precedent to the disposal of 100% of the shares and loan accounts in Pan African Resources Coal Holdings Proprietary Limited were fulfilled. The disposal of Pan African Resources Coal Holdings Proprietary Limited and Uitkomst Colliery was completed on 30 June 2017 and this business was therefore classified as a discontinued operation. The results of Pan African Resources Coal Holdings Proprietary Limited represented an insignificant portion of the Corporate segment (less than 1%). The business of Uitkomst Colliery represented the majority of the group's Uitkomst Colliery segment. With Uitkomst Colliery and Pan African Resources Coal Holdings Proprietary Limited being classified as discontinued operations, the Uitkomst Colliery segment and the results of Pan African Resources Coal Holdings Proprietary Limited are no longer presented as part of the continuing operations in the segment analysis note. The results of Uitkomst Colliery Proprietary Limited and Pan African Resources Coal Holdings Proprietary Limited for the year are presented below.

The group also announced on 31 July 2017 that it will dispose of all of its shares and loan accounts in Phoenix Platinum to Sylvania for a total cash consideration of ZAR89 million. Although the announcement was made after year-end, the transaction remains subject only to Competition Commission approval. At 30 June 2017 Phoenix Platinum was classified as a held for sale asset and as a discontinued operation, as the directors considered the sale to be highly probable within 12 months of year-end. With Phoenix Platinum being classified as a discontinued operation, the company is no longer presented as part of the continuing operations in the segment analysis note. The results of Phoenix Platinum have been presented below:

	Disposal group					
	Year ended 30 June 2017			Year ended 30 June 2016		
	Uitkomst Colliery and PAR Coal GBP	Phoenix Platinum GBP	Total GBP	Uitkomst Colliery and PAR Coal GBP	Phoenix Platinum GBP	Total GBP
Revenue						
Platinum sales	–	4,766,689	4,766,689	–	3,480,338	3,480,338
Coal sales	25,089,705	–	25,089,705	4,567,974	–	4,567,974
On-mine revenue	25,089,705	4,766,689	29,856,394	4,567,974	3,480,338	8,048,312
Cost of production	(21,741,484)	(5,007,705)	(26,749,189)	(4,279,735)	(3,456,007)	(7,735,742)
Depreciation	(706,407)	(870,020)	(1,576,427)	(148,733)	(311,870)	(460,603)
Mining profit	2,641,814	(1,111,036)	1,530,778	139,506	(287,539)	(148,033)
Other income/(expenses)	156,333	(117,318)	39,015	233,889	(249,773)	(15,884)
Impairment loss recognised on the remeasurement to fair value less cost to sell	–	(5,950,757)	(5,950,757)	–	–	–
Royalty costs	(70,218)	–	(70,218)	(16,524)	–	(16,524)
Net income before finance income	2,727,929	(7,179,111)	(4,451,182)	356,871	(537,312)	(180,441)
Finance income	102,850	180	103,030	8,824	448	9,272
Finance costs	–	–	–	–	(489)	(489)
Profit/(loss) before taxation from discontinued operations	2,830,779	(7,178,931)	(4,348,152)	365,695	(537,353)	(171,658)
Taxation	(782,022)	276,657	(505,365)	226,037	118,266	344,303
Profit/(loss) after taxation from discontinued operations	2,048,757	(6,902,274)	(4,853,517)	591,732	(419,087)	172,645

14. DISCONTINUED OPERATIONS continued

Major classes of assets and liabilities of Pan African Resources Coal Holdings Proprietary Limited and Uitkomst Colliery disposed of at 30 June 2017 are as follows:

	Consolidated Year ended 30 June 2017 GBP
Assets	
Non-current assets	
Property, plant and equipment and mineral rights	10,955,704
Current assets	
Inventories	1,071,606
Current tax asset	221,535
Trade and other receivables	3,736,665
Cash and cash equivalents	784,021
Liabilities	
Non-current liabilities	
Long-term provisions	476,998
Deferred taxation	3,014,280
Current liabilities	
Trade and other payables	2,297,196
Payable to Pan African Resources	8,844,340
Net asset value	2,136,717
Reconciliation of proceeds received	
Share proceeds through assets for share transaction	7,522,632
Cash proceeds received upon loan ceding	7,370,283
Deferred consideration proceeds received upon loan ceding (refer to note 20)	1,474,057
Net proceeds received	16,366,972
Loan ceded to Coal of Africa on sale	(8,844,340)
Profit on disposal of Uitkomst Colliery	5,385,915

14. DISCONTINUED OPERATIONS continued

Major classes of assets and liabilities of Phoenix Platinum classified as held for sale are as follows:

	Consolidated
	Year ended 30 June 2017 GBP
Assets	
Non-current assets	
Property, plant and equipment and mineral rights	3,531,545
Long-term inventory	142,600
Current assets	
Inventories	321,135
Trade and other receivables	1,563,292
Cash and cash equivalents	51,903
Assets held for sale	5,610,475
Liabilities	
Non-current liabilities	
Long-term provisions	58,249
Long-term liabilities	54,446
Deferred taxation	53,933
Current liabilities	
Trade and other payables	195,508
Current tax liability	698
Liabilities directly associated with assets held for sale	362,834

Net cash flows by discontinued operations are as follows:

	Year ended 30 June 2017			Year ended 30 June 2016		
	Uitkomst Colliery and PAR Coal GBP	Phoenix Platinum GBP	Total GBP	Uitkomst Colliery and PAR Coal GBP	Phoenix Platinum GBP	Total GBP
Operating activities	(224,251)	(1,080,899)	(1,305,150)	(1,693,227)	110,856	(1,582,371)
Investing activities	(478,695)	1,177,223	698,528	(5,740,653)	(375,292)	(6,115,945)
Financing activities	(446,756)	76,737	(370,019)	9,293,209	(39,452)	9,253,757
Net change in cash and cash equivalents	(1,149,702)	173,061	(976,641)	1,859,329	(303,888)	1,555,441
Cash and cash equivalents at the beginning of the year	1,922,574	14,846	1,937,420	–	383,454	383,454
Effect of foreign exchange rate changes	11,149	(136,004)	(124,855)	63,244	(64,719)	(1,475)
Cash and cash equivalents at the end of the year	784,021	51,903	835,924	1,922,573	14,847	1,937,420

14. DISCONTINUED OPERATIONS continued

	Year ended 30 June 2017 Pence	Year ended 30 June 2016 Pence
Earnings per share		
Basic (loss)/profit for the year from discontinued operations	(0.31)	0.01
Diluted (loss)/profit for the year from discontinued operations	(0.31)	0.01

Write down of property, plant and equipment

Immediately before the classification of Phoenix Platinum as an asset held for sale, the recoverable amount was estimated for the cash-generating unit. An impairment charge of GBP5,950,757 was recognised to reduce the carrying amount of GBP11,198,399 in the disposal group to its recoverable amount. This was recognised in discontinued operations in the statement of profit or loss and other comprehensive income.

The recoverable amount of Phoenix Platinum was determined at GBP5,247,642, being the fair value less cost to sell based on the offer price.

The carrying value of non-current assets held for sale is as follows:

	Consolidated		Separate[2]	
	Year ended 30 June 2017 GBP	Year ended 30 June 2016 GBP	Year ended 30 June 2017 GBP	Year ended 30 June 2016 GBP
Opening balance	66,873	–	–	–
Buildings and infrastructure[1]	–	66,873	–	–
Held for sale assets disposed of in the current financial year	(77,992)	–	5,247,642	–
Assets classified as held for sale in the current financial year	5,610,475	–	–	–
Foreign currency translation reserve	11,119	–	–	–
Closing balance	5,610,475	66,873	5,247,642	–

[1] *An offer to purchase was signed on 28 June 2016 between Uitkomst Colliery and a third party for the disposal of the building, situated at 36 Gemsbok Avenue, Newcastle. The purchase price agreed upon is ZAR1.3 million. The building came with the acquisition of Uitkomst Colliery, and was used as an administrative office for the coal operation. The building was disposed of in the current year as part of the sale of Uitkomst Colliery.*

[2] *Assets held for sale reconciliation*
Immediately before Phoenix Platinum was classified as held for sale, an impairment charge of GBP6,352,320 was recognised in the separate accounts of the company and reduced the inter-company loan receivable from Phoenix Platinum. Refer to the reconciliation below.

	Separate
	Year ended 30 June 2017 GBP
Investment in Phoenix Platinum at 30 June 2016	*4,209,696*
Inter-company loans loan receivable from Phoenix Platinum at 30 June 2016	*7,027,516*
Impairment of inter-company loan receivable in the current year	*(6,352,320)*
Foreign currency translation reserve	*362,750*
Assets classified as held for sale	*5,247,642*

15. EARNINGS PER SHARE

Basic and diluted earnings per share

Basic and diluted earnings per share are based on the group's profit for the year attributable to owners of the parent, divided by the weighted average number of shares in issue during the year. Dilutive earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all potentially dilutive ordinary shares. Potential ordinary shares are treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

	Year ended 30 June 2017			Year ended 30 June 2016		
	Net profit GBP	Weighted average number of shares[2]	Earnings per share Pence	Net profit GBP	Weighted average number of shares	Earnings per share Pence
Basic earnings per share	**17,910,036**	**1,564,346,115**	**1.14**	25,501,817	1,811,427,377	1.41
Dilutive potential ordinary shares	**–**	**729,319**	**–**	–	489,558	–
Diluted earnings per share	**17,910,036**	**1,565,075,434**	**1.14**	25,501,817	1,811,916,935	1.41

Headline earnings per share

Headline earnings per share is based on the group's headline earnings divided by the weighted average number of shares in issue during the year.

Reconciliation between earnings and headline earnings:

	Year ended 30 June 2017			Year ended 30 June 2016		
	Net profit GBP	Weighted average number of shares[2]	Earnings per share Pence	Net profit GBP	Weighted average number of shares	Earnings per share Pence
Earnings as reported	**17,910,036**	**1,564,346,115**	**1.14**	25,501,817	1,811,427,377	1.41
Adjustments:						
Profit on disposal of investments	**(222,571)**	**–**	**(0.01)**	–	–	–
Taxation on profit on disposal of investment	**49,856**	**–**	**–**			
Profit on disposal of subsidiary	**(5,385,915)**	**–**	**(0.34)**	–	–	–
Profit on disposal of property, plant and equipment and mineral rights	**(22,251)**	**–**	**–**	(2,767)	–	–
Tax on profit on disposal of property, plant and equipment	**6,230**	**–**	**–**			
Impairment	**5,950,757**	**–**	**0.38**	–	–	–
Headline earnings per share[1]	**18,286,142**	**1,564,346,115**	**1.17**	25,499,050	1,811,427,377	1.41
Dilutive potential ordinary shares	**–**	**729,319**	**–**	–	489,558	–
Diluted headline earnings per share	**18,286,142**	**1,565,075,434**	**1.17**	25,499,050	1,811,916,935	1.41

[1] *Headline earnings per share is required to be disclosed in terms of the JSE listing requirements.*
[2] *The shares take into account a reduction of the treasury shares of 436,358,058, in the weighted average calculation.*

15. EARNINGS PER SHARE continued

	Consolidated	
	30 June 2017 Pence	30 June 2016 Pence
Net asset value per share	12.04	10.02
Tangible net asset value per share[1]	10.70	5.83

[1] *Total assets less goodwill, non-current assets held for sale, non-current liabilities, current liabilities and mineral rights and mining property.*

Basic and diluted earnings per share continuing operations

	Year ended 30 June 2017			Year ended 30 June 2016		
	Net profit GBP	Weighted average number of shares[2]	Earnings per share Pence	Net profit GBP	Weighted average number of shares	Earnings per share Pence
Basic earnings per share continuing operations	22,763,553	1,564,346,115	1.46	25,329,172	1,811,427,377	1.40
Dilutive potential ordinary shares	–	729,319	(0.01)	–	489,558	–
Diluted earnings per share continuing operations	22,763,553	1,565,075,434	1.45	25,329,172	1,811,916,935	1.40

Headline earnings per share continuing operations

Headline earnings per share is based on the group's headline earnings divided by the weighted average number of shares in issue during the year.

Reconciliation between earnings and headline earnings from continuing operations:

	Year ended 30 June 2017			Year ended 30 June 2016		
	Net profit GBP	Weighted average number of shares[2]	Earnings per share Pence	Net profit GBP	Weighted average number of shares	Earnings per share Pence
Earnings from continuing operations as reported	22,763,553	1,564,346,115	1.46	25,329,172	1,811,427,377	1.40
Adjustments:						
Profit on disposal of investments	(222,571)	–	(0.01)	–	–	–
Profit on disposal of subsidiary	(5,385,915)	–	(0.35)	–	–	–
Profit on disposal of property, plant and equipment	–	–	–	2,767	–	–
Headline earnings per share[1]	17,155,067	1,564,346,115	1.10	25,331,939	1,811,427,377	1.40
Dilutive potential ordinary shares	–	729,319	–	–	489,558	–
Diluted headline earnings per share	17,155,067	1,565,075,434	1.10	25,331,939	1,811,916,935	1.40

[1] *Headline earnings per share is required to be disclosed in terms of the JSE listing requirements.*
[2] *The shares take into account a reduction of the treasury shares of 436,358,058, in the weighted average calculation.*

16. DIVIDENDS

The group paid a final dividend of ZAR300 million or GBP17.1 million (2015: ZAR210 million or GBP9.7 million) on 22 December 2016 relating to the 2016 financial year, equating to ZAR0.15438 cents per share or 0.88 pence per share (2015: ZAR0.11466 cents per share or 0.53 pence per share).

17. PROPERTY, PLANT AND EQUIPMENT AND MINERAL RIGHTS

	Land[1] GBP	Mineral rights and mining property GBP	Exploration assets[2] GBP
Group			
Cost			
Balance at 30 June 2015	1,838,298	44,742,413	24,397,648
Acquired from Uitkomst Colliery	–	7,675,739	–
Transfer to asset held for sale	–	–	–
Transfers	85,745	–	–
Additions	–	–	–
Disposal	–	–	–
Foreign currency translation reserve	(44,609)	(591,572)	(592,056)
Balance at 30 June 2016	**1,879,434**	**51,826,580**	**23,805,592**
Transfer to asset held for sale	**(14,417)**	**(4,973,866)**	**–**
Transfers	**–**	**–**	**–**
Additions	**–**	**24,340**	**–**
Disposal of subsidiary	**–**	**(9,553,127)**	**–**
Disposal	**–**	**–**	**–**
Classified as long-term inventory[3]	**–**	**–**	**–**
Foreign currency translation reserve	**312,500**	**8,617,807**	**3,958,241**
Balance at 30 June 2017	**2,177,517**	**45,941,734**	**27,763,833**
Accumulated depreciation and impairment			
Balance at 30 June 2015	–	(8,401,648)	–
Charge for the year	–	(1,396,679)	–
Disposal	–	–	–
Foreign currency translation reserve	–	85,962	–
Balance at 30 June 2016	**–**	**(9,712,365)**	**–**
Transfer to asset held for sale	**–**	**1,247,206**	**–**
Transfers	**–**	**–**	**–**
Charge for the year	**–**	**(2,014,143)**	**–**
Disposal of subsidiary	**–**	**679,770**	**–**
Disposal	**–**	**–**	**–**
Impairment	**–**	**–**	**–**
Foreign currency translation reserve	**–**	**(1,649,351)**	**–**
Balance at 30 June 2017	**–**	**(11,448,883)**	**–**
Carrying amount			
At 30 June 2016	1,879,434	42,114,215	23,805,592
At 30 June 2017	**2,177,517**	**34,492,851**	**27,763,833**

[1] Details of land are maintained in a register held at the offices of Barberton Mines, Evander Mines and Phoenix Platinum, which may be inspected by a member or their duly authorised agents. The group reviews the residual values used for purposes of depreciation calculations annually.

[2] The Evander Mines exploration assets comprise Evander South, Rolspruit and Poplar.

[3] Surface tailings relate to long-term inventory tailings upon purchase of the Harper tailings storage facility located at Fairview in Barberton Mines. The surface tailings were utilised during the current year and thus have been classified as long-term inventory (refer to note 23).

Refer to note 30 for property, plant and equipment pledged as security for revolving credit facilities.

Building and infrastructure GBP	Plant and machinery GBP	Capital under construction GBP	Shafts and exploration GBP	Surface tailings[3] GBP	Other GBP	Total GBP
27,835,111	88,252,825	6,106,177	28,832,801	518,135	237,923	222,761,331
62,828	1,374,990	–	–	–	–	9,113,557
(66,873)	–	–	–	–	–	(66,873)
–	(85,745)	–	–	–	–	–
208,460	5,855,853	4,162,905	3,797,567	–	55,133	14,079,918
–	(28,860)	–	–	–	(456)	(29,316)
(653,827)	(1,562,568)	203,289	(379,060)	(12,574)	(1,158)	(3,634,135)
27,385,699	**93,806,495**	**10,472,371**	**32,251,308**	**505,561**	**291,442**	**242,224,482**
–	**(9,492,928)**	**(116,615)**	**–**	**–**	**(75,322)**	**(14,673,148)**
–	**238,613**	**(239,501)**	**–**	**–**	**–**	**(888)**
4,052,810	**10,759,147**	**15,412,825**	**4,688,625**	**289,855**	**290,575**	**35,518,177**
(326,131)	**(1,564,749)**	**–**	**–**	**–**	**(288,778)**	**(11,732,785)**
–	**(434,203)**	**–**	**–**	**–**	**–**	**(434,203)**
–	**–**	**–**	**–**	**(869,565)**	**–**	**(869,565)**
4,622,817	**15,774,090**	**2,004,824**	**5,442,711**	**74,149**	**53,427**	**40,860,566**
35,735,195	**109,086,465**	**27,533,904**	**42,382,644**	**–**	**271,344**	**290,892,636**
(3,989,653)	(18,690,526)	(430,417)	(9,543,224)	–	(173,083)	(41,228,551)
(1,551,111)	(6,104,087)	(422,681)	(907,139)	–	(25,252)	(10,406,949)
–	11,929	–	–	–	–	11,929
(34,142)	(59,361)	(25,242)	154,925	–	2,146	124,288
(5,574,906)	**(24,842,045)**	**(878,340)**	**(10,295,438)**	**–**	**(196,189)**	**(51,499,283)**
–	**9,854,933**	**–**	**–**	**–**	**39,464**	**11,141,603**
–	**888**	**–**	**–**	**–**	**–**	**888**
(1,433,520)	**(5,944,542)**	**(627,964)**	**(1,962,229)**	**–**	**(53,072)**	**(12,035,470)**
7,932	**154,249**	**–**	**–**	**–**	**13,122**	**855,073**
–	**50,657**	**–**	**–**	**–**	**–**	**50,657**
–	**(5,850,715)**	**–**	**–**	**–**	**–**	**(5,850,715)**
(951,472)	**(4,331,397)**	**(156,782)**	**(1,745,412)**	**–**	**(33,528)**	**(8,867,942)**
(7,951,966)	**(30,907,972)**	**(1,663,086)**	**(14,003,079)**	**–**	**(230,203)**	**(66,205,189)**
21,810,793	68,964,450	9,594,031	21,955,870	505,561	95,253	190,725,199
27,783,229	**78,178,493**	**25,870,818**	**28,379,565**	**–**	**41,141**	**224,687,447**

17. PROPERTY, PLANT AND EQUIPMENT AND MINERAL RIGHTS continued

	Consolidated	
	30 June 2017 GBP	30 June 2016 GBP
Depreciation on property, plant and equipment and mineral right	12,035,470	10,406,949
Amortisation on intangible assets	92,920	85,797
Non-mining depreciation and amortisation	(58,899)	(36,617)
Classified as discontinued operations	(1,576,427)	(460,603)
Total mining depreciation	10,493,064	9,995,526
Mining amortisation	(65,093)	(71,653)
Direct mining depreciation	10,427,971	9,923,873

Change in estimate

During the year the group revised its method of depreciation on its mining operation's property, plant and equipment. This change in method is effectively a change in estimate on the depreciation rate calculations and comprised a revision in residual values for property, plant and equipment that is expected to be sold at the end of its useful life. Refer below for detailed impact on the statement of comprehensive income.

