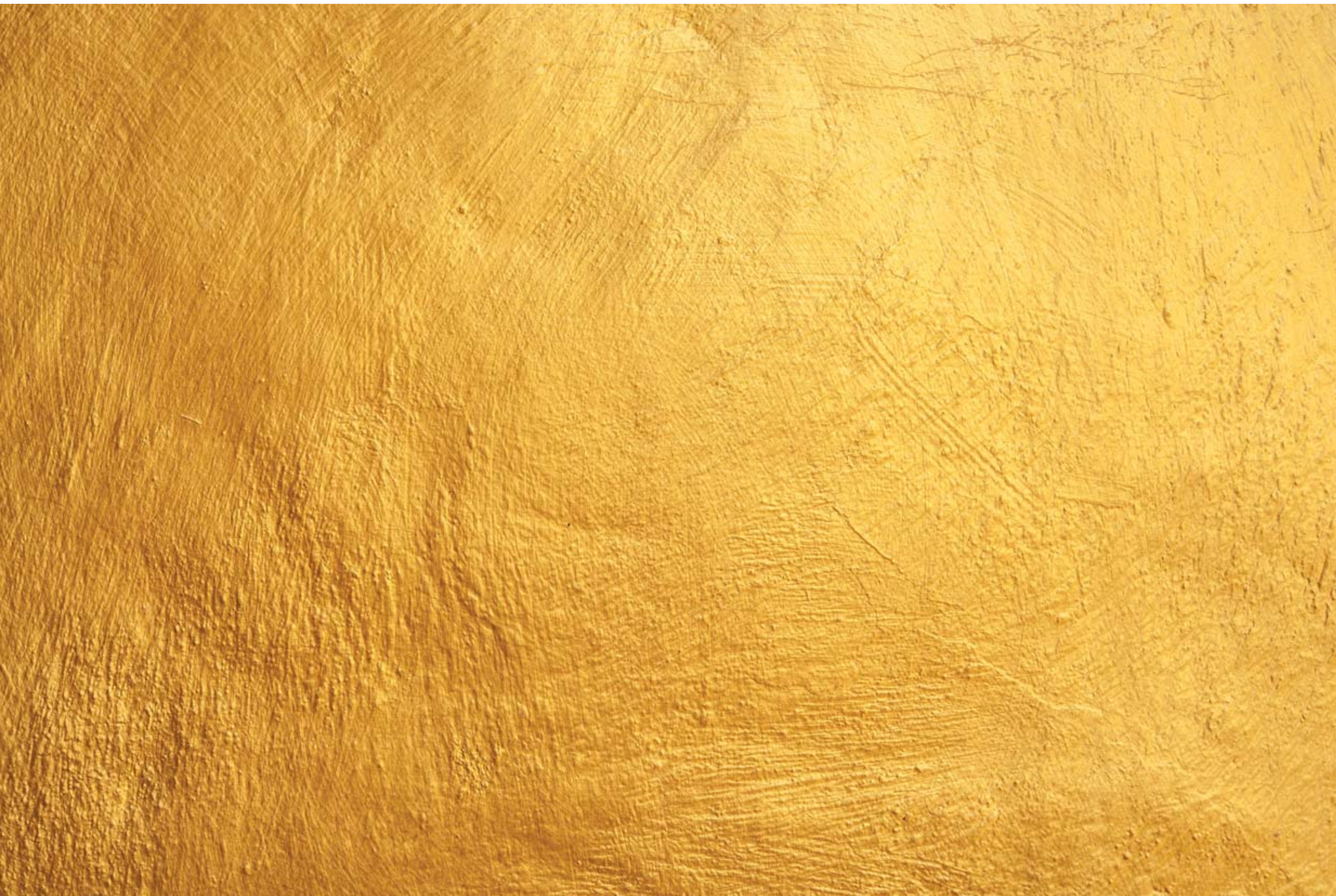
PAN AFRICAN
RESOURCES



INTEGRATED ANNUAL REPORT for the year ended 30 June 2021

PROFITABLE / SUSTAINABLE / STAKEHOLDERS / GROWTH

REPORT NAVIGATION

The following tools will assist you throughout this report:

For further reading on our website at www.panafricanresources.com/

Alternative performance measures (APMs)

The following icons and colours are used to show connectivity between sections:

CAPITALS

- Financial capital
- Manufactured capital
- Intellectual capital
- Human capital
- Social and relationship capital
- Natural capital

These capitals are outlined on **pages 40** to **75**.

STAKEHOLDERS

- Providers of capital
- Customer
- Suppliers
- Employees and unions
- Communities
- Government and regulatory bodies
- Collaboration partners
- The environment

For more information about these relationships refer to **pages 28** to **31**.

MATERIAL MATTERS

- Execution
- Value-accretive growth
- Cost of production
- Geological complexity and predictability
- Availability of reliable infrastructure
- Culture
- Health and safety
- Skills shortage
- Regulatory compliance
- Societal/community relationships
- Climate change
- Environmental impact

For a description of each of these matters refer to **pages 18** and **19**.

CONTENTS

ABOUT THIS REPORT

We are pleased to present the 2021 integrated annual report of Pan African Resources PLC (Pan African or the Company or the Group), which provides our stakeholders with concise, balanced and accurate information in an integrated manner to assist them in making informed decisions about our business.

BOUNDARY AND SCOPE

This report contains material information about Pan African's strategy, business model, material matters, primary risks and opportunities, key stakeholder relationships, operating environment, financial and operational performance and corporate governance for the financial year 1 July 2020 to 30 June 2021 and incorporates all of Pan African's subsidiaries and associates.

Information on any material events that took place after 30 June 2021 and up to the date the board approved this report has also been included.

REPORTING COMPLIANCE

The report is compiled and presented in accordance with the standards, codes, guidelines and principles contained in the following:

- Revised International Integrated Reporting Council International Integrated Reporting Framework (International <IR> Framework)
- Alternative Investment Market (AIM) Rules of the London Stock Exchange (LSE)
- JSE Limited (JSE) Listings Requirements
- King IV Report on Corporate Governance for South Africa, 2016™ (King IV™)
- International Financial Reporting Standards (IFRS)
- South African Institute of Chartered Accountants (SAICA) Financial Reporting Guidelines
- UK Companies Act 2006 (Companies Act 2006)
- South African Companies Act 71 of 2008 (South African Companies Act)
- Global Reporting Initiative (GRI) Standards
- United Nations Sustainable Development Goals (UN SDGs)
- Principles of the United Nations Global Compact
- South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves 2016 edition (SAMREC Code)
- South African guideline for the reporting of environmental, social and governance (ESG) parameters in the mining and oil and gas industries
- Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

MATERIALITY

We focus on matters that have the potential to materially impact our ability to create and sustain value over the short (one year), medium (two to three years) and long term (beyond three years). Our material matters, both quantitative and qualitative, are identified through our materiality process which includes an in-depth externally facilitated materiality assessment. Our materiality process is outlined on **page 18**.

Throughout this report, we provide information identified as being of material interest to allow stakeholders the opportunity to make an informed assessment of Pan African's ability to create sustainable value. Management is not aware of any information that was unavailable or any legal prohibitions to the publication of any information.

STRATEGIC REPORT

Our strategic report from **pages 4** to **107**, was reviewed and approved by the board on 15 September 2021.

ALTERNATIVE PERFORMANCE MEASURES

We use a range of financial and non-financial measures to assess our performance. Management uses APMs to monitor the Group's financial performance, alongside IFRS measures, as they assist in illustrating the underlying financial performance and position of the Group. We define and explain the purpose of each of these measures on **pages 222** to **229** and include reconciliations to the equivalent measures 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. These APMs may not be comparable with similarly titled measures and disclosures by other companies, including those in the gold mining industry.

COMBINED ASSURANCE MODEL

A combined assurance model is applied to enable an effective control environment which supports the integrity of information used for internal decision-making by management, the board and its committees, and supports the integrity of Pan African's external reports.

The board and the audit and risk committee assessed the effectiveness of controls for the year ended 30 June 2021 as satisfactory through formal confirmation from executive management and considered reports from internal audit and other assurance providers. Refer to the statement of directors' responsibilities on **page 142**.

PricewaterhouseCoopers LLP (PwC) assured our 2021 annual financial statements. The PwC audit report is set out on **pages 150** to **155**.

An independent external audit was conducted on the Group's Mineral Resources and Mineral Reserves at 30 June 2021.

REPORTING SUITE

This report is part of Pan African's annual reporting suite, which comprises:

Our **integrated annual report**. A limited number of hard copies are available on request from the company secretary, whose details appear on the last page of the report.

It is also available on our website at:

https://www.panafricanresources.com/investors/financial-reports/

Our **environmental, social and governance report**, which contains additional non-financial disclosures referencing the GRI Standards.

It is available on our website at:

https://www.panafricanresources.com/investors/gri-and-sustainability/

Our **Mineral Resources and Mineral Reserves report**, which provides technical information in line with the SAMREC Code.

It is available on our website at:

https://www.panafricanresources.com/operations-at-a-glance-2/mineral-resource-mineral-reserve-2/

Our **governance report**, which contains more information about our governance structures and execution, including a comprehensive King IV™ corporate governance compliance report.

It is available on our website at:

https://www.panafricanresources.com/about/corporate-governance/

FEEDBACK

We welcome any feedback stakeholders may have on our reports. Please contact **info@paf.co.za**.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

We strive to make a significant and continuing contribution towards the UN SDGs. We identified the eight goals in colour below as those where we believe we can have the most meaningful impact:

FORWARD-LOOKING STATEMENTS

Certain statements in this integrated annual report may be regarded as forward-looking statements or forecasts, but do not represent an earnings forecast. All forward-looking statements are based solely on the views and considerations of the directors. Those statements have not been reviewed and reported on by the external auditors.

A detailed review of our performance in contributing to the UN SDGs is provided in our separate environmental, social and governance report. A summary of our performance is provided on each of the capital divider pages in this report.

BOARD APPROVAL

The Pan African board assumes ultimate responsibility for the integrity of this integrated annual report. The board is satisfied that the report addresses all material matters and fairly presents the Group's performance for the financial year 1 July 2020 to 30 June 2021. The report is an accurate reflection of our strategic commitments for the short, medium and long term.

The board is of the opinion that the 2021 integrated annual report complies in all material respects with the relevant statutory and regulatory requirements – particularly the International <IR> Framework as updated in January 2021, IFRS and the Companies Act 2006.

On the recommendation of the audit and risk committee, the board approved the integrated annual report and the consolidated annual financial statements on 15 September 2021. They are signed by the board:

Keith Spencer
Chairman

Hester Hickey
Director

Thabo Mosololi
Director

Yvonne Themba
Director

Charles Needham
Director

Cobus Loots
Chief executive officer

Deon Louw
Financial director

Pan African is a sustainable, safe, high-margin and long-life gold producer.

OUR BUSINESS AND STRATEGY

Few investments rival gold in popularity as a hedge against inflation, economic upheaval or even war.

Gold bullion represents one of the most satisfying ways of investing in gold and is available in sizes ranging from a 1/10oz Krugerrand to a 400oz brick.

ABOUT PAN AFRICAN

THE AFRICAN-FOCUSED GOLD PRODUCER

Pan African is a mid-tier African-focused gold producer, dual-primary listed on the AIM on the LSE (ticker: PAF) and the Main Board of the JSE (ticker: PAN), and with a Level 1 American Depository Receipt (ADR) programme sponsored by the Bank of New York Mellon (ticker: PAFRY). With effect from October 2020, the ADR programme was upgraded and approved to trade on the OTCQX Best Market (OTCQX) in the United States of America.

We are committed to creating value for our stakeholders by positioning Pan African as a sustainable, safe, high-margin and long-life gold producer, with an unrelenting commitment to causing zero harm.

OUR PURPOSE

To optimally and consistently extract gold from mineral deposits in a manner that creates sustainable value for our stakeholders.

OUR VISION

To continue growing Pan African as a mid-tier gold producer that delivers on its purpose.

OUR SUSTAINABILITY COMMITMENT

To pursue a 'beyond compliance' ESG approach through collaboration and partnerships with specialists in community, conservation and sustainability initiatives, for the benefit of all stakeholders.

OUR VALUES

- Action and delivery
- Integrity
- Teamwork
- Courageous conversations
- Excellence
- Care
- Ownership
- Innovation
- Resilience
- Attitude

Read more in our values statement on **page 61**.

OUR STRATEGIC PILLARS

Profitability
We strive to be a high-margin gold producer.

Sustainability
We focus on sustainable, high-margin and safe gold production in a socially responsible manner and strive towards minimal environmental harm.

Stakeholders
We adopt an integrated approach to operate sustainably for the benefit of all stakeholders.

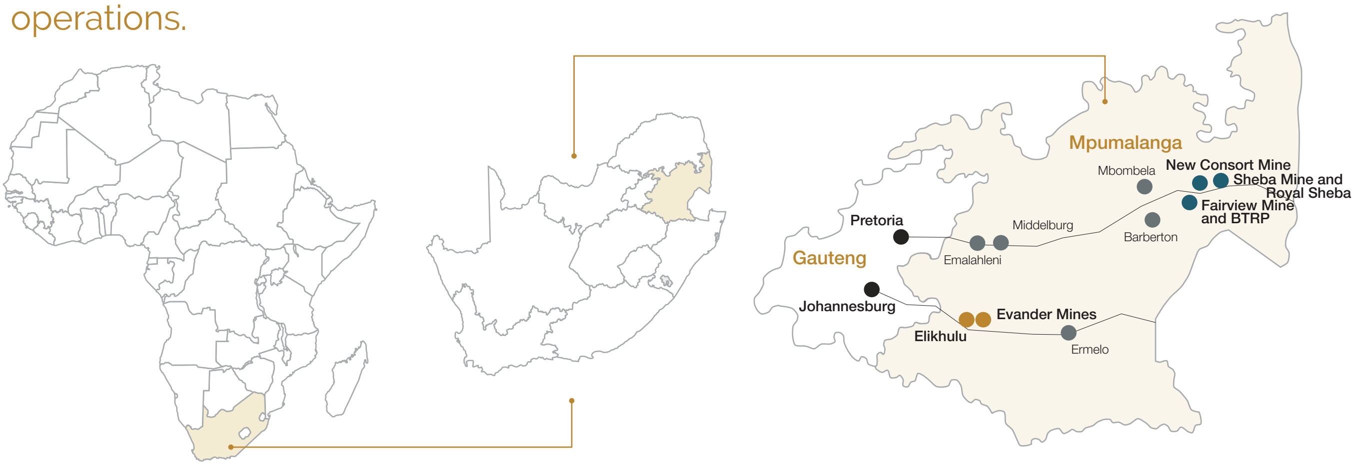
We prioritise the health and well-being of our employees and that of the host communities in which we operate.

Growth
We grow our business in a value-accretive manner, prioritising:

- organic growth of our portfolio, including exploration for new orebodies
- production-enhancing and value-accretive projects
- well-considered acquisition opportunities.

OUR GOLD MINING ASSETS

A unique combination of South African underground and surface mining operations.



OPERATING ASSETS

Production oz/annum 2021 (2020)	Mineral Reserves 2021 (2020)	Production (tonnes milled and processed) 2021 (2020)	Recovered grade (g/t) 2021 (2020)	All-in sustaining costs (AISC) (US$/oz) 2021 (2020)	Status	Life-of-mine (years)
BARBERTON MINES (UNDERGROUND OPERATIONS) Profitable, long-life, high-grade operation comprising three underground mines: Fairview, Sheba and New Consort						
84,826 (68,129)	**14.5Mt at 3.48g/t (1.62Moz)** (15.5Mt at 3.33g/t) (1.66Moz)	**325,017** (337,404)	**8.1** (6.3)	**1,380** (1,375)	**Production**	**20**
BARBERTON TAILINGS RETREATMENT PLANT (BTRP) Tailings retreatment plant completed in June 2013. New feed sources are being investigated to increase the life-of-mine						
18,239 (20,135)	**6.6Mt at 1.61g/t (0.34Moz)** (8.8Mt at 1.70g/t) (0.5Moz)	**946,293** (958,106)	**0.6** (0.7)	**946** (795)	**Production**	**3**
ELIKHULU TAILINGS RETREATMENT PLANT (ELIKHULU) Tailings retreatment plant which exploits historically generated gold tailings deposited on the Kinross, Leslie/Bracken and Winkelhaak tailings storage facilities (TSFs) in Evander. Commenced production in 2018						
51,459 (59,616)	**162.0Mt at 0.28g/t (1.45Moz)** (156.5Mt at 0.28g/t) (1.4Moz)	**13,054,767** (13,093,574)	**0.1** (0.1)	**846** (614)	**Production**	**12**
EVANDER MINES' UNDERGROUND OPERATIONS[1] Operation that mines the 8 Shaft pillar and high-grade areas within the Evander complex – steady-state production from May 2020						
36,016 (20,670)	**0.6Mt at 10.58g/t (0.19Moz)** (0.3Mt at 9.83g/t) (0.1Moz)	**120,446** (51,436)	**9.3** (9.1)	**1,604** (2,506)	**Production**	**5**
EGOLI PROJECT Stand-alone underground project with a relatively low capital cost – leveraging Evander Mines' established shaft and metallurgical facilities						
>70,000	**3.4Mt at 6.61g/t (0.73Moz)** (3.4Mt at 6.61g/t (0.73Moz)	**348,370**	**Approximately 6.6**	**Approximately 777**	**Feasibility**	**9 to 14**

[1] *Excludes toll treatment.*

VALUE CREATED IN 2021

FINANCIAL CAPITAL

Profit after taxation increased by
68.6% to US$74.7 million
(2020: US$44.3 million)

Headline earnings per share increased to
US 3.87 cents per share
(2020: US 2.29 cents per share)

Net senior debt decreased by
45.6% to US$33.7 million
(2020: US$62.0 million)

Paid dividend of
US$20.6 million
(2020: US$3.4 million)

MANUFACTURED CAPITAL

12.4%
increase in gold production to
201,777oz
(2020: 179,457oz)

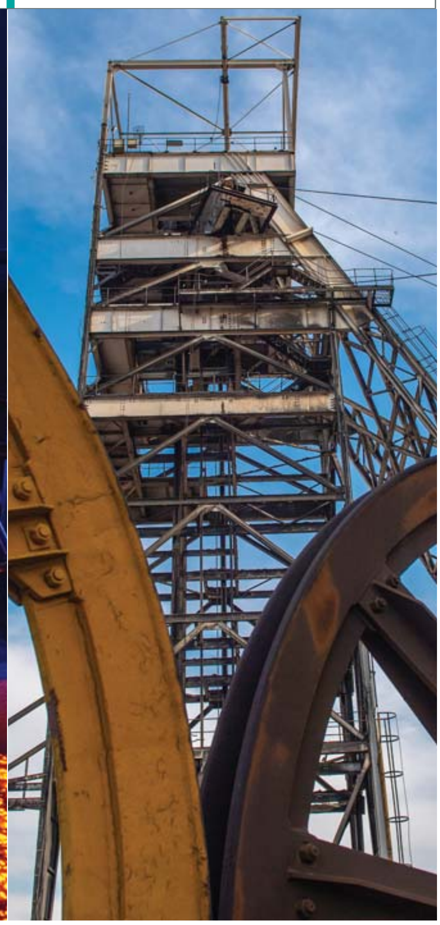
Production guidance of
195,000oz
for the 2022 financial year

AISC increased to
US$1,261/oz
(2020: US$1,147/oz)

Invested
US$44.4 million
(2020: US$34.6 million) in infrastructure

INTELLECTUAL CAPITAL

Barberton Mines' mining rights renewed for
30 years to May 2051



HUMAN CAPITAL

The Group experienced
one fatality
for the 2021 financial year
(2020: no fatalities)

The lost-time injury frequency rate (LTIFR) rate improved to
1.41
(2020: 1.70) per million man hours

Paid in employee remuneration
US$62.1 million
(2020: US$52.5 million)

13.8%
of our permanent employees are female
(2020: 12.0%)

SOCIAL AND RELATIONSHIP CAPITAL

Evander Mines and Barberton Mines distributed
6,776 food hampers

Cathyville Clinic
in Barberton now fully operational

66.6%
increase in preferential procurement spend to
US$104.6 million
(2020: US$62.8 million)

The Group spent
US$0.4 million
on **COVID-19 prevention and awareness** campaigns
(2020: US$0.6 million)