	Evander Mines GBP	Barberton Mines GBP
Depreciation calculated before the reassessment of residual values	6,481,289	5,457,262
Impact on depreciation		
Reassessment of residual values	(737,647)	(707,840)
Depreciation recognised per the income statement	5,743,642	4,749,422

Impairment considerations and recoverable amount sensitivity

The following indicators of potential impairment were identified during the current financial year as part of the annual impairment assessment process, and as per the base case impairment assessment performed, no impairment has been recognised for both the Evander Mines and Barberton Mines CGU:

- A decline in gold production of 15.4% from the previous period.
- An increase in gold production and realisation cost of 7.7%.
- A decline in the forecast long-term real gold price from ZAR580,000/kg to ZAR550,000/kg.

The recoverable amount of the Evander CGU was determined based on a fair value less cost to sell basis using a discounted fair value cash flow model and a resource valuation model for the 2010 Pay Channel. The Barberton CGU was determined using a value-in-use calculation via a discounted cash flow model. The key assumptions made within management's base case calculations were as follows:

	Evander Mines	Barberton Mine
Discount rate (post-tax)	9.4%	10.6%
Discount rate (pre-tax)	10.0%	11.3%
Long-term gold price ZAR/kg at 30 June 2017 (one year forward price)	ZAR550,000/kg	ZAR550,000/kg
Life of mine	15 years	20 years

There is a degree of estimation uncertainty associated with the forecast long-term gold price. A reasonably possible decline in the gold price from ZAR550,000/kg to ZAR535,000/kg (with all other variables held constant) will not result in an impairment.

18. OTHER INTANGIBLE ASSETS

	Consolidated		Separate	
	30 June 2017 GBP	30 June 2016 GBP	30 June 2017 GBP	30 June 2016 GBP
Software costs				
Balance at the beginning of the period	**123,235**	202,488	**–**	–
Additions	**22,817**	17,248	**–**	–
Current year amortisation	**(92,920)**	(85,797)	**–**	–
Foreign currency translation reserve	**19,294**	(10,704)	**–**	–
Balance at the end of the period	**72,426**	123,235	**–**	–

19. GOODWILL

Goodwill acquired in a business combination is allocated at acquisition to the CGUs that are expected to benefit from that business combination. All the group's goodwill has been allocated to Barberton Mines CGU.

	Consolidated		Separate	
	30 June 2017 GBP	30 June 2016 GBP	30 June 2017 GBP	30 June 2016 GBP
Opening and closing balance	**21,000,714**	21,000,714	**–**	–

The group tests the Barberton Mines goodwill carrying amount annually for impairment, or more frequently if there are indications that goodwill may be impaired. The goodwill carrying amount is not considered to be impaired and the review was performed in accordance with the group's accounting policies.

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculation include the discount rate, and changes to the gold price and direct costs over the expected life of mine. Management estimates the discount rate using post-tax rate of 10.6% (pre-tax rate 11.3%) (2016: 10.7%) for Barberton Mines, which reflects the current market assessments of the time value of money and the risks specific to the CGU to the extent not already reflected in the cash flows being discounted, an average gold price of ZAR550,000/kg (2016: ZAR580,000/kg) over the life of projects. The life of mine was estimated at 20 years (2016: 22 years) for Barberton Mines at the end of the financial year.

An impairment could potentially be recognised on goodwill should the average gold price received fall below ZAR520,800/kg for a sustained period of time (with all other variables held constant). A reasonably possible decline in the gold price from ZAR550,000/kg to ZAR535,000/kg (with all other variables held constant) will not result in an impairment of goodwill. Please refer to note 17 where a sensitivity analysis has been performed.

The group prepares cash flow forecasts derived from the most recent financial budgets approved by management.

20. LONG-TERM RECEIVABLES

	Consolidated		Separate	
	30 June 2017 GBP	30 June 2016 GBP	30 June 2017 GBP	30 June 2016 GBP
Deferred consideration receivable[1]	**1,474,057**	–	**1,474,057**	–
Other long-term loans receivable[2]	**1,061,321**	–	**–**	–
	2,535,378	–	**1,474,057**	–

[1] *Accrues interest at prime rate, and is repayable in full in June 2019.*

[2] *Accrues interest at prime rate with effect from 1 October 2017. Repayable in 60 equal monthly instalments with the first repayment date being 1 January 2019 and the final repayment date being 1 January 2023.*

The carrying value of long-term receivables approximates its fair value.

21. INVESTMENTS

At 30 June 2017 the company and group held the following shares in subsidiaries

Name of company	Country of incorporation	Principal activity	Registered address
Barberton Mines[1]	South Africa	Gold mining	First floor, Office 101, The Firs Corner Cradock and Biermann Avenue Rosebank 2196
Evander Gold Mining Proprietary Limited[1]	South Africa	Gold mining	
Evander Gold Mines Proprietary Limited (Evander Mines)	South Africa	Gold mining	
Phoenix Platinum[2]	South Africa	PGE re-mining	
Funding Company[3]	South Africa	Treasury services	
Pan African Resources Management Services Company Proprietary Limited (PAR Management Services)	South Africa	Services company	
Uitkomst Colliery Proprietary Limited[5]	South Africa	Coal mining	
PAR Gold Proprietary Limited (PAR Gold)[7]	South Africa	BEE company	
Emerald Panther Investments 91 Proprietary Limited (Emerald Panther)[4]	South Africa	Holding company	
Pan African Resources Coal Holdings Proprietary Limited (PAR Coal Holdings)[6]	South Africa	Holding company	
Nyambose Proprietary Limited[5]	South Africa	Other	24A Taute Street Ermelo
Coal of Africa Limited[8]	Australia	Mining	
Listed investment[9]	Canada	Mining	

	Consolidated		Separate	
	30 June 2017 GBP	30 June 2016 GBP	30 June 2017 GBP	30 June 2016 GBP
Investments reconciliation:				
Opening balance	**1,269,228**	904,818	**124,200,675**	122,911,964
Investment in Coal of Africa Limited	**7,522,632**	–	**7,522,632**	–
Subscription of share in Pan African Resources Management Services Company Proprietary Limited	**–**	–	**1,207,492**	–
Investment in Phoenix Platinum classified as held for sale	**–**		**(3,403,955)**	–
Fair value adjustment on the available-for-sale investment	**(94,938)**	388,188	**(94,938)**	388,188
Proceeds from sale of available-for-sale investment	**(1,381,005)**	–	**(1,381,005)**	–
Purchase of shares in Pan African Resources Coal Holdings Proprietary Limited	**–**	–	**–**	924,193
Disposal of investment in PAR Coal Holdings	**–**	–	**(924,193)**	–
Foreign currency translation reserve	**206,715**	(23,778)	**(599,026)**	(23,670)
Closing balance	**7,522,632**	1,269,228	**126,527,682**	124,200,675

[1] In prior years a portion of shares in the investment was issued to employees via an employee share ownership plan (ESOP) transaction scheme. The substance of the transaction renders Pan African Resources retaining full control of the investments and therefore consolidating 100% of the investment.

[2] Phoenix Platinum Limited has been classified as held for sale in the current financial year.
Immediately before the classification of Phoenix Platinum as an asset held for sale, the recoverable amount was estimated for the CGU. An impairment loss was recognised of GBP6,352,320 on 30 June 2017 to reduce the carrying amount of the investment in Phoenix Platinum and the loan receivable to the fair value less cost to sell.
The recoverable amount of Phoenix Platinum was determined based on the disposal price of GBP5.2 million (ZAR89 million). Refer to note 14.

[3] Funding Company was established for the purpose of providing funding and treasury services to the group.

				Consolidated		Separate	
	2017 Statutory holding %	2016 Statutory holding %	Holding effectively held by company for consolidation purposes %	Carrying amount 30 June 2017 GBP	Carrying amount 30 June 2016 GBP	Carrying amount 30 June 2017 GBP	Carrying amount 30 June 2016 GBP
	95	95	100	–	–	**45,770,663**	45,770,663
	95	95	100	–	–	–	–
	100	100	100	–	–	–	–
	100	100	100	–	–	–	4,209,696
	100	100	100	–	–	**263**	263
	100	100	100	–	–	**1,207,492**	–
	–	100	–	–	–	–	–
	50.50	50.50	100	–	–	–	–
	100	100	100	–	–	**72,026,632**	72,026,632
	–	100	–	–	–	–	924,193
	–	100	–	–	–	–	–
	9.3	3.4	9,3	**7,522,632**	–	**7,522,632**	–
	–	3.4	–	–	1,269,228	–	1,269,228
				7,522,632	1,269,228	**126,527,682**	124,200,675

[4] Emerald Panther is a company acquired to facilitate the acquisition of Evander Mines from Harmony Gold Mining Company Limited, and therefore holds the investment in Evander Mines. Emerald Panther holds 100% of Evander Gold Mines Proprietary Limited and Evander Gold Mining Proprietary Limited, which are both incorporated in South Africa, and operate in mining.

[5] Nyambose Proprietary Limited and Uitkomst Colliery were disposed of in the current financial year.

[6] PAR Coal Holdings was acquired during the prior financial year with all its issued shares subscribed for by Pan African Resources. This company was acquired as a strategic holding company for the group's coal business. PAR Coal Holdings was the main shareholder in the Uitkomst Colliery (previously known as Emerald Panther Investments 107 Proprietary Limited). Coal Holdings was disposed of in the current financial year, to Coal of Africa Limited.

[7] Towards the end of the prior financial year the group finalised a share buyback transaction in which 49.9% of the shares issued in PAR Gold were purchased through the group's wholly owned subsidiary, Funding Company. The transaction translated to a share buyback as PAR Gold has as its sole investment a 23.8% stake in Pan African Resources on 3 June 2016 (at 30 June 2016 the shareholding diluted to 22.46% following the share issue on 3 June 2016), and deriving only dividends linked to the shareholding as income. Following the issue of 291,480,983 shares to fund the Elikhulu Project on 12 April 2017 the shareholding of PAR Gold in Pan African Resources diluted to 19.53%.

[8] Through the disposal of Pan African Resources Coal Holdings Proprietary Limited and Uitkomst Colliery on the effective date of the transaction (30 June 2017), the company acquired 261,287,625 new ordinary shares in Coal of Africa Limited. The entity is an emerging coal exploration, development and mining company operating in South Africa. At year-end the company had a 9.3% holding in the investment and therefore carried it at fair value as per the applicable accounting standard.

[9] During 2015, the company purchased 1,750,850 shares in a listed entity for an amount of GBP1,037,677. During the current year the company disposed of its investment and recognised a profit of GBP222,571. The entity is an exploration, development and gold mining company focused on Southern Africa.

	Consolidated		*Separate*	
	30 June 2017 GBP	*30 June 2016 GBP*	*30 June 2017 GBP*	*30 June 2016 GBP*
Dividends received from listed investment	***648,407***	*37,477*	***973,179***	*45,371*

22. REHABILITATION TRUST FUND

	Barberton Mines GBP	Evander Mines GBP	Total GBP
Funds held in trust fund			
Opening balance as at 30 June 2015	2,240,527	13,941,398	16,181,925
Interest earned on the rehabilitation fund	1,849	11,503	13,352
Fair value adjustment	57,454	357,501	414,955
Foreign currency translation reserve	(49,364)	(307,160)	(356,524)
Closing balance as at 30 June 2016	2,250,466	14,003,242	16,253,708
Interest earned on the rehabilitation fund	**6,497**	**40,430**	**46,927**
Fair value adjustment	**(13,539)**	**(84,236)**	**(97,775)**
Foreign currency translation reserve	**374,075**	**2,327,619**	**2,701,694**
Closing balance as at 30 June 2017	**2,617,499**	**16,287,055**	**18,904,554**

The funds available from contributions are held within Pan African Resources Group Rehabilitation Trust. The funds held within the rehabilitation trust are restricted to be used for rehabilitation and decommission costs.

The amounts are invested in a number of instruments, including interest-bearing short-term deposits, medium-term equity-linked notes issued by commercial banks, and equity share portfolios managed by asset managers.

Refer to note 29 for the associated rehabilitation provision disclosure.

23. INVENTORIES

	Consolidated		Separate	
	30 June 2017 GBP	30 June 2016 GBP	30 June 2017 GBP	30 June 2016 GBP
Consumable stores	**3,950,752**	3,060,766	–	–
Mineral stocks	**1,028,291**	934,306	–	–
Coal inventory	–	456,620	–	–
Short-term portion of long-term inventory	**182,256**	31,850	–	–
Provision for obsolete stock	**(113,883)**	(84,729)	–	–
	5,047,416	4,398,813	–	–
Long-term inventory (Phoenix Platinum)[1]	–	186,861	–	–
Long-term inventory (Barberton Mines)[2]	**684,432**	–	–	–
	5,731,848	4,585,674	–	–
Inventory recognised as cost of production	**16,740,872**	12,533,010	–	–

[1] *Phoenix Platinum was classified as held for sale on 30 June 2017.*

[2] *Surface tailings related to long-term inventory tailings from the purchase of the Harper tailings storage facility located at Fairview in Barberton Mines. These surface tailings were transferred from property, plant and equipment to long-term inventory since surface tailings were utilised during the current year. (refer to note 17).*

The nature of this inventory is long term as it is expected to be processed over a period in excess of 12 months from the reporting date.

24. TRADE AND OTHER RECEIVABLES

	Consolidated		Separate	
	30 June 2017 GBP	30 June 2016 GBP	30 June 2017 GBP	30 June 2016 GBP
Trade receivables	**7,734,977**	10,233,634	**–**	–
Provision for doubtful debtors	**(94,694)**	(44,233)	**–**	–
Other receivables and prepayments	**748,719**	1,247,281	**5,563**	23,949
Current portion of long-term loans receivable	**117,925**	–	**–**	–
VAT receivable	**5,237,181**	2,605,675	**–**	33,990
	13,744,108	14,042,357	**5,563**	57,939

The group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful debtors relating to other receivables, estimated by the group's management based on the current economic environment and individual debtor circumstances. The credit risk on liquid funds is limited because the counterparties are dealt with in accordance with the group's credit policy. Financial institutions are the major customers that represent more than 5% of the trade receivables balance for the individual gold mining subsidiaries (Barberton Mines and Evander Mines).

	Consolidated	
	30 June 2017 GBP	30 June 2016 GBP
The average credit period is:		
Number of days	**19**	18
Trade receivables	**7,734,977**	10,233,634
Revenue	**169,584,586**	161,312,220

The ageing of trade receivables has remained consistent with prior year.

No interest is charged on trade receivables.

Before accepting any new customers, the group uses a credit bureau or performs a credit assessment to assess the potential customer's credit limit and credit quality. The group only transacts with creditworthy customers and large institutions within South Africa or elsewhere.

The fair value of trade receivables is not materially different from the carrying value presented. Trade receivables have been pledged as security, in terms of the revolving credit facility.

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash held by the group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

	Consolidated		Separate	
	30 June 2017 GBP	30 June 2016 GBP	30 June 2017 GBP	30 June 2016 GBP
Cash and cash equivalents	**9,499,047**	2,658,947	**8,009,500**	77,660
Cash attributable to discontinued operations	**51,903**	–	**–**	–
Cash and cash equivalents continuing operations	**9,447,144**	2,658,947	**8,009,500**	77,660
Credit facilities				
The group has the following credit facilities:				
Nedbank Limited revolving credit facility[1]	**19,654,088**	13,481,631	**–**	–
Rand Merchant Bank revolving credit facility[1]	**19,654,088**	13,481,631	**–**	–
Absa Bank Limited revolving credit facility[1]	**19,654,088**	13,481,631	**–**	–
Absa Bank Limited overdraft facility[1]	**2,948,113**	2,527,806	**–**	–
Rand Merchant Bank overdraft facility[1]	**2,948,113**	2,527,806	**–**	–
Nedbank Limited credit card facilities	**16,215**	75,834	**–**	50,556
Guarantee[2]	**2,835,019**	3,381,275	**–**	–
USD trading facility[3]	**5,601,415**	4,802,831	**–**	–
	73,311,139	53,760,445	**–**	50,556

[1] *1 The group has secured a five-year revolving credit facility with Nedbank Limited, Absa Bank Limited and Rand Merchant Bank (refer note 30). The facility carries an interest rate of the monthly JIBAR rate plus 2.5% margin, and is secured against Barberton Mines, Evander Mines and Phoenix Platinum's property, plant and equipment. The revolving credit facility was utilised during the current year, and at year-end, there was an outstanding amount of GBP11.9 million (2016: GBP15.7 million) payable in relation to the facility and an unutilised amount of GBP47.1 million (2016: GBP24.8 million). The Absa Limited and Rand Merchant Bank overdraft facility remain unsecured and were unutilised at year-end. The overdraft facilities attract interest that is linked to prime in South Africa.*

[2] *The guarantees relate to GBP1,450,065 (2016: GBP1,243,332) for Eskom (electricity utility), GBP824,812 (2016: GBP1,028,237) for the Department of Minerals and Resources (DMR), other financial guarantees GBP560,142 (2016: GBP776,036) and GBPnil (2016: GBP333,670) relating to Transnet SOC Limited.*

[3] *The USD trading facility relates to trading facilities held by Barberton Mines for the purposes of trading USD for ZAR on USD gold sales.*

26. SHARE CAPITAL

	Consolidated		Separate	
	30 June 2017 GBP	30 June 2016 GBP	30 June 2017 GBP	30 June 2016 GBP
Issued				
Number of ordinary shares in issue at the beginning of the year	**2,234,687,537**	1,943,206,554	**2,234,687,537**	1,943,206,554
Treasury shares in issue	**(436,358,058)**	(436,358,058)	**–**	–
	1,798,329,479	1,506,848,496	**2,234,687,537**	1,943,206,554
Ordinary shares issued of GBP0.01 each	**22,346,875**	19,432,065	**22,346,875**	19,432,065

The following cash issue of shares was made during the year:

On 19 April 2017, 291,480,983 ordinary shares were issued in terms of an accelerated book build at 14 pence per share.

During the prior financial year:

On 3 June 2016, 111,711,791 shares were issued as part of a placement at 14.4 pence per share, in relation to the acquisition of the PAR Gold share buyback transaction.

27. TRADE AND OTHER PAYABLES

	Consolidated		Separate	
	30 June 2017 GBP	30 June 2016 GBP	30 June 2017 GBP	30 June 2016 GBP
Trade and other payables	**15,859,875**	9,980,679	**–**	–
Accruals and other payables	**10,362,959**	8,390,553	**1,000,773**	257,837
VAT payable	**833,764**	372,003	**122,544**	–
Total trade and other payables	**27,056,598**	18,743,235	**1,123,317**	257,837

	Consolidated	
	30 June 2017	30 June 201
The average credit period is:		
Number of days	**35**	34
Trade and other payables	**15,859,875**	9,980,679
Cost of production	**(134,006,583)**	(100,487,340)

Creditors days have remained materially constant, even with the disposal of Uitkomst Colliery and the classification of Phoenix Platinum as held for sale.

The fair value of trade payables is not materially different from the carrying value presented.

28. CURRENT TAXATION

	Consolidated		Separate	
	30 June 2017 GBP	30 June 2016 GBP	30 June 2017 GBP	30 June 2016 GBP
Current taxation asset	**1,068,496**	848,946	**66,479**	8,469
Current taxation liability	**48,686**	541,794	**–**	–

Current taxation payable and receivable by the group relate to the South African Revenue Service (SARS).

29. LONG-TERM PROVISIONS

	Consolidated	Separate
	Decom-missioning and rehabilitation GBP	Decom-missioning and rehabilitation GBP
Balance at 30 June 2015	12,249,367	–
Acquired from Uitkomst Colliery	386,580	–
Net release during the year for continuing operations	(1,755,313)	–
Net release during the year for discontinued operations	(24,975)	–
Foreign currency translation reserve	(422,673)	–
Balance at 30 June 2016	10,432,986	–
Disposal of Uitkomst Colliery	**(476,999)**	**–**
Classified as held for sale	**(58,249)**	**–**
Unwinding of rehabilitation provision for continuing operations	**92,721**	**–**
Rehabilitation cost incurred for continuing operations in the current year	**(57,117)**	**–**
Unwinding of rehabilitation provision for discontinued operations	**(13,131)**	**–**
Foreign currency translation reserve	**1,735,114**	**–**
Balance at 30 June 2017	**11,655,325**	**–**

29. LONG-TERM PROVISIONS continued

Rehabilitation provision

The provision includes the estimate of the costs of decommissioning and the cost of environmental and other remedial work such as reclamation costs, close down and restoration and pollution control. Estimates are made on an annual basis, based on the estimated life of the mine, following which payments are made to a rehabilitation trust set up as required by South African laws and regulations. The provision represents the net present value of the best estimate of the expenditure required to settle the obligation to decommission and rehabilitate environmental disturbances caused by mining operations. These costs are expected to be incurred over the following life of mine and rates.

The current year movement in the group's rehabilitation liability has been largely influenced by foreign exchange rate movements.

	30 June 2017		30 June 2016	
	Life of mine Years	Risk-free rate %	Life of mine Years	Risk-free rate %
Barberton Mines (Fairview)	**20**	**11.6**	22	11.3
Barberton Mines (Sheba)	**20**	**11.6**	18	9.6
Barberton Mines (Consort)	**7**	**8.7**	5	8.6
Barberton Mines (BTRP)	**14**	**10.1**	14	9.9
Evander Mines (No 8 Shaft)	**15**	**9.9**	16	9.7
Evander Mines (ETRP)	**15**	**9.9**	16	9.7
Phoenix Platinum	**7**	**8.7**	9	9.0
Uitkomst Colliery[1]	**17**	**8.9**	22	11.3

[1] *The effective date of disposal of Uitkomst Colliery was 30 June 2017.*

30. LONG-TERM LIABILITIES

	Consolidated		Separate	
	30 June 2017 GBP	30 June 2016 GBP	30 June 2017 GBP	30 June 2016 GBP
Cash-settled share options				
Opening balance	**5,541,351**	1,313,721	**–**	–
(Income)/expense for the year for continuing operations	**(117,948)**	5,143,905	**1,792,385**	–
(Income)/expense for the year for discontinued operations	**(16,879)**	130,792	**–**	–
Payments during the year	**(3,299,545)**	(1,324,924)	**(1,111,484)**	–
Classified as held for sale	**(45,413)**	–	**–**	–
Foreign currency translation reserve	**788,959**	277,857	**(19,561)**	–
Closing balance	**2,850,525**	5,541,351	**661,340**	–
Current portion	**(1,353,914)**	(2,738,123)	**(207,055)**	–
Long-term portion	**1,496,611**	2,803,228	**454,285**	–
Post-retirement benefits				
Opening balance	**64,691**	78,535	**–**	–
Utilised for the year	**(12,389)**	(11,009)	**–**	–
Foreign currency translation reserve	**10,544**	(2,835)	**–**	–
Closing balance (refer note 33)	**62,846**	64,691	**–**	–

30. LONG-TERM LIABILITIES continued

	Consolidated		Separate	
	30 June 2017 GBP	30 June 2016 GBP	30 June 2017 GBP	30 June 2016 GBP
Revolving credit facility				
Opening balance	**15,693,937**	12,732,505	–	–
Drawdowns	**47,036,166**	38,061,147	–	–
Finance costs incurred[1]	**2,448,752**	1,317,577	–	–
Repayments of capital	**(53,964,004)**	(36,807,033)	–	–
Repayments of finance costs	**(2,402,769)**	(1,074,513)	–	–
Foreign currency translation reserve	**3,049,670**	1,464,254	–	–
Closing balance	**11,861,752**	15,693,937	–	–
Current portion	**(1,221,303)**	(1,452,109)	–	–
Long-term portion	**10,640,449**	14,241,828	–	–

[1] *Finance costs incurred exclude GBP321,373 (2016: GBP127,572), relating to the general banking facilities, which are separately disclosable from the revolving credit facility.*

	Consolidated		Separate	
	30 June 2017 GBP	30 June 2016 GBP	30 June 2017 GBP	30 June 2016 GBP
Gold loan				
Opening balance	**4,137,041**	7,235,699	–	–
Gold loan repayments	**(3,191,991)**	(2,747,333)	–	–
Foreign currency translation reserve	**625,412**	(351,325)	–	–
Closing balance	**1,570,462**	4,137,041	–	–
Current portion	**(1,570,462)**	(2,790,479)	–	–
Long-term portion	**–**	1,346,562	–	–

The gold loan has been designated as an instrument to be measured at amortised cost.

30. LONG-TERM LIABILITIES continued

	Consolidated		Separate	
	30 June 2017 GBP	30 June 2016 GBP	30 June 2017 GBP	30 June 2016 GBP
Deferred payment				
Opening balance	–	–	–	–
Expense for the current year	88,876	–	88,876	–
Foreign currency translation reserve	1,520	–	1,520	–
Closing balance	90,396	–	90,396	–

	Consolidated		Separate	
	30 June 2017 GBP	30 June 2016 GBP	30 June 2017 GBP	30 June 2016 GBP
Executive director				
Cobus Loots *(Chief Executive Officer)* – 40%	62,952	1,067,646	–	–
Deon Louw *(Financial Director)* – 30%	27,444	465,451	–	–
	90,396	1,533,097	–	–
Total long-term liabilities	12,290,302	18,456,309	544,681	–

Constitutes an amount payable to executive directors in August 2019 for services provided during the 2017 financial year. The amount bears no interest. The yearly incentive is subject to 30% to 40% being withheld for a period of two years and accrued accordingly in the year the incentive is approved. The deferred incentive is payable only at the end of the 24-month period on confirmation of certain requirements having been met.

	Consolidated		Separate	
	30 June 2017 GBP	30 June 2016 GBP	30 June 2017 GBP	30 June 2016 GBP
Current and non-current portions of long-term liabilities				
Current portion	4,145,679	6,980,711	207,055	–
Non-current portion – capital to be paid on maturity	12,290,302	18,456,309	544,681	–
	16,435,981	25,437,020	751,736	–

30. LONG-TERM LIABILITIES continued

Terms of the revolving credit facility

	June 2017	June 2016
Facility amount	ZAR1,000,000,000	ZAR800,000,000
Accordion option	–	ZAR300,000,000 exercisable within two years at the inception of the revolving credit facility
Lenders	Rand Merchant Bank (a division of FirstRand Bank Limited), Absa Limited, Nedbank Limited	Rand Merchant Bank (a division of FirstRand Bank Limited), Absa Limited, Nedbank Limited
Borrower	Pan African Resources Funding Company Proprietary Limited	Pan African Resources Funding Company Proprietary Limited
Interest rate:	JIBAR (quoted at 7.083% at year-end), at a monthly payment selection period	JIBAR (quoted at 7.083% at year-end), at a monthly payment selection period
Interest rate margin:	2.5%	2.5%
Commitment fee	35% of the margin per annum, calculated on a day-to-day basis on the undrawn portion of the maximum available commitment	35% of the margin per annum, calculated on a day-to-day basis on the undrawn portion of the maximum available commitment
Term of loan:	Five years from (17 June 2015)	Five years from (17 June 2015)
Repayment period:	Full repayment of the outstanding amount at the end of five years	Full repayment of the outstanding amount at the end of five years
Final repayment date:	17 June 2020	17 June 2020
Financial covenant limits:	The ratio of the net debt to equity must be less than 1:1 (measured on a semi-annual basis) The interest cover ratio (refer to note 32) must be greater than four times (measured on a semi-annual basis) The ratio of net debt to EBITDA (refer to note 32), as defined in the agreement, must be less than 2.5:1 (measured on a semi-annual basis)	The ratio of the net debt to equity must be less than 1:1 (measured on a semi-annual basis). The interest cover ratio (refer to note 32) must be greater than four times (measured on a semi-annual basis) The ratio of net debt to EBITDA (refer to note 32), as defined in the agreement, must be less than 2.5:1 (measured on a semi-annual basis)

Bonds as security for revolving credit facilities

The following bonds were entered into by the group:

Continuing covering mortgage bond B1534/2013 – Barberton Mines/Bowwood and Main No 40 Proprietary Limited.

Continuing covering mortgage bond B1740/2013 – Evander Mines/Bowwood and Main No 40 Proprietary Limited.

Special notarial bond BN6785/2013 – Barberton Mines/Bowwood and Main No 40 Proprietary Limited.

Special notarial bond BN6912/2013 – Evander Mines/Bowwood and Main No 40 Proprietary Limited.

General notarial bond BN7075/2013 – Barberton Mines/Bowwood and Main No 40 Proprietary Limited.

General notarial bond BN6592/2013 – Evander Mines/Bowwood and Main No 4 Proprietary Limited.

Ceded rights as security for the revolving credit facility

Bank accounts

Debts[1]

Insurance[2]

Insurance proceeds

The above listed rights are ceded whether actual, prospective or contingent, direct or indirect, whether a claim to payment of money or to the performance of any other obligation, and whether or not the said rights and interest were within the contemplation of the parties at signature date.

[1] *All claims which the cedent has or may in future have in respect of agreements entered into or to be entered into by the cedent pursuant to which goods and/or services are provided (or to be provided) to or by the cedent, including but not limited to book debts against trade debtors from time to time.*

[2] *All contracts and policies of insurance and reinsurance of any kind which are effected and maintained by or on behalf of the cedent.*

30. LONG-TERM LIABILITIES continued

Terms of the gold loan

In May 2014, a gold loan transaction of ZAR200 million was entered into with Absa Bank Limited as a counterparty. The purpose of this gold loan was to provide funds for the ETRP constructed at Evander Mines. The gold loan is repaid quarterly in gold ounces produced from the Evander Mines operation, with the repayments having commenced on July 2014 to end on October 2017. Refer to terms below:

Effective delivery price per ounce:	ZAR12,694
Effective delivery price per kg:	ZAR408,129
Repayment period:	3.25 years
Final repayment date:	31 October 2017
Financial covenant limits:	The ratio of the net debt to equity must be less than 1:1 (measured on a semi-annual basis)
	The interest cover ratio (refer note 32) must be greater than four times (measured on a semi-annual basis)
	The ratio of net debt to EBITDA (refer note 32), as defined in the agreement, must be less than 2.5:1 (measured on a semi-annual basis)
Security of gold loan:	Security of the gold loan is included in the revolving credit facility security package

Gold loan repayment schedule	Delivery date	Ounces delivered
	31 July 2017	1,055.50
	31 October 2017	1,042.69
		2,089.19

As repayment of the loan is made in physical ounces of gold, revenue is recognised on physical delivery to Absa Bank Limited.

Group share options

Cash-settled share options

On 9 May 2011, the company established a cash-settled share appreciation right programme entitling selected executives and employees of the group, as approved by the board and the remuneration committee of the company, to be allocated notional shares in the group. These notional shares confer the conditional right on the participant to be paid a cash settlement equal to the appreciation in the company share price from the date of allocation to the date of surrender or deemed surrender of notional shares. Participation in the share appreciation programme is subject to the agreement of a selected participant and acceptance by said participant of the rules and regulations governing the share appreciation programme.

The share appreciation settlement is determined no later than the sixth anniversary of the date that the notional shares are allocated. However the participant can elect, subject to approval by the company's Remco, to surrender his/her notional shares and receive the share appreciation settlement at a date prior to the sixth anniversary date.

The share appreciation settlement is regarded as remuneration for income tax purposes and thus subject to the deduction of pay as you earn (PAYE) and all other taxes and contributions via the payroll of the company or the relevant subsidiary. These taxes are for the account of the participant.

No share appreciation rights settlements can be made until after the period, calculated from the date the notional shares were allocated, of:

Initial issue

- Two years have elapsed, in which event not more than 25% of the total number of notional shares allocated can be surrendered.
- Three years have elapsed, in which event not more than 50% of the total number of notional shares allocated can be surrendered.
- Four years have elapsed, in which event all of the notional shares allocated can be surrendered.

Top-up issues

- One year has elapsed, in which event not more than 25% of the total number of notional shares allocated can be surrendered.
- Two years have elapsed, in which event not more than 50% of the total number of notional shares allocated can be surrendered.
- Three years have elapsed, in which event not more than 75% of the total number of notional shares allocated can be surrendered.
- Four years have elapsed, in which event all of the notional shares allocated can be surrendered.

Remco may, by resolution, amend and postpone any of these vesting periods, with the consent of the participant concerned.

The participant is entitled, within a period of 60 days after the date of resignation, to surrender all his/her surrenderable notional shares and request the payment of the share appreciation bonus in respect thereof. If the participant is subject to retirement (including early retirement approved by the company after the age of 55 in terms of company policy), retrenchment, death or permanent disability, the participant or the participant's estate is entitled, within a period of six months after the termination date, to surrender all his/her surrenderable notional shares and request the payment of the share appreciation settlement in respect thereof.

30. LONG-TERM LIABILITIES continued

Cash-settled share options

	30 June 2017		30 June 2016	
	Weighted average exercise price ZAR	Number of share options	Weighted average exercise price ZAR	Number of share options
Details of the share options outstanding during the year, in relation to this scheme, are as follows:				
Outstanding at the beginning of the year	**1.65**	**94,301,588**	1.61	58,439,090
Granted during the year	**3.17**	**11,990,381**	1.67	50,509,449
Exercised during the year	**1.56**	**(25,250,473)**	1.53	(14,646,951)
Forfeited in the year	**1.81**	**(15,391,459)**	–	–
Share options discontinued	**3.41**	**(3,021,893)**	–	–
Outstanding and exercisable at the end of the year	**1.86**	**62,628,144**	1.65	94,301,588

Cash-settled share options are valued annually at fair value.

The weighted average share price on redemptions was ZAR3.52 (2016: ZAR2.93).

	30 June 2017	30 June 2016
These fair values were calculated using the binomial pricing model. The inputs in the model were as follows:		
Weighted average share price (ZAR)	**2.49**	3.44
Weighted average exercise/strike price (ZAR)	**2.00**	2.12
Exercise price (ZAR)	**1.15 – 3.93**	1.15 – 3.04
Expected volatility	**40.00%**	30.00%
Expected life	**6 years**	3-6 years
Weighted average remaining life	**4.43 years**	3.5 years
Risk-free rate	**7.04 – 8.37%**	7.56 – 8.48%
Expected dividend yield	**4.00%**	4.00%

Expected volatility includes the following factors:

The historical volatility of the share price over the most recent period that is generally commensurate with the expected term of the option (taking into account the remaining contractual life of the option and the effects of expected early exercise).

Participation in share-based and other long-term incentive schemes is restricted to employees and directors as described above.

The group recognised an income from continuing operations of GBP117,948 (expense in 2016: GBP5,143,905) relating to cash-settled share-based payment transactions during the year, as a result of the share price decreasing.

During the prior financial year, the group entered into employee share ownership scheme transactions at Barberton Mines and Evander Mines level. The group recognised an expense of GBP250,250 in relation to the employee share ownership scheme. Refer to note 39.

Equity-settled share options

The vested equity-settled share options have remained consistent with prior year, there have been no new equity-settled share options issued in the current year.

	30 June 2017		30 June 2016	
	Vested	Weighted average exercise price Pence	Vested	Weighted average exercise price Pence
Total number share options at year-end	**1,122,000**	**1.9**	1,122,000	1.9

30. LONG-TERM LIABILITIES continued

Chief Executive Officer long-term incentive

To incentivise the Chief Executive Officer and align the interests of the Chief Executive Officer with that of the group, and to ensure retention during the three-year contract term, the following long-term incentive was put in place on 28 February 2015. The Chief Executive Officer no longer participates in the group share appreciation scheme other than historic holdings:

- Cash- or equity-settled payment at the end of the three-year contract term of 4,000,000 Pan African Resources shares, issued for no consideration, vesting only at the end of the Chief Executive Officer's initial contract term.
- Cash- or equity-settled payment of a maximum number of a further 4,000,000 Pan African Resources shares, issued for no consideration, vesting only at the end of the Chief Executive Officer's initial contract term. These shares will only be issued upon meeting certain pre-defined Remco criteria, which are determined annually.
- The Chief Executive Officer will therefore be eligible for a minimum number of 4,000,000 Pan African Resources shares and maximum number of 8,000,000 Pan African Resources shares at the end of his contract term.

At year-end this incentive scheme was treated as a cash-settled share option scheme and a liability of GBP454,285 (2016: GBP396,892) was recognised in the statement of financial position.

During the current year, the incentive scheme for both the Chief Executive Officer and the Financial Director was amended, as detailed in the remuneration policy.

Vesting schedule 2017

Description	Grant date	Vesting period years	Vesting period days	Vesting date	Valuation ZAR	Options granted	Options expected to vest
Tranche 1	9 May 2011	2	731	9 May 2013	0.00	–	–
Tranche 2	9 May 2011	3	1,096	9 May 2014	0.00	–	–
Tranche 3	9 May 2011	4	1,461	9 May 2015	0.00	–	–
Tranche 1	11 May 2011	2	731	11 May 2013	1.21	**750,000**	**750,000**
Tranche 2	11 May 2011	3	1,096	11 May 2014	1.21	**750,000**	**750,000**
Tranche 3	11 May 2011	4	1,461	11 May 2015	1.21	**1,500,000**	**1,500,000**
Tranche 1	13 July 2012	2	731	14 July 2014	0.61	**268,532**	**268,532**
Tranche 2	13 July 2012	3	1,096	14 July 2015	0.61	**268,532**	**268,532**
Tranche 3	13 July 2012	4	1,461	13 July 2016	0.61	**537,063**	**537,063**
Tranche 1	29 August 2012	2	731	30 August 2014	0.63	–	–
Tranche 2	29 August 2012	3	1,096	30 August 2015	0.63	–	–
Tranche 3	29 August 2012	5	1,826	28 August 2017	0.63	–	–
Tranche 1	6 March 2013	2	731	7 March 2015	0.51	**338,741**	**338,741**
Tranche 2	6 March 2013	3	1,096	6 March 2016	0.51	**338,741**	**338,741**
Tranche 3	6 March 2013	4	1,461	6 March 2017	0.51	**677,483**	**677,483**
Tranche 1	16 April 2013	2	731	16 April 2015	0.61	**529,821**	**529,821**
Tranche 2	16 April 2013	3	1,096	16 April 2016	0.61	**529,821**	**529,821**
Tranche 3	16 April 2013	4	1,461	16 April 2017	0.61	**1,059,641**	**1,059,641**
Tranche 1	23 April 2013	2	731	24 April 2015	0.61	–	–
Tranche 2	23 April 2013	3	1,096	23 April 2016	0.61	–	–
Tranche 3	23 April 2013	5	1,826	23 April 2018	0.61	–	–
Tranche 1	1 May 2013	2	731	1 May 2015	0.71	–	–
Tranche 2	1 May 2013	3	1,096	1 May 2016	0.71	–	–
Tranche 3	1 May 2013	4	1,461	1 May 2017	0.71	–	–
Tranche 1	1 June 2013	2	731	1 June 2015	0.60	–	–
Tranche 2	1 June 2013	3	1,096	1 June 2016	0.60	–	–
Tranche 3	1 June 2013	4	1,461	1 June 2017	0.60	–	–
Tranche 1	6 June 2013	2	731	7 June 2015	0.61	**243,921**	**243,921**
Tranche 2	6 June 2013	3	1,096	6 June 2016	0.61	**243,921**	**243,921**
Tranche 3	6 June 2013	4	1,461	6 June 2017	0.61	**487,841**	**487,841**
Tranche 1	1 August 2013	2	731	1 August 2015	0.69	**625,000**	**625,000**