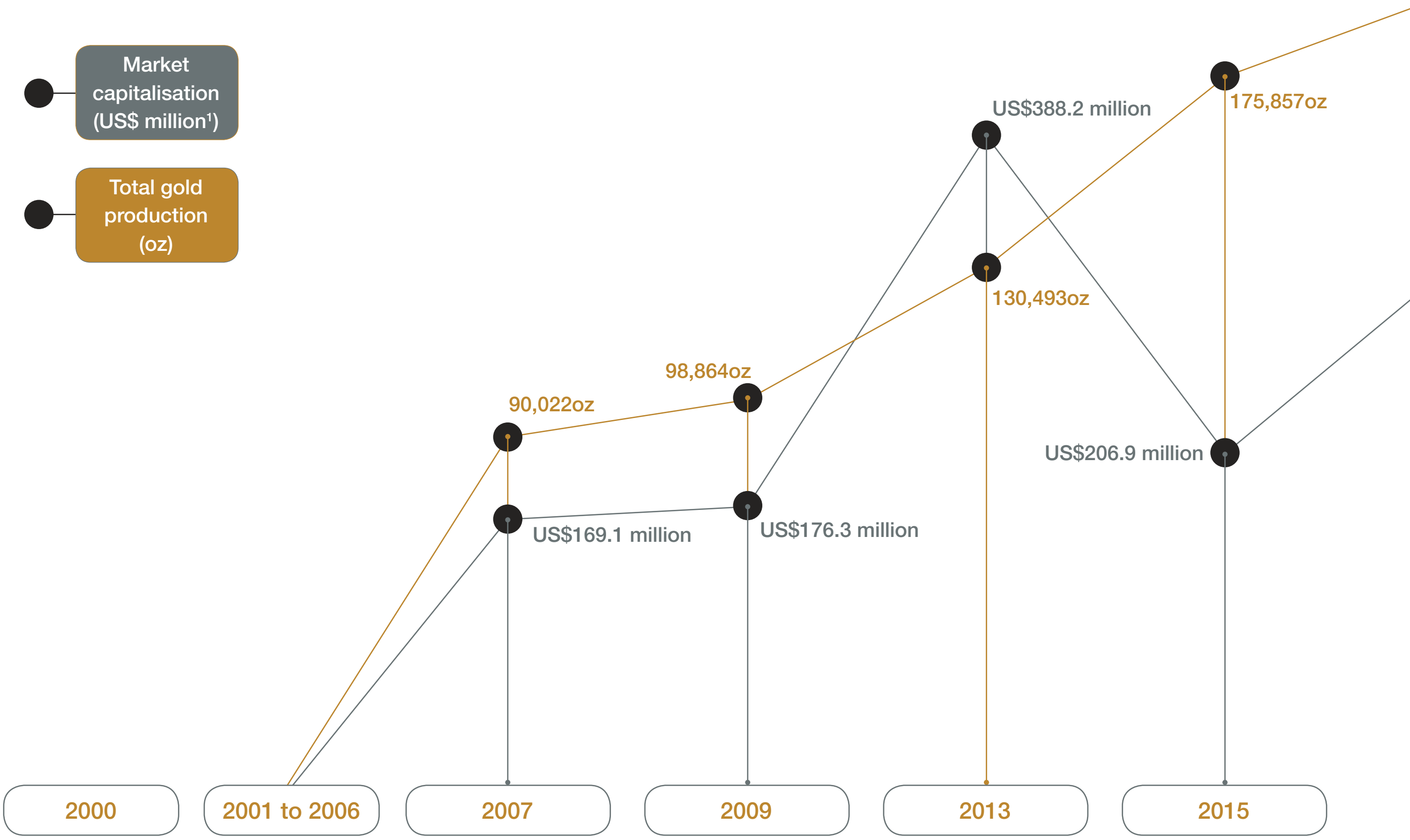
NATURAL CAPITAL

- **Nature conservation partnerships** with Mpumalanga Tourism and Parks Agency and Barberton Nature Reserve to actively protect and preserve fauna and flora of the region
- Barberton Mines partnered with **Care for Wild Rhino Sanctuary** to sponsor three recently orphaned rhino calves for the 2021 calendar year

Electricity consumption for the Group increased by
5.3% to 1,404,383GJ
(2020: 1,334,249GJ)

Carbon emissions intensity decreased to
1.23CO_2 e/t milled
(2020: 1.47CO_2 e/t milled)

OUR VALUE-CREATION JOURNEY



2000
- Incorporated

2001 to 2006
- Exploration phase

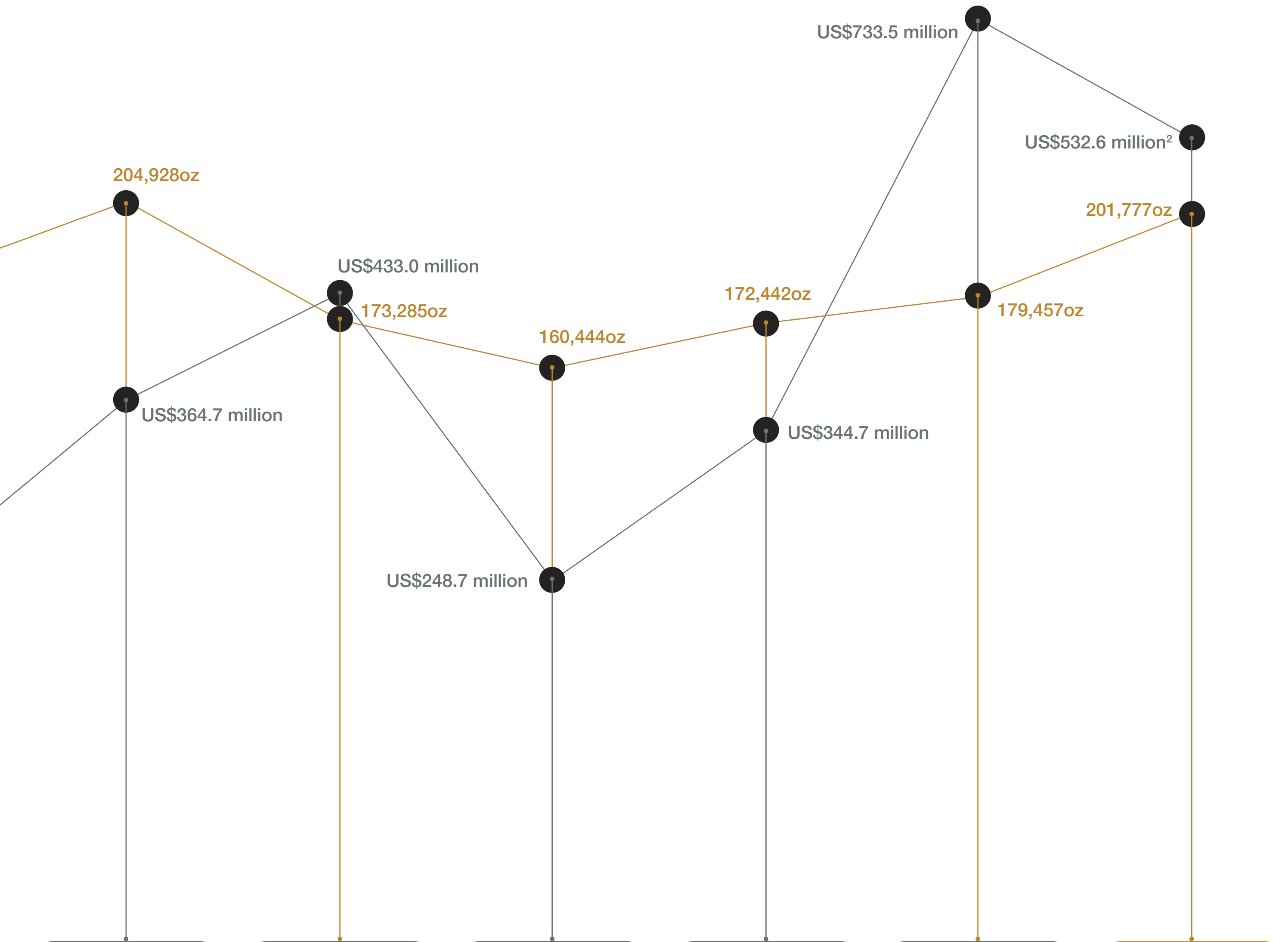
2007
- Acquired 74% of Barberton Mines
- Admission to AIM
- Listed on the JSE

2009
- Acquired remaining 26% of Barberton Mines
- Exercised the option to acquire 100% of Phoenix Platinum Mining Proprietary Limited (Phoenix Platinum)

2013
- Acquired 100% of Evander Mines from Harmony
- Commissioned BTRP

2015
- Commissioned Evander Tailings Retreatment Plant (ETRP)

[1] *Source: JSE's Trading and Market Services. Calculated at the end of each calendar year at quoted prices and the closing US$/ZAR exchange rate.*
[2] *Source: JSE's Trading and Market Services. Calculated at 30 June 2021 using the quoted price and the closing US$/ZAR exchange rate at that date.*



2016

- Acquired Uitkomst Colliery
- Share buy-back

2017

- Developed Elikhulu
- Disposed of Uitkomst Colliery
- Disposed of Phoenix Platinum

2018

- Finalised 26% broad-based black economic empowerment (B-BBEE) ownership restructure
- Cessation of large-scale underground operations at Evander Mines
- Commissioned Elikhulu

2019

- Commissioned feasibility study on Egoli project
- Completed Evander Mines' 8 Shaft (8 Shaft) pillar access development

2020

- Operations impacted by the COVID-19 pandemic
- Commenced production at 8 Shaft pillar
- Completed feasibility study on Egoli project
- Completed bankable feasibility study on and approved 9.975MW solar photovoltaic renewable energy plant at Evander Mines
- Approved funding for first phase of 15ha Blueberries project in Barberton
- Established an ADR programme

2021

- Commenced construction of Evander Mines' solar photovoltaic renewable energy plant
- Feasibility study on 10MW solar photovoltaic renewable energy plant at Barberton Mines
- Completed feasibility study of a water retreatment plant at Evander Mines
- Developed the 15ha Blueberries project in Barberton
- Entered into conditional sale of shares agreements to acquire Mogale Gold Proprietary Limited (Mogale Gold) and Mintails SA Soweto Cluster Proprietary Limited (MSC) (Mintails transaction)

OUR STRATEGY

To safely optimise the value of our mineral deposits, utilising our combined knowledge base, to continue investing in our assets in a manner that generates compelling returns and to ensure the long-term sustainability of our business.

As outlined on **page 4**.

OUR COMMITMENT TO SUSTAINABLE DEVELOPMENT

We have identified eight UN SDGs towards which we believe we can have the most meaningful impact

STAKEHOLDERS

Refer to **page 28**

Providers of capital

Customer

Suppliers

Employees and unions

DIFFERENTIATORS

Diversified operations

High-margin mining

Long-life, high-grade underground mining operations

Capacity

Agile and flexible

Industry-leading safety record

Sustainable stakeholder value creation

Low carbon footprint

OUR STRATEGIC PILLARS

Profitability | Sustainability | Stakeholders | Growth

Through our strategic pillars, we manage and address risks and opportunities, material matters faced by Pan African over the short, medium and long term, key stakeholder concerns and execute on value-creating growth projects to achieve our strategy.

In executing our business activities, we utilise our six capitals in a balanced manner to achieve our strategic targets while ensuring the sustainable trade-off of capitals.

MATERIAL MATTERS

Refer to **page 18**

RISKS AND OPPORTUNITIES

Refer to **page 20**

OUR STRATEGIC INITIATIVES

Financial capital
Ensuring adequate financial resources for the efficient operation of our mines and disciplined capital allocation for sustainable value creation

Intellectual capital
Use technology in a meaningful and relevant way to improve our operational efficiency and sustainability

Social and relationship capital
Be a responsible corporate citizen and manage our business in a manner which creates sustainable value for our stakeholders

Manufactured capital
Optimally extract and process latent value intrinsic in our Mineral Resources and Mineral Reserves for a sustainable future

Human capital
Employ, retain and develop the right people while creating an enabling and safe working environment

Natural capital
Conduct our business operations in a way that results in minimal harm to the environment

Communities | Government and regulatory bodies | Collaboration partners | The environment

OUR STRATEGIC OBJECTIVES

We are committed to producing high-margin gold ounces in a safe and efficient manner, while investing in local communities and minimising the environmental impact of our operations.

FINANCIAL CAPITAL

Equity and debt capital and surplus cash generated from our operating activities

Strategic initiative

Ensuring adequate financial resources for the efficient operation of our mines and disciplined capital allocation for sustainable value creation

Differentiators

Diversified operations

- Diversified underground mining and surface remining operations

Low production cost

- Lowest-cost surface remining operations in Southern Africa with a competitive Group AISC of US$1,261/oz (2020: US$1,147/oz)

Long-life high-grade underground mining operations

Strategic objectives

- Further reduce senior debt to strengthen the Group's capital structure
- Ensure adequate liquidity for operational requirements
- Ensure appropriate funding for organic growth and other opportunities
- Reduce AISC to less than US$1,200[1]/oz
- Increase returns to shareholders including cash dividends

[1] *Assuming an average exchange rate of US$/ZAR:15.00.*

MANUFACTURED CAPITAL

Underground mining, surface infrastructure and tailings retreatment operations at Barberton Mines and Evander Mines

Strategic initiative

Optimally extract and process latent value intrinsic in our Mineral Resources and Mineral Reserves for a sustainable future

Differentiator

Capacity

- Existing planned production capacity of approximately 200,000oz of gold per annum
- Production guidance of 195,000oz for financial years 2021 and 2022
- Produced 201,777oz in the 2021 financial year (2020: 179,457oz), demonstrating our ability to meet and exceed guidance

Strategic objectives

- Incremental increase in annual production over a three-year period
- Achieve production guidance of 195,000oz
- Commence with the development of the Egoli project and other initiatives to extract value from Evander Mines' underground Mineral Resources and Mineral Reserves

INTELLECTUAL CAPITAL

More than 130 years of mining experience on the Barberton Greenstone Belt orebodies

Strategic initiative

Use technology in a meaningful and relevant way to improve our operational efficiency and sustainability

Differentiator

Agile and flexible

Through the use of its intellectual capital, the Group has established sustainable, safe, high-margin long-life operations as demonstrated by:

- its surface remining and processing experience
- a proven track record in BIOX® processing
- mining greenstone belt orebodies

Strategic objectives

- Optimise the Group's existing operations to achieve its targeted operational objectives
- Evaluate organic growth and exploration projects
- Progress domestic (Mogale Gold and MSC) and international acquisition opportunities

- Short-term focus (one year)
- Medium-term focus (two to three years)
- Long-term focus (three years or more)

HUMAN CAPITAL

The requisite skills, culture and safety measures in place

Strategic initiative

Employ, retain and develop the right people while creating an enabling and safe working environment

Differentiator

Health and safety

An industry-leading safety record due to:

- a low employee complement at our surface remining operations
- a prescient safety culture
- best practice in the mitigation and prevention of COVID-19

Strategic objectives

- Unrelenting pursuit of a zero-harm working environment
- Mitigating COVID-19 business continuity risks

SOCIAL AND RELATIONSHIP CAPITAL

Our licence to operate depends on the quality of our relationships with our various stakeholders

Strategic initiative

Be a responsible corporate citizen and manage our business in a manner which creates sustainable value for our stakeholders

Differentiator

Sustainable stakeholder value creation

- Established long-life mines, contribute to the development of healthcare and education infrastructure, community youth skills and supplier development
- Establish sustainable renewable energy and agricultural projects

Strategic objectives

- Commission the Barberton Blueberries project
- Continue our 'beyond compliance' ESG approach through biodiversity protection and support projects
- Curtail illegal mining
- Continued compliance with Social and Labour Plan (SLP) commitments

NATURAL CAPITAL

Using water, air, land and fuel for energy and, in return, aspiring to do minimal harm to the environment

Strategic initiative

Conduct our business operations in a way that results in minimal harm to the environment

Differentiators

- Low carbon footprint associated with the Group's surface remining operations – the solar photovoltaic renewable energy plant at Evander Mines will save some 26,000t of CO_2 emissions per annum
- Rehabilitation of land use associated with historical gold tailings

Strategic objectives

- Construction of the water retreatment plant at Evander Mines
- Focus on reducing water consumption for the long term
- Commission Evander Mines' solar photovoltaic renewable energy plant
- Complete the feasibility study for a solar photovoltaic renewable energy plant at Barberton Mines
- Biodiversity and conservation programmes
- Focus on undertaking a detailed analysis of climate change risks posed to the Group

OUR VALUE-CREATING BUSINESS MODEL

OUR CAPITALS

We utilise six capitals in executing our business activities. The trade-offs between these capitals are carefully considered to create and preserve sustainable stakeholder value.

- Financial capital
- Manufactured capital
- Intellectual capital
- Human capital
- Social and relationship capital
- Natural capital

For more information on each of the capitals and the relevant material matters refer to **pages 40** to **75**.

BUSINESS ACTIVITIES

We are committed to producing high-margin gold ounces in a safe and efficient manner, while investing in local communities and minimising the environmental impact of our operations.

Explore
On-mine growth projects contribute to our Mineral Resources, which potentially extend the life of our underground mining operations
Develop
Successful development of our orebodies and execution of our capital projects improves our costs and production profile and increases the economic life of our operations
Mine
We extract gold-bearing ore through underground mining and vamping and process gold-bearing tailings through hydro-mining. Gold is extracted from concentrate after being processed by our plants at Elikhulu and BTRP
Process
Refractory gold-bearing ore is treated by our BIOX® plant at Barberton Mines and chemically processed at the cyanide circuit at Fairview Mine. Non-refractory gold-bearing ore is processed at our Fairview, New Consort, Sheba, BTRP, Elikhulu or Kinross plants
Sales
Gold sales to financial institutions, Rand Refinery Limited, Gold Exchange Traded Funds and makers of bullion bars, coins and gold jewellery
Care for communities
The local economic development (LED) projects in our SLPs and additional ‘beyond compliance’ sustainable development initiatives aim to create parallel economies that will not rely solely on mines
End of life
At the end of the life-of-mine, we ensure minimal disruption to the natural resources post mine closure. Ongoing rehabilitation programmes while mining and our closure liabilities are fully funded

OUR OPERATING ENVIRONMENT

Our operating environment has a material impact on our business activities and strategy. We expand on the following aspects thereof on **pages 34** and **35**:

COVID-19 pandemic	Gold price	US$/ZAR exchange rate

Manage risks and opportunities

RISKS

- Heightened social and political uncertainty and potential instability
- Impact of COVID-19 on operations
- Safety incidents and accidents
- Third-party infrastructure dependency – specifically water and electricity
- Infrastructure dependency and constraints
- Geological variability in the Mineral Resources and Mineral Reserves
- Macroeconomic volatility – specifically the gold price and currency fluctuations
- Strategic capital allocation
- Shortage of adequate and appropriate skills
- Regulatory changes and complexity
- Environmental impact of mining activities.

Our risks are described on **pages 20** to **27**.

Address material matters

MATERIAL MATTERS

- Execution
- Cost of production
- Availability of reliable infrastructure
- Health and safety
- Regulatory compliance
- Climate change
- Value-accretive growth
- Geological complexity and predictability
- Culture
- Skills shortage
- Societal/community relationships
- Environmental impact

For a detailed description refer to **page 19**.

Address stakeholder concerns

OUR STRATEGIC PILLARS

Through our strategic pillars we manage and address risks and opportunities, material matters faced by Pan African over the short, medium and long term, key stakeholder concerns and execute on value-creating growth projects to achieve our strategy.

Profitability | **Sustainability** | **Stakeholders** | **Growth**

GOVERNANCE

Pan African is committed to the highest standards of governance, ethics and integrity. Refer to page 108.

OUTCOME

Sustainable stakeholder value creation

Fragile South African economy | **Organised crime and corruption** | **Activism, special interest groups and regulatory uncertainty**

	FINANCIAL CAPITAL	MANUFACTURED CAPITAL	INTELLECTUAL CAPITAL
INPUTS Our capital resources	**Shareholder equity** **US$283.6 million** (2020: US$183.6 million) **Available debt facilities** Revolving credit **US$32.2 million** (2020: US$nil) General banking **US$9.8 million** (2020: US$8.1 million)	**Mineral Resources** **39.2Moz gold** (2020: 37.6Moz) **Mineral Reserves** **10.8Moz gold** (2020: 10.9Moz) **Investment in infrastructure** **US$44.4 million** (2020: US$34.6 million) **Mining depreciation and amortisation** **US$32.1 million** (2020: US$21.5 million)	• Mining and prospecting rights • Technical know-how • Key personnel for managing the complex processes • Management and the board's combined expertise • Expansion and integration of technologies at our operations • Evaluating external opportunities to grow reserves and producing assets • Increasing our investor outreach to new markets
OUTCOMES What we ultimately wish to achieve	• Managing operational costs • Achieving production targets and optimising performance • Stability of our mining operations • Meeting the expectations of our stakeholders	• Safety performance • Cost-effectiveness • Moving pipeline of projects up the value curve • Freeing up land for rehabilitation	• Competitive advantage • Efficient extraction of gold from ore • Increased production portfolio • Improved valuation and widening our shareholder base
OUTPUTS Results of our business operations and the value created for our stakeholders	**Revenue** **US$368.9 million** (2020: US$274.1 million) **Profit after taxation** **US$74.7 million** (2020: US$44.3 million) **Cash from operating activities** **US$82.2 million** (2020: US$53.8 million)	**Gold produced** **201,777oz** (2020: 179,457oz) per annum **AISC** **US$1,261/oz** (2020: US$1,147/oz) **Tonnes milled and processed** **14,761,344t** (2020: 14,728,762t) **Life-of-mine in years** Barberton Mines **20** (2020: 20) BTRP[1] **3** (2020: 6) Elikhulu **12** (2020: 12) Evander Mines' underground operations **5** (2020: 3)	• Maximised resource utilisation • Increased annual production ounces to improve ratings • Effective and efficient technology at Elikhulu • More international marketing opportunities
TRADE-OFFS MADE	We have no control over the US$ gold price or the US$/ZAR exchange rate. We mitigate their potentially adverse impacts through strict cost management, strategic currency and commodity price hedging and disciplined financial capital management	Ongoing investment in our mining assets for long-term sustainability: • 8 Shaft pillar project reached commercial production • Feasibility study on Egoli project • Commenced construction of a solar photovoltaic renewable energy plant at Evander Mines	• Investing in technology and processes • Growing tailings processing expertise

[1] *The life of BTRP decreased from six years to three years due to mining depletions, a decrease in the recoveries achieved at the operation, as well as bringing forward processing of feedstock to maintain current production levels.*

HUMAN CAPITAL	SOCIAL AND RELATIONSHIP CAPITAL	NATURAL CAPITAL
Employees 2,104 (2020: 2,126 employees) **Women employed** 290 (2020: 255) **Skills development and training** US$1.1 million (2020: US$1.7 million)	**Corporate social investment (CSI), LED projects and bursaries** US$1.8 million (2020: US$1.3 million) • Continue with 'beyond compliance' initiatives • Create awareness of the contribution made by Pan African to community development through strategic communication programmes and social media outreach	**Electricity consumption** 1,404,383GJ (2020: 1,334,249GJ) **Water consumption** 14,398m^3 (2020: 13,417m^3)
• A safer working environment built on operational excellence and innovation • Employment opportunities created through local supplier development initiatives, geotourism, renewable energy and large-scale agri-projects	• Building trust with local communities and other stakeholders • Improve livelihoods in host communities and reduce reliance on mining jobs • Securing our social licence to operate	• Reducing our environmental footprint • Responsible extraction and rehabilitation • Land being made available for housing and agriculture to sustain communities
Fatalities One (2020: none) **Reportable injury frequency rate (RIFR)** (per million man hours) 7.36 (2020: 9.12) **Employee remuneration** US$62.1 million (2020: US$52.5 million) **COVID-19 support** US$0.4 million (2020: US$0.6 million) **Positive COVID-19 cases reported** 242 (2020: 2)	**South African government taxes paid** excluding value-added tax (VAT) but including employee taxes US$33.1 million (2020: US$16.1 million) **Preferential procurement** US$104.6 million (2020: US$62.8 million)	**Carbon emissions** 1.23CO_2 e/t milled (2020: 1.47CO_2 e/t milled) **Independent rehabilitation closure cost assessments** • Conducted at all operations
• Tailings retreatment is less labour-intensive and safer • Employee earnings stimulate income for local communities • Multi-year wage agreements concluded at Barberton Mines which allow for human capital stability	• Investing in socio-economic development secures our social licence to operate • It enables stable long-term operations	• Our environmental footprint reduces as tailings retreatment initiatives are expanded • Rehabilitation programmes bring local supplier development and job creation opportunities

OUR MATERIAL MATTERS

Material matters are factors with the potential to substantially impact our performance and ability to create or preserve value in the short, medium and long term. Identifying these material matters forms an integral part of our strategic planning activities.

HOW WE DEFINE OUR MATERIAL MATTERS

In March 2021, we conducted an in-depth and externally facilitated materiality assessment as part of our process in determining the matters most material to the Group. Our materiality process is set out below.

Review, assess and analyse our risks and opportunities

Engage with key stakeholders through various communication platforms

Collate, analyse and categorise information to identify the most material matters that have the potential to impact our business during the year under review

The identified material matters are presented annually to the board for review

Material matters identified are addressed and reported on with the aim of providing our stakeholders with a balanced view of our business

We classified our material matters according to our spheres of influence, which reflect our increasing ability to drive value creation.

OUR OPERATING ENVIRONMENT

Our operating environment encompasses significant issues which have the potential to substantially impact our performance or ability to create or preserve value. As these items are almost entirely outside our control, they are not included in our list of material matters.

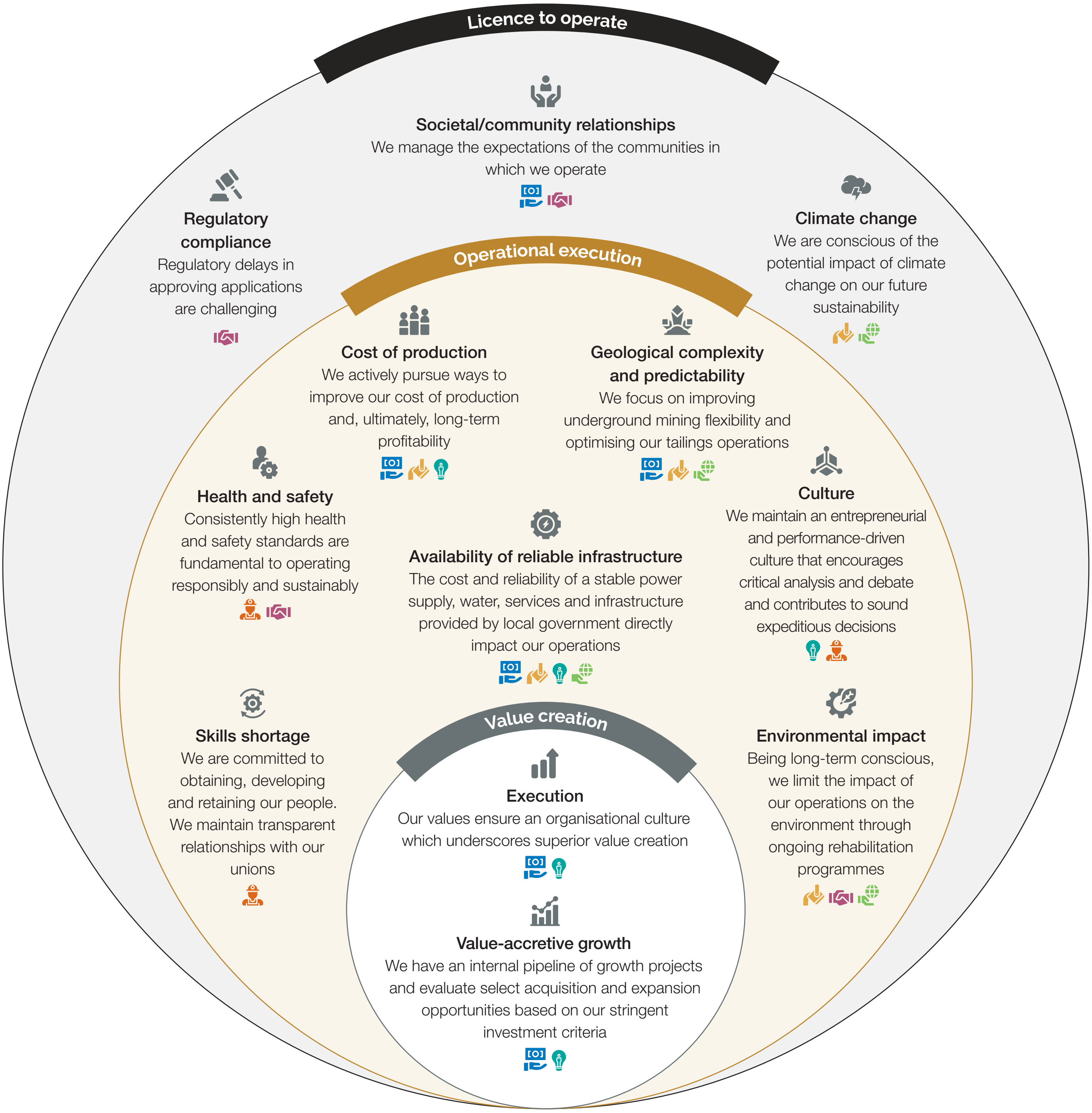
COVID-19 pandemic	In the past year, our operating environment was overshadowed by the COVID-19 pandemic, a human crisis of historic scale and complexity
Gold price	The US$ gold price has a direct impact on our profitability and capital allocation decisions
US$/ZAR exchange rate	The rand is our functional currency and the US$/ZAR exchange rate therefore directly influences our revenue and profitability
Fragile South African economy	The fragile South African economy and its ability and speed of recovery from the pandemic's impact and societal stability
Organised crime and corruption	We have witnessed intensifying pressure on procurement functions to enrich criminal elements. Thwarting illegal mining has substantially increased security costs
Activism, special interest groups and regulatory uncertainty	Undue pressure has been exerted on certain organisations by unforeseen parties. We focus on being responsible corporate citizens

For a discussion on our operating environment, including more information on these items, which we do not consider material matters in this report, refer to **page 34**.

Refer to **page 36** for more detail on the measures introduced by the South African government to counter the COVID-19 pandemic and the actions we took in response thereto.

Financial capital | Manufactured capital
Intellectual capital | Human capital
Social and relationship capital | Natural capital

OUR MATERIAL MATTERS AND THE CAPITALS THEY AFFECT



We address our material matters, where we have varying degrees of influence, under each of the capitals on **pages 40** to **75**, where additional information is provided on our:

- 2021 achievements
- the importance of the selected targets
- short- to medium-term focus
- targets for 2021
- related risks
- long-term objectives.

OUR RISKS AND OPPORTUNITIES

The board assumes responsibility for the governance of risk and is supported by the audit and risk committee. The safety, health, environment, quality and community (SHEQC) committee, which oversees and provides feedback to the board on safety, health, environment and community related matters, complements the audit and risk committee.

RISK MANAGEMENT APPROACH AND PROCESS

Pan African has an established risk management process which is dynamic and designed to adapt to changes in the risk profile of the Group over time. Our risk management is based on a structured and systematic process which takes into account risks that arise from operational matters or events outside of our control.

RISKS AND OPPORTUNITIES ARE MANAGED ON FOUR TIERS

Board

The board oversees the Group's risk management process and is guided by its committees, own experience, internal risk assessments and reviews of risk reports. The tone, risk management culture and risk appetite are set and overseen by the board. Each year, the board reviews the Group's risk appetite for ongoing relevance in relation to the Group's strategy. The board monitors the effectiveness of the Group's risk management process and the implementation of risk mitigating strategies against key risk indicators

Board committees

The audit and risk committee supports the board and is complemented by the SHEQC committee, the social and ethics committee and the remuneration committee (Remco) which oversee and provide feedback to the board

Executive management

Management at operational levels implement and monitor day-to-day compliance with the Group's risk management process. Risk awareness and a culture of safety are embedded in day-to-day operations

Employees

We continually reinforce the message that managing risk is the responsibility of everyone at Pan African

OUR TOP RISKS

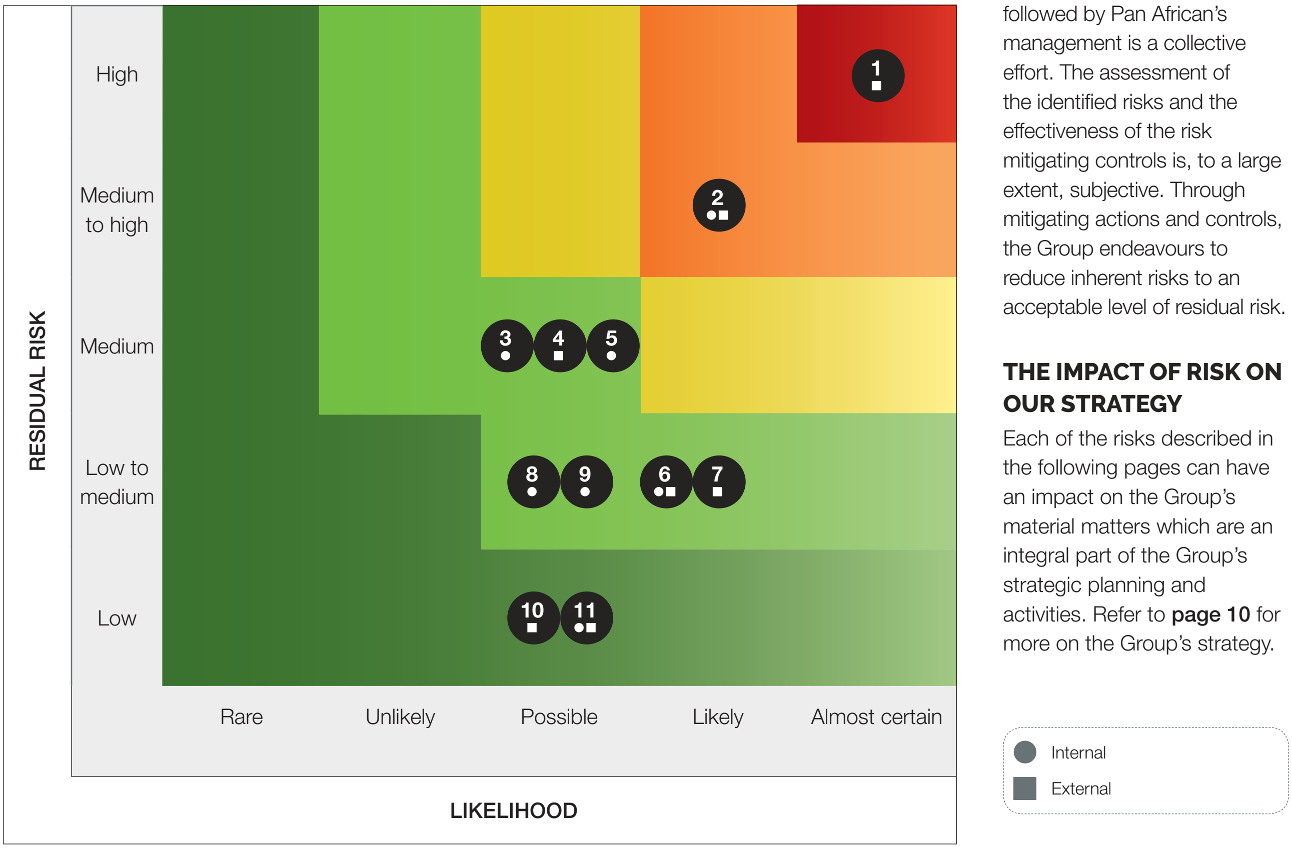
We identified the top risks that pose a potential threat to the execution of our business strategy and assessed these risks based on the likelihood of the risk occurring, its potential impact and severity. We determined the residual risk after taking our mitigating actions into account.

These risks can have a safety, health, financial, environmental, operational or reputational impact and are also benchmarked against risks identified by our mining peers to ascertain if these risks are industry-specific.

RESIDUAL RISK RANKING

2021	2020	Key risks
1	2	Heightened social and political uncertainty and potential instability
2	1	Impact of COVID-19 on operations
3	9	Safety incidents and accidents
4	8	Third-party infrastructure dependency – specifically water and electricity
5	3	Infrastructure dependency and constraints
6	6	Geological variability in the Mineral Resources and Mineral Reserves
7	7	Macroeconomic volatility – specifically the gold price and currency fluctuations
8	10	Strategic capital allocation
9	New	Shortage of adequate and appropriate skills
10	5	Regulatory changes and complexity
11	4	Environmental impact of mining activities

The Group's top residual risks are reflected on the heat map below.



The risk assessment approach followed by Pan African's management is a collective effort. The assessment of the identified risks and the effectiveness of the risk mitigating controls is, to a large extent, subjective. Through mitigating actions and controls, the Group endeavours to reduce inherent risks to an acceptable level of residual risk.

THE IMPACT OF RISK ON OUR STRATEGY

Each of the risks described in the following pages can have an impact on the Group's material matters which are an integral part of the Group's strategic planning and activities. Refer to **page 10** for more on the Group's strategy.

For each of the top residual risks on **page 21**, we list below the mitigating actions we take, and the related opportunities we have identified, and link them to the affected stakeholders (refer to **page 28**), the material matters (refer to **page 19**) that we have recognised and demonstrate which of the capitals the risks can potentially impact:

HEIGHTENED SOCIAL AND POLITICAL UNCERTAINTY AND POTENTIAL INSTABILITY

2021	2020
1	2

Stakeholders affected

- Providers of capital
- Customer
- Suppliers
- Employees and unions
- Communities

Material matters linked

- Execution
- Health and safety
- Societal/community relationships

Capitals impacted

Root causes

- Low levels of economic growth in South Africa (compounded by the COVID-19 pandemic) have worsened the existing challenges of poverty, inequality and unemployment prevalent in our host communities, culminating in social discord and increased social unrest
- Poor socio-economic conditions in host communities have resulted in increased criminal mining activities, which threaten the safety of our employees and contractors and increase expectations for employment and other socio-economic benefits. Criminality has the potential to cause business disruptions and may result in the Group not achieving its production targets and increasing security-related costs
- Illegal actions may further damage Group assets and infrastructure

Mitigating actions taken/opportunities identified

- Intensified engagement with host communities to understand their concerns and deal decisively with material issues where possible
- Community liaison managers at the operations regularly engage with community leaders to address community concerns and manage expectations
- Adherence to SLPs and implementing CSI initiatives which go 'beyond compliance' requirements and contribute to LED
- Job creation programmes, such as the Blueberries project in Barberton, continue to be rolled out to assist in alleviating local unemployment, which is directly linked to the incidence of illegal mining and other petty crime at our facilities
- Enhanced security coordination and information management on crime-related matters – including cooperation with relevant law enforcement agencies and prosecution authorities
- Ongoing monitoring and evaluation of third-party security service provider activities to ensure a high standard of service delivery

Outlook

The weak economic climate in South Africa (compounded by the pandemic) is expected to continue in the short to medium term, adversely impacting business and investor confidence and further raising host communities' expectations. Crime and corruption are daily realities and concerns and continue to impact our economy and operating environment

IMPACT OF COVID-19 ON OPERATIONS

2021	2020
2	1

Stakeholders affected

- Providers of capital
- Employees and unions
- Communities
- Collaboration partners

Material matters linked

- Execution
- Health and safety
- Regulatory compliance
- Societal/community relationships

Capitals impacted

Root cause

- The COVID-19 pandemic is causing economic, social and political disruption and impacting the health and wellness of our employees and surrounding communities, resulting in interruption to our operations

Mitigating actions taken/opportunities identified

- Implemented standard operating procedures (SOPs) to assist in preventing the transmission of COVID-19 across the Group which includes addressing the following:
  - Education and communication on the prevention of COVID-19
  - Active measures to prevent the spread of COVID-19 at all operations
  - Dealing with both confirmed and suspected cases of COVID-19 infections, including isolation and quarantine protocols and wellness of employees during this period
  - Monitoring and reporting on the spread of COVID-19 and its impact on the operations
  - The phased reintegration and screening of returning employees
- Proactively procured personal protective equipment and screening equipment to prevent the spread of COVID-19 – all employees, contractors and visitors at the operations are required to wear face masks at all times and have their body temperatures screened upon entry and exit to the operations and plants

Outlook

The second and third waves of COVID-19 impacted South Africa in December 2020 and July 2021, respectively. Virus mutations may result in further restrictions on movement and economic activities. The government's vaccination strategy is being rolled out and gained momentum during 2021, which should contribute to containing the virus and minimising disruption of operations

Residual risk

- High
- Medium to high
- Medium
- Low to medium
- Low

- Financial capital
- Intellectual capital
- Social and relationship capital
- Manufactured capital
- Human capital
- Natural capital

SAFETY INCIDENTS AND ACCIDENTS

2021	2020
3	9

Stakeholders affected

- Providers of capital
- Employees and unions
- Government and regulatory bodies

Material matters linked

- Culture
- Health and safety
- Skills shortage
- Regulatory compliance

Capital impacted

Root cause

- There are inherent safety risks associated with mining activities. A continually changing operating environment and mining conditions can heighten this risk

Mitigating actions taken/opportunities identified

- Safety standards and procedures are in place and subject to independent compliance reviews by regulators and safety experts
- Technical and engineering experts ensure compliance with operational safety standards
- Daily, monthly and quarterly health and safety compliance and awareness inspections are conducted by operational health and safety representatives with accurate records being maintained
- Training for emergencies has been conducted with appointed emergency service providers present at each operational site
- New safety initiatives and awareness programmes are regularly introduced

Outlook

Continue enhancing safety through the combined efforts of management and staff, in pursuit of our ultimate goal of zero harm

THIRD-PARTY INFRASTRUCTURE DEPENDENCY – SPECIFICALLY WATER AND ELECTRICITY

2021	2020
4	8

Stakeholders affected

- Providers of capital
- Customer
- Suppliers
- Employees and unions

Material matters linked

- Execution
- Cost of production
- Availability of reliable infrastructure
- Climate change

Capitals impacted

Root cause

- Mining operations rely on electricity, water and services provided by local government. Extended interruptions in these services threaten the sustainability of our operations, especially production levels and the health and safety of our employees and contractors

Mitigating actions taken/opportunities identified

- Commenced the construction of the solar photovoltaic renewable energy plant at Evander Mines
- Completing a feasibility study for the installation of a similar plant at Barberton Mines, with the intent of reducing reliance on Eskom for power
- Maintaining a constructive working relationship with Eskom, which enables the Group to proactively manage power curtailments
- Regular meetings are held with Eskom to ensure stable power supply to the Group's mines
- Alternative power sources such as standby generators to support critical infrastructure and equipment
- A feasibility study on a water retreatment plant was completed at Evander Mines' operations
- Water recycling at operations

Outlook

Continue strengthening the relationship with Eskom and continue expanding the Group's renewable energy capacity in the short to medium term

INFRASTRUCTURE DEPENDENCY AND CONSTRAINTS

2021	2020
5	3

Stakeholders affected

- Providers of capital
- Customer
- Suppliers
- Employees and unions

Material matters linked

- Value-accretive growth
- Cost of production
- Health and safety

Capitals impacted

Root causes

- Breakdowns or failures in mining infrastructure have the potential to threaten the safety of employees and disrupt production, and may lead to injuries and expensive and time-consuming repairs
- A tailings dam failure may have adverse financial and reputational consequences and may threaten the safety of employees and surrounding communities