30. LONG-TERM LIABILITIES continued

Vesting schedule 2017

Description	Grant date	Vesting period years	Vesting period days	Vesting date	Valuation ZAR	Options granted	Options expected to vest
Tranche 2	1 August 2013	3	1,096	1 August 2016	0.69	625,000	625,000
Tranche 3	1 August 2013	4	1,461	1 August 2017	0.69	1,250,000	1,238,507
Tranche 1	27 September 2013	2	731	27 September 2015	0.61	166,136	166,136
Tranche 2	27 September 2013	3	1,096	27 September 2016	0.61	166,136	166,136
Tranche 3	27 September 2013	4	1,461	27 September 2017	0.61	332,272	323,844
Tranche 1	13 November 2013	2	731	13 November 2015	0.54	126,845	126,845
Tranche 2	13 November 2013	3	1,096	13 November 2016	0.54	126,845	126,845
Tranche 3	13 November 2013	4	1,461	13 November 2017	0.54	253,691	243,924
Tranche 1	1 April 2014	2	731	1 April 2016	0.70	–	–
Tranche 2	1 April 2014	3	1,096	1 April 2017	0.70	–	–
Tranche 3	1 April 2014	4	1,461	1 April 2018	0.70	–	–
Tranche 1	1 May 2014	1	365	1 May 2015	0.77	683,322	683,322
Tranche 2	1 May 2014	2	731	1 May 2016	0.77	683,322	683,322
Tranche 3	1 May 2014	3	1,096	1 May 2017	0.77	683,322	683,322
Tranche 4	1 May 2014	4	1,461	1 May 2018	0.77	683,322	625,734
Tranche 1	27 May 2014	2	731	27 May 2016	0.55	312,000	312,000
Tranche 2	27 May 2014	3	1,096	27 May 2017	0.55	312,000	312,000
Tranche 3	27 May 2014	4	1,461	27 May 2018	0.55	624,000	567,139
Tranche 1	1 March 2015	1	365	1 March 2016	0.94	704,993	704,993
Tranche 2	1 March 2015	2	731	1 March 2017	0.94	704,993	704,993
Tranche 3	1 March 2015	3	1,096	1 March 2018	0.94	704,993	657,047
Tranche 1	30 July 2015	1	365	30 July 2017	1.16	6,681,482	6,623,872
Tranche 2	30 July 2015	2	731	30 July 2018	1.16	6,681,482	5,961,485
Tranche 3	30 July 2015	3	1,096	30 July 2019	1.16	6,681,482	5,365,336
Tranche 4	30 July 2015	4	1,461	30 July 2019	1.16	6,681,482	5,365,336
Tranche 1	31 July 2015	1	365	31 July 2016	1.16	805,107	805,107
Tranche 2	31 July 2015	2	731	31 July 2017	1.16	805,107	797,934
Tranche 3	31 July 2015	3	1,096	31 July 2018	1.16	805,107	718,141
Tranche 4	31 July 2015	4	1,461	31 July 2019	1.16	805,107	646,327
Tranche 1	18 January 2016	2	731	18 January 2018	1.09	309,140	291,630
Tranche 2	18 January 2016	3	1,096	18 January 2019	1.09	309,140	262,467
Tranche 3	18 January 2016	4	1,461	18 January 2020	1.09	618,280	472,527
Tranche 1	16 May 2016	2	731	16 May 2018	0.74	–	–
Tranche 2	16 May 2016	3	1,096	16 May 2019	0.74	–	–
Tranche 3	16 May 2016	4	1,461	16 May 2020	0.74	–	–
Tranche 1	5 September 2016	1	365	6 September 2018	0.57	107,314	94,706
Tranche 2	5 September 2016	2	731	6 September 2019	0.57	107,314	85,235
Tranche 3	5 September 2016	3	1,096	5 September 2020	0.57	107,314	76,729
Tranche 4	5 September 2016	4	1,461	5 September 2020	0.57	107,314	76,729
Tranche 1	27 September 2016	2	731	28 September 2018	0.65	258,333	226,538
Tranche 2	27 September 2016	3	1,096	28 September 2019	0.65	258,333	203,884
Tranche 3	27 September 2016	4	1,461	27 September 2020	0.65	516,667	367,077
Tranche 1	1 October 2016	2	731	2 October 2018	0.65	417,827	365,978
Tranche 2	1 October 2016	3	1,096	2 October 2019	0.65	417,827	329,380
Tranche 3	1 October 2016	4	1,461	1 October 2020	0.65	835,655	593,024
Tranche 1	16 November 2016	2	731	17 November 2018	0.67	–	–
Tranche 2	16 November 2016	3	1,096	17 November 2019	0.67	–	–
Tranche 3	16 November 2016	4	1,461	16 November 2020	0.67	–	–
Tranche 1	29 November 2016	2	731	30 November 2018	0.69	276,163	237,808
Tranche 2	29 November 2016	3	1,096	30 November 2019	0.69	276,163	214,028
Tranche 3	29 November 2016	4	1,461	29 November 2020	0.69	552,326	385,345

30. LONG-TERM LIABILITIES continued

Vesting schedule 2017 continued

Description	Grant date	Vesting period years	Vesting period days	Vesting date	Valuation ZAR	Options granted	Options expected to vest
Tranche 1	13 December 2016	2	731	14 December 2018	0.75	**617,089**	**529,242**
Tranche 2	13 December 2016	3	1,096	14 December 2019	0.75	**617,089**	**476,318**
Tranche 3	13 December 2016	4	1,461	13 December 2020	0.75	**1,234,177**	**857,586**
Tranche 1	16 January 2017	2	731	17 January 2019	0.84	**53,700**	**45,606**
Tranche 2	16 January 2017	3	1,096	17 January 2020	0.84	**53,700**	**41,053**
Tranche 3	16 January 2017	4	1,461	16 January 2021	0.84	**107,401**	**73,897**
Tranche 1	5 June 2017	2	731	6 June 2019	0.88	**228,358**	**186,256**
Tranche 2	5 June 2017	3	1,096	5 June 2020	0.88	**228,358**	**167,666**
Tranche 3	5 June 2017	4	1,461	5 June 2021	0.88	**456,717**	**301,803**
Tranche 1	14 June 2017	2	731	15 June 2019	0.90	**204,461**	**166,332**
Tranche 2	14 June 2017	3	1,096	14 June 2020	0.90	**204,461**	**149,731**
Tranche 3	14 June 2017	4	1,461	14 June 2021	0.90	**408,922**	**269,519**
Tranche 1	28 February 2017	3	1,096	28 February 2018		**4,500,000**	**3,825,000**
						62,628,144	**55,756,794**

Vesting schedule 2016

Description	Grant date	Vesting period years	Vesting period days	Vesting date	Valuation ZAR	Options granted	Options expected to vest
Tranche 1	11 May 2011	2	731	11 May 2013	2.07	1,281,784	1,281,784
Tranche 2	11 May 2011	3	1,096	11 May 2014	2.07	1,281,784	1,281,784
Tranche 3	11 May 2011	4	1,461	11 May 2015	2.07	2,563,561	2,563,561
Tranche 1	1 March 2013	2	731	1 March 2015	1.12	733,057	733,057
Tranche 2	1 March 2013	3	1,096	29 February 2016	1.12	733,057	733,057
Tranche 3	1 March 2013	4	1,461	28 February 2017	1.12	1,466,114	1,466,114
Tranche 1	13 July 2012	2	731	13 July 2014	1.36	570,195	570,195
Tranche 2	13 July 2012	3	1,096	13 July 2015	1.36	570,195	570,195
Tranche 3	13 July 2012	4	1,461	13 July 2016	1.36	1,140,390	1,140,390
Tranche 1	1 April 2013	2	731	1 April 2015	1.25	728,111	728,111
Tranche 2	1 April 2013	3	1,096	1 April 2016	1.25	728,111	728,111
Tranche 3	1 April 2013	4	1,461	1 April 2017	1.25	1,456,222	1,456,222
Tranche 1	1 June 2013	2	731	1 June 2015	1.24	555,284	555,284
Tranche 2	1 June 2013	3	1,096	1 June 2016	1.24	555,284	555,284
Tranche 3	1 June 2013	4	1,461	1 June 2017	1.24	1,110,568	1,110,568
Tranche 1	1 August 2013	2	549	1 February 2015	1.35	1,000,000	1,000,000
Tranche 1	1 August 2013	2	731	1 August 2015	1.35	1,000,000	1,000,000
Tranche 2	1 August 2013	3	1,096	1 August 2016	1.35	1,000,000	1,000,000
Tranche 3	1 August 2013	4	1,461	1 August 2017	1.35	2,000,000	2,000,000
Tranche 1	27 September 2013	2	731	27 September 2015	1.21	166,136	166,136
Tranche 2	27 September 2013	3	1,096	27 September 2016	1.21	166,136	166,136
Tranche 3	27 September 2013	4	1,461	27 September 2017	1.21	332,272	332,272
Tranche 1	13 November 2013	2	731	13 November 2015	1.09	126,845	126,845
Tranche 2	13 November 2013	3	1,096	13 November 2016	1.09	126,845	126,845
Tranche 3	13 November 2013	4	1,461	13 November 2017	1.09	253,691	253,691
Tranche 1	1 April 2014	2	731	1 April 2016	1.30	545,709	545,709
Tranche 2	1 April 2014	3	1,096	1 April 2017	1.30	545,709	545,709
Tranche 3	1 April 2014	4	1,461	1 April 2018	1.30	1,091,418	1,091,418
Tranche 1	1 May 2014	1	366	1 May 2015	1.39	1,525,170	1,525,170
Tranche 2	1 May 2014	2	731	1 May 2016	1.39	1,525,170	1,525,170
Tranche 3	1 May 2014	3	1,096	1 May 2017	1.39	1,525,170	1,525,170
Tranche 4	1 May 2014	4	1,461	1 May 2018	1.39	1,525,170	1,525,170

30. LONG-TERM LIABILITIES continued

Vesting schedule 2016 continued

Description	Grant date	Vesting period years	Vesting period days	Vesting date	Valuation ZAR	Options granted	Options expected to vest
Tranche 1	27 May 2014	2	731	27 May 2016	1.06	312,000	312,000
Tranche 2	27 May 2014	3	1,096	27 May 2017	1.06	312,000	312,000
Tranche 3	27 May 2014	4	1,461	27 May 2018	1.06	624,000	624,000
Tranche 1	1 March 2015	1	366	1 March 2016	1.41	1,538,173	1,538,173
Tranche 2	1 March 2015	2	731	1 March 2017	1.41	1,538,173	1,538,173
Tranche 3	1 March 2015	3	1,096	1 March 2018	1.41	1,538,634	1,538,634
Tranche 1	30 July 2015	2	731	30 July 2017	1.70	2,119,207	2,119,207
Tranche 2	30 July 2015	3	1,096	30 July 2018	1.70	2,119,207	2,119,207
Tranche 3	30 July 2015	4	1,461	30 July 2019	1.70	4,238,415	4,238,415
Tranche 1	30 July 2015	1	366	30 July 2016	1.70	10,277,892	10,277,892
Tranche 2	30 July 2015	2	731	30 July 2017	1.70	10,277,892	10,277,892
Tranche 3	30 July 2015	3	1,096	30 July 2018	1.70	10,277,892	10,277,892
Tranche 4	30 July 2015	4	1,461	30 July 2019	1.70	10,277,892	10,277,892
Tranche 1	16 May 2016	2	731	16 May 2018	1.06	230,263	230,263
Tranche 2	16 May 2016	3	1,096	16 May 2019	1.06	230,263	230,263
Tranche 3	16 May 2016	4	1,461	16 May 2020	1.06	460,527	460,527
Tranche 1	28 February 2015	3	1,096	28 February 2018		8,000,000	8,000,000
						94,301,588	94,301,588

31. DEFERRED TAXATION

	Consolidated		Separate	
	30 June 2017 GBP	30 June 2016 GBP	30 June 2017 GBP	30 June 2016 GBP
Arising from temporary differences relating to:				
Property, plant and equipment	**43,521,603**	47,689,097	**–**	–
Provisions	**(2,015,142)**	(4,555,564)	**–**	–
Investment in rehabilitation trust	**604,642**	2,726,840	**–**	–
Prepayments	**10,770**	–	**–**	–
Assessed loss	**(3,031,202)**	–	**–**	–
Other	**(143,445)**	(5,244,036)	**–**	–
Net deferred taxation liabilities	**38,947,226**	40,616,337	**–**	–
Reconciliation of deferred taxation liabilities:				
Net deferred taxation liabilities at the beginning of the year	**40,616,337**	39,288,059	**–**	–
Acquired from Uitkomst Colliery	**–**	2,818,212	**–**	–
Deferred taxation charge for the year continuing operations (note 13)	**(4,947,935)**	(192,851)	**–**	–
Deferred taxation charge for the year discontinued operations	**(316,371)**	(469,229)	**–**	–
Classified as discontinued operation	**(3,014,280)**	–	**–**	–
Classified as held for sale	**(53,933)**	–	**–**	–
Foreign currency translation reserve	**6,663,408**	(827,854)	**–**	–
Net deferred taxation liabilities at the end of the year	**38,947,226**	40,616,337	**–**	–

31. DEFERRED TAXATION continued

	Consolidated		Separate	
	30 June 2017 GBP	30 June 2016 GBP	30 June 2017 GBP	30 June 2016 GBP
Arising from temporary differences relating to:				
Provisions	**709,425**	1,143,692	**349,587**	–
Assessed loss	**92,964**	–	**66,105**	–
Prepayment	**(39,886)**	–	**–**	–
Other	**–**	(26,600)	**–**	–
Net deferred taxation asset	**762,503**	1,117,092	**415,692**	–
Reconciliation of deferred tax assets:				
Net deferred assets at the beginning of the year	**1,117,092**	327,748	**–**	–
Deferred tax credit for the year (note 13)	**(531,249)**	735,223	**408,704**	–
Foreign currency translation reserve	**176,660**	54,121	**6,988**	–
Net deferred taxation assets at the end of the year	**762,503**	1,117,092	**415,692**	–

	Assessed loss carried forward		Unredeemed capital carried forward		Total	
	30 June 2017 GBP	30 June 2016 GBP	30 June 2017 GBP	30 June 2016 GBP	30 June 2017 GBP	30 June 2016 GBP
Phoenix Platinum[1]	**502,789**	75,348	**6,231,044**	5,008,780	**6,733,833**	5,084,128
Evander Mines	**10,825,723**	–	**34,591,790**	13,515,292	**45,417,513**	13,515,292
Pan African Resources	**236,090**	–	**–**	–	**236,090**	–
Pan African Resources Management Services Company Proprietary Limited	**95,924**	–	**–**	–	**95,924**	–
	11,660,526	75,348	**40,822,834**	18,524,072	**52,483,360**	18,599,420

Deferred taxation assets have been raised on the basis that the individual group companies will, in the future, be able to generate taxable economic benefits to utilise current deductible temporary differences.

The deferred taxation rate used to calculate deferred tax is based on the current estimate of future profitability when temporary differences will reverse.

	Consolidated	
	30 June 2017 %	30 June 2016 %
Deferred taxation rates applied within the group:		
Barberton Mines	**23.1**	28.0
Evander Mines	**23.1**	25.5
Phoenix Platinum[1]	**28.0**	28.0
Uitkomst Colliery	**28.0**	28.0
Other companies	**28.0**	28.0

[1] *Phoenix Platinum was classified as held for sale on 30 June 2017.*

32. FINANCIAL INSTRUMENTS

The group manages its capital to ensure that it will be able to continue as a going concern while maximising the sustainable return to shareholders through the optimisation of the debt and equity ratios. The group's overall strategy remains unchanged from the prior year.

	Consolidated		Separate	
	30 June 2017 GBP	30 June 2016 GBP	30 June 2017 GBP	30 June 2016 GBP
Components of capital and financial covenants:				
Cash and cash equivalents	(9,447,144)	(2,658,947)	8,009,500	77,660
Interest-bearing debt (RCF and gold loan)	13,432,214	19,830,978	–	–
Net interest-bearing assets	3,985,070	17,172,031	8,009,500	77,660
Equity	216,581,075	150,975,202	216,814,209	168,765,155
Net debt to equity ratio (ratio)[1]	0.02	0.11	0.04	–
Finance costs of the revolving credit facilities	2,448,752	1,317,577	–	–
Earnings before interest and taxation	25,529,806	34,741,770	18,562,176	13,421,553
Interest cover ratio	10	26	–	–
Adjusted EBITDA is represented by earnings before interest, taxation, depreciation and amortisation, loss on disposal of investment, impairments, loss after taxation from discontinued operations and loss on disposal of subsidiaries	30,414,384	45,197,899	18,348,538	13,421,553
Net debt to adjusted EBITDA	0.13	0.38	0.44	0.01
Financial covenant limits:				
The ratio of the net debt to equity must be less than 1:1 (measured semi-annually).				
The interest cover ratio must be greater than four times (measured semi-annually).				
The ratio of net debt to adjusted EBITDA must be less than 2.5:1 (measured semi-annually).				
Categories of financial instruments:				
Financial assets[2]:				
Loans and receivables				
Cash and cash equivalents	9,447,144	2,658,947	8,009,500	77,660
Long-term receivables	2,535,378	–	1,474,057	–
Receivables	7,734,977	10,233,634	–	–
Available-for-sale financial assets				
Listed available-for-sale investment	7,522,632	1,269,228	7,522,632	1,269,228
Financial assets at fair value through profit and loss				
Designated as fair value through profit and loss				
Rehabilitation trust fund	18,904,554	16,253,708	–	–
Financial liabilities:				
Financial liabilities measured at amortised cost				
Trade and other payables	26,222,834	18,371,232	1,000,773	257,837
Gold loan	1,570,462	4,137,041	–	–
Revolving credit facility	11,861,752	15,693,937	–	–
Financial liabilities at fair value through profit and loss				
Financial instrument liabilities	–	5,945,399	–	–
Cash-settled share options	2,850,525	5,541,351	661,340	–

[1] *Net debt is calculated on cash and cash equivalents less interest-bearing debt.*

[2] *At year-end the group did not have trade receivables that are past overdue and not impaired.*

32. FINANCIAL INSTRUMENTS continued

Financial risk management objectives

The group seeks to minimise the effects of financial risks by using derivative financial instruments to hedge risk exposures where appropriate. The use of any financial derivatives is approved by the board, who also on a continuous basis provide guidance on managing foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Exposure limits are reviewed on a continuous basis. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative use.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk.

The group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables of GBP94,694 (2016: GBP 44,233) relating to other receivables, estimated by the group's management based on the current economic environment and individual debtor circumstances. The credit risk on liquid funds is limited because the counterparties are dealt with in accordance with the group's credit policy. Financial institutions are a major customer that represents more than 5% of the trade receivables balance for the individual gold mining subsidiaries (Barberton Mines and Evander Mines).

	Consolidated	
	30 June 2017 GBP	30 June 2016 GBP
Customers above 5%		
Financial institutions	**6,928,566**	6,332,277
Western Platinum Limited (subsidiary of Lonmin PLC)	–	896,151
ArcelorMittal	–	843,476
	6,928,566	8,071,904
Provision for doubtful debtors	**94,694**	44,233

Market risk

The risk is that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, commodity prices and interest rate risk.

Foreign currency risk

The group undertakes certain transactions in foreign currencies. Hence, exposures to exchange rate fluctuation arise. Exchange rate exposures are managed within approved policy parameters. The group specifically ensures USD receipts are converted into ZAR as efficiently as possible.

Interest rate risk

The group is exposed to interest rate risk as entities within the group borrow and invest funds at both fixed and floating interest rates. Fluctuations in interest rates impact on short-term investment and financing activities, giving rise to interest rate risk. In the ordinary course of business, the group receives cash proceeds from its operations and is required to fund working capital and capital expenditure requirements. Cash is managed to ensure that surplus funds are invested to maximise returns whilst ensuring that capital is safeguarded to the maximum extent by only investing with reputable financial institutions. Contractual arrangements for committed borrowing facilities are maintained to meet the group's normal and contingent funding needs. Refer to page 182 where an interest rate sensitivity analysis has been performed.

Commodity price risk

The group is affected by the price volatility of certain commodities. The group may enter into forward contracts to hedge its exposure to fluctuations in commodity prices and exchange rates on specific transactions. The contracts are matched with anticipated future cash flows from sales receipts.

32. FINANCIAL INSTRUMENTS continued

Currency and commodity price risk

	30 June 2017		30 June 2016	
	Closing rate	Average rate	Closing rate	Average rate
Currency and gold spot price				
GBP/ZAR exchange rate	**16.96**	**17.25**	19.78	21.45
USD/ZAR exchange rate	**13.60**	**13.04**	14.78	14.51

	Consolidated	
	30 June 2017	30 June 2016
USD gold spot price (USD/oz) received	**1,242**	1,164

	Impact of 10% currency or gold price movement on profit GBP
Foreign currency/gold price sensitivity	
2017	**14,509,143**
2016	11,983,681

The Pound Sterling carrying amount of the group's foreign currency-denominated monetary assets and liabilities at statement of financial position date is as follows:

	GBP[1]	Impact of 10% currency movement on translation reserve GBP
2017		
Assets	**29,307,164**	**26,642,876**
Liabilities	**31,250,963**	**28,409,966**
2016		
Assets	21,949,063	19,953,694
Liabilities	32,211,139	29,282,854

[1] *The functional currency within the group is ZAR therefore the sensitivity analysis details the effect of the ZAR/GBP exchange rate on the foreign currency translation reserve.*

32. FINANCIAL INSTRUMENTS continued

Commodity zero-cost collar

The group entered into two zero-cost collar gold transactions during the year, similar to transactions undertaken in the prior year. During the current financial year, the group realised a gain of GBP5,488,407 (2016: net loss GBP5,307,692).