Mitigating actions taken/opportunities identified

- The appointment of an executive responsible for the Group's TSFs reporting to the chief executive officer and the board, as recommended by the Global Industry Standard on Tailings Management (GISTM)
- A GISTM gap audit was initiated and is currently being finalised with actionable outcomes
- Third-party contractors have been appointed to design, build and operate the Group's TSFs, in cooperation with the Group's executive management
- Tailings and dam management is overseen by an appointed competent person at each of the Group's TSF sites to ensure compliance with legislation and with the Group's internal code of practice
- An independent tailings review board is also due to be appointed, as recommended by the GISTM
- Regular inspections and meetings are held between mine management, third-party TSF operators and the appointed competent persons tasked with monitoring and compliance
- Active management of the engineering risk management process at all operations
- Ongoing capital expenditure and maintenance of infrastructure to proactively address infrastructure concerns
- Prioritised capital expenditure to upgrade the steel infrastructure at the Kinross plant and both the 7 and 8 Shafts at Evander Mines
- The prioritisation and allocation of capital expenditure is based on the Group's investment criteria, which include thorough risk assessments
- Critical safety and engineering equipment is supported by alternative power sources that are regularly serviced and maintained
- Improved infrastructural capacity at Barberton Mines following construction of the Fairview Mine subvertical shaft and shaft infrastructure at Sheba Mine and New Consort Mine in the next years
- Infrastructure replacement with improved technology, improving both safety and operating costs

Outlook

Focused capital expenditure on the expansion and maintenance of the Group's infrastructure. The Group is in the process of creating an independent tailings review board

Residual risk

- High
- Medium to high
- Medium
- Low to medium
- Low

- Financial capital
- Intellectual capital
- Social and relationship capital
- Manufactured capital
- Human capital
- Natural capital

GEOLOGICAL VARIABILITY IN THE MINERAL RESOURCES AND MINERAL RESERVES

2021	2020
6	6

Stakeholders affected

- Providers of capital
- Customer

Material matters linked

- Value-accretive growth
- Cost of production
- Geological complexity and predictability
- Environmental impact

Capitals impacted

Root cause

- The inherent risk in the estimation of Mineral Resources and Mineral Reserves, compounded by the geological complexity of the orebodies at the Group's operations, specifically the hydrothermal lode gold deposits in the Barberton Greenstone Belt, as well as the resulting mine plan and scheduling, may result in production targets not being met in the short to medium term

Mitigating actions taken/opportunities identified

- Modifying factors, as defined in the Mineral Reserves conversion, are based on actual modifying factors achieved over the preceding three years, which support the Group's mine planning and forecast production
- The Group's mining operations have consistently extracted gold deposits from the same orebodies with the same infrastructure over many years, providing confidence in its predictive ability, notwithstanding the geological complexity of these orebodies
- Achieved additional mining flexibility through establishing a fourth working platform in the high-grade Main Reef Complex (MRC) orebody and a third platform on the high-grade Rossiter Reef
- As part of the Group's geological risk mitigation strategy, an independent exploration Mineral Resources and Mineral Reserves conversion audit was undertaken

Outlook

Geological complexity inherently holds opportunities for exploration and delineation of additional ore deposits. This is evident in the rich project pipeline offered by the Group's active exploration and mining rights

MACROECONOMIC VOLATILITY – SPECIFICALLY THE GOLD PRICE AND CURRENCY FLUCTUATIONS

2021	2020
7	7

Stakeholders affected

- Providers of capital
- Customer
- Suppliers
- Government and regulatory bodies

Material matters linked

- Execution
- Value-accretive growth
- Cost of production
- Culture

Capital impacted

Root cause

- Volatility in macroeconomic variables such as commodity prices and exchange rates affects cash flow generation. The Group's gold revenue is earned in US$, whereas costs are incurred in rand, resulting in a currency mismatch

Mitigating actions taken/opportunities identified

- The Group resolved not to hedge the gold price or foreign exchange rate unless it is to mitigate transactional risk, protect cash flows at times of significant capital expenditure or to comply with specific debt requirements
- Financial risk management through strategic currency and commodity price hedging when appropriate and within predetermined limitations, to decrease volatility in the Group's cash flows
- Hedging strategies are aligned to the Group's financial risk management policies to ensure that derivative risk remains within board-approved limits
- Gold market indicators and trends are constantly monitored to provide robust market insights and support agile decision-making
- Continual focus on cost management and production efficiency improvements to protect margins and improve cash flow

Outlook

Although the gold price remains within a reasonable range, a shift in market drivers or supply can create uncertainty around the longer-term sustainability of current prices. The US$/ZAR exchange rate is anticipated to remain volatile due to its sensitivity to global markets and macroeconomic challenges in South Africa

STRATEGIC CAPITAL ALLOCATION

2021	2020
8	10

Stakeholders affected
- Providers of capital
- Government and regulatory bodies

Material matters linked
- Execution
- Value-accretive growth
- Cost of production

Capitals impacted

Root cause
- Poor capital allocation decisions result in suboptimal returns, adversely impacting stakeholder value creation

Mitigating actions taken/opportunities identified
- All significant capital allocation decisions are subject to rigorous analysis and predefined risk-adjusted return parameters to ensure disciplined capital allocations
- Potential new investments that fail to project a minimum return of 15% per annum on equity after adjusting for project-specific and sovereign risks are rejected
- In addition to the return requirement, any significant capital investment is assessed to ensure that it falls within the Group's execution capability

Outlook

Continually assessing our capital expenditure programmes to reduce reliance on debt funding and to maximise the value of our assets and returns to our shareholders

SHORTAGE OF ADEQUATE AND APPROPRIATE SKILLS

2021	2020
9	New

Stakeholders affected
- Providers of capital
- Employees and unions

Material matters linked
- Execution
- Cost of production
- Skills shortage

Capitals impacted

Root cause
- Loss of key employees and a shortage of employees with specialised skills may impede our ability to meet production targets and contain cost of production

Mitigating actions taken/opportunities identified
- Career progression, succession planning and talent management are prioritised to ensure consistent flow of talent with the current focus being on critical operational roles
- Training programmes are in place for identified required skills
- We provide competitive and incentive-focused remuneration packages to attract and retain sought-after skills

Outlook

Maintaining a strong focus on talent management and succession planning while highlighting skills requirements and identifying, developing and recruiting for critical roles

REGULATORY CHANGES AND COMPLEXITY

2021	2020
10	5

Stakeholders affected
- Providers of capital
- Communities
- Government and regulatory bodies

Material matter linked
- Regulatory compliance

Capital impacted

Root causes
- There has been an increase in changes to legislation related to a variety of activities across the business value chain, including the nature of mining rights, transformation, health and safety and environmental performance
- Uncertainty related to the potential for the state to expropriate land without compensation is a continuing concern
- Regulatory changes which lead to an uncertain investment environment adversely impacts the Group's ability to raise capital for the Group's funding requirements and growth aspirations

Mitigating actions taken/opportunities identified
- Monitoring regulatory developments and ensuring readiness to comply with new legislation
- Engaging with industry representative bodies and regulators to influence proposed legislation
- Seeking independent legal advice on proposed regulatory changes to manage the potential consequences thereof
- Engagement with senior government officials to ease restrictions on the permitting process for the mining industry

Outlook

Anticipating continued regulatory pressure and further policy developments on a range of business-related activities

Residual risk

High	Low to medium
Medium to high	Low
Medium	

Financial capital	Manufactured capital
Intellectual capital	Human capital
Social and relationship capital	Natural capital

ENVIRONMENTAL IMPACT OF MINING ACTIVITIES

2021	2020
11	4

Stakeholders affected

- Providers of capital
- Communities
- Government and regulatory bodies
- The environment

Material matters linked

- Climate change
- Environmental impact

Capitals impacted

Root cause

- Environmental damage due to pollution (including cyanide), tailings dam failure or residue pipeline breakages and spillages may adversely impact the Group's reputation and result in an adverse financial impact

Mitigating actions taken/opportunities identified

- The environmental impact of our mining operations is closely monitored and managed in accordance with environmental management plans, with annual reports submitted to the Department of Mineral Resources and Energy (DMRE)
- Rehabilitation closure liabilities are fully funded, which enables the Group to mitigate and rehabilitate most of the environmental effects of mining. The impact of the National Environmental Management Act will also be considered in determining the rehabilitation closure liabilities for the next financial year
- The Group conducts ongoing rehabilitation where possible
- Continuous monitoring by means of environmental damage detection systems
- Barberton Mines' cyanide detoxification plant and water treatment processes comply with cyanide disposal guidelines reducing weak acid dissociable cyanide residue levels to less than 50ppm
- All cyanide is transported by a certified and approved hazardous substances service provider
- The Group works with nature conservation authorities in Barberton to minimise the adverse impact of its mining operations on the environment
- Specific action plans are in place to deal with flooding and spillage incidents
- Monitoring the rate of rise of active TSFs and the structural integrity of the TSFs by independent advisers
- The design of TSFs provides for zones of influence in the event of a breach of integrity
- Regular environmental campaigns are hosted to reinforce environmental awareness
- Residue pipelines are patrolled to mitigate the risk of damage due to theft and vandalism. Throughput and pressure of these pipelines are monitored to mitigate the risk and impact of ruptured pipes and spillages

Outlook

We remain committed to conducting our business operations in a manner that results in minimal environmental harm

OUR KEY STAKEHOLDER RELATIONSHIPS

Our key stakeholders are those who both impact and influence our business, our operations and our ability to create value. They represent a wide range of interests and form an integral part of Pan African's business environment.

Consistent with our values of action and delivery, integrity, care, resilience and innovation, we develop relationships with our stakeholders built on open, transparent and constructive engagement to sustain mutually beneficial relations. Our engagements aim to build trust and allow for participative and informed decision-making towards aligning the interests, needs and expectations of our stakeholders with the best interests of the Group. The Group formalised its stakeholder engagement and relationship policy statement in November 2020.

Our licence to operate depends on the quality of our relationships with our various stakeholders.

Our stakeholders represent one of our four strategic pillars (refer to the inside front cover).

Authentic interaction at all levels of the Group is essential for shaping our strategy, managing risks, identifying opportunities and safeguarding our reputation.

Financial capital | Human capital
Social and relationship capital | Natural capital

KEY STAKEHOLDER CONCERNS

EXECUTION OF CAPITAL PROJECTS	REDUCING DEBT AND COST MANAGEMENT	SUSTAINABILITY AND ENVIRONMENTAL GOALS	THE COVID-19 PANDEMIC	SAFE WORKING CULTURE
• Delivering on guided gold production • Increasing future gold production	• Cash flow generation • Ability to service debt • Reduce financial risk • Increase returns to shareholders • Finance projects	• Climate change • Renewable energy • Biodiversity • Rehabilitation • Water stewardship • Employment opportunities	• Health and safety of employees • Support to host communities and government • Impact on business operations and earnings	• Fatalities • Employee health and safety • Occupational health and safety performance
Material matters Execution Value-accretive growth Regulatory compliance	**Material matters** Cost of production Geological complexity and predictability	**Material matters** Availability of reliable infrastructure Societal/community relationships Climate change Environmental impact	**Material matter** Health and safety	**Material matters** Culture Health and safety Skills shortage

EMPLOYEES AND UNIONS

Their significance and why we engage
- Building and maintaining relationships with employees is fundamental to business sustainability
- To achieve our strategic objectives, we focus on ensuring that we have the necessary skills, culture and employees in place

Value created

Salaries, wages and benefits paid
US$62.1 million
(2020: US$52.5 million)

Skills and development training
US$1.1 million
(2020: US$1.7 million)

Number of employees
2,104
(2020: 2,126)

Women employed at our mines
290
(2020: 255)

98% of workforce South African employees
(2020: 98%)

Stakeholder concerns
- Fair remuneration, benefits and incentives
- Transformation
- Skills development and training
- Safe and healthy working conditions
- Clear and consistent communication
- Ethical, honest and transparent engagement
- Opportunities for women in mining

Actions to address stakeholder concerns
- Safety is our number-one priority
- Ongoing skills development and training initiatives, equal opportunity policy
- Annual performance assessments
- Best practice employment policies, standards and procedures in place
- Staff wellness initiatives in place
- Code of ethics and values statement in place
- Adhere to and comply with all laws and uphold human rights
- Continue to recognise and respect the right to collective bargaining
- Communicate over various channels
- Aim to enter into multi-year wage agreements

How feedback informs strategy
- Discussions between unions and management occur on the mines
- Board discussions with its committees, operational management and the executive committee (Exco) inform future strategic engagement strategies

PROVIDERS OF CAPITAL

Investors, shareholders, fund managers, analysts and financial institutions

Their significance and why we engage

- Consistent and clear communication on the Group's strategic position and financial information maintains trust and aligns expectations

Value created

Headline earnings

US$74.7 million

(2020: US$44.2 million)

Dividend paid

US$20.6 million

(2020: US$3.4 million)

Return on shareholder funds

32.0%

(2020: 24.1%)

Interest paid to debt funders

US$6.1 million

(2020: US$10.7 million)

Stakeholder concerns

- Disciplined capital allocation and excellence in project execution
- Cost management
- ESG strategic performance
- High debt levels
- Group's share price
- Shareholder value creation through dividend distribution
- Robust operational performance

Actions to address stakeholder concerns

- Direct engagement with executive directors at the annual and interim results presentations and at roadshows
- Direct engagement with the chairman of the board at the annual general meeting (AGM)
- Debt and ESG strategy is communicated through presentations, investment conferences, direct engagement, roadshows and the annual and interim results presentations
- Stakeholder relationship engagement policy in place
- Information is released on the JSE's Stock Exchange News Service (SENS), Regulatory News Service (RNS), OTCQX, media releases, social media platforms and on our website

How feedback informs strategy

- Poll results, feedback from presentations and one-on-one meetings
- Discussion at operational, executive and board level
- Feedback from discussions drive future engagement strategies

GOVERNMENT AND REGULATORY BODIES

The South African government, the JSE, the AIM, OTCQX, regulatory authorities

Their significance and why we engage

- Through continual strengthening of relationships with government and other regulatory bodies, we are able to influence policies that support business and our industry
- Securities exchanges attract capital investors who provide appropriate valuation of the Company and provide guidelines and frameworks on corporate governance and stakeholder engagement

Value created

South African government taxes

US$33.1 million

(2020: US$16.1 million) paid excluding VAT, but including employee taxes

Local procurement expenditure

US$182.5 million

(2020: US$159.2 million)

- SLP compliance – community upliftment and improvement projects
  - Cathyville Clinic
  - Kaapvallei Primary School
  - Ngwane Primary School
  - Youth development – performing arts and mathematics and physical science classes
- The Sakhisizwe and Embalenhle townships' public lighting projects
- Waste management cooperatives

Stakeholder concerns

- Compliance with relevant legislation
- Operations which are safe and comply with the law
- Delivery on our SLP commitments
- Investments by the Company which create and sustain employment in local communities
- Collaboration with local municipalities on community upliftment projects

Actions to address stakeholder concerns

- Continuous monitoring of changes of legislation which directly impact Pan African
- Ensure that safety remains our number-one priority in our pursuit of zero harm
- Annual SLP progress reports
- Internal and external compliance audits on carbon tax emissions, TSFs, SLP implementation and health and safety

How feedback informs strategy

- Discussion at executive and board level
- Focus on improved rankings with international ESG rating agencies
- Feedback from our company secretary, JSE sponsor and NOMAD inform our regulatory strategy

*Refer to APMs on **pages 222** to **229**.*

Financial capital | Human capital | Social and relationship capital | Natural capital

COMMUNITIES

Their significance and why we engage

- Through investing in host communities, we support initiatives that benefit communities and promote their sustainable development. Understanding and proactively managing the impact of mining on host communities is integral to the success of our operations and maintains our social licence to operate

Value created	Stakeholder concerns	Actions to address stakeholder concerns
CSI, LED programmes and bursaries **US$1.8 million** (2020: US$1.3 million) **The Group's contribution to communities through its transformation trusts** **US$1.3 million** (2020: US$0.7 million)	• Procurement opportunities for local communities • CSI • Job opportunities • LED	• Community development, stakeholder engagement and CSI policy in place • Enterprise development programmes in place for local businesses in communities surrounding our mines • Investment in community development and CSI programmes across the Group's focus areas • Job creation through the development of the 15ha Blueberries project in Barberton • Partnerships with conservation and biodiversity specialists

How feedback informs strategy

- Feedback from discussions held at the SHEQC committee and at executive and board level drive future engagement strategies

THE ENVIRONMENT

Its significance and why we engage

- Fundamental to business sustainability

Value created	Stakeholder concerns	Actions to address stakeholder concerns
Environmental rehabilitation expenditure **US$0.2 million** (2020: US$2.6 million) **Carbon emissions decreased to** **1.23CO_2 e/t milled** (2020: 1.47CO_2 e/t milled) **Total water used for primary activities** **14.4 million m^3** (2020: 13.4 million m^3) **Electricity consumption** **1,404,383GJ** (2020: 1,334,249GJ)	• Compliance with relevant legislation • Environmental conservation/protection • Climate change • Water management • ESG performance and ratings • The Company is not receiving full acknowledgement of its ESG compliance and development initiatives	• Continuous monitoring of changes in legislation which directly impact the environment • Internal and external compliance audits on carbon tax emissions, TSFs, SLP implementation and health and safety • Construction of Evander Mines' 9.975MW solar photovoltaic renewable energy plant • Completed a feasibility study for a 10MW solar photovoltaic renewable energy plant at Barberton Mines • Completed a feasibility study for a water retreatment plant at Evander Mines • Invest in conservation initiatives which focus on biodiversity projects • Entered into a collaboration agreement with Care for Wild Rhino Sanctuary to adopt orphaned rhinos • Compile a dedicated ESG annual report that will result in improved third-party rating scores

How feedback informs strategy

- Discussion at executive management and board level
- ESG ratings are now primary criteria used by investors/fund managers when making investment decisions
- Executive management and the board have approved the commissioning of a new ESG reporting format

CHAIRMAN'S STATEMENT

KEITH SPENCER
Chairman

OUR OPERATING ENVIRONMENT

The generation-defining COVID-19 pandemic overshadowed the world economy in 2020, and continued into 2021. This public health crisis has, to date, infected more than 200 million people and caused the loss of more than four million lives according to the World Health Organisation. Several vaccines have been approved and immunisation programmes, which will be the largest in history, are now well underway.

Our recovery path and progress on the UN SDGs will hinge on the ability and political commitment of countries to ensure that the crisis response is not myopic and actions contribute to building defences against future economic, social and climatic shocks.

The International Monetary Fund expects global economic growth to rebound to 5.5% in 2021 and 4.2% in 2022, buoyed by additional policy stimuli and the continued roll-out of COVID-19 vaccines. Economic growth is expected to continue its momentum over the next year, but much depends on the efficacy of the vaccine roll-out and the impact of stimulus measures. Resurgent spikes in infection rates may also threaten the global recovery.

South Africa's gross domestic product (GDP) contracted by 7.2% in 2020 and its economic recovery is expected to be slow, with the South African National Treasury predicting real economic growth of 3.3% for 2021, moderating to 2.2% in 2022, after real GDP contracted by 4.1% for the fourth quarter of 2020. Output and employment is expected to remain well below pre-pandemic levels until at least 2023.

In May 2021, both S&P Global and Fitch Ratings affirmed South Africa's long-term sovereign credit rating at BB-, which is three notches below investment grade. Structural constraints, the slow pace of economic reforms and low vaccination rates will continue to constrain medium-term economic growth and limit the country's ability to contain its debt-to-GDP ratio.

Subsequent to the Group's year-end, South Africa experienced widespread riots and looting. Even though the situation is now stable, these events emphasise the urgent need for social reform by the government.

Amid all the uncertainty and disruption of the pandemic, gold has again demonstrated its value as a safe haven for investors. The gold price continues its long-term upward trend after setting numerous all-time record levels in the past year. We are hopeful that this trend will continue.

Refer to **pages 34** and **35** for a more detailed analysis of our operating environment and how it has affected Pan African's operations and future strategy.

PAN AFRICAN'S RESPONSE TO THE COVID-19 PANDEMIC

Addressing the challenges posed by the pandemic remains a priority, with continual enhancements to our operating procedures and protocols to limit the spread of the virus and protect the lives of our employees, while minimising the potential adverse impact of the pandemic on the Group's operations. We are deeply saddened by the passing of two Pan African employees who have been lost to COVID-19.

We expect COVID-19 to remain a reality for at least the year ahead, or perhaps for years to come. The board receives regular updates from its social and ethics committee on the COVID-19 situation and we will continue to implement and monitor preventative and precautionary measures across the Group to contain the infection rate and ensure the health and well-being of our employees.

Refer to **pages 36** to **39** for more details regarding our response.

OUR JOURNEY TO ZERO HARM

Safety remains our number-one priority, with targeted safety campaigns and incentives to encourage and reward safe practices to support our ultimate goal of achieving zero harm. In the past year, the Group maintained its commendable safety performance, through improvements in overall reportable injury rates, with the exception of a regrettable fatal accident that occurred at Barberton Mines in July 2020.

OUR STRONG FINANCIAL PERFORMANCE

Pan African's excellent operational and financial performance for the year once again demonstrates the resilience and operational flexibility of our multiple producing assets, despite the ongoing challenges of the COVID-19 pandemic. We achieved a 12.4% increase in gold production to 201,777oz, compared to 179,457oz in the prior financial year. Gold production was 3.5% higher than the revised production guidance of approximately 195,000oz released in May 2021. We saw exceptional adjusted earnings before interest, income taxation expense, depreciation and amortisation (EBITDA) growth of 66.6% to US$144.1 million, return on capital employed of 36.3% (up from 22.1% in 2020) and cash flow generated from operations increasing by 52.8% to US$82.2 million. We have again substantially reduced net debt by 49.0% to US$39.0 million.