The opening balance of GBP5,945,399 in relation to the mark-to-market zero-cost collar as at 30 June 2016 was realised through cash settlements of GBP698,615 and gain of GBP5,488,407 in the current financial year.

At year-end there were no open cost collar transactions.

	Consolidated		Separate	
	30 June 2017 GBP	30 June 2016 GBP	30 June 2017 GBP	30 June 2016 GBP
Opening balance	**(5,945,399)**	–	–	–
Financial instruments unrealised during the year	–	–	–	–
Fair valuing of financial instruments (June 2016 – Contract one)	**5,488,407**	(5,482,517)	–	–
Financial instruments realised during the year	**698,615**	174,825	–	–
Financial instrument settlements (June 2016 – Contract one)	**1,389,720**	–	–	–
Financial instrument receipts (June 2017 – Contract one and two)	**(698,615)**	–	–	–
Financial instrument receipts (June 2016 – Contract one)	–	(180,996)		
Foreign currency translation reserve	**(932,728)**	(456,711)	–	–
Closing balance	–	(5,945,399)	–	–

	Consolidated	
	30 June 2017 GBP	30 June 2016 GBP
Cost collar derivative profits		
Gains/(losses) from fair value measurement	**5,488,407**	(5,482,517)
Profits realised on the statement of comprehensive income	**691,105**	174,825
	6,179,512	(5,307,692)

32. FINANCIAL INSTRUMENTS continued

Commodity zero-cost collar continued

Terms of the zero-cost collar gold transaction:

	30 June 2017		30 June 2016	
	Contract one	Contract two	Contract one	Contract two
Call option terms:	Evander Mines	Evander Mines	Barberton Mines	Barberton Mines
Trade date	14 April 2017	10 April 2017	28 July 2015	4 March 2016
Commodity	Gold	Gold	Gold	Gold
Total notional quantity	9,645 ounces (300 kilograms)	9,645 ounces (300 kilograms)	25,000 ounces (776 kilograms)	10,000 ounces (311 kilograms)
Option style	Asian	Asian	Asian	Asian
Option type	Call	Call	Call	Call
Commodity option buyer	Rand Merchant Bank (a division of FirstRand Bank Limited)	Absa Capital	FirstRand Bank Limited	Nedbank Limited
Option term	From and including 1 October 2017, to and including 31 March 2018 (six months)	From and including 1 April 2017, to and including 30 September 2017 (five months)	From and including 1 October 2016, to and including 30 September 2017 (one year)	From and including 7 March 2016, to and including 30 June 2016 (four months)
Strike price per unit	ZAR640,000 per kilogram	ZAR591,881 per kilogram	ZAR505,000 per kilogram	ZAR694,000 per kilogram
Put option terms:				
Trade date	14 April 2017	10 April 2017	28 July 2015	4 March 2016
Commodity	Gold	Gold	Gold	Gold
Total notional quantity	9,645 ounces (300 kilograms)	9,645 ounces (300 kilograms)	50,000 ounces (1,555 kilograms)	10,000 ounces (311 kilograms)
Option style	Asian	Asian	Asian	Asian
Option type	Put	Put	Put	Put
Commodity option buyer	Rand Merchant Bank (a division of FirstRand Bank Limited)	Absa Capital	FirstRand Bank Limited	Nedbank Limited
Option term	From and including 1 October 2017, to and including 31 March 2018 (six months)	From and including 1 April 2017, to and including 30 September 2017 (five months)	From and including 1 October 2016, to and including 30 September 2017 (one year)	From and including 7 March 2016, to and including 30 June 2016 (four months)
Strike price per unit	ZAR550,000 per kilogram	ZAR550,000 per kilogram	ZAR450,000 per kilogram	ZAR600,000 per kilogram
Realised profit/(loss) GBP	466,036	226,087	(5,482,517)	174,825

32. FINANCIAL INSTRUMENTS continued

Interest rate sensitivity

The group has, at year-end, drawn down on its revolving credit facility, which is quoted on JIBAR rates (refer to note 30). Refer below for revolving credit facility loan sensitivity on interest rate variations. The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

Interest rate variation impact on the revolving credit facility loan

	Revolving credit facility balance on a 10% decrease in interest rates	Revolving credit facility balance on a 5% decrease in interest rates	Revolving credit facility	Revolving credit facility balance on a 5% increase in interest rates	Revolving credit facility balance on a 10% increase in interest rates
ZAR	201,057,779	201,116,545	201,175,310	201,234,076	201,234,076
GBP	11,854,822	11,858,287	11,861,752	11,865,217	11,868,682

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board, which has built an appropriate liquidity risk management framework for the management of the group's short-term funding and liquidity management requirements. This framework involves constant weekly monitoring of the group's cash position, cash flow forecast, and matching maturity profiles of financial assets and liabilities to enable management of the liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities.

The group has access to financing facilities from the revolving credit facility and the general banking facilities, through the Funding Company, of which GBP11,792,453 (2016: GBP15,672,396) relating to the revolving credit facility was drawn down, and GBPnil (2016: GBP2,527,806) relating to the general banking facility was drawn down as at year-end. A gold loan of GBP1,570,462 (30 June 2016: GBP4,137,041) was outstanding at year-end (refer note 30). The group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

Liquidity risk analysis

The following table indicates the group's remaining contractual maturity from its financial liabilities:

	Weighted average interest rate %	Less than 12 months GBP	1 – 5 years GBP	Total GBP
Group				
2017				
Trade and other payables	**–**	**26,222,834**	**–**	**26,222,834**
Long-term liabilities (non-interest bearing)	**–**	**2,924,376**	**1,649,853**	**4,574,229**
Long-term liabilities (interest-bearing)	**9.84**	**1,221,303**	**10,640,449**	**11,861,752**
2016				
Trade and other payables	–	18,371,232	–	18,371,232
Long-term liabilities (non-interest bearing)	–	5,528,602	4,214,481	9,743,083
Long-term liabilities (interest-bearing)	9.60	1,452,109	14,241,828	15,693,937
Financial instrument liabilities	–	(5,945,399)	–	–
Separate				
2017				
Trade and other payables	**–**	**1,000,773**	**–**	**1,000,773**
Long-term liabilities	**–**	**(207,055)**	**544,681**	**337,626**
2016				
Trade and other payables	–	257,837	–	257,837

32. FINANCIAL INSTRUMENTS continued

Fair value of financial instruments

The directors consider that the carrying amounts of financial assets and liabilities recorded approximate to their fair values.

Fair value hierarchy

The following is an analysis of the financial instruments that are measured at fair value.

They are grouped into levels 1 to 3 based on the extent to which fair value is observable.

The levels are classified as follows:

Level 1 – fair value is based on quoted prices in active markets for identical financial assets or liabilities.

Level 2 – fair value is determined using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

Level 3 – fair value is determined on inputs not based on observable market data.

	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
30 June 2017				
Financial assets[1]	**7,522,632**	**–**	**–**	**7,522,632**
Rehabilitation trust fund[2]	**18,904,554**	**–**	**–**	**18,904,554**
Cash-settled share option liability[3]	**–**	**(2,737,458)**	**–**	**(2,737,458)**
ESOP transaction liabilities[4]	**–**	**–**	**(113,067)**	**(113,067)**
30 June 2016				
Financial assets[1]	1,269,228	–	–	1,269,228
Rehabilitation trust fund[2]	16,253,708	–	–	16,253,708
Cash-settled share option liability[3]	–	(5,260,208)	–	(5,260,208)
ESOP transaction liabilities[4]	–	–	(281,143)	(281,143)
Derivative financial liabilities[5]	(5,945,399)		–	(5,945,399)

[1] Pan African Resources holds 261,287,625 shares in Coal of Africa (9.3% shareholding) which is fair valued at ZAR127.6 million (GBP7.5 million). The fair value of the listed investment is treated as level 1 of the fair value hierarchy, as the share price is quoted on a stock exchange.

[2] The rehabilitation trust fund is treated as level 1 of the fair value hierarchy as the contributions are invested in a number of market-related instruments, including market-related interest-bearing short-term deposits, medium-term equity-linked notes issued by commercial banks and equity share portfolios managed by asset managers.

[3] Cash-settled share option liability is valued on a mark-to-market basis according to the company's quoted share price. Refer to note 30 for further inputs.

[4] The group's ESOP liability is accounted on a cash-settled share option basis (refer to note 39 for further description and terms of the transactions). The valuation of the liability to the group's gold operations, Evander Mines and Barberton Mines, was performed by ZAQ consultants and actuaries. The liability was valued as a European call option with the following assumptions used:

	Barberton Mines	*Evander Mines*
Notional loan amount at issue	***5,362,003***	***7,646,661***
Notional loan amount at year-end	***5,231,428***	***9,934,305***
Spot price (model provided by management)	***Determined using discounted cash flow model***	***Determined using discounted cash flow model***
Strike price	***Preference share + preference dividend – dividends***	***Preference share + preference dividend – dividends***
Remaining option life	***7 years***	***8 years***
Volatility	***40%***	***40%***
Risk-free interest rate	***Swap curve-based***	***Swap curve-based***
Annual dividend yield (continuously compounding)	***12%***	***12%***
Final valuation (refer to note 39 for complete reconciliation)	***105,366***	***7,701***

At year-end Evander Mines' ESOP liability includes a trickle dividend to the employees which was accrued but not paid.

Management determines fair value based on observable market data (in case of listed assets and liabilities) or discounted cash flows (and other valuation methods) using assumptions considered to be reasonable and consistent with those that would be applied by a market participant for unquoted assets and liabilities. Where discounted cash flows are used and other valuation techniques, the determination of the assumptions used in assessing the fair value of identifiable assets and liabilities is subjective and the use of different valuation could have a significant impact on financial results. Therefore management follows a particular process in determining reasonable assumptions for the valuation of identifiable assets and liabilities.

32. FINANCIAL INSTRUMENTS continued

Fair value hierarchy continued

	Barberton Mines GBP	Evander Mines GBP
Sensitivity on changes in volatility		
Volatility at 25%	*33,844*	*339*
Volatility at 35%	*105,366*	*7,701*
Volatility at 45%	*197,052*	*34,123*
Sensitivity on changes in risk-free rate		
Dividend yield 9%	*150,177*	*13,095*
Dividend yield 11%	*105,366*	*7,701*
Dividend yield 13%	*72,759*	*4,432*

[5] *The derivative financial liability is treated as a level 1 of the fair value hierarchy due to the following market-related inputs used in the valuation:*

	30 June 2017
USD gold price/oz.	*1,318.40*
ZAR gold price	*625,252*
Risk-free rate	*Zero-coupon bond 3-months*
Volatility	*19%*

33. POST-RETIREMENT BENEFIT INFORMATION

A majority of employees are required to be members of either the Barberton Pension Umbrella Fund, Sentinel Retirement Fund, Mine Workers Provident Fund or the Pan African Resources Group Provident Fund. These are defined contribution funds and are registered under and governed by the South African Pensions Act, 1956 as amended. The assets of the scheme are held separately from those of the group in funds and they are in the control of the trustees. The total costs charged to the statement of comprehensive income of GBP6,050,944 (2016: GBP4,756,952) at group level and nil (2016: nil) at company level represent employer contributions payable to the schemes by the group and company at rates specified in the rules of the scheme. The calculation of the provision for post-retirement medical benefits is performed internally by management using the South African Revenue Services life expectancy tables as the benefits payable are a fixed amount per pensioner. The balance payable at year-end of post-retirement medical benefits was GBP62,846 (2016: GBP64,691). Refer to note 30.

34. COMMITMENTS, CONTINGENT LIABILITIES AND GUARANTEES

Group

Commitments

The group had outstanding open orders contracted for at year-end of GBP71,956,155 (2016: GBP641,876) primarily related to the Elikhulu Project.

Authorised commitments for the new financial year not yet contracted for totalled GBP19,379,781 (2016: GBP17,489,848).

Contingent liabilities

The group had no contingent liabilities in the current financial year or prior year.

Guarantees

The group had guarantees of GBP1,450,065 (2016: GBP1,243,332) in favour of Eskom, GBP824,812 (2016: GBP1,028,237) in favour of the Department of Mineral Resources, other financial guarantees of GBPnil (2016: GBP776,036) and GBPnil (2016: GBP333,670) relating to Transnet SOC Limited at year-end.

Company

There were no commitments, contingent liabilities and guarantees for the company for the year ended 30 June 2017 (2016: GBPnil), except for the operating lease commitments disclosed in note 7.

35. DIRECTORS' EMOLUMENTS

The key management personnel for which remuneration has been disclosed below are considered to be the executive directors, non-executive directors and prescribed officers:

	Consolidated		Separate	
	30 June 2017 GBP	30 June 2016 GBP	30 June 2017 GBP	30 June 2016 GBP
Executive directors				
Emoluments	647,792	724,634	647,792	–
Share options exercised	1,142,163	38,695	1,142,163	–
Total	1,789,955	763,329	1,789,955	–
Non-executive directors				
Emoluments	167,997	196,960	167,997	196,960
Share options exercised	–	–	–	–
Total	167,997	196,960	167,997	196,960
Total remuneration	1,957,952	960,289	1,957,952	196,960

	Share option taxable benefit[1] GBP	Basic remuneration GBP	Retirement fund GBP	Life and disability plan GBP	Allowances GBP	Other remuneration GBP	Incentives GBP	Total 30 June 2017 GBP
2017								
Executive directors								
Mr JAJ Loots	908,192	222,174	–	–	14,097	–	147,507	1,291,970
Mr GP Louw	233,971	185,870	–	–	826	–	77,318	497,985
Total	1,142,163	408,044	–	–	14,923	–	224,825	1,789,955

[1] *The share options benefit reflects the payment to executive directors in relation to a liability accrued at 30 June 2016.*

	Share option taxable benefit GBP	Basic remuneration GBP	Retirement fund GBP	Life and disability plan GBP	Allowances GBP	Other remuneration GBP	Incentives GBP	Total 30 June 2016 GBP
2016								
Executive directors								
Mr JAJ Loots	38,695	144,428	8,978	1,372	10,767	–	250,769	455,009
Mr GP Louw	–	128,205	–	–	1,204	–	178,911	308,320
Total	38,695	272,633	8,978	1,372	11,971		429,680	763,329

	Directors' fees GBP	Total 30 June 2017 GBP	Total 30 June 2016 GBP
Non-executive directors			
Mr KC Spencer	63,339	63,339	59,697
Mrs HH Hickey	37,529	37,529	47,455
Mr TF Mosololi	34,886	34,886	45,754
Mr RM Smith	32,243	32,243	44,054
Total	167,997	167,997	196,960

35. DIRECTORS' EMOLUMENTS continued

		Share option taxable benefit GBP	Basic remune-ration GBP
Prescribed officers			
Mr A van den Bergh	Human Resources Executive and Chief Operating Officer	**230,013**	**169,564**
Mr A Karigeni (resigned 15 February 2017)	Chief Operating Officer	**89,794**	**88,219**
Mr N Reynolds	Group Financial Controller	**138,526**	**98,947**
Mr C Strydom	Barberton Mines: General Manager	**92,582**	**144,152**
Mr M Da Silva (resigned 23 April 2015)	Barberton Mines: General Manager	**–**	**–**
Mr BFM Malunga (resigned 28 October 2016)	Evander Mines: General Manager	**–**	**59,255**
Mr A Tendaupenyu (appointed 14 December 2016)	Evander Mines: General Manager	**–**	**70,338**

At the end of the financial year executive directors had the following bonuses accruing but not yet paid.

	Deferred bonus[1] 30 June 2017 GBP
Executive directors	
Mr JAJ Loots	**62,951**
Mr GP Louw	**27,444**
	90,395

[1] *Constitutes an amount payable to executive directors in August 2019 for services provided during the 2017 financial year. The amount bears no interest. The yearly incentive is subject to 30% to 40% being withheld for a period of two years and accrued accordingly in the year the incentive is approved. The deferred incentive is payable only at the end of the 24-month period on confirmation of certain requirements having been met.*

At the end of the prior financial year, non-executive directors had the following additional fees accruing but not yet paid.

	30 June 2016 GBP
Non-executive directors	
Mr KC Spencer	20,979
Mrs HH Hickey	20,979
Mr TF Mosololi	20,979
Mr RM Smith	20,979
	83,916

The additional fees arose as a result of extra time and detailed consideration required from the non-executive directors, during the negotiation and finalisation of the Shanduka Gold transaction deal in the prior year.

No changes occurred during the year in respect of director appointments and resignations.

No retirement fund contributions are currently made by the company on behalf of non-executive directors.

	Retire-ment fund GBP	Life and disability plan GBP	Allow-ances GBP	Other remune-ration GBP	Incentives GBP	Total 30 June 2017 GBP	Total 30 June 2016 GBP
	–	–	4,109	–	73,886	477,572	189,816
	14,218	1,775	3,339	155,202	77,984	430,531	170,180
	13,098	2,002	8,226	–	43,035	303,834	232,272
	14,727	–	2,783	–	78,940	333,184	154,225
	–	–	–	–	–	–	129,978
	3,501	–	4,044	–	25,703	92,503	15,046
	5,275	–	451	–	–	76,064	–

Non-executive directors are entitled to the following fees as approved annually by the Remco for services rendered, based on their appointment to the respective board sub-committees:

	Mr KC Spencer *(Chairman)* GBP	Mrs HH Hickey GBP	Mr TF Mosololi GBP	Mr RM Smith GBP
30 June 2017				
Board of directors	51,710	20,615	20,615	20,615
Remuneration committee	–	–	5,286	7,928
Audit committee *(Mrs. HH Hickey as chairperson)*	–	7,929	5,285	–
SHEQC committee	7,929	5,285	–	–
Nominations committee	3,700	3,700	3,700	3,700
	63,339	37,529	34,886	32,243
30 June 2016				
Board of directors	28,906	13,263	13,263	13,263
Remuneration committee	–	–	3,401	5,101
Audit committee *(Mrs. HH Hickey as chairperson)*	–	5,101	3,400	–
SHEQC committee	5,101	3,401	–	–
Nominations committee	2,380	2,380	2,380	2,380
Retainer	2,331	2,331	2,331	2,331
Additional director fees (refer to note above)	20,979	20,979	20,979	20,979
	59,697	47,455	45,754	44,054

35. DIRECTORS' EMOLUMENTS continued

Directors' dealings in shares

Financial year 30 June 2017

During the period under review Mr JAJ Loots participated in the following company share transactions:

- On 27 September 2016, purchased 20,000 shares and 200,000 shares at ZAR3.57 per share and ZAR3.58 per share, respectively.
- On 28 September 2016, purchased 28,608 shares at ZAR3.48 per share.
- On 29 September 2016, purchased 491 shares at ZAR3.59 per share.
- On 30 September 2016, purchased 25,000 shares at ZAR3.70 per share.
- On 3 October 2016, purchased 25,000 shares at ZAR3.78 per share.
- On 5 October 2016, purchased 30,000 shares at ZAR3.55 per share.

Mr JAJ Loots had 560,675 shares outstanding at period-end, representing 0.03% of total issued shares.

During the year under review Mr GP Louw participated in the following company share transactions:

- On 27 September 2016, purchased the following shares:
  - 4,300 shares at ZAR3.57 per share.
  - 3,150 shares at ZAR3.58 per share.
  - 35,000 shares at ZAR3.62 per share.
  - 40,000 shares at ZAR3.64 per share.
  - 12,836 shares at ZAR3.66 per share.
  - 42,164 shares at ZAR3.67 per share.

Mr GP Louw had 137,450 shares outstanding at period-end, representing 0.01% of total issued shares.

Financial year 30 June 2016

There were no directors' dealings in securities during the year.

35. DIRECTORS' EMOLUMENTS continued

Cash-settled options

	Opening balance 1 July 2016	Grant date	Strike price pence	Options granted/ (exercised) during the period	Grant/ exercise date	Grant/ exercise price pence	Options forfeited	Total options 30 June 2017
Listed per grant/ exercise								
Mr JAJ Loots	4,000,000	29 August 2013	0.13	(1,500,000)	23 September 2016	0.21	–	2,500,000
Mr GP Louw	4,614,979	1 March 2015	0.12	(2,500,000)	21 September 2016	0.21	–	2,114,979
Mr A van den Bergh	2,460,399	1 May 2014	0.12	(1,230,200)	20 September 2016	0.20	–	1,230,199
Mr A van den Bergh	3,762,889	30 July 2015	0.08	(940,722)	20 September 2016	0.20	–	2,822,167
Mr A Karigeni	2,182,836	1 April 2014	0.13	–	–	–	(2,182,836)	–
Mr A Karigeni	3,007,647	30 July 2015	0.08	(751,912)	20 September 2016	0.20	(2,255,735)	–
Mr C Strydom	1,268,206	1 May 2014	0.12	(951,155)	19 June 2017	0.16	–	317,051
Mr C Strydom	3,764,929	30 July 2015	0.08	(941,232)	19 June 2017	0.16	–	2,823,697
Mr P Human	2,501,368	30 July 2015	0.08	(625,342)	21 September 2016	0.20	–	1,876,026
Mr B Malunga	4,801,829	30 July 2015	0.08	–	–	–	(4,801,829)	–
Mr P Tendaupenyu	–	13 December 2016	0.18	2,468,354	13 December 2016	–	–	2,468,354
Mr P Tendaupenyu	1,500,884	1 May 2014	0.12	(750,442)	20 September 2016	0.20	–	750,442
Mr N Reynolds	2,235,617	30 July 2015	0.08	(558,904)	20 September 2016	0.20	–	1,676,713
Mr JAJ Loots	8,000,000	28 February 2015	–	(3,500,000)	22 September 2016	0.21	–	4,500,000
	44,101,583		0.30	(11,781,555)		0.16	(9,240,400)	23,079,628

36. RELATED PARTY TRANSACTIONS

The group entered into the following transactions and held year-end balances with related parties:

	Pan African Resources GBP	Funding Company GBP	PAR Management Services GBP	Pan African Resources Coal Holding GBP	Phoenix Platinum[2] GBP
30 June 2017					
Statement of comprehensive income transactions					
Dividends received from subsidiaries	21,930,492	–	–	(1,360,000)	–
Management fee	637,681	(92,522)	5,035,859	–	(260,870)
Finance charges – inter-company	–	2,778,372	(654,122)	–	121,604
Gold purchases from Evander Gold Mines Limited	–	–	–	–	–
Cost of gold production income invoiced to Evander Gold Mines Limited	–	–	–	–	–
Statement of financial position					
Pan African Resources receivables	97,008,814	(69,102,616)	–	–	(1,843,686)
Pan African Resources payables	(18,222,482)	–	4,348,591	–	–
Funding Company receivables	–	53,201,751	(9,056,072)	–	–
Funding Company payables	–	(1,360,343)	–	–	1,251,156
PAR Management Services receivables	–	–	6,390,298	–	(328,448)
PAR Management Services payables	–	–	–	–	–
Payables to PAR Gold (Previously Shanduka Gold)	–	–	–	–	–
Pan African Resources Coal Holding receivables	–	–	–	–	–
Barberton Mines receivables	–	–	–	–	–
Evander Gold Mining Proprietary Limited receivable	–	–	–	–	–
Evander Gold Mining Proprietary Limited payable	–	–	–	–	–

[1] *Evander Gold Mines Limited and Evander Gold Mining Proprietary Limited are collectively referred to as Evander Mines due to an interim-mining arrangement in place since 1 March 2013, until such time that the inter-company mining right transfer occurs.*

[2] *The inter-company loan between Pan African Resources and Phoenix Platinum was reduced by an impairment charge of GBP6,352,320 on 30 June 2017. Refer to note 14. Refer below for a reconciliation of the inter-company loan receivable between Pan African Resources and Phoenix Platinum.*

	Separate 30 June 2017 GBP
Inter-company loan receivable by Pan African Resources from Phoenix Platinum at 30 June 2016	*7,027,516*
Impairment recognised in the current financial year	*(6,352,320)*
Foreign currency translation reserve	*1,168,490*
Inter-company loan receivable by Pan African Resources from Phoenix Platinum at 30 June 2017	*1,843,686*

[3] *K2015200726 (South Africa) Proprietary Limited (K Company) is a 0.6% shareholder in Pan African Resources.*

	Uitkomst Colliery GBP	Barberton Mines GBP	Evander Gold Mining Proprietary Limited[1] GBP	Evander Gold Mines Limited[1] GBP	Emerald Panther GBP	PAR Gold GBP	K Company[3] GBP	Evander subsidiaries GBP
	–	(12,980,676)	(7,589,816)	–	–	–	–	–
	(438,989)	(2,805,797)	(2,075,362)	–	–	–	–	–
	28,225	(760,141)	(1,513,938)	–	–	–	–	–
	–	–	(72,890,949)	72,890,949	–	–	–	–
	–	–	72,169,256	(72,169,256)	–	–	–	–
	–	–	(26,062,512)	–	–	–	–	–
	–	8,580,398	–	5,284,837	8,656	–	–	–
	–	(5,452,810)	(38,508,869)	–	(74)	–	(183,926)	–
	–	–	–	–	–	109,187	–	–
	–	(3,406,627)	(2,655,223)	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	30,047	(30,047)	–	–	–	–	–
	–		1,144		(1,144)	–	–	–
	–	–	(56,909,561)	56,909,561	–	–	–	–

36. RELATED PARTY TRANSACTIONS continued

	Pan African Resources GBP	Funding Company GBP	PAR Management Services GBP	Pan African Resources Coal Holding GBP	Phoenix Platinum GBP
30 June 2016					
Statement of comprehensive income transactions					
Dividends received from subsidiaries	13,892,774	–	–	–	–
Management fee	–	–	2,749,883	–	(107,226)
Finance charges – inter-company	–	1,130,359	(135,868)	–	79,849
Gold purchases from Evander Gold Mines Limited	–	–	–	–	–
Cost of gold production income invoiced to Evander Gold Mines Limited	–	–	–	–	–
Statement of financial position					
Pan African Resources receivables	51,716,563	(19,019,040)	(87,504)	(3,033,367)	(7,027,516)
Pan African Resources payables	(7,038,314)	–	–	–	–
Funding Company receivables	–	8,926,860	(2,782,018)	(13)	
Funding Company payables	–	(2,373,966)			2,373,966
PAR Management Services receivables	–	–	3,820,393	–	(137,550)
PAR Management Services payables	–	–	–	–	–
Payables to PAR Gold Proprietary Limited	–	–	111,862	–	–
Pan African Resources Coal Holding receivables	–	–	–	(4,853,387)	–
Barberton Mines receivables	–	–	–	–	–
Evander Gold Mining Proprietary Limited payable	–	–	–	–	–

[1] *Evander Gold Mines Limited and Evander Gold Mining Proprietary Limited are collectively referred to as Evander Mines due to an interim-mining arrangement in place since 1 March 2013, until such time that the inter-company mining right transfer occurs.*

Refer to investment in subsidiaries and investment in associate (note 21) for the nature of relationships of the related parties to the company.

Refer to directors' emoluments (note 35) for key management remuneration under related parties.

In addition to the related party transactions noted above, the acquisition of PAR Gold (GBP25 million) was noted as a related party in the prior year.

37. EVENTS AFTER THE REPORTING PERIOD

The group announced on 31 July 2017 that it will dispose of all of its shares and loan accounts in Phoenix Platinum to Sylvania for a total cash consideration of ZAR89 million. The transaction remains subject only to competition authority approval. Refer to note 14.

	Uitkomst Colliery GBP	Barberton Mines GBP	Evander Gold Mining Proprietary Limited[1] GBP	Evander Gold Mines Limited[1] GBP	Emerald Panther GBP	Evander subsidiaries GBP
	–	(13,892,774)	–	–	–	–
	(65,734)	(1,439,394)	(1,137,529)	–	–	–
	7,490	(331,029)	(750,800)	–	–	–
	–	–	(54,211,073)	54,211,073	–	–
	–	–	53,674,330	(53,674,330)	–	–
	–	–	(22,549,136)	–	–	–
	–	2,499,505	–	4,531,387	7,422	–
	(775,498)	(4,288,073)	(1,081,258)	–	–	–
	–	–	–	–	–	–
	(236,876)	(1,917,383)	(1,528,584)	–	–	–
	–	–	–	–	–	–
	–	–	–	–	–	–
	–	4,853,387	–	–	–	–
	–	25,634	(25,634)	–	–	–
	–	(48,128,871)	48,128,871	–	–	–

38. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH FROM OPERATING ACTIVITIES

	Consolidated		Separate	
	30 June 2017 GBP	30 June 2016 GBP	30 June 2017 GBP	30 June 2016 GBP
Profit before taxation from continuing operations	23,006,495	33,907,307	18,611,097	13,501,302
Loss before taxation from discontinued operations	(4,348,152)	(171,658)	–	–
Adjusted for:	7,945,507	21,521,443	1,620,222	(79,749)
Impairment	5,950,757	–	6,352,320	–
Equity and cash-settled share options costs	50,680	5,274,697	1,792,385	–
Net finance income – bank	(244,985)	1,018,303	(51,496)	(79,749)
Net finance income/(expense) – rehabilitation trust fund	(46,927)	(13,352)	–	–
Net finance (expense)/income – other	12,244	1,124	–	–
Net finance expense – bank	2,784,929	–	2,575	–
Net finance (expense)/income – SARS	18,050	47	–	–
(Profit)/loss on disposal of assets	(22,251)	2,767	–	–
Royalty costs	1,405,249	2,799,947	–	–
Deferred compensation	90,396	–	90,396	–
Fair value adjustment on financial instruments	(5,488,407)	5,482,517	–	–
Increase/(decrease) in provision for environmental rehabilitation	22,473	(1,780,288)	–	–
Profit on disposal of subsidiary	(5,385,915)	–	(6,343,387)	–
Fair value adjustment on rehabilitation trust fund	97,775	(414,955)	–	–
Non-mining depreciation and amortisation	58,899	36,617	–	–
Mining depreciation and amortisation	10,493,064	10,456,129	–	–
Discontinued operations depreciation	1,576,427	–	–	–
Gold loan amortisation	(3,191,991)	(2,747,333)	–	–
Effect of foreign exchange rate changes on operating cash flows	–	1,424,824	–	–
Profit on disposal of investment	(222,571)	–	(222,571)	–
Fair value adjustment on post-retirement benefits	(12,389)	–	–	–
Other	–	(19,601)	–	–
Operating cash flows before working capital changes	26,603,850	55,257,092	20,231,319	13,421,553
Working capital changes	3,341,368	(4,200,122)	869,747	25,860
(Increase)/decrease in inventories	(648,603)	134,804	–	–
Decrease/(increase) in trade and other receivables	298,249	(3,847,888)	52,376	(16,408)
Increase/(decrease) in trade and other payables	8,313,363	(117,539)	865,480	43,976
Effect of foreign exchange rate changes on working capital changes	(4,621,641)	(369,499)	(48,109)	(1,708)
Cash generated by operations	29,945,218	51,056,970	21,101,066	13,447,413
Income taxes paid	(6,324,864)	(9,998,969)	(57,232)	101,573
Royalties paid	(1,678,474)	(2,916,283)	–	–
Net finance (costs)/income	(2,141,151)	(652,680)	49,124	76,390
Net cash generated from operations after tax, royalties and finance costs	19,800,729	37,489,038	21,092,958	13,625,376

38. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH FROM OPERATING ACTIVITIES

continued

	Consolidated		Separate	
	30 June 2017 GBP	30 June 2016 GBP	30 June 2017 GBP	30 June 2016 GBP
Taxation paid during the year:				
Taxation charge per the statement of comprehensive income	**242,942**	8,233,831	**(408,704)**	33,810
Taxation charge for discontinued operations	**505,365**	–	**–**	–
Less: Deferred taxation	**4,416,686**	1,397,303	**408,704**	–
	5,164,993	9,631,134	**–**	33,810
Taxation payable/(receivable) at the beginning of the year	**205,941**	215,072	**(8,469)**	(141,574)
Taxation (payable)/receivable at the end of the year	**322,259**	(205,941)	**66,479**	8,469
Foreign currency translation	**631,671**	358,704	**(778)**	(2,278)
Taxation paid during the year	**6,324,864**	9,998,969	**57,232**	(101,573)
Royalty paid during the year:				
Royalty costs (receivable)/payable at the beginning of the year	**(594,498)**	(538,586)		
Royalty costs receivable at the end of the year	**918,389**	594,498		
Royalty costs charge for the year	**1,405,249**	2,799,947		
Foreign currency translation	**(50,666)**	60,424		
Royalty paid during the year	**1,678,474**	2,916,283		

39. ESOP TRANSACTIONS

Barberton Mines ESOP transaction

On 1 June 2015 Barberton Mines entered into an agreement with the Barberton Mines BEE Company Proprietary Limited and Barberton Mines BEE Trust.

The agreement concluded Barberton Mines would issue 5% of its authorised share capital for ZAR99.5 million to Barberton Mines BEE Company Proprietary Limited which is 100% held by the Barberton Mines BEE Trust.

The beneficiaries of the Barberton Mines BEE Trust are all the Barberton Mines employees of a Paterson Grading C level and below.

The share issue was vendor financed by Barberton Mines against preference share capital issued by BEE Co for ZAR99.5 million.

Evander Mines ESOP transaction

On 1 July 2015 Evander Gold Mines entered into an agreement with the Evander Gold Mining BEE Company and the Evander Gold Mining BEE Trust.

The agreement concluded Evander Gold Mines would issue 5% of its authorised share capital for ZAR146 million to Evander Gold Mining BEE Company, which is 100% held by the Evander Gold Mining BEE Trust.

The beneficiaries of the BEE Trust are all the Evander Gold Mines employees of a Paterson Grading C level and below.

The issue was vendor financed by Evander Gold Mines against preference share capital issued by Evander Gold Mining BEE Company for ZAR146 million.

39. ESOP TRANSACTIONS continued

Evander Mines ESOP transaction continued

Preference share capital funding arrangement terms:

Real interest rate: 2% per annum

Vesting period of the BEE scheme: 10 years

The payment terms of the funding arrangement allow for a portion of the dividends issued by the gold operations to be retained for settlement of the funding arrangement.

The retention percentage applied to dividends for repayment are summarised as follows:

	Year 1 %	Year 2 %	Year 3 %	Year 4 %	Year 5 to 10 %
Percentage of dividends withheld for payment of funding arrangement	50	50	60	70	80
Percentage of dividends accruing to the BEE trust	50	50	40	30	20
Total dividends	100	100	100	100	100

The dividends are calculated based on 80% of the mines' net cash generated during the year subject to compliance with the Companies Act requirements of liquidity and solvency.

The transaction is classified under IFRS 2 as a cash-settled share option scheme (refer to note 30) and has been summarised as follows:

The ESOP cash-settled share option liability for the gold operation was valued by independent actuaries at 30 June 2017.

	Barberton Mines		Evander Mines	
	30 June 2017 GBP	30 June 2016 GBP	30 June 2017 GBP	30 June 2016 GBP
Statement of financial position				
ESOP cash-settled share options liability				
Opening balance	**123,812**	9,378	**157,331**	–
Dividend accrued	**313,555**	335,489	**194,611**	145,082
Dividend paid	**(242,802)**	(273,576)	**(168,890)**	–
Withholding taxation paid	**(46,705)**	(45,485)	**29,218**	–
IFRS 2 revaluation expense	**(38,377)**	105,734	**(172,834)**	–
FCTR	**(4,117)**	(7,728)	**(31,735)**	12,249
Closing balance	**105,366**	123,812	**7,701**	157,331
Statement of comprehensive income				
ESOP IFRS 2 expense	**(228,473)**	(441,223)	**(21,777)**	(145,082)

SHAREHOLDERS' AND OTHER INFORMATION

SHAREHOLDERS' ANALYSIS

Register date: 30 June 2017
Issued share capital: 2,234,687,537 shares

SHAREHOLDER SPREAD

	Number of shareholders	%	Number of shares	%
1 – 1,000 shares	1,073	17.41	407,374	0.02
1,001 – 10,000 shares	2,319	37.63	11,103,042	0.50
10,001 – 100,000 shares	1,957	31.77	64,924,149	2.90
100,001 – 1,000,000 shares	565	9.17	202,517,374	9.06
1,000,001 shares and over	248	4.02	1,955,735,598	87.52
Total	**6,162**	**100.00**	**2,234,687,537**	**100.00**

DISTRIBUTION OF SHAREHOLDERS

	Number of shareholders	%	Number of shares	%
Banks	330	5.36	627,534,889	28.08
Brokers	18	0.29	15,744,333	0.70
Close corporations	49	0.80	3,814,765	0.17
Endowment funds	25	0.41	11,659,482	0.52
Individuals	4,779	77.56	102,844,446	4.60
Insurance companies	45	0.73	37,130,724	1.66
Medical aid schemes	7	0.11	4,594,556	0.21
Mutual funds	198	3.21	518,936,294	23.22
Nominees and trusts	320	5.19	25,852,862	1.16
Other corporations	62	1.01	3,903,325	0.17
Pension funds	219	3.55	422,693,338	18.92
Private companies	99	1.60	453,593,646	20.30
Public companies	11	0.18	6,384,877	0.29
Total	**6,162**	**100.00**	**2,234,687,537**	**100.00**

PUBLIC/NON-PUBLIC SHAREHOLDERS

	Number of shareholdings	%	Number of shares	%
Non-public shareholders	6	0.10	439,936,183	19.69
Director	5	0.08	3,578,125	0.16
Strategic holder (more than 10%)	1	0.02	436,358,058	19.53
Public shareholders	6,156	99.90	1,794,751,354	80.31
Total	**6,162**	**100.00**	**2,234,687,537**	**100.00**

BENEFICIAL SHAREHOLDERS HOLDING OF 3% OR MORE

	Number of shares	%
PAR Gold Proprietary Limited	436,358,058	19.53
South African State Controlled Entities	137,513,761	6.15
Allan Gray Equity Fund	87,748,852	3.93

NOTICE OF ANNUAL GENERAL MEETING

PAN AFRICAN RESOURCES PLC

(Incorporated and registered in England and Wales under Companies Act 1985 with registration number 3937466 on 25 February 2000)

Share code on AIM: PAF
ISIN: GB0004300496
Share code JSE: PAN

Notice is hereby given that the 2017 annual general meeting (AGM) of Pan African Resources (the company) will be held at the offices of Fladgate LLP, 16 Great Queen Street, London, WC2B 5DG on Tuesday, 21 November 2017 at 11:00 (all times stated are United Kingdom (UK) times unless otherwise stated) to consider and, if thought fit, transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the directors' report, the audited statement of accounts and auditors' report for the year ended 30 June 2017.
2. To approve the payment of a final dividend for the year ended 30 June 2017 of ZAR0.08279 per share.
3. To re-elect Mr RM Smith as a director of the company, who retires by rotation pursuant to the articles of association of the company (Articles of Association).
4. To re-elect Mr KC Spencer as a director of the company, who retires by rotation pursuant to the Articles of Association.
5. To re-elect Mrs HH Hickey as a member of the audit committee.
6. To re-elect Mr KC Spencer as a member of the audit committee.
7. To re-elect Mr TF Mosololi as a member of the audit committee.
8. To endorse the company's remuneration policy as set out in the remuneration report for the year ended 30 June 2017.
9. To endorse the company's remuneration implementation report.
10. To reappoint Deloitte LLP as auditors of the company and to authorise the directors to determine their remuneration.

Brief CVs of the directors mentioned in resolutions 3 and 4 above are contained on pages 82 and 83 of this integrated annual report.