Refer to the performance review on **page 76**.

OUR ESG PERFORMANCE

The Group is committed to its sustainable development strategy. This is demonstrated by the ongoing implementation of ESG programmes, where significant progress has been made on projects targeting social and environmental impacts, including climate change and biodiversity, mine closure and rehabilitation planning, as well as water management solutions. Workplace health and safety initiatives emphasised the latest COVID-19 prevention and mitigation measures, while progress with social and economic development projects, including our large-scale 'beyond compliance' agriculture and renewable energy initiatives, continues in the host communities around the operations.

We are investing in renewable energy as one of the measures to limit our carbon emissions, and are progressing with the construction of a solar photovoltaic renewable energy plant at Evander Mines. A feasibility study for the installation of a solar photovoltaic renewable energy plant at Barberton Mines is currently underway. We intend to continue to expand the Group's renewable energy capacity in the coming years.

Pan African's conservation initiatives focus on funding biodiversity projects that ensure the sustainability of protected areas in the communities in which we operate and provide a clear framework for the coexistence of conservation and mining activities.

Read more in our online environmental, social and governance report at https://www.panafricanresources.com/investors/gri-and-sustainability/

CORPORATE GOVERNANCE

Pan African is committed to maintaining excellent standards of corporate governance and ensuring full application of King IV™ principles, with the board providing active oversight enabling management to effectively deliver on its strategy.

Hester Hickey, who has been a director and the chairperson of the audit and risk committee since her appointment in April 2012, and was appointed as the Group's lead independent director in April 2019, has elected to resign as a director subsequent to the release of the Group's results on 16 September 2021. Hester has been an influential voice on our board over this period. We would like to thank her for her invaluable contribution.

Dawn Earp will join the board as the lead independent director and the audit and risk committee chairperson subject to the satisfactory completion of certain regulatory due diligence. Dawn is a chartered accountant and currently a non-executive director on the boards of Truworths International, Impala Platinum Holdings and Arcelor Mittal South Africa. Her extensive experience in the gold mining industry includes serving as chief financial officer of Rand Refinery Limited and as executive officer: finance at AngloGold Ashanti. I would like to welcome her and I look forward to her contribution.

We are confident that the board has the right balance of skills, experience and diversity to fulfil its fiduciary responsibilities and to provide the necessary oversight of the Group's strategic direction.

STRATEGY AND OUTLOOK

The Group is committed to continuing to create value for our stakeholders by our positioning of Pan African as a sustainable, safe, high-margin and long-life gold producer.

Based on current planning, the Group expects to maintain similar production levels for the 2022 financial year. Key focus areas for the year ahead include the following:

- Further improve safety performance
- Deliver on our guided gold production of approximately 195,000oz for the year ending 30 June 2022 and endeavour to further reduce unit production costs
- Pursue our 'beyond compliance' ESG approach through collaboration and partnerships with specialists in community, conservation and sustainability initiatives, for the benefit of all stakeholders
- Successfully execute into capital and organic growth projects that will sustain and increase gold production in the future
- Evaluate potential acquisitions and projects against our stringent investment criteria, in and outside of South Africa
- Increase returns to shareholders, including cash dividends.

APPRECIATION

I am grateful for the support and insight from my fellow board members and wish to thank the Group's executive management and employees for their commitment, hard work and commendable results during what continues to be challenging times.

Keith Spencer
Chairman

15 September 2021

OUR OPERATING ENVIRONMENT

Our operating environment encompasses significant macroeconomic issues which have the potential to materially impact our performance and ability to create value despite being almost entirely outside our control.

COVID-19 PANDEMIC

The pandemic will have a profound and long-lasting effect

The environment and how it affects us

Our operating environment was overshadowed by the COVID-19 pandemic.

The pandemic continues to strain healthcare systems, government fiscal capacity, global markets and economies and the ability of many organisations to cope with the changes necessitated by the virus and the response thereto, which includes stringent healthcare precautions, worldwide lockdowns and restricted movement. Economic and social recovery is dependent on the rapid roll-out of vaccines and other scientific advances in coping with the pandemic.

With the rise in COVID-19 infections, there is increased concern pertaining to the availability of South Africa's oxygen supply. The country experienced oxygen shortages during the second wave which was officially announced on 9 December 2020.

Our response

From the onset of the pandemic, we have managed the virus' impact by being proactive and responsible. We have enhanced our operating protocols to curtail the spread of the virus and maintain our operations with the health and safety of our employees our primary concern.

Our COVID-19 preventative and precautionary measures (supported by screening, tracing and awareness-raising campaigns) have ensured a relatively low infection rate at our operations to date. Recent COVID-19 infections and government-imposed restrictions have not significantly impacted our operations. There is, however, no guarantee that this situation may not change.

BTRP was the only operation which was adversely affected by an oxygen supply shortage. Hydrogen peroxide was used as a substitute but yielded poor results. The availability of oxygen remains a risk, however, we monitor the supply chain closely to ensure that we have an adequate supply of oxygen to the extent possible.

GOLD PRICE

The US$ gold price affects our profitability and capital allocation decisions

The environment and how it affects us

Gold is considered a safe haven during economic or political uncertainty. Fears of a possible deep global recession triggered renewed demand for the metal, resulting in all-time high gold prices during the 2021 financial year. The average gold price received by our mines during 2021 amounted to US$1,826/oz, a 16.0% increase from 2020.

Global sentiment and gold supply and demand fundamentals should support a stronger gold price over the next few years.

Our response

As a result of our profitability we make a significant contribution to economic activity in the regions where we operate through employment creation, local supplier development and socio-economic contributions as well as through dividend distributions.

During the year, the Group paid US$33.1 million (2020: US$16.1 million) in taxes to the South African government excluding VAT, but including employee taxes. We also and invested US$44.4 million (2020: US$34.6 million) in infrastructure.

US$/ZAR EXCHANGE RATE

The US$/ZAR exchange rate influences our revenue

The environment and how it affects us

The worsening of South Africa's economy has had a significant negative effect on the rand. With foreign investors selling emerging market currencies in response to COVID-19, the rand depreciated to unprecedented levels, before strengthening in the latter part of the 2021 financial year.

The rand is, however, likely to remain volatile for the foreseeable future.

Our response

An improvement in efficiencies and in operational flexibility have increased production and reduced unit costs in certain instances.

The average rand gold price received increased 14.0% from ZAR793,121/kg to ZAR903,849/kg, benefiting Pan African's revenue. During the 2021 financial year, the average US$/ZAR exchange rate was US$/ZAR:15.40 (2020: US$/ZAR:15.67).

Financial capital
Human capital
Social and relationship capital

FRAGILE SOUTH AFRICAN ECONOMY

Ability and speed of recovery from the pandemic's impact and societal stability

The environment and how it affects us	Our response
The South African economy has returned low growth rates for a number of years. Record unemployment poses serious risks to economic recovery and social unrest. The financial health of state-owned enterprises, especially Eskom, is likely to put additional pressure on public finances, and ongoing electricity supply constraints are curbing economic growth. The government's reform programme requires the rebuilding of state institutions, pragmatic public finance management and curtailment of corruption, with policymaking that supports investment and aims to make conducting business easier and less costly. The government also needs to expedite the rate of vaccination against COVID-19. We continuously engage with government and other stakeholders in an effort to improve the sustainability of our business. To instil investor confidence, actions need to be focused on addressing energy and infrastructure constraints and to reducing the scourge of social unrest, crime and corruption.	Pan African has created a sustainable mining business, with a solid platform for launching new projects and creating additional employment. We continue to emphasise on the development of our human capital. During the year, we invested US$1.1 million (2020: US$1.7 million) in the training and development of our employees. The Group's employees received US$62.1 million (2020: US$52.5 million) in salaries, wages and benefits. Local procurement expenditure to suppliers increased to US$182.5 million (2020: US$159.2 million).

ORGANISED CRIME AND CORRUPTION

Intensifying pressure on procurement functions to transact with criminal elements

The environment and how it affects us	Our response
Protests and strikes by those dissatisfied with the lack of opportunities and poor service delivery have escalated, often leading to violent clashes with authorities and damage to infrastructure. This also leads to disrupted production due to employees being intimidated and/or being unable to travel to work. Criminal syndicates have gained prominence and are making demands, often with the threat of violence as a means of coercion. This has led to a significant increase in the cost of security. Our operations have been adversely impacted (albeit to a limited extent) by organised crime and corruption within procurement and other functions.	Mining companies are often the main providers of employment in small towns and rural areas, which creates high community expectations. Pan African is the largest employer in the Barberton region and an important employer in the Evander area of South Africa. The financial and social investment flows we sustain are crucial to the well-being of our host communities. During the year, the Group invested US$1.8 million (2020: US$1.3 million) in CSI, LED projects and bursaries. Given incidences of fraud and other irregularities experienced within the procurement function, management was compelled to conduct a review of the procurement function's control environment, which led to a number of enhancements to procurement processes, tender committee policies and procedures and strengthening of the general control environment to reduce the risk of fraud.

ACTIVISM, SPECIAL INTEREST GROUPS AND REGULATORY UNCERTAINTY

Adverse effect on investor confidence and capital allocation decisions

The environment and how it affects us	Our response
Political discontent raises the risk of populism leading to reactionary policymaking and inconsistent policy implementation, resulting in a deterioration of sovereign credit ratings and reduced foreign direct investment, critically required to stimulate economic growth. In addition, persistent uncertainty undermines business confidence. This environment has the potential to spill over into numerous forms of activism.	Mining is one of the most regulated industries in South Africa, and we have experienced a move towards greater industry consultation in the local regulatory environment. Uncertainties do, however, remain around the questions of empowerment requirements that apply to the minerals industry in the context of the 'once empowered always empowered' principle and newly promulgated regulations. Some of the new legal provisions are being contested in the courts by the Minerals Council South Africa (MCSA) on behalf of the affected mining companies. As an industry vital to the South African economy, it is key that all of the sectors' stakeholders cooperate to ensure sustainability.

OUR RESPONSE TO THE COVID-19 PANDEMIC

The Group remains vigilant in its efforts to prevent and mitigate the impact of the COVID-19 pandemic on its people and operations. It continues to diligently implement and maintain enhanced operating procedures and protocols based on the latest available information to mitigate new virus variants that have resulted in an increasing number of infections over multiple 'waves'. The Group monitors the impact of the pandemic at its operations and surrounding communities on an ongoing basis.

KEY STATISTICS

	Pan African		Mpumalanga[3]		South Africa[3]		Global[4]	
At 30 June	2021	2020	2021	2020	2021	2020	2021	2020
Population	**4,789**[2]	4,265	**4,692,520**	4,633,883	**60,059,181**[1]	59,308,690[1]	**7,874,965,825**[1]	7,794,798,739[1]
Infections	**242**	2	**94,819**	1,190	**1,973,972**	151,209	**181,958,112**	10,417,063
Infection rate (%)	**5.05**	0.05	**2.02**	0.03	**3.29**	0.25	**2.31**	0.13
Deaths	**2**	–	**1,517**	7	**60,647**	2,657	**3,946,271**	509,516
Death rate (%)	**0.83**	–	**1.60**	0.59	**3.07**	1.76	**2.17**	4.89

Sources

[1] *United Nations World Population Prospects (2019 Revision).*

[2] *The Group's total staff complement which includes employees and contractors.*

[3] *South African Department of Health.*

[4] *Centre for Systems Science and Engineering at Johns Hopkins University.*

THE COVID-19 PANDEMIC IN SOUTH AFRICA

On 5 March 2020, South Africa confirmed the spread of the virus to the country, with the first known patient being an individual returning from Italy. The first death from the disease was reported on 27 March 2020.

On 15 March 2020, President Cyril Ramaphosa declared a national state of disaster, and announced measures including immediate travel restrictions, curfews and the closure of schools. The National Coronavirus Command Council was established to lead the nation's plan to contain the spread and mitigate the negative impact of the virus. A national lockdown was announced, starting on 27 March 2020. On 21 April 2020, a ZAR500 billion stimulus package was announced in response to the pandemic.

From 1 May 2020, a gradual and phased easing of the lockdown restrictions commenced, lowering the national alert level to 4. Restrictions were further lowered to level 3 from 1 June 2020, level 2 from 17 August 2020 and eased to level 1 from 21 September 2020.

In December 2020, the country experienced a second wave of COVID-19 infections. Lockdown restrictions were tightened from an adjusted level 1 to an adjusted level 3, starting on 29 December 2020. The lockdown was subsequently lowered to an adjusted level 1, commencing on 1 March 2021.

On 17 February 2021, the national COVID-19 vaccination programme was officially launched with a phased roll-out on a risk-based approach, commencing with front-line healthcare workers. The rate of vaccinations was, however, constrained by the availability of vaccines from foreign suppliers. South Africa is aiming to vaccinate two-thirds of its population by the end of 2021; approximately 40 million people.

On 31 May 2021, the country moved to an adjusted alert level 2 due to a third wave of infections. On 15 June 2021, this was escalated to alert level 3 and, on 28 June 2021, to adjusted level 4, with the Delta variant of the virus fast becoming the dominant strain in South Africa. The Delta variant is believed to have a higher transmissibility compared to the previously dominant Beta variant.

OUR RESPONSE

Health of our employees is paramount

From the onset of the pandemic, we have managed the spread of the virus by being proactive and implementing precautionary and preventative measures to ensure the health and well-being of all our employees and other stakeholders in order to maintain business continuity.

The responsibilities of the social and ethics committee were expanded to include oversight of the Group's response to the COVID-19 pandemic, the development and implementation of measures to prevent the spread of the virus and to ensure regular

COVID-19 employee awareness posters at Evander Mines' 8 shaft

Fully equipped dispensary for the day clinic at Cathyville

stakeholder engagement. The board is regularly updated by the social and ethics committee and by executive management on the Group's actions and progress in managing the pandemic's impact on the Group.

To further curb the spread of the virus at our operations, Pan African has instituted and enforced a number of preventative and monitoring measures, consistent with the guidelines provided by the MCSA and the National Institute of Communicable Diseases (NICD). This entails ongoing education and communication programmes to ensure that all our employees are fully informed about the virus, and how to protect themselves from being infected. Furthermore, the Group continues to communicate and supply employees with face masks, sanitiser, access to water, soap and disinfectants to ensure that hygiene remains the core focus in preventing the virus' spread.

All employees, contractors and visitors are required to have their body temperatures tested upon entry and exit to operations and offices, to assist in the detection of individuals who may be infected or are displaying symptoms of infection.

During March 2021, the Group initiated the roll-out of a three-month multi-vitamin pack for its employees at Barberton Mines and Evander Mines. In addition, flu vaccines were provided to the Group's consenting employees during April 2021 prior to the onset of the flu season. Both the multi-vitamin packs and flu vaccinations are believed to be effective measures in boosting the immune systems of our employees thus reducing the burden on the country's healthcare system from flu hospitalisations and deaths. Both Barberton Mines and Evander Mines have applied for registration with the MCSA to provide medical centres for the administering of COVID-19 vaccines.

By 30 June 2021, the Group had reported 242 positive COVID-19 cases, with 10 active, one hospitalisation, two deaths and a 95% recovery rate since the start of the pandemic.

Condolences

The Group regrets the deaths of Ishmael Shabangu from Evander Mines, and John Khazito Mkhabela from Barberton Mines. Ishmael passed away on 5 January 2021 and John passed away on 21 October 2020, both from COVID-19-related complications. We are deeply saddened at their untimely passing and express our sincerest condolences to their families, friends and colleagues.

Subsequent to year-end, the Group has sadly suffered two more COVID-19-related deaths. We extend our condolences to the loved ones of Cipriano Sitoe, formerly a rock drill operator at New Consort Mine, and Norman Ndlovu, who was a diesel mechanic at Sheba Mine.

Business continuity

Through proper planning and execution, we have managed to maintain a strong production performance with a reduced workforce while dealing with the constraints imposed by the pandemic. The Group's SOPs and risk-based approach to managing COVID-19 are continually being revised as new information on the pandemic becomes available.

We have a comprehensive four-pillar approach to manage the risks and effects of COVID-19:

FOUR-PILLAR APPROACH TO MANAGE THE RISKS AND EFFECTS OF COVID-19

1 Employee education and communication

- Education and health promotion for our workforce through:
  - posters
  - 'toolbox' meetings
  - SMSs
  - TV screens on-site
- Raising awareness on knowing one's HIV status, and taking of HIV and TB medication

2 Prevention

- Risk assessments on areas that are considered high-infection areas
- SOPs on workplace readiness for COVID-19
- Temperature scanners
- Regular hand washing and the use of sanitisers
- Sanitary and disposable wipes

3 Suspected cases

- Medical clinics to check symptoms
- Medical clinics to refer suspected cases to the NICD
- Normal sick leave policy applied
- Human resources department procedure developed
- Monitoring of active cases

4 Monitoring and reporting

- Daily report communicated to corporate office steering committee
- Weekly steering committee meetings to update management on the status of COVID-19
- Reporting on absenteeism, referrals to the NICD and suspected cases reported to the NICD as well as results of COVID-19 tests

Preparing COVID-19 food and hygiene hampers for distribution

COVID-19 prevention awareness posters at Evander Mines' offices

In our communities

The onset of the pandemic required an immediate response from the mining sector to support those most impacted. The Group initiated a COVID-19 relief and assistance programme to assist vulnerable communities and employees impacted by the pandemic. In 2021, the Group implemented phase 2 of the COVID-19 relief and assistance programme, which again included the packaging and distribution of food and hygiene products to vulnerable employees, contractors and families in communities close to the Group's operations.

Evander Mines and Barberton Mines distributed 6,776 food and sanitation hampers to distressed employees and non-governmental organisations (NGOs), and vulnerable families within the communities adjacent to their operations. In addition, approximately 17,000 meals were provided to individual community members through mobile soup kitchens operating in our host communities. The provision of hampers also meant reduced exposure to COVID-19 for our essential service workers and community members as it reduced the need for them to leave their homes during the lockdown to purchase necessities.

The community steering committee, established by the Elikhulu team to represent Evander Mines, continues to engage with the communities around the operation to address grievances and concerns and provide assistance to NGOs where possible. Mine representatives also attend regular human settlement and LED meetings held by the Govan Mbeki Local Municipality.

Ongoing protection

COVID-19 awareness posters are displayed and sanitisers are placed at all entrances to buildings and clocking stations. Body temperature screening takes place when employees and visitors enter the mines' main gates and again when entering a plant area. No employee is allowed to return to site after being sick, in isolation or under quarantine if not declared medically fit by our doctors.

Continuous virus awareness is communicated during safety meetings, management meetings and 'toolbox talks' that take place prior to each shift. A training booklet for supervisors assists them to continuously train their employees on how to mitigate against the spread of the virus.

Pan African is also educating all employees on the benefits of being vaccinated and encouraging them to be vaccinated as soon as they are eligible.

The Group remains vigilant in its efforts to prevent and mitigate the impact of COVID-19 on its employees and operations. We continue to diligently implement operating procedures and protocols and monitor the impact of COVID-19 on our operations and surrounding communities. The message for the prevention of COVID-19 remains as follows:

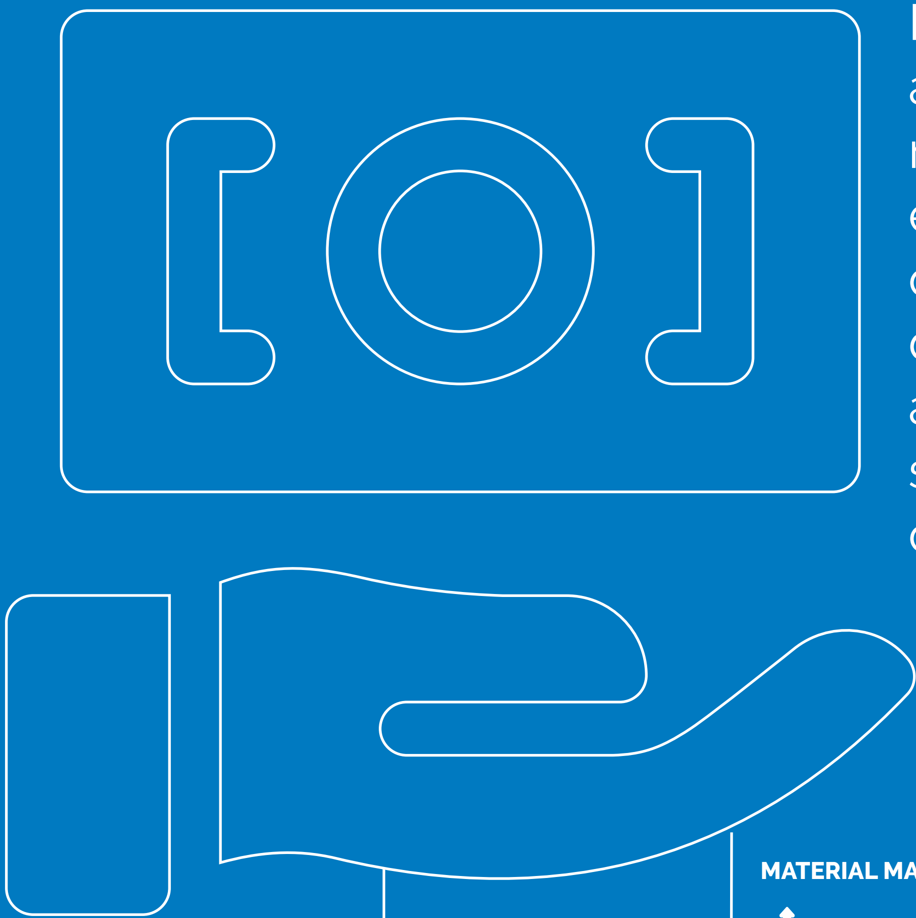
- Wear your mask at all times when at your workplace and in public places
- Maintain social distancing of more than 2m, as far as possible
- Sanitise your hands regularly
- Stay at home if you feel unwell and seek medical attention if you have a fever, cough and difficulty breathing
- Reduce the duration of face-to-face meetings to no longer than 15 minutes
- Only essential visitors are to enter the workplace – make use of other meeting modes
- Minimise social gatherings during lunch and coffee breaks.