SPECIAL BUSINESS

As special business, to consider and if thought fit, to pass the following resolutions of which resolution 11 will be proposed as an ordinary resolution and resolutions 12 and 13 will be proposed as special resolutions:

11. That the directors be and they are hereby generally and unconditionally authorised pursuant to section 551 of the UK Companies Act 2006 (the Act) to allot equity securities (within the meaning of section 560 of the Act) up to an aggregate nominal amount of GBP7,448,958.46, and this authority shall be in substitution for any previous authority granted under section 551 of the Act and shall expire on the earlier of 31 December 2018 and the conclusion of the AGM of the company to be held in 2018, save that the company may, prior to such expiry, make an offer or agreement which would or might require equity securities to be allotted after the expiry of this authority and the directors may allot equity securities pursuant to that offer or agreement as if this authority had not expired; and this authority shall be in substitution for any other authority to allot equity securities pursuant to section 551 of the Act, but shall be without prejudice to the continuing authority of the directors to allot equity securities in pursuance of an offer or agreement made before the expiry of the authority pursuant to which such offer or agreement was made.
12. That, subject to and conditional upon resolution 11 above being passed, the directors be and they are hereby empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution 11 above and to allot equity securities (including where such allotment constitutes an allotment of equity securities by virtue of section 560(2) of the Act) as if section 561(1) of the Act did not apply to such allotment provided that this power shall be limited to:
    a) The allotment of equity securities in connection with a rights issue, open offer or other offer of equity securities open for acceptance for a period fixed by the directors to holders of equity securities on the register on a fixed record date where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to their respective holdings of such equity securities or in accordance with the rights attached thereto (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised body or any stock exchange in, any territory or by virtue of shares being represented by depositary receipts or any other matter).
    b) The allotment of equity securities (otherwise than pursuant to paragraph (a) above) up to an aggregate nominal amount of GBP2,234,687.54 and this power shall be in substitution for all such powers previously given but without prejudice to the continuing power of directors to allot equity securities pursuant to an offer or agreement made by the company before the date this resolution is passed and unless previously renewed, varied or revoked by the company in general meeting shall expire on the earlier of 31 December 2018 and the conclusion of the AGM of the company to be held in 2018.

    That, in accordance with the JSE Listings Requirements, the equity securities which are the subject of any issue for cash pursuant to the authority conferred by resolution 11 will be issued in accordance with the following requirements:

    - They must be of a class already in issue or, where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue.
    - Any such issue of shares shall be to "public shareholders" as defined by the JSE Listings Requirements and not to "related parties".
    - This authority shall only be valid until the earlier of 31 December 2018 and the conclusion of the AGM of the company to be held in 2018.
    - An announcement giving full details will be published at the time of any issue of shares representing, on a cumulative basis within the period of this authority, 5% or more of the number of ordinary shares in issue prior to the issue.
    - Securities which are the subject of a general issue for cash may not exceed 15% of the company's listed equity securities as

at the date of the notice of general/AGM seeking the general issue for cash authority (i.e. 335,203,130 ordinary shares), provided that:

  - Any equity securities issued under this authority during the period must be deducted from the number above.
  - In the event of a sub-division or consolidation of issued equity securities during the period contemplated above, the existing authority must be adjusted accordingly to represent the same allocation ratio.
  - The calculation of the listed equity securities is a factual assessment of the listed equity securities as at the date of notice of this AGM, excluding treasury shares.
- Any such general issues are subject to South African exchange control regulations and approval at that point in time.
- In determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price on the JSE Limited of ordinary shares measured over the 30 business days prior to the date that the price of issue is determined or agreed between the company and the party/ies subscribing for the shares.

13. That the company be generally and unconditionally authorised for purposes of section 701 of the Act to make market purchases (as defined in section 693(4) of the Act) of ordinary shares of the company on such terms and in such a manner as the directors shall determine, provided that:
    - The maximum aggregate value of ordinary shares which may be purchased is GBP1,117,343.77 (representing approximately 5 percent of the issued share capital of the company at the date of this notice).
    - The minimum price (excluding expenses) which may be paid for such ordinary share is 1 pence.
    - The maximum price (excluding expenses) which may be paid for such ordinary share does not exceed: (i) 5 percent above the average closing price of such shares for the 5 business days on the London Stock Exchange prior to the date of purchase; and (ii) that stipulated by the EU Commission-adopted Regulatory Technical Standards pursuant to article 5(6) of the Market Abuse Regulation.
    - This authority shall expire on the earlier of 31 December 2018 and the conclusion of the AGM of the company to be held in 2018, unless such authority is renewed prior to that time (except in relation to the purchase of ordinary shares the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry).
    - A market purchase by the company of ordinary shares in the company as contemplated in this resolution shall comply, to the extent required, with the provisions of the Listings Requirements of the JSE Limited (JSE) (the JSE Listings Requirements) pertaining to the general authority to repurchase securities for cash, which in summary provide as follows:
      - Such repurchases are effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and a counterparty, unless the JSE otherwise permits.
      - The company and its subsidiaries are enabled by their Articles of Association to acquire such shares.
      - Such repurchases are made at a price no greater than 10 percent above the weighted average market price at which the company's shares traded on the JSE over the five business days immediately preceding the date on which the transaction is effected.
      - At any point in time, the company appoints only one agent to effect any repurchase on the company's behalf.
      - The directors will ensure that a resolution by the board of directors (the board) was taken authorising such repurchases, confirming that the company and its subsidiaries engaged in such repurchases have passed solvency and liquidity tests and confirming that since such tests were performed there have been no material adverse changes to the financial position of the group.
      - Such repurchases are not conducted during prohibited periods as defined by the JSE Listings Requirements, unless the company has complied with the conditions set out in paragraph 5.72(h) of the JSE Listings Requirements.

The other general information referred to in paragraph 11.26(b) of the JSE Listings Requirements regarding the company is contained elsewhere in this notice of AGM, as follows:

- Major shareholders on page 198.
- Company share capital on page 164.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors of the company, whose names are given on page 83 of the group's integrated annual report in which this notice is incorporated, collectively and individually accept full responsibility for the accuracy of the information given in this notice, and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this notice contains all information required by the JSE Listings Requirements.

MATERIAL CHANGE

The directors of the company confirm that there has not been any material change in the financial or trading position of the company and its subsidiaries that has occurred since the end of the last financial period.

The intention of the directors is that the repurchase of the company's shares will be effected within the parameters laid down by resolution 13 as well as by the Act, the JSE Listings Requirements and the board, as and when the directors of the company deem such repurchases to be appropriate, having regard for prevailing market and business conditions. The directors will ensure that the requisite prior resolution of the board has been taken authorising such repurchases, confirming that the company and its subsidiaries engaged in such repurchases have passed the solvency and liquidity test and confirming that since such tests were performed there have been no material adverse changes to the financial position of the group.

After considering the effect of a general repurchase within the parameters set out above, the directors are of the view that for a period of at least 12 months after the date of the AGM referred to in this notice:

- The company and the group would in the ordinary course of their business be able to pay their debts.
- The consolidated assets of the company and the group would exceed the consolidated liabilities of the company and the group respectively, such assets and liabilities being fairly valued and recognised and measured in accordance with the accounting policies used in the 2017 audited annual financial statements of the company and the group.
- The issued capital and reserves of the company and the group would be adequate for the purposes of the company and the group's ordinary business.
- The company and the group's working capital would be adequate for ordinary business purposes.

Note

The company will publish an announcement complying with the JSE Listings Requirements if and when an initial and successive 3 percent tranche(s) of its shares have been repurchased in terms of the aforementioned general authority.

APPROVALS REQUIRED FOR RESOLUTIONS

The ordinary resolutions contained in this notice of AGM require the approval of more than fifty percent (50%) of the total votes cast on the resolution by shareholders present or represented by proxy at the AGM. The special resolutions contained in this notice of AGM require the approval of at least seventy-five percent (75%) of the total votes cast on the resolutions by the shareholders present or represented by proxy at the AGM.

By order of the Board

St James's Corporate Services Limited

St James's Corporate Services Limited
Company Secretary

20 September 2017

Suite 31, Second Floor 107 Cheapside London
England EC2V 6DN

EXPLANATORY NOTES TO THE NOTICE OF AGM

1. Directors' report and accounts (resolution 1)

This resolution will be proposed as an ordinary resolution. The directors of the company (the directors) are required by the Act to present to the meeting, the directors' and auditors' reports and the audited accounts for the year ended 30 June 2017. The report of the directors and the audited accounts have been approved by the directors and the report of the auditors has been approved by the auditors, and a copy of each of these documents may be found in the integrated annual report and accounts of the company.

2. Approval of final dividend (resolution 2)

A final dividend can only be paid after it has been approved by the shareholders. A final dividend of ZAR0.08279 per share in respect of the year ended 30 June 2017 is recommended by the directors.

3. Director re-election (resolutions 3 and 4)

These resolutions will be proposed as ordinary resolutions. Article 123 of the Articles of Association states that at each AGM one-third of the directors (or, if their number is not a multiple of three, the number of directors nearest to but not greater than one-third, unless their number is fewer than three, in which case one director) shall retire from office by rotation. Accordingly, Mr RM Smith and Mr KC Spencer retire by rotation and offer themselves for re-election under this provision.

Biographical details of all of the directors are set out on pages 82 and 83 of the integrated annual report and accounts of the company.

4. Audit committee members re-election (resolutions 5, 6 and 7)

These resolutions will be proposed as ordinary resolutions. In accordance with good corporate governance practice, subject where it is necessary to their reappointment as directors of the company in terms of the resolutions proposed in resolutions 3 and 4 above, to confirm by separate resolutions the appointment of the stated directors to the company's audit committee for the period until the next AGM of the company.

5. Endorsement of the remuneration policy as contained in the remuneration report (resolution 8)

This resolution will be proposed as an ordinary resolution. This resolution will approve, by way of an advisory non-binding vote, the company's remuneration policy as set out on page 95 of the integrated annual report for the year ended 30 June 2017. Shareholders are reminded that in terms of King IV and the JSE Listings Requirements, should 25% or more of the votes cast be against this non-binding ordinary resolution, the company undertakes to engage with shareholders as to the reasons therefor and undertakes to make recommendations based on the feedback received.

6. Endorsement of the remuneration implementation report (resolution 9)

This resolution will be proposed as an ordinary resolution. This resolution will approve, by way of an advisory non-binding vote, the company's remuneration implementation report as set out on page 102 of the integrated annual report for the year ended

30 June 2017. Shareholders are reminded that in terms of King IV and the JSE Listings Requirements, should 25% or more of the votes cast be against this non-binding ordinary resolution, the company undertakes to engage with shareholders as to the reasons therefor and undertakes to make recommendations based on the feedback received.

7. Appointment and remuneration of auditors (resolution 10)

This resolution will be proposed as an ordinary resolution. This resolution proposes the appointment of Deloitte LLP as the auditors of the company and, in accordance with standard practice, gives authority to the directors to determine their remuneration.

8. Authority to allot shares (resolution 11)

This resolution will be proposed as an ordinary resolution. Resolution 11 enables the directors to allot equity securities (including new ordinary shares). The total nominal amounts are specified rather than the total number of shares in order that the resolution does not need to be amended if the company consolidates or sub-divides its shares. The nominal amount specified in this resolution is one-third of the company's issued ordinary share capital.

9. Disapplication of pre-emption rights (resolution 12)

This resolution will be proposed as a special resolution. Resolution 12 enables the directors if they so wish to allot new shares and other equity securities, or sell treasury shares, for cash (other than in connection with an employee share scheme) without first offering these shares to shareholders in proportion to their existing holdings as company law requires. However, there may be circumstances when it is in the interests of the company to be able to allot new equity securities for cash other than on a pre-emptive basis.

The directors consider the authority in resolution 12 to be appropriate in order to allow the company flexibility to finance business opportunities or to conduct a pre-emptive offer or rights issue without the need to comply with the strict requirements of the statutory pre-emption provisions.

Resolution 12 will replace the equivalent pre-emption disapplication authority granted to the directors at the general meeting held on 9 February 2017. If the authority sought under resolution 12 is given, it will expire at the same time as the allotment authority granted pursuant to resolution 11 (i.e. the earlier of 31 December 2018 and the conclusion of the AGM of the company to be held in 2018).

The directors have no present intention to exercise the authority conferred by resolution 12.

10. Authority to repurchase shares (resolution 13)

This resolution will be proposed as a special resolution. The Articles of Association contain a provision allowing the company to purchase its own shares subject to the prior authority of the members having been obtained. In accordance with the board's previous practice, resolution 13 is for the purpose of seeking general authority to effect such purchases within the limits set out in the resolution.

Purchases pursuant to the proposed authority would only be made after the most careful consideration, where the directors believed purchases were in the best interests of the company and its shareholders. The directors consider that it is prudent to obtain the proposed authority, although the board has no present intention of exercising this authority.

The Act permits companies to hold in treasury any shares acquired by way of market purchases, rather than having to cancel them. Treasury shares continue to exist as shares, but are owned by the company itself, and can only be sold by the company for cash as an alternative to listing new shares. Section 727 of the Act permits a company at any time to sell shares from treasury for cash (subject to statutory pre-emption provisions), to transfer shares from treasury for the purposes of an employee share scheme, or to cancel them. If the company were to repurchase any of its own shares pursuant to the authority conferred by resolution 13, the company would consider at that time whether to hold those shares as treasury shares or to cancel them. However, the company would be likely to hold them as treasury shares unless there were some exceptional and unforeseen reasons at the time of purchase which meant that it would not be in the interests of the company to do so. This would give the company the ability to sell treasury shares quickly, with the proceeds of the sale (up to the amount which was initially paid for them by the company) being credited back to the company's distributable reserves, and would provide the company with additional flexibility in the management of its capital base. Where considered appropriate, treasury shares may be issued or transferred for the purpose of the company's employee share plans rather than issuing new shares or purchasing shares on the open market.

No dividends will be paid on shares whilst held in treasury and no voting rights will be exercised in respect of treasury shares.

The authority sought under resolutions 11, 12 and 13 will expire at the earlier of 31 December 2018 and the conclusion of the AGM of the company to be held in 2018.

NOTES

Entitlement to attend and vote

1. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001 (Uncertificated Securities Regulations), only those members entered in the register of members of the company as at close of business on 17 November 2017, and in the case of an adjourned meeting, two days before such adjourned meeting, shall be entitled to attend, speak and vote at the AGM in respect of the number of shares registered in their name at that time. Changes to the register of members after the close of business on 17 November 2017, or if the AGM is adjourned, after close of business on the day two days before the adjourned meeting, shall be disregarded in determining the rights of any person to attend, speak and vote at the AGM.

Appointment of proxies

2. If you are a member of the company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the AGM and you should have received a proxy form with this notice of meeting.

You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

3. A proxy does not need to be a member of the company but must attend the AGM to represent you. Details of how to appoint the Chairman of the AGM or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the AGM you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy this form.

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the AGM.

6. Any corporation which is a member of the company can appoint one or more corporate representative(s) who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

7. A member of the company may not use any electronic address provided either in this notice of meeting or any related documents (including the proxy form) to communicate with the company for any purpose other than those expressly stated.

Appointment of proxy using hard-copy proxy form

8. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:
   - Completed and signed.
   - Sent or delivered to Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU or Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196, South Africa (PO Box 61051, Marshalltown 2107, Johannesburg, South Africa); no later than 11:00 on 17 November 2017.

   In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

   Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

9. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

10. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

    Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU or Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196, South Africa (PO Box 61051, Marshalltown 2107, Johannesburg, South Africa).

    If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

11. In order to revoke a proxy instruction you will need to inform the Registrar by sending a signed hard-copy notice clearly stating your intention to revoke your proxy appointment as above. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

    Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

    The revocation notice must be received by Capita Asset Services or Computershare Investor Services Proprietary Limited no later than 11:00 on 17 November 2017. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

    Appointment of a proxy does not preclude you from attending the AGM and voting in person. If you have appointed a proxy and attend the AGM in person, your proxy appointment will automatically be terminated.

Issued shares and total voting rights

12. As at close of business on 19 September 2017, the company's issued share capital comprised 2,234,687,537 ordinary shares of 1p each. Each ordinary share carries the right to one vote at an AGM of the company and, therefore, the total number of voting rights in the company as at close of business on 19 September 2017 was 2,234,687,537.

Directors' interests and documents on display

13. A statement or summary of transactions of directors (and their family interests) in the share capital of the company and copies of their service contracts will be available for inspection at the company's registered office during normal business hours (Saturdays, Sundays and public holidays excepted) from the date of this notice until the conclusion of the AGM and will also be available for inspection at the place of the AGM for at least 15 minutes prior to and during the meeting.

CREST

14. CREST members who wish to appoint a proxy or proxies through the CREST Electronic Proxy Appointment Service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual (available via www.euroclear.com). CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

15. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited (EUI) and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID: RA10) by 11:00 on 17 November 2017 (or 48 hours preceding the date and time for any adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

16. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in EUI for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations.

UNITED KINGDOM

FORM OF PROXY

(Incorporated and registered in England and Wales under Companies Act 1985 with registration number 3937466 on 25 February 2000)

Share code on AIM: PAF
ISIN: GB0004300496
Share code JSE: PAN

This form of proxy is for use by all non-South African shareholders and for South African certificated shareholders and South African own name dematerialised shareholders only.

I/We, the undersigned, being a member of the above-named company, hereby appoint the Chairman of the meeting or (see notes 1 and 3)

Name of proxy ______________________ Number of shares proxies appointed over ______________________

as my/our proxy to attend, speak and vote on my/our behalf at the annual general meeting (AGM) of Pan African Resources (the company) to be held at the offices of Fladgate LLP, 16 Great Queen Street, London WC2B 5DG at 11:00 on Tuesday, 21 November 2017 and at any adjournment thereof.

If you wish to appoint multiple proxies please see note 1 below. ☐ Please also tick here if you are appointing more than one proxy.

The proxy will vote on the undermentioned resolutions, as indicated.

Ordinary business	For	Against	Vote withheld*	Discretionary**
1. To receive the accounts and the reports of the directors of the company (the directors) and auditor thereon				
2. To approve the payment of a final dividend for the year ended 30 June 2017				
3. To re-elect Mr RM Smith as a director of the company				
4. To re-elect Mr KC Spencer as a director of the company				
5. To re-elect Mrs HH Hickey as a member of the audit committee				
6. To re-elect Mr KC Spencer as a member of the audit committee				
7. To re-elect Mr TF Mosololi as a member of the audit committee				
8. To endorse the company's remuneration policy				
9. To endorse the company's remuneration implementation report				
10. To reappoint Deloitte LLP as auditor of the company and to authorise the directors to determine their remuneration				
Special business				
11. To authorise the directors to allot equity securities				
12. To approve the disapplication of pre-emption rights				
13. To approve market purchases of ordinary shares				

If this form is signed and returned without any indication as to how the proxy shall vote, he or she will exercise his or her discretion both as to how he or she votes (and whether or not he or she abstains from voting).

* *The 'Vote withheld' option is to enable you to abstain on the specified resolution. Please note a 'Vote withheld' has no legal effect and will not be counted in the votes 'For' and 'Against'.*

** *If you select 'Discretionary' or fail to select any of the given options, the proxy is authorised to vote (or abstain from voting) at his or her discretion on the specified resolution. The proxy is also authorised to vote (or abstain from voting) on any other business, which may properly come before the meeting.*

Print name: ______________________
(BLOCK CAPITALS)

Signature: ______________________

Address: ______________________

Dated this __________ day of __________ 2017

Notes

1. To appoint as a proxy a person other than the Chairman of the meeting insert the full name in the space provided. To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. A proxy need not be a member of the company.
2. This form is for use of shareholders only and will be used only in the event of a poll being directed or demanded.
3. You may, if you wish, delete the words "the Chairman of the meeting" and substitute the names(s) of your choice. Please initial such alteration.
4. To be effective, this form of proxy must be lodged at the company's Registrars, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU or Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196, South Africa not later than 48 hours before the start of the meeting.
5. In the case of a corporation, the form must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.
6. In the case of joint holders, the signature of any of them will suffice but the names of all joint holders should be shown. The vote of the senior joint holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.
7. Dematerialised shareholders in South Africa who are not own name dematerialised shareholders and who wish to attend the AGM should instruct their CSDP or broker to issue them with the necessary authority to attend the meeting in person, in the manner stipulated in the custody agreement governing the relationship between such shareholders and their CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature. Dematerialised shareholders in South Africa who are not own name dematerialised shareholders and who cannot attend but who wish to vote at the AGM should provide their CSDP or broker with their voting instructions, in the manner stipulated in the custody agreement governing the relationship between such shareholders and their CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature.
8. Shares held in uncertificated form (i.e. in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST Manual.

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Business Reply Plus
Licence Number
RLUB-TBUX-EGUC

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First fold

PXS 1
34 Beckenham Road
BECKENHAM
BR3 4ZF

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SOUTH AFRICA
FORM OF PROXY

(Incorporated and registered in England and Wales under Companies Act 1985 with registration number 3937466 on 25 February 2000)

Share code on AIM: PAF
ISIN: GB0004300496
Share code JSE: PAN

This form of proxy is for use by all non-South African shareholders and for South African certificated shareholders and South African own name dematerialised shareholders only.

I/We, the undersigned, being a member of the above-named company, hereby appoint the Chairman of the meeting or (see notes 1 and 3)

Name of proxy Number of shares proxies appointed over

as my/our proxy to attend, speak and vote on my/our behalf at the annual general meeting (AGM) of Pan African Resources (the company) to be held at the offices of Fladgate LLP, 16 Great Queen Street, London WC2B 5DG at 11:00 on Tuesday, 21 November 2017 and at any adjournment thereof.

If you wish to appoint multiple proxies please see note 1 below. ☐ Please also tick here if you are appointing more than one proxy.

The proxy will vote on the undermentioned resolutions, as indicated.

Ordinary business	For	Against	Vote withheld*	Discretionary**
1. To receive the accounts and the reports of the directors of the company (the directors) and auditor thereon				
2. To approve the payment of a final dividend for the year ended 30 June 2017				
3. To re-elect Mr RM Smith as a director of the company				
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5. To re-elect Mrs HH Hickey as a member of the audit committee				
6. To re-elect Mr KC Spencer as a member of the audit committee				
7. To re-elect Mr TF Mosololi as a member of the audit committee				
8. To endorse the company's remuneration policy				
9. To endorse the company's remuneration implementation report				
10. To reappoint Deloitte LLP as auditor of the company and to authorise the directors to determine their remuneration				
Special business				
11. To authorise the directors to allot equity securities				
12. To approve the disapplication of pre-emption rights				
13. To approve market purchases of ordinary shares				

If this form is signed and returned without any indication as to how the proxy shall vote, he or she will exercise his or her discretion both as to how he or she votes (and whether or not he or she abstains from voting).

* *The 'Vote withheld' option is to enable you to abstain on the specified resolution. Please note a 'Vote withheld' has no legal effect and will not be counted in the votes 'For' and 'Against'.*

** *If you select 'Discretionary' or fail to select any of the given options, the proxy is authorised to vote (or abstain from voting) at his or her discretion on the specified resolution. The proxy is also authorised to vote (or abstain from voting) on any other business, which may properly come before the meeting.*

Print name:
(BLOCK CAPITALS)

Signature:

Address:

Dated this day of 2017

Notes

1. To appoint as a proxy a person other than the Chairman of the meeting insert the full name in the space provided. To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. A proxy need not be a member of the company.
2. This form is for use of shareholders only and will be used only in the event of a poll being directed or demanded.
3. You may, if you wish, delete the words "the Chairman of the meeting" and substitute the names(s) of your choice. Please initial such alteration.
4. To be effective, this form of proxy must be lodged at the company's Registrars, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU or Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196, South Africa not later than 48 hours before the start of the meeting.
5. In the case of a corporation, the form must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.
6. In the case of joint holders, the signature of any of them will suffice but the names of all joint holders should be shown. The vote of the senior joint holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.
7. Dematerialised shareholders in South Africa who are not own name dematerialised shareholders and who wish to attend the AGM should instruct their CSDP or broker to issue them with the necessary authority to attend the meeting in person, in the manner stipulated in the custody agreement governing the relationship between such shareholders and their CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature. Dematerialised shareholders in South Africa who are not own name dematerialised shareholders and who cannot attend but who wish to vote at the AGM should provide their CSDP or broker with their voting instructions, in the manner stipulated in the custody agreement governing the relationship between such shareholders and their CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature.
8. Shares held in uncertificated form (i.e. in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST Manual.

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POSTAGE WILL
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NO POSTAGE
NECESSARY
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SOUTH AFRICA

BUSINESS REPLY SERVICE
LICENCE NO. J 5563

Computershare

2107 MARSHALLTOWN

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ALTERNATIVE PERFORMANCE MEASURES

SCOPE AND BOUNDARY

When assessing and discussing Pan African Resources' reported financial performance, financial position and cash flows, management refers to APMs of historical or future financial performance, financial position or cash flows that are not defined or specified under IFRS.

The APMs include financial APMs and non-financial APMs, as described below:

Financial APMs: These financial measures are usually derived from the financial statements, prepared in accordance with IFRS. Certain financial measures cannot be directly derived from the financial statements as they contain additional information, such as financial information from earlier periods or profit estimates or projections. The accounting policies applied when calculating APMs are, where relevant and unless otherwise stated, the same as those disclosed in the group's consolidated financial statements for the year ended 30 June 2017.

Non-financial APMs: These measures incorporate certain non-financial information which management believes is useful when assessing the performance of the group.

APMs are not uniformly defined by all companies and may not be comparable with APMs disclosures made by other companies, and they exclude:

- Measures defined or specified by applicable reporting framework such as revenue, profit or loss or earnings per share.
- Physical or non-financial measures such as number of employees, number of subscribers, revenue per unit measure (when the revenue figures are extracted directly from the financial statements) or social and environmental measures such as gas emissions, breakdown of workforce by contract or geographical location.
- Information on major shareholdings, acquisition or disposal of own shares and total number of voting rights.
- Information to explain the compliance with the terms of an agreement or legislative requirement such as lending covenants or basis of calculating the director or executive remuneration.

APMs should be considered in addition to, and not as a substitute for or as superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS.

PURPOSE OF APMs

The group uses APMs to improve the comparability of information between reporting periods and reporting segments, either by adjusting for uncontrollable or once-off factors which impact upon IFRS measurements and disclosures, or by aggregating measurements and disclosures, to aid the user of the integrated annual report in understanding the activity taking place across the group. Their use is driven by characteristics particularly visible in the mining sector:

Earnings volatility: The sector is characterised by significant volatility in earnings driven by movements in macro-economic factors, primarily commodity prices and foreign exchange. This volatility is outside the control of management and can mask underlying changes in performance. As such, when comparing year-on-year performance, management excludes certain non-recurring items to aid comparability and then quantifies and isolates uncontrollable factors to improve understanding of the controllable portion of variances.

Nature of investment: Investments in the sector are typically capital intensive and occur over several years, requiring significant funding before generating cash. These investments are often made through debt and equity providers and the nature of the group's ownership interest affects how the financial results of these operations are reflected in the group's results, e.g. whether full consolidation (subsidiaries), consolidation of the group's attributable assets and liabilities (joint operations) or equity accounted (associates and joint ventures).

Portfolio complexity: At year-end the group's operating portfolio remains largely in commodities, mainly gold which accounts for 100% of the group's revenue at year-end. The cost, value of and return from each saleable unit (e.g. tonne or ounce) therefore does not differ materially between each operating business. This makes understanding both the overall portfolio performance, and the relative performance of each mining operation on a like-for-like basis, less challenging.

Consequently, APMs are used by the board and management for planning and reporting. A subset is also used by management in setting director and management remuneration. The measures are also used in discussions with the investment analyst community and credit rating agencies.

FINANCIAL APMs

Group APM	Closest equivalent IFRS measure	Adjustments to reconcile primary statements	Rationale for adjustments
Performance			
Cash costs	Gold cost of production	• Care and maintenance costs which are excluded from the calculation on cash costs.	• Not direct production costs attributable to sold kilograms, therefore excluded from the direct cash costs' calculations.
All-in sustaining cash costs	Gold cost of production	• Other related costs as defined by the World Gold Council, including royalty costs, community costs, sustaining and development capital (excluding non-gold operations).	• Indicates whether the group is generating sufficient revenue to cover other indirect production costs and sustaining capital which is imperative for ongoing production.
All-in costs	Gold cost of production	• Once-off capital (excluding the Elikhulu capital expenditure).	• Indicates and measures group's ability to fund once-off capital with internal cash flows.
Adjusted EBITDA	Profit after taxation	• Taxation. • Depreciation and amortisation. • Net finance costs. • Impairments. • Profit from discontinued operations. • Profit on sale of investments.	• Excludes the impact of non-recurring items or certain accounting adjustments that can mask underlying changes in performance. • Excludes the effect of different basis of consolidation to aid comparability.
Headline earnings and headline earnings per share	Profit after taxation	• Profit after taxation adjusted for discontinued operations, impairments, profit or loss on sale of assets.	• Excludes the impact of non-recurring items to reflect the true performance of the business. • Excludes the effect of different basis of consolidation to aid comparability.
Financial position			
Net debt	Interest-bearing borrowings less cash.	• Revolving credit facility. • General banking facilities. • Gold loan. • Net cash.	• Summarises the group long-term interest-bearing borrowings against available cash resources.

Financial APMs performance

	30 June 2017 ZAR million
Cash costs	2,322.3
Gold cost of production	2,311.6
Realisation costs	31.5
Care and maintenance costs	(20.8)
All-in sustainable costs	2,772.7
Cash costs	2,322.3
Royalties	23.0
Community costs related to gold operations	22.7
By-product credits	(3.3)
Corporate general and administrative costs	93.1
Development capital (sustaining)	145.4
Maintenance capital expenditure (sustaining)	169.5
All-in costs	2,914.3
All-in sustaining costs	2,772.7
Capital expenditure (non-sustaining)	100.8
Voluntary severance pay (non-sustaining)	40.8

	30 June 2017
Cash cost per kilogram (ZAR/kg)	430,863
Cash costs (ZAR million)	2,322.3
Gold sold (kg)	5,389.7
All-in sustaining cost per kilogram (ZAR/kg)	514,435
All-in sustaining costs (ZAR million)	2,772.7
Gold sold (kg)	5,389.7
All-in cost per kilogram (ZAR/kg)	540,693
All-in costs (ZAR million)	2,914.3
Gold sold (kg)	5,389.7

	30 June 2017 ZAR million
Adjusted EBITDA	524.6
Profit after tax	309.9
Taxation	4.2
Finance income	(5.2)
Finance costs	48.6
Impairment	100.9
Profit on disposal of investment	(4.6)
Profit on disposal of subsidiary	(91.3)
Depreciation	181.0
Profit after tax on discontinued operations	(18.9)

ALTERNATIVE PERFORMANCE MEASURES continued

Headline earnings and per share

	30 June 2017 GBP million	30 June 2016 GBP million	30 June 2017 ZAR million	30 June 2016 ZAR million
Basic earnings	**17.9**	25.5	**309.9**	547.0
Adjustments:				
Profit on disposal of investment	**(0.2)**	–	**(4.6)**	–
Taxation on profit realised on disposal of investment	**0.1**	–	**1.0**	–
Profit on disposal of Uitkomst Colliery	**(5.4)**	–	**(91.3)**	–
Profit on disposal of property, plant and equipment	**(0.1)**	–	**(0.4)**	–
Taxation on profit realised on property, plant and equipment sale	**–**	–	**0.1**	–
Impairment of Phoenix Platinum	**6.0**	–	**100.9**	–
Headline earnings	**18.3**	25.5	**315.6**	547.0
Headline earnings per share	**1.17**	1.41	**20.17**	30.20
Diluted headline earnings per share	**1.17**	1.41	**20.17**	30.19

Financial position

	30 June 2017 ZAR million
Net debt	**67.6**
Revolving credit facility	**201.2**
Gold loan facility	**26.6**
Cash and cash equivalents	**(160.2)**

NON-FINANCIAL APMs

Group APM	Category	Purpose
Gold sold	• Production.	• Primary driver of group revenue.
Value-enhancing and earnings-accretive transactions/acquisitions	• Earnings per share.	• Shows the positive impact of the reduction of treasury shares on the weighted average number of shares for earnings per share calculation.
Shareholder return on sale of Uitkomst Colliery	• Investments.	• Shows the returns realised on the Uitkomst Colliery investment prior to its sale. Returns derived comprise profits from sale, dividends realised and net investment growth in profits over the 15-month period of ownership by the group.
Historical dividend yield	• Shareholder return.	• Highlights the group's strength of constantly delivering to dividend policy and maintaining an attractive dividend yield over its peers for the last five years of dividend declaration. In the 2013 financial year, no dividend was declared due to the acquisition of the Evander Gold mines which resulted in cash outflow of ZAR1.3 billion.
Group net asset value per share	• Shareholder return.	• Indicates to shareholders robustness of the group's financial position per share issued.

Non-financial APM

	30 June 2017 kg
Gold sold kilograms	5,389.7
Barberton Mines	3,063.9
Evander Mines	2,325.8

	30 June 2017 Shares million
Value-enhancing and earnings-accretive transaction	1,564.3
Shares in issue at the beginning of the year	1,943.2
Issue of 291,480,983 shares – vendor placement (date 12 April 2017) – weighted for the year	57.5
Elimination of shares held by PAR Gold – weighted for the year	–
Weighted average shares in issue at the end of the year	(436.4)

	30 June 2017 ZAR million
Shareholder return on sale of Uitkomst Colliery	159.2
Shareholder return percentage on sale of Uitkomst Colliery (%)	107.5
Original investment 1 April 2016	147.9
Dividends received during ownership	29.5
Sale consideration – Coal of Africa Limited	277.6
Total value received upon sale	307.1

	30 June 2017 %
Historical dividend yield	
In excess of	5.0
Dividend yield 30 June 2017	5.4
Dividend yield 30 June 2016	5.1
Dividend yield 30 June 2015	6.3
Dividend yield 30 June 2014	5.6

	30 June 2017
Group net asset value per share	201.3
Total shares issued at year-end (shares million)	2,235.7
Treasury shares (shares million)	(436.4)
	1,799.3
Net asset value (ZAR million)	3,620.5

GLOSSARY

AGM	Annual general meeting
Aids	Acquired Immune Deficiency Syndrome
AIM	Alternative Investment Market, the London Stock Exchange's international market for smaller growing companies
APMs	Alternative Performance Measures
B-BBEE	Broad-based black economic empowerment
Barberton Mines	Barberton Mines Proprietary Limited
BIOX	The Biological Oxidation (BIOX®) gold extraction process was developed at Barberton Mines. It is an environmentally friendly process of releasing gold from the sulphide that surrounds it by using bacteria
the board	The board of directors of Pan African Resources, as set out on pages 82 and 83
Bramber tailings	TSF located at Fairview which the BTRP treated historically
Brownfield project	Project based on prior work or rebuilt from a previous one
BTRP	Barberton Tailings Retreatment Plant, a gold recovery tailings plant owned by Barberton Mines, which commenced production in FY2014
Business rescue	A process which gives a company in financial distress the opportunity to restructure and reorganise its affairs under the supervision of a business rescue practitioner
CEO	Pan African Resources' Chief Executive Officer is Cobus Loots
CIL	Carbon-in-leach
Companies Act South African	Companies Act 71 of 2008 (SA Companies Act)
CSI	Corporate social investment
CTRP	Chrome tailings retreatment plant
Deloitte	Deloitte LLP and Deloitte SA
DMR	Department of Mineral Resources
Earnings-accretive acquisition	An acquisition which increases earnings per share
Elikhulu	Elikhulu Tailings Retreatment Plant project in Mpumalanga province that will enhance the group's production profile
Eskom	Electricity Supply Commission, South African electricity supplier
ETRP	Evander Tailings Retreatment Plant, commissioned in October 2015
Evander Mines	Evander Gold Mines Limited and Evander Gold Mining Proprietary Limited
Exco	Executive committee of Pan African Resources
FD	Pan African Resources' Financial Director is Deon Louw
g/t	Grams/tonne
GRI	Global Reporting Initiatives
Harmony	Harmony Gold Mining Company Limited
HDSA	Historically disadvantaged South African
HIV	Human Immunodeficiency Virus
HR	Human Resources
IAS	International Accounting Standards
IBC	Inside back cover (of this integrated annual report)
IFL	International Ferro Metals (SA) Proprietary Limited, Phoenix Platinum concluded a formal CTRP agreement with IFL and operates from its Lesedi Mine
IFMSA	South African subsidiary, International Ferro Metals (SA) Proprietary Limited
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
ISO	International Standards Organisation

JSE	JSE Limited incorporating the Johannesburg Securities Exchange, the main bourse in South Africa
King IV Report or King IV	King Report on Corporate Governance for South Africa, 2016
km	Kilometres
KPIs	Key performance indicators – a set of quantifiable measures that a company or industry uses to gauge or compare performance in terms of meeting their strategic and operational goals
LSE	London Stock Exchange
LTIFR	Lost-time injury frequency rate
MCF	Mine call factor
Metanza	Mineral Processors, a BEE company which operates the CTRP at Phoenix Platinum plant under contract to Pan African Resources
Mining Charter	Charter to facilitate the sustainable transformation and development of the South African mining industry
Moz	Million ounces
MPRDA	Mineral and Petroleum Resources Development Act
MR&MR	Mineral Resources and Mineral Reserves
MRM	Mineral resource management
Mt	Million tonnes
NIHL	Noise-induced hearing loss
Nomad	Nominated Adviser appointed in accordance with the London Stock Exchange's AIM Rules for Companies
NUM	National Union of Mineworkers
Opsco	Operations committee
Pan African Resources PLC	Holding company – Pan African Resources
PAR Gold Proprietary Limited	Pan African Resources' black empowerment partner, which has a 19.53% stake in the group
PGE	Platinum group elements, namely platinum, palladium, rhodium and gold
Phoenix Platinum	Phoenix Platinum Mining Proprietary Limited, a subsidiary of Pan African Resources
Prescribed officers	Anyone who fulfils the role of a director but is operating under a different designation
RCF	Revolving credit facility
Remchannel	Internet-based remuneration survey providing data across a wide variety of industries in South Africa
Remco	Remuneration committee of Pan African Resources
RIFR	Reportable injury frequency rate
ROM	Run-of-mine
SA	South Africa
SAICA	South African Institute of Chartered Accountants
SAMREC	SAMREC South African Code for Reporting of Mineral Resources and Mineral Reserves
Section 54 safety stoppages	In terms of section 54 of the Mine Health and Safety Act 29 of 1996, if an inspector of mines believes that an occurrence, practice or condition at a mine endangers or may endanger the health or safety of people at the mine, the inspector may give any instruction necessary to protect the health or safety of people at the mine, including instructing that operations at the mine or a part of the mine be halted
SHEQC	Safety, health, environment, quality and community
SLP	Social and labour plan
Sporotrichosis	A disease caused by a fungus infection
t	Tonnes
TB	Tuberculosis
TSF	Tailings storage facility

GLOSSARY continued

the current year or the year under review	The year ended 30 June 2017
the group or the company or Pan African Resources	Pan African Resources PLC, listed on the LSE's AIM and on the JSE in the 'Gold Mining' sector
the previous year	The year ended 30 June 2016
the UK Code	UK Corporate Governance Code which sets out standards of good practice in relation to board leadership
TIFR	Total injury frequency rate
UASA	United Association of South Africa
UK	United Kingdom
UK Companies Act 2006	An Act of the Parliament of the United Kingdom which forms the primary source of UK company law

FINANCIAL TERMS

CPI	The consumer price index of South Africa, a primary indicator of South Africa's inflation
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EPS	Earnings per share
FVTPL	Fair value through profit and loss
GBP	Pounds Sterling
HEPS	Headline earnings per share
JIBAR	Johannesburg Inter-Bank Acceptance Rate
PPI	Producer price inflation
ROI	Return on investment
USD	US Dollar
VWAP	Volume weighted average price
ZAR	South African Rand

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SHAREHOLDERS' DIARY

Financial year-end	30 June 2017
Preliminary annual results announcement	20 September 2017
Annual report posted	31 October 2017
Annual general meeting	21 November 2017
Interim results announcement	13 February 2018

FORWARD-LOOKING STATEMENTS

Statements in this report that address exploration activities, mining potential and future plans and objectives of Pan African Resources are forward-looking statements and forward-looking information that involve various risks, assumptions and uncertainties and are not statements of fact. The directors and management of Pan African Resources believe that the expectations expressed in such forward-looking statements or forward-looking information are based on reasonable assumptions, expectations, estimates and projections. However, these statements should not be construed as being guarantees or warranties (whether expressed or implied) of future performance. There can be no assurance that such statements will prove to be accurate and actual values, results and future events could differ materially from those anticipated in these statements. Important factors that could cause actual results to differ materially from statements expressed in this report include, among others, the actual results of exploration activities; technical analysis; the lack of availability to Pan African Resources of necessary capital on acceptable terms; general economic, business and financial market conditions; political risks; industry trends; competition; changes in government regulations; delays in obtaining governmental approvals; interest rate fluctuations; currency fluctuations; changes in business strategy or development plans and other risks. Although Pan African Resources has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. Pan African Resources is not obliged to publicly update any forward-looking statements included in this report, or revise any changes in events, conditions or circumstances on which any such statements are based, occurring after the publication date of this report, other than as required by regulation.

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