Barberton Mines spent US$0.3 million and Evander Mines US$0.1 million on COVID-19 prevention and mitigation measures during the year under review.

Temperature screening at the entrances to operations

Community members employed for environmental clean-up projects

FINANCIAL CAPITAL



OUR STRATEGIC INITIATIVE

Ensuring adequate financial resources for the efficient operation of our mines and disciplined capital allocation for sustainable value creation

RELATED RISKS

- Heightened social and political uncertainty and potential instability **22**
- Impact of COVID-19 on operations **22**
- Third-party infrastructure dependency – specifically water and electricity **23**
- Infrastructure dependency and constraints **24**
- Geological variability in the Mineral Resources and Mineral Reserves **25**
- Macroeconomic volatility – specifically the gold price and currency fluctuations **25**
- Strategic capital allocation **26**
- Shortage of adequate and appropriate skills **26**

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KEY STAKEHOLDERS

- Providers of capital
- Suppliers

8 DECENT WORK AND ECONOMIC GROWTH

SUSTAINABLE DEVELOPMENT GOAL 8

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

- We employ 2,104 (2020: 2,126) permanent employees and 2,685 (2020: 2,139) contractors at our operations and corporate office. Our employees are key to the success of our business, which makes it imperative that they are part of an organisational culture that prioritises health and safety, diversity, innovation and performance. We are committed to promoting employee training and development and creating local employment opportunities
- Pan African's total tax contribution excluding VAT, but including employee taxes of US$33.1 million (2020: US$16.1 million) contributes to economic growth in South Africa
- We paid US$20.6 million (2020: US$3.4 million) in dividends to shareholders in 2021

KEY STATISTICS

	Unit	2021	2020	2019	2018	2017
Revenue and other revenue	US$ million	**368.9**	274.1	217.7	146.0	158.8
Net cash generated from operating activities	US$ million	**82.2**	53.8	37.7	13.4	3.6
Net debt	US$ million	**39.0**	76.4	129.9	118.0	5.2
Dividend paid	US$ million	**20.6**	3.4	–	13.2	21.3
Profit after taxation	US$ million	**74.7**	44.3	38.0	(122.8)	22.8
Return on shareholder funds	%	**32.0**	24.1	23.0	(57.9)	9.2
Net debt-to-equity	ratio	**0.1**	0.4	0.7	0.8	0.02
Net debt-to-net adjusted EBITDA[1]	ratio	**0.3**	0.7	2.2	3.7	0.1
Interest cover	ratio	**23.0**	10.1	4.1	4.6	19.3
Debt service cover	ratio	**3.0**	3.4	1.4	4.1	9.2
Current ratio	ratio	**0.80**	0.68	0.47	0.60	0.94

*Refer to APMs on **pages 222** to **229**.*

[1] *Net adjusted EBITDA is represented by earnings before interest, income taxation expense, depreciation and amortisation, impairment reversal and fair value gains and losses from financial instruments.*

Execution

Our values ensure an organisational culture which underscores superior value creation

2021 ACHIEVEMENTS

- Despite the impact of COVID-19, profit after tax increased to US$74.7 million (2020: US$44.3 million)
- Net debt decreased to US$39.0 million (2020: US$76.4 million) due to principal repayments on the Group's senior debt facilities
- Cash generated by operating activities increased to US$82.2 million (2020: US$53.8 million), which can be attributed to increased Group production and higher gold prices, as detailed in the financial director's review
- Final dividend of ZAR312.9 million (US$20.6 million) paid for the 2020 financial year in December 2020 and a final dividend of ZAR402.2 million (approximately US$28.3 million) is proposed for the 2021 financial year
- Established after year-end, a JSE-registered Domestic Medium-term Note programme
- Net debt-to-equity ratio improved from 0.4 to 0.1 following debt reduction

Targets for 2021

- Maintaining a net debt-to-equity ratio of below 1 and a net debt-to-adjusted EBITDA ratio of below 2.5
- Ensuring adequate liquidity to meet all principal and interest debt obligations
- Increase dividend distributions relative to the 2020 financial year
- Ensuring adequate funding available for the Group's organic growth projects

Why these targets are important

- The Group's capital structure needs to be robust to ensure that the Group can withstand the impact of commodity cycles, macroeconomic volatility, appropriately fund its operations and have access to capital to take advantage of organic and acquisitive growth opportunities
- Generating the requisite risk-adjusted returns on equity and returning capital to shareholders in the form of dividends is important to maintain their support for future equity funding

Related risk

- Macroeconomic volatility – specifically the gold price and currency fluctuations

Short- to medium-term focus

- Debt reduction and further strengthening of the Group's capital structure to access optimal funding rates, flexibility and liquidity
- Increasing returns on shareholders' capital
- Establishing a new revolving credit facility (RCF), to ensure continued funding of future capital projects
- Increasing dividends

Long-term objectives

- Our investment criterion is to earn a return in excess of our cost of capital, after adjusting for project-specific and sovereign risks associated with an investment
- To ensure returns are robust through the commodity cycle, 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

Value-accretive growth

We have an internal pipeline of growth projects and evaluate select acquisition and expansion opportunities based on our stringent investment criteria

2021 ACHIEVEMENTS

- Evander Mines' underground operations
  - Production significantly improved for the 2021 financial year to 36,016oz (2020: 20,670oz)
  - Commenced preparatory work on the 24 Level project. This project has extended Evander Mines' underground operations life-of-mine by two years
- Evander Mines' Egoli project
  - Commenced with the first phase development and reserve delineation drilling of the Egoli project
- Barberton Mines' Prince Consort (PC) Shaft Level 42 project
  - Mining of the high-grade free-milling gold intersection block at Level 42 of New Consort Mines' PC Shaft, which has contributed to a vastly improved operational performance from this mine
- Barberton Mines' Royal Sheba project
  - Commenced with the Royal Sheba underground bulk sample project
- Mintails transaction
  - Completed an independent fatal flaw analysis and subsequent concept study on MSC's tailings resources (Mintails transaction), which has yielded positive results. Currently, the definitive feasibility study is being finalised

Targets for 2021

- Incremental increase in production over a three-year period
- Achieving the Group's revised annual production guidance of 195,000oz. In May 2021, the Group revised its production guidance from 190,000oz representing an increase of 5,000oz

Why these targets are important

- Delivering on annual production guidance enables the Group to:
  - produce gold profitably
  - generate the requisite cash to meet its debt obligations
  - improve investor confidence in the Group's sustainability
  - distribute dividends to shareholders

Related risks

- Third-party infrastructure dependency – specifically water and electricity
- Strategic capital allocation
- Geological variability in the Mineral Resources and Mineral Reserves
- Macroeconomic volatility – specifically the gold price and currency fluctuations
- Infrastructure dependency and constraints

Short- to medium-term focus

- Executing earnings and cash flow-accretive growth projects, with a focus on organic projects given their reduced development cost and implementation times
- The Group is currently focusing on the following projects to sustain and increase its production profile, flexibility and optimise infrastructure capacity over the short to medium term:
  - Barberton Mines' PC Shaft Level 42 project
  - Barberton Mines' Royal Sheba project
  - Barberton Mines' Project Dibanisa
  - Evander Mines' 8 Shaft pillar project
  - Evander Mines' Egoli project
  - The Mintails acquisition transaction
- Evaluating acquisition opportunities, particularly in other African jurisdictions, in accordance with the Group's rigorous capital allocation criteria
- Exploring, over the next three years, the 36 exploration targets that have been identified at New Consort Mine
- Commencing an exploration programme with the intent of delineating organic growth opportunities within Evander Mines' existing mining right

Long-term objectives

- Exploring organic growth opportunities within our lease areas with the intention of extending the life of our operations
- The Group has a proven track record of successfully commissioning and operating tailings retreatment plants, most recently demonstrated by its flagship Elikhulu operation, enabling the Group to acquire similar surface tailings assets such as the Mogale Gold and MSC TSFs
- The Group's experience in exploration and retreatment of surface tailings deposits can be applied in evaluating similar assets outside of South Africa

MANUFACTURED CAPITAL

OUR STRATEGIC INITIATIVE

Optimally extract and process latent value intrinsic in our Mineral Resources and Mineral Reserves for a sustainable future

RELATED RISKS

- Heightened social and political uncertainty and potential instability **22**
- Third-party infrastructure dependency – specifically water and electricity **23**
- Infrastructure dependency and constraints **24**
- Geological variability in the Mineral Resources and Mineral Reserves **25**
- Strategic capital allocation **26**
- Environmental impact of mining activities **27**

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KEY STAKEHOLDERS

- Providers of capital
- Customer
- Suppliers
- Employees and unions
- Communities
- Collaboration partners

11 SUSTAINABLE CITIES AND COMMUNITIES

SUSTAINABLE DEVELOPMENT GOAL 11

Make cities and human settlements inclusive, safe, resilient and sustainable

- Through the 15ha Blueberries project in Barberton, we have created new job opportunities outside of mining. Post commissioning, an estimated 20 permanent jobs and 375 seasonal jobs will be created for local communities
- The Group invested US$1.8 million (2020: US$1.3 million) in CSI and LED programmes and bursaries
- Excellent progress has been achieved at our community projects, with the Cathyville Clinic in Barberton now fully operational
- The Group invests in communities through its transformation trusts. The objective of these trusts is to improve infrastructure and facilities in host communities, create jobs and promote socio-economic development. The Group's transformation trusts invested US$1.3 million in our communities in the current financial year (2020: US$0.7 million)

KEY STATISTICS

	Unit	2021	2020	2019	2018	2017
Mineral Resources	Moz Au	**39.2**	37.6	36.0	33.3	34.4
Mineral Reserves	Moz Au	**10.8**	10.9	10.9	11.2	11.2
Investment in infrastructure	US$ million	**44.4**	34.6	55.1	124.7	45.1
Gold mining tonnes milled	t	**376,118**	285,016	311,606	509,955	507,699
Gold tailings processed	t	**14,315,881**	14,339,922	13,035,165	3,041,325	3,143,414
Gold production	oz	**201,777**	179,457	172,442	160,444	173,285
Average gold price received	US$/oz	**1,826**	1,574	1,266	1,301	1,242
AISC	US$/oz	**1,261**	1,147	988	1,358	1,177

*Refer to APMs on **pages 222** to **229**.*

Cost of production

We actively pursue ways to improve our cost of production and, ultimately, long-term profitability

2021 ACHIEVEMENTS

- At Barberton Mines' underground operations, the benefits of the increased mining footprints on the 256, 257, 258 and 358 Platforms and the improved flexibility of having multiple platforms available resulted in a 24.5% increase in production for the year of 84,826oz (2020: 68,129oz)
- 12.4% increase in gold production to 201,777oz, compared to 179,457oz in the prior financial year. Gold production was also 3.5% higher than the revised production guidance of approximately 195,000oz released in May 2021
- 31.7% increase in the Group's cost of production to US$208.8 million (2020: US$158.5 million)
- Group AISC increased to US$1,261/oz from US$1,147/oz following above inflation increases in electricity tariffs and marginal strengthening of the South African rand
- AISC for the Group's low-cost operations comprising Elikhulu, BTRP and Barberton Mines' underground operations was US$1,151/oz (2020: US$826/oz) for the financial year
- Total capital expenditure increased by 19.5% to US$49.1 million (2020: US$41.1 million) comprising:
  - sustaining capital expenditure of US$16.7 million (2020: US$16.4 million)
  - expansion capital expenditure of US$32.4 million (2020: US$24.7 million)
- Invested US$32.4 million (2020: US$24.7 million) in growth projects including:
  - the development of the 23 Level haulage from the Sheba Mine Zwartkoppie (ZK) Shaft to access the virgin orebody at Royal Sheba
  - the Royal Sheba trial mining programme to test the grade continuity and recoveries of the Royal Sheba orebody
  - the subvertical shaft project at Fairview Mine
  - the 8 Shaft pillar project
  - development of the PC Shaft Level 42 project
  - completion of the mining feasibility study at Evander Mines' Egoli project

Targets for 2021

- Incremental increase in production over a three-year period
- Achieving the Group's revised annual production guidance of 195,000oz
- Continuing to reduce the Group's AISC with the intent of achieving an AISC of less than US$1,200[1]/oz for the Group

Why these targets are important

- Delivering on annual production guidance enables the Group to:
  - produce gold profitably
  - generate the requisite cash to meet its debt obligations
  - improve investor confidence in the Group's sustainability
  - to distribute dividends to shareholders

Related risks

- Third-party infrastructure dependency – specifically water and electricity
- Strategic capital allocation
- Geological variability in the Mineral Resources and Mineral Reserves
- Infrastructure dependency and constraints

[1] *Assuming an average exchange rate of US$/ZAR:15.00.*

Short- to medium-term focus

- Successfully executing into capital projects and possible acquisitions that will maintain and increase future gold production with requisite returns
- Progressing the Egoli project from feasibility study stage to execution as organic growth for Evander Mines' underground operations
- Optimising Barberton Mines' infrastructure capacity by advancing the Royal Sheba project, Project Dibanisa (which would link the Sheba Mine to Fairview Mine's infrastructure, saving costs and freeing up the Sheba Mine infrastructure for the Royal Sheba project) and progressing Fairview Mine's subvertical project
- Enhancing the performance of our manufactured capital to improve overall efficiency and contain costs
- Constructing the Leslie/Bracken pumping infrastructure for near-term mining at Elikhulu
- Advancing the Group's production monitoring and efficient mining techniques for better production performance
- Following the positive prefeasability study on Mogale Gold and MSC the Group has commenced a definitive feasibility study which is expected to be completed by February 2022

Long-term objectives

- Disciplined capital allocation remains a priority in assessing the merits of any capital expenditure programme or acquisition
- All capital allocation decisions are subject to rigorous analysis and predefined risk-adjusted return parameters to ensure the required return is generated
- Continue exploration of our orebodies using modern techniques
- Seek acquisition opportunities that meet our stringent investment criteria

Geological complexity and predictability

We focus on improving underground mining flexibility and optimising our tailings operations

2021 ACHIEVEMENTS

- Mineral Resources of 39.2Moz (2020: 37.6Moz) and Mineral Reserves of 10.8Moz (2020: 10.9Moz)
- Reserve delineation drilling, sampling and surveying yields a confidence greater than 95% for the Elikhulu operation's monthly forecasts
- De-risking BTRP's vulnerability to future feedstock deficit by identifying available third-party material in the region
- A 4.3% year-on-year increase in the Mineral Resource base of 341.3Mt at 3.58g/t for 39.2Moz (2020: 332.3Mt at 3.52g/t for 37.6Moz)
- The Group's gold production increased by 12.4% to 201,777oz (2020: 179,457oz), exceeding the Group's revised production guidance of 195,000oz for the 2021 financial year
- Barberton Mines' underground operations produced 84,826oz (2020: 68,129oz) during the current financial year
- Barberton Mines improved its underground mining production through increased mining footprints on the 256, 257, 258 and 358 Platforms and having multiple platforms available has resulted in a 24.5% increase in production. Evander Mines' surface operations, together with underground operations, produced 98,712oz (2020: 91,193oz) of gold

Targets for 2021

- Achieving the Group's revised annual production guidance of 195,000oz
- Continuing to reduce the Group's AISC with the intent of achieving an average Group AISC of less than US$1,200[1]/oz
- Incremental increase in annual production over a three-year period

Why these targets are important

- Delivering on annual production guidance enables the Group to:
  - produce gold profitably
  - generate the requisite cash to meet its debt obligations
  - improve investor confidence in the Group's sustainability
  - distribute dividends to shareholders
- Mineral Resources and Mineral Reserves are key components of the Group's sustainability

Related risk

- Geological variability in the Mineral Resources and Mineral Reserves

[1] *Assuming an average exchange rate of US$/ZAR:15.00.*

Short- to medium-term focus

- Exploring near-surface targets around existing operations
- Converting down-dip Mineral Resources of underground orebodies into Mineral Reserves, with a focus on high-margin orebodies
- Improving production through maximising Barberton Mines' underground infrastructure and plant capacity by making use of both deep high-grade and shallow to surface accessible low-grade ore sources
- Delivering quality ounces consistent with our annual production guidance
- Assessing mining optimisation options to unlock production constraints and reduce operational costs
- Developing new platforms at Barberton Mines' Fairview 11-block MRC district, which ensure a minimum of two platforms are consistently in the production cycle. This is expected to enhance mining flexibility and efficiencies, enabling mining at a consistent head grade and de-risking the production profile
- Extending reserve definition drilling programmes to other orebodies at Barberton Mines and identifying additional exploration targets using modern geophysical techniques
- Maintaining and increasing development rates at Barberton Mines to sustain the replacement of high-grade platforms
- Finalising the execution plan for Evander Mines' 24 Level and Egoli projects
- Commencing with exploration programmes to delineate additional organic growth opportunities within Evander Mines' existing mining right
- Delivering into the 24 Level project plan during the 2022 financial year to ensure the sustainable mining of Evander Mines' underground orebody post the depletion of the 8 Shaft pillar
- Expanding production in current mining areas to achieve the production guidance of approximately 195,000oz for the 2022 financial year
- Supplement and substitute surface feed material at the BTRP with ore from Barberton Mines' Royal Sheba orebody

Long-term objectives

- Increase Mineral Resources and Mineral Reserves through exploration and value-accretive acquisitions
- Create sustainable stakeholder value by optimising extraction efficiencies at our mining operations in a cost-effective and safe way

Availability of reliable infrastructure

The cost and reliability of a stable power supply, water, services and infrastructure provided by local government directly impact our operations

2021 ACHIEVEMENTS

- Electricity consumption for the Group increased by 5.3% to 1,404,383GJ (2020: 1,334,249GJ)
- The Group's electricity costs increased by 37.4% to US$31.2 million (2020: US$22.7 million)
- Water consumption by the Group increased by 7.5% to 14.4 million m^3 (2020: 13.4 million m^3)
- Commenced construction of the 9.975MW solar photovoltaic renewable energy plant at Evander Mines
- Commenced a feasibility study for a solar photovoltaic renewable energy plant at Barberton Mines
- Completed a feasibility study on a reverse osmosis water retreatment plant at Evander Mines in December 2020

Targets for 2021

- Complete the feasibility study for the construction of the solar photovoltaic renewable energy plant at Barberton Mines
- Complete construction and commission the solar photovoltaic renewable energy plant at Evander Mines

Why these targets are important

- Renewable energy has become an economically attractive power alternative both globally and in South Africa. This is as a result of the price of renewable technologies steadily declining and it is expected that researchers will continue to discover new technologies that either increase the yield or decrease the production price of energy
- The water retreatment plant is designed to treat approximately 3ML of water a day using reverse osmosis technology that will produce potable water for daily consumption, thereby replacing the need to purchase municipal water. Reduced water usage will have a positive environmental impact and will result in cost savings

Related risks

- Third-party infrastructure dependency – specifically water and electricity
- Strategic capital allocation
- Environmental impact of mining activities

Short- to medium-term focus

- Continue to strengthen the relationship with Eskom and continue to expand the Group's renewable energy capacity in the coming years
- Construction of the solar photovoltaic renewable energy plant at Evander Mines is expected to be completed in September 2021 and will provide up to 30% of Elikhulu's daytime power requirements
- Complete the feasibility study for the construction of the solar photovoltaic renewable energy plant at Barberton Mines

Long-term objectives

- Increasing the Group's alternative energy sources by expanding Evander Mines' solar photovoltaic renewable energy plant capacity
- Investigate a storage solution to extend the period of available power supply from the solar photovoltaic renewable energy plant

Abridged Mineral Resources and Mineral Reserves report

AIM OF THIS REPORT

Pan African's Mineral Resources and Mineral Reserves report 2021 conforms to the standards determined by the SAMREC Code and reports the Group's position on Mineral Resources and Mineral Reserves at 30 June 2021.

HENDRIK PRETORIUS
Group technical services manager

This report must be read in conjunction with Pan African's full Mineral Resources and Mineral Reserves report for the year ended 30 June 2021 which is available on our website at www.panafricanresources.com

The Mineral Resources component is reported inclusive of Mineral Reserves, unless otherwise stated. Information in this report is presented by operation, mine or project on an attributable basis.

Rounding of numbers in this document may result in minor computational discrepancies.

HEADLINE NUMBERS – GROUP OVERVIEW

The Mineral Resources and Mineral Reserves for the Group are reported according to the guidelines of the SAMREC Code and have been independently audited at 30 June 2021. Mineral Resources and Mineral Reserves exclude any exploration targets and represent the attributable constituent for Pan African. All Mineral Resources include that portion of the Mineral Resources that was converted to Mineral Reserves by applying modifying factors and a mine plan to the Mineral Reserve blocks. Mineral Reserves are reported inclusive of diluting and contaminating material delivered to the respective metallurgical plant for treatment and beneficiation.

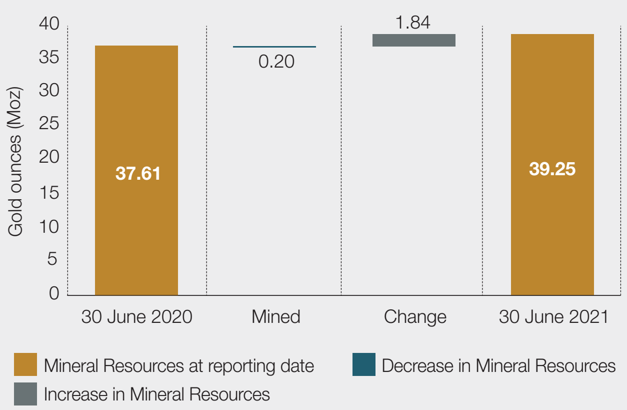
	Mineral Resources							
	At 30 June 2021				At 30 June 2020			
		Contained gold				Contained gold		
Category	Tonnes million	Grade g/t	Tonnes gold	Moz	Tonnes million	Grade g/t	Tonnes gold	Moz
Measured	38.0	2.77	105.1	3.38	43.3	2.38	103.0	3.31
Indicated	219.9	2.92	641.5	20.62	216.6	2.99	647.4	20.81
Inferred	83.5	5.68	474.2	15.25	72.3	5.80	419.4	13.48
Total	341.3	3.58	1,220.7	39.25	332.3	3.52	1,169.8	37.61

Mineral Resources increased mainly due to changes in the cut-off grade applied at Evander Mines' 8 Shaft, Rolspruit, Poplar and Evander South areas. Additional Mineral Resource blocks were also reported at Barberton Mines' New Consort operation. Changes in the cut-off grade are as a result of the higher gold price used in the cut-off grade estimations relative to the previous declarations (June 2021: ZAR900,000/kg Au – June 2020: ZAR750,000/kg Au).

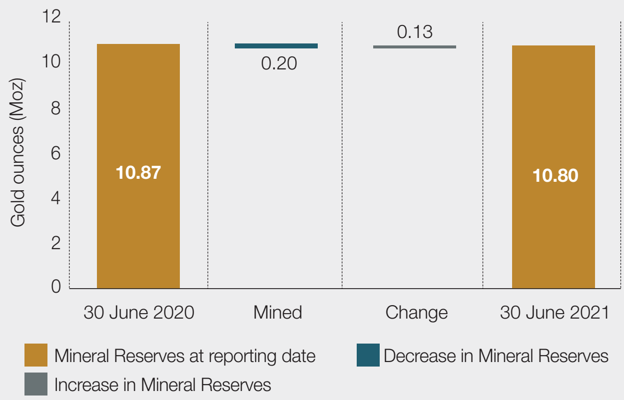
	Mineral Reserves							
	At 30 June 2021				At 30 June 2020			
		Contained gold				Contained gold		
Category	Tonnes million	Grade g/t	Tonnes gold	Moz	Tonnes million	Grade g/t	Tonnes gold	Moz
Proved	25.4	1.50	38.1	1.22	31.6	1.50	47.3	1.52
Probable	185.0	1.61	297.8	9.57	176.7	1.65	290.6	9.34
Total	210.4	1.60	335.9	10.80	208.2	1.62	338.0	10.87

Mineral Reserves decreased marginally year-on-year, with a minimal decrease of 0.6% post mining depletion of 0.201Moz. Increases in the Mineral Reserves are observed for Barberton Mines' New Consort operation, Evander Mines' 8 Shaft operations and Elikhulu. Marginal decreases, mainly due to mining depletion, are evident at the BTRP, Fairview and Sheba operations at Barberton Mines.

Mineral Resources reconciliation



Mineral Reserves reconciliation



Monitoring the carbon-in-leach (CIL) tanks at BTRP

Tipping ore underground at Barberton Mines' Fairview operation

Financial capital
Manufactured capital
Intellectual capital
Human capital
Natural capital

2021 IN REVIEW

The Group's achievements for the year ended 30 June 2021 are presented below.

LICENCE TO OPERATE

- Barberton Mines' mining rights renewal for a further period of 30 years was granted on 1 June 2021 by the DMRE
- Evander Mines' mining right is valid until 28 April 2038

OPERATIONAL EXECUTION

- Exceeded the revised production guidance of 195,000oz for the year by producing 201,777oz
- Barberton Mines 84,826oz
- BTRP 18,239oz
- Evander Mines 47,253oz (including toll treatment)
- Elikhulu 51,459oz

PROJECTS

- Steady-state production from Evander Mines' 8 Shaft pillar
- Execute into Evander Mines' 8 Shaft phase 1, 24 Level mining plan while optimising the study for the 25 Level to 26 Level mining phases
- Commence with phase 2 study to extend the mining operation to 25 Level and 26 Level using a proven on-reef mining layout, minimising waste and significantly reducing the time for orebody access development
- Explore the down-dip extension of the Golden Quarry orebody at Sheba Mine
- Develop additional target blocks at the New Consort Mine PC Shaft
- Completion of the feasibility study at Evander Mines' Egoli project

SAFETY

- The Group's LTIFR improved from 1.70 to 1.41 per million man hours
- The Group's RIFR improved from 0.80 to 0.63 per million man hours
- Regrettably, one fatal accident was recorded during the year ended 30 June 2021, when an employee was fatally injured due to fall of ground at Barberton Mines' Fairview operation
- Evander Mines has shown an improvement on LTIFR of 2.64 (2020: 4.62) and an RIFR of 1.32 (2020: 3.08) per million man hours
- Barberton Mines' LTIFR improved to 1.07 (2020: 1.11) and the RIFR regressed to 0.43 (2020: 0.25) per million man hours
- Sheba Mine achieved eight years' fatality-free shifts
- New Consort Mine achieved 19 years' fatality-free shifts

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

- Managed the impact of COVID-19
- Commissioned the 15ha phase 1 Blueberries project in Barberton
- Handed over the operational Cathyville Clinic in Barberton
- Construction work commenced on the 9.975MW solar photovoltaic renewable energy plant at Evander Mines
- The Group continues to invest in biodiversity conservation
- Continue to implement SLP projects in our communities
- Feasibility study on a 10MW solar photovoltaic renewable energy plant at Barberton Mine's underway
- Systematically replace underground fleet with modernised equipment to reduce emissions and improve efficiencies
- Continue with independent audits on emissions compliance

FINANCIAL METRICS

- Capital allocation aligned with the Group's strategic plan
- Manage production cash cost to US$1,035/oz
- Manage Group net senior debt down to US$33.7 million

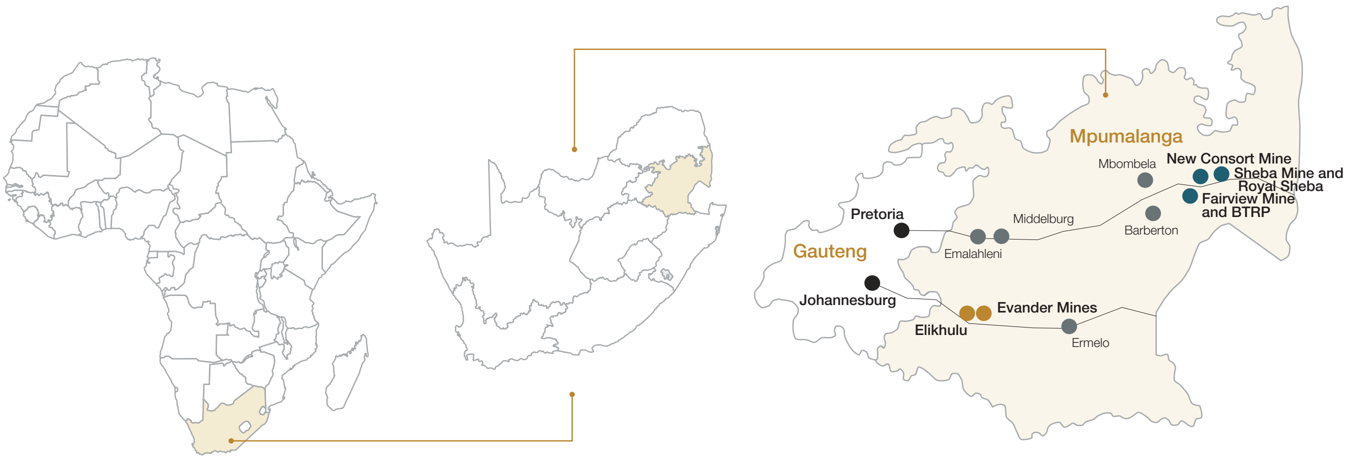
MINERAL RESOURCES

- The Group's Mineral Resources base increased by 4.4% year-on-year
- Successful exploration drilling programme at New Consort Mine generated additional Mineral Resources and Mineral Reserves as reported in this document
- Continued positive gold market economics decreased the reported cut-off grades of the Group's operations and projects

MINERAL RESERVES

- Advancement in the reserve delineation drilling
- Optimisation of mining methods and modifying factors
- Additional platforms in the high-grade MRC and Rossiter orebodies at Fairview Mine to increase mining flexibility
- Optimisation of the BTRP scheduling
- Mineral Reserves decreased by only 0.6% post mining depletion of 0.20Moz

PAN AFRICAN'S OPERATIONAL FOOTPRINT



BARBERTON REGION

Barberton Mines consist of three underground mines and a tailings retreatment operation

- Fairview Mine
- New Consort Mine
- Sheba Mine and Royal Sheba project
- BTRP

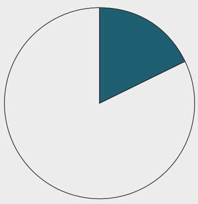
EVANDER REGION

Evander Mines consist of one underground mine, a tailings retreatment operation and a number of projects

- 8 Shaft
- Elikhulu
- Egoli project
- Rolspruit project

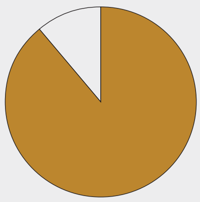
Contribution to the Group's Mineral Resources

11%



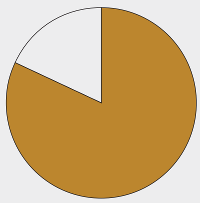
Contribution to the Group's Mineral Reserves

18%



Contribution to the Group's Mineral Resources

89%



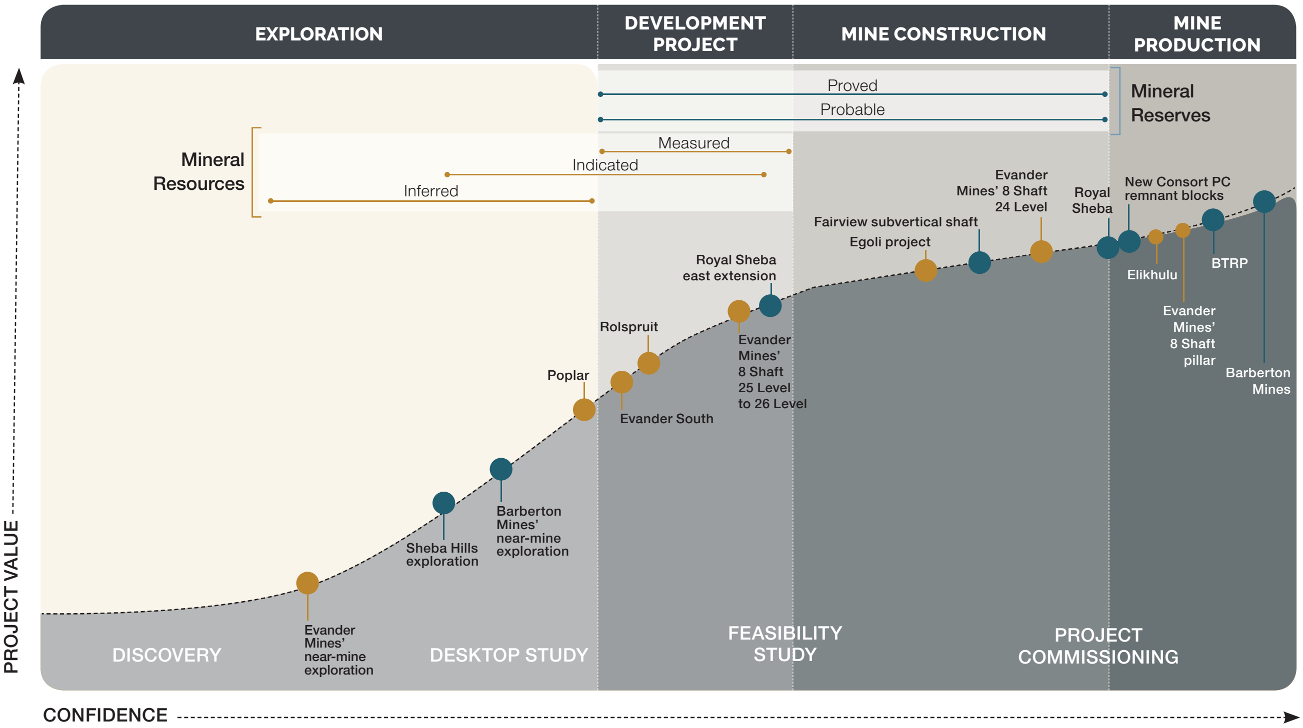
Contribution to the Group's Mineral Reserves

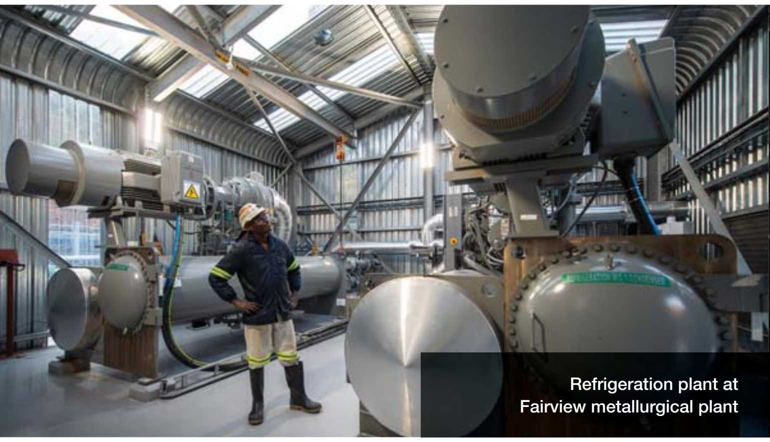
82%

ORGANIC GROWTH

Pan African has an exceptional pipeline of attractive growth opportunities, both in established projects and brownfield resource definition prospects.

The operations' robust life-of-mine plans support the Group's strategic plan. Current exploration drilling, as well as initiatives to access and develop orebodies, were aggressively pursued at the Group's operations during the year. The strategy of converting Mineral Resources to Mineral Reserves was progressed by moving organic projects further up the mining value curve and closer towards the feasibility and production stages. These include Evander Mines' 8 Shaft 24 Level project, the Egoli project, New Consort Mine's PC Shaft remnant blocks and the Royal Sheba project. The schematic below illustrates the progress of near-mine growth projects that contributed ounces to the increased Mineral Resources for the year.





Refrigeration plant at Fairview metallurgical plant

Ore loading at MRC orebody, Fairview Mine

Barberton region

FAIRVIEW MINE

Additional mining flexibility was achieved during the financial year by establishing a fourth working platform in the high-grade MRC orebody, and a third platform on the high-grade Rossiter Reef. These additional platforms ensure a combined high-grade face length in excess of 160m for production activities. These two sections of the Fairview Mine result in 90kg of recovered gold from the 116kg call per month, representing 77% of the gold.

Key points

- Mineral Resources decreased by 197Koz, with the tonnage increasing by 322kt. This resulted in a 10% decrease in gold content year-on-year
- Mineral Reserves decreased by 610.0kt at 0.17g/t for 3.3Koz. This equates to a 0.4% decrease year-on-year
- Fairview Mines' modelled life-of-mine is 20 years.

Factors that affected the Mineral Resources reconciliation
Depletion through mining activities
Geological boundary and structural updates
Mineral Resource block updates (tonnes and grade)
Cut-off grade decreased from 2.03g/t for the prior financial year to 1.94g/t for the current financial year

Factors that affected the Mineral Reserves reconciliation
Depletion through mining activities
Impact of updated geological structures and boundaries
Update of grades in Mineral Resource blocks
Mine call factor remained constant at approximately 99.6% as well as the plant recovery factor of 92.72%

SHEBA MINE

Steady-state production was achieved at the Thomas section, Edwin Bray adit. This orebody is characterised by high-grade visible gold mineralisation and has therefore significantly improved the production output of Sheba Mine. Additionally, the down-dip development of the decline system intersected the 37 Level elevation, where strike drives are currently being developed on the mineralised structure.

Key points

- Mineral Resources decreased by 85.7kt at 10.88g/t for 30.0Koz, an 8% decrease year-on-year
- Mineral Reserves increased by 263.2kt at 5.56g/t for 47.1Koz. This equates to a 26% decrease year-on-year
- Sheba Mine has a modelled life-of-mine of eight years.

Factors that affected the Mineral Resources reconciliation
Depletion through mining activities
Geological boundary and structural updates
Mineral Resource block updates (tonnes and grade)
Cut-off grade remained constant at 2.26g/t for the current financial year, relative to 2.27g/t for the prior financial year

Factors that affected the Mineral Reserves reconciliation
Depletion through mining activities
Impact of updated geological structures and boundaries
Update of grades in Mineral Resource blocks
The mine call factor decreased from 97.62% in the prior financial year to 89.63% in the current financial year

NEW CONSORT MINE

During the financial year, the extraction of a high-grade remnant Mineral Reserve block (estimated 5kt at 42.77g/t for 6.9Koz) continued successfully. The orebody was intersected during May 2020 with initial chip sampling indicating grades in excess of 300g/t. New Consort Mine's production for the year improved significantly (by 100%) relative to previous years (17,266oz produced in 2021 versus 8,617oz in 2020). Additional high-grade blocks in close proximity to the 42 Level remnant block will be accessed and reported on in the next financial year.

Key points

- Mineral Resources increased by 41.2kt at 3.20g/t for 4.2Koz, a 2% increase year-on-year
- Mineral Reserves increased by 266.6kt at 4.39g/t for 37.6Koz, a 55% increase year-on-year
- New Consort Mine's modelled life-of-mine remains at eight years.

Factors that affected the Mineral Resources reconciliation
Depletion through mining activities
Geological boundary and structural updates
Mineral Resource block updates (tonnes and grade)
Cut-off grade increased from 2.93g/t for the prior financial year to 3.18g/t for the current financial year

Factors that affected the Mineral Reserves reconciliation
Depletion through mining activities
Impact of updated geological structures and boundaries
Update of grades in Mineral Resource blocks
The mine call factor increased year-on-year from 91.3% to 100% while the plant recovery factor also increased from 91.4% to 92.03% for the current financial year

BARBERTON TAILINGS RETREATMENT PLANT

Mining of the Harper North, Harper South, Segalla calcine material and Vantage dams is progressing as per the mining plan. It is envisaged that the Royal Sheba project will form part of the BTRP feed sources when the project is commissioned. By constructing a run-of-mine (RoM) crusher circuit, the BTRP plant will be able to treat approximately 35,000ktpm of RoM material from the Royal Sheba project, thereby extending the life of the operation and ensuring its sustained output in future.

Key points

- Mineral Resources increased by 1,126.2kt at 0.26g/t for 9.2Koz, a 1% increase year-on-year
- Mineral Reserves decreased by 2,465.5kt at 1.96g/t for 155.3Koz, a 31% decrease year-on-year
- BTRP's life is modelled at three years, excluding the treatment of material from Royal Sheba.

Factors that affected the Mineral Resources reconciliation
Depletion through mining activities
The cut-off grade remained constant year-on-year

Factors that affected the Mineral Reserves reconciliation
Depletion through mining activities
The plant recovery factor decreased to 26.3% from 37% for the prior financial year due to a higher than expected calcine content in the feed material

ROYAL SHEBA PROJECT

The Group initiated preliminary mining activities at Royal Sheba to further define the grades and recoveries expected from this large-scale orebody. Preliminary mining activities here include the extraction of a 10,000t bulk sample from historically unmined areas located 26m below surface, between 6 Level and 7 Level. The design of the bulk sample is being conducted in a manner that will enable mining to continue on these levels and extract an additional 11,000t. The area is accessed from the existing Royal Sheba adit, from where a slightly up-dipping (+1°) haulage is mined towards a location 70m in the footwall of the reef horizon, and then accessing the position of the life-of-mine decline where the Group can continue mining towards the 23 Level access that is being advanced from Sheba Mine's ZK Shaft. The 23 Level haulage is approximately 250m from the mineralisation intersection.

Key points

- Mineral Resources remained constant year-on-year
- Mineral Reserves decreased by 464.3kt at 2.04g/t for 30.5Koz, a decrease of 5% year-on-year
- The Royal Sheba project's life-of-mine is modelled at 19 years.

Factors that affected the Mineral Resources reconciliation
Proposed mining method optimisation to long hole open stoping
Cut-off grade remained constant year-on-year at 0.8g/t

Factors that affected the Mineral Reserves reconciliation
Long hole open stoping mining method adopted
Modifying factors remained constant year-on-year

Evander region

EVANDER MINES' 8 SHAFT

Steady-state production at 8 Shaft was achieved during May 2020. The pillar is planned to produce 30,000oz of recovered gold per year over a remaining two-year life. This period has increased to five years by mining remnant areas on 24 Level, as indicated by internal Company studies.

Key points

- Mineral Resources increased by 4,128.3kt at 6.02g/t for 799Koz, a 10% increase year-on-year
- Mineral Reserves increased by 226.1kt at 11.71g/t for 85Koz, a 79% increase year-on-year
- Evander Mines' 8 Shaft has a remaining life-of-mine of five years.

Factors that affected the Mineral Resources reconciliation
Depletion through mining activities
Geological boundary and structural updates
Mineral Resource block updates
Contractor mining model, utilising less infrastructure
Cut-off grade decreased due to lower mining costs and higher gold price

Factors that affected the Mineral Reserves reconciliation
Depletion through mining activities
Impact of updated geological structures and boundaries
Update of grades in Mineral Resource blocks and inclusion of the 8 Shaft 24 Level
Contractor mining model, utilising less infrastructure
Modifying factors affected positively due to pillar mining and higher gold price

It is expected that Evander Mines' 8 Shaft 25 Level to 26 Level mining project's Mineral Resources would be converted to Mineral Reserves by the next financial year.

ELIKHULU

Elikhulu is expected to yield approximately 60Koz of gold per annum for the next five years of production (while treating the Kinross and Leslie/Bracken TSFs). Thereafter, processing of the Winkelhaak TSF will commence, where production is expected to be approximately 50Koz per annum for the operation's remaining seven-year life. These production estimates exclude an Inferred Resource of 102Koz of gold delineated in the soil material beneath the existing tailings dumps.

Key points

- Mineral Resources decreased by 4,841.3kt at 0.36g/t for 56.5Koz, a 3% decrease year-on-year
- Mineral Reserves increased by 5,475.3kt at 0.26g/t for 46.0Koz, a 3% increase year-on-year
- Elikhulu is modelled to operate over a remaining life of 12 years.

Factors that affected the Mineral Resources reconciliation
Depletion through remining activities
TSF boundary updates for Winkelhaak
Mineral Resource block updates on the Kinross dam
Cut-off grade impacted due to higher gold price

Factors that affected the Mineral Reserves reconciliation
Depletion through remining activities
Impact of updated TSF limits for Winkelhaak
Update of grades in Mineral Resource blocks
Modifying factors employed as per actual results since the commissioning of Elikhulu

EVANDER MINES' 7 SHAFT – EGOLI PROJECT

The traditional off-reef footwall development of the deep level narrow tabular Witwatersrand orebodies has been optimised by placing the development haulages on-reef. This enhances the lead time to first gold and results in lock-up of material in pillars that could be extracted at the end of the operation's economic life using newly developed backfill and support technology currently successfully employed at the Group's 8 Shaft pillar mining operation.

Key points

- Mineral Resources remained consistent year-on-year
- Mineral Reserves remained constant year-on-year
- The current modelled life of the operation is nine years on the Measured and Indicated Mineral Resources, as per the independent feasibility study.

Factor that affected the Mineral Resources reconciliation	Factor that affected the Mineral Reserves reconciliation
Cut-off grade decreased due to lower-cost mining method and increased gold price	Modifying factors impacted positively due to lower mining costs, higher gold price and proximity of mining activities to infrastructure

ROLSPRUIT PROJECT

Key points

- Mineral Resources increased by 46.3kt at 3.94g/t for 6.0Koz
- Mineral Reserves remained constant year-on-year
- The Rolspruit project has a modelled life-of-mine in excess of 29 years.

Factor that affected the Mineral Resources reconciliation	Factor that affected the Mineral Reserves reconciliation
Cut-off grade increased slightly due to inflationary increase in mining costs assumed	Cut-off grade increased slightly due to inflationary increase in mining costs assumed through conventional narrow tabular breast mining at a depth of more than 2,500m

POPLAR PROJECT

Key points

- Mineral Resources increased by 3,944.7kt at 4.82g/t for 611.0Koz, an 11% increase year-on-year
- No Mineral Reserves are reported for the Poplar project.

Factor that affected the Mineral Resources reconciliation
Cut-off grade remained stable due to inflationary increase in mining costs assumed and higher gold price

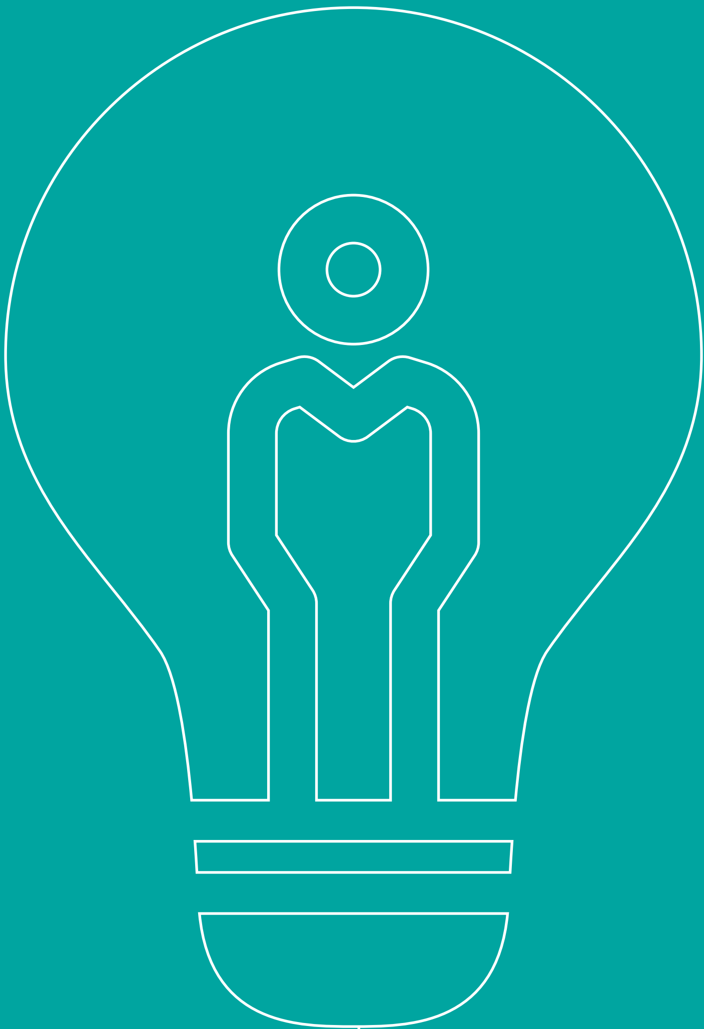
EVANDER SOUTH PROJECT

Key points

- Mineral Resources increased by 4,341.0kt at 3.52g/t for 491.0Koz, a 9% increase year-on-year
- No Mineral Reserves are reported for the Evander South project.

Factor that affected the Mineral Resources reconciliation
Cut-off grade decreased slightly due to inflationary increase in mining costs assumed and higher gold price

INTELLECTUAL CAPITAL



OUR STRATEGIC INITIATIVE

Use technology in a meaningful and relevant way to improve our operational efficiency and sustainability

RELATED RISKS

- Third-party infrastructure dependency – specifically water and electricity **23**
- Infrastructure dependency and constraints **24**
- Geological variability in the Mineral Resources and Mineral Reserves **25**
- Macroeconomic volatility – specifically the gold price and currency fluctuations **25**
- Strategic capital allocation **26**

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KEY STAKEHOLDERS

- Providers of capital
- Customer
- Suppliers
- Employees and unions
- Communities
- Government and regulatory bodies

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

SUSTAINABLE DEVELOPMENT GOAL 9

Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

- The Group operates the only large-scale mines in the Barberton Greenstone Belt and the Evander goldfields
- The geological complexity of the hydrothermal lode gold deposits of the Barberton Greenstone Belt requires very specific mine planning and mining methods to effectively extract the ore
- With Elikhulu's commissioning, provision was made for grade control on the remining sources, which is vital for effective planning. This grade control process was developed in-house to accurately forecast production throughput and gold recovery in any 12-month period
- Barberton Mines' operations host the proprietary BIOX® technology
- BTRP also hosts a unique modified INCO cyanide destruction process that was developed in collaboration with Maelgwyn Mineral Services

SIGNIFICANT ACHIEVEMENTS DURING THE YEAR

Sunday Times Top 100 Companies 2020

The prestigious Sunday Times Top 100 Companies awards acknowledge listed companies which have earned the highest returns for their shareholders over a period of five years.

Pan African was awarded the nineth position in 2020 on the back of its compound annual growth rate of 33.6% for the five years ended 31 August 2020.

EY Excellence in Integrated Reporting Awards 2021

Every year, EY and the University of Cape Town evaluate the integrated reports of the top 100 companies by market capitalisation listed on the JSE. The 2021 survey covered all reports for 2020 year-ends.

Pan African's 2020 integrated annual report debuted in the top, Excellent, category during the awards held on Friday, 10 September 2021.

Culture

We maintain an entrepreneurial and performance-driven culture that encourages critical analysis and debate and contributes to sound expeditious decisions

2021 ACHIEVEMENTS

- The Group believes that its culture can be a competitive advantage and has made good progress in infusing an entrepreneurial and results-driven culture
- Courageous conversations are held where conventional wisdom is challenged and all opinions are respected
- Management is conscious of evolving risks and is responsive in taking remedial action
- Capital allocation decisions are made only after circumspect analysis of the risk-return relationship and execution risk
- Accountability and meritocracy are the basis of all incentive structures
- Substantially improved safety consciousness and risk awareness
- Values roll-out workshops have been held with all operational management teams and employees who are held accountable for failure in adherence to the Group's values
- Barberton Mines' mining rights renewed for 30 years to May 2051

Targets for 2021

- Further enforcing the Group's culture at a senior management level and disseminating it to mid- and junior-level employees through workshops
- Benchmarking and assessing the extent to which values and culture are lived within the Group
- Continuing to improve on the existing good safety consciousness and risk awareness culture

Why these targets are important

- A constructive culture is a competitive advantage leading to superior decision-making, improved employee retention, productivity and sustainability

Related risks

- Strategic capital allocation
- Macroeconomic volatility – specifically the gold price and currency fluctuations

Short- to medium-term focus

- Reinforcing the Group's values and culture through workshops
- Benchmarking the acceptance and adherence of the values and culture throughout the Group
- Working to further infuse the Group's values and culture to mid- and junior-level employees
- Encouraging employees to develop their entrepreneurial skills through senior management guidance and delegated authority
- Implement a virtual employee communication platform at Barberton Mines to improve employee engagement

Long-term objectives

- The Group will continue its journey to instil a constructive and entrepreneurial performance-driven culture throughout the organisation
- Deploy technology to establish virtual communication platforms at all operations to improve employee engagement
- Enforcing the culture changes required to support our relentless pursuit of our objective of zero harm for all stakeholders and the environment

VALUES STATEMENT

Our performance culture is guided by our values

Values are the basic and fundamental beliefs that guide us and motivate our attitudes and actions. They help us to determine what is important to us. Some of our shared values are:

Action and delivery

We act with urgency to achieve a desired outcome and deliver on our commitments within the ambit of accepted regulatory safety, risk and commercial parameters.

We are proactive by anticipating events. This means using foresight and then taking careful, thoughtful steps to choose the appropriate path.

We are results-driven with agile decision-making and disciplined capital allocation and execution.

Integrity

We adhere to moral and ethical principles.

Integrity is achieved by:

- apologising without justification
- being genuine – speaking up for what you believe in
- aligning behaviour with values – 'living the values'
- acting ethically
- being honest and transparent in all interactions
- focusing on doing the right things
- being consistent in everything we do
- interacting with emotional intelligence.

Courageous conversations

We are committed to authentic, honest and frank conversations in all matters.

Courageous conversations are achieved through:

- inviting dissent and divergent views
- speaking the unspeakable and valuing different truths
- respect – disliking what a person stands for without disliking them.

Care

Our people are fundamental to the success and sustainability of our business and their health and safety is our number-one priority. We aim to mitigate known hazards and pursue a zero-harm environment to ensure our people return home safely every day.

We treat all our stakeholders with fairness, empathy, respect and dignity.

We earn our social licence to operate by being an integral member of our host communities and creating employment, economic opportunities and managing the impact of our operations.

Innovation

We constantly challenge the status quo with the intent of finding more efficient or cost-effective ways to achieve the organisation's purpose and objectives.

We drive change and always look for ways to make things better.

Attitude

We foster a positive and optimistic disposition in order to seek possibilities and unleash the collective genius of the organisation.

We earn trust to build and enhance enduring relationships between our employees, shareholders, stakeholders and our host communities.

Resilience

We counter adversity by turning a negative experience into a positive one.

The defining characteristics of resilience are:

- mindfully accepting the harsh realities we encounter in life
- finding meaning in challenging times and recovering swiftly from difficulties
- having an uncanny ability to improvise and making do with whatever is at hand.

Ownership

We act as owners of our businesses by being responsible and accountable in our actions at all times and with an entrepreneurial and commercial mindset.

Excellence

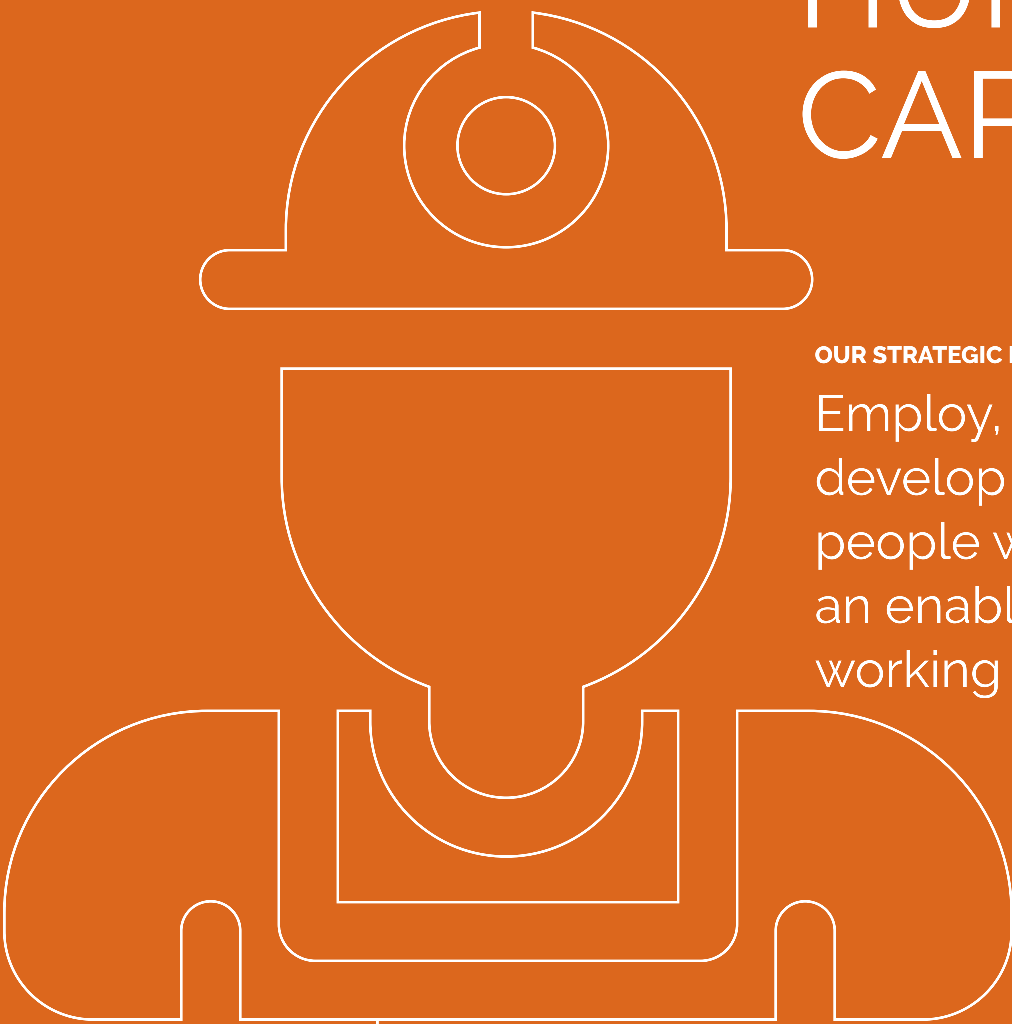
We relentlessly pursue continuous improvement in both our organisation's results and the manner in which they are achieved.

We attract and develop people who perform and behave with integrity, and who are tireless in their pursuit of excellence.

Teamwork

We act as owners and work together in a collaborative and disciplined manner towards a common goal and the attainment of the business objectives.

HUMAN CAPITAL



OUR STRATEGIC INITIATIVE

Employ, retain and develop the right people while creating an enabling and safe working environment

RELATED RISKS

- Impact of COVID-19 on operations 22
- Safety incidents and accidents 23
- Shortage of adequate and appropriate skills 26

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KEY STAKEHOLDERS

- Providers of capital
- Employees and unions
- Communities
- Government and regulatory bodies

SUSTAINABLE DEVELOPMENT GOAL 1

End poverty in all its forms everywhere

- The provision of jobs, both direct and indirect, in communities that otherwise have limited economic opportunities
- Supplier development programmes that support local suppliers in host communities
- Substantial preferential procurement spend of US$104.6 million (2020: US$62.8 million)
- Tax payments including corporate income tax, mineral royalties, VAT on purchases, payroll taxes and dividend withholding taxes

SUSTAINABLE DEVELOPMENT GOAL 3

Ensure healthy lives and promote well-being for all at all ages

- We strive to create an environment of zero harm by providing a safe and healthy workplace and managing our activities in a manner that eliminates accidents, minimises health and safety risks and promotes excellence in the performance of our operations
- We recognise that the better we care for the safety, health and wellness of our employees, the more likely we will be in attracting and retaining the highest calibre of people
- Consistently high health and safety standards are fundamental to retaining the support of regulators, investors and employees
- From the onset of the COVID-19 pandemic, we have managed the spread of the virus by being proactive and responsible. We have implemented the latest available precautionary and preventative measures to help ensure the health and well-being of all our employees and other stakeholders in order to maintain business continuity
- The Group initiated the COVID-19 relief and assistance programme to assist vulnerable communities and employees impacted by COVID-19

KEY STATISTICS

	Unit	2021	2020	2019	2018[1]	2017
Employees	Number	**2,104**	2,126	2,148	2,069	3,932
Employee remuneration	US$ million	**62.1**	52.5	59.7	44.3	77.2
Skills development and training	US$ million	**1.1**	1.7	1.0	1.8	2.2
Total recordable injury frequency rate (TRIFR)	Per million man hours	**7.36**	9.12	10.71	12.71	13.68
LTIFR	Per million man hours	**1.41**	1.70	1.62	3.73	3.51
Fatalities	Number	**1**	–	–	–	3

[1] *There was a reduction in the Group's employees following the cessation of large-scale underground operations at Evander Mines in 2018.*

Health and safety

Consistently high health and safety standards are fundamental to operating responsibly and sustainably

2021 ACHIEVEMENTS

- The Group's experienced one fatality for the 2021 financial year (2020: no fatalities)
- The Group's LTIFR rate improved to 1.41 (2020: 1.70) per million man hours
- The Group's RIFR improved to 0.63 (2020: 0.80) per million man hours
- Evander Mines' underground operations achieved significant safety improvements during the past 12 months, despite the increased number of crews deployed underground
- Barberton Mines lost two production days as a result of section 54 stoppages issued by the DMRE
- Continued implementation of COVID-19 awareness and prevention campaigns
- Evander Mines and Barberton Mines have partnered with nearby healthcare facilities to support the national rollout of COVID-19 vaccines
- The Group reported 242 positive COVID-19 cases, with 10 active, one hospitalisation, two deaths and a 95% recovery rate since the start of the pandemic
- The Group spent US$0.4 million (2020: US$0.6 million) related to compliance and the prevention of the spread of COVID-19 at our operations
- Safety programmes, regular motivational talks, safety dialogue sessions with crews and new safety campaigns, along with incentives for safe behavioural practices have been well received by all our employees at our operations
- TB cases reported in the 2021 financial year have decreased by 37.0% to 17 cases (2020: 27 cases)

Targets for 2021

- Continue to work on improving our safety record to achieve zero harm
- Actively manage the impact of COVID-19 on our employees and our operations
- Enhance awareness and education programmes on occupational diseases

Why these targets are important

- Promoting and providing our employees with a safe working and operating environment is key to the well-being of our employees and the sustainability of our operations

Related risks

- Impact of COVID-19 on operations
- Safety incidents and accidents

Short- to medium-term focus

- Remaining responsive to the evolving COVID-19 pandemic and taking appropriate action to curtail its spread and impact on our employees and the Group's operations
- Remaining committed to the unrelenting pursuit of our ultimate goal of zero harm by embarking on safety awareness campaigns and educational initiatives to improve our year-on-year safety rates
- Continuing with educational programmes to reduce future cases of hypertension, diabetes, HIV/Aids and TB

Long-term objective

- While injury rates are well below the South African mining industry average, we aim to achieve our objective of zero harm to employees and contractors

Skills shortage

We are committed to obtaining, developing and retaining our people. We maintain transparent relationships with our unions

2021 ACHIEVEMENTS

- Barberton Mines successfully concluded a three-year wage agreement with the National Union of Mineworkers (NUM) and a five-year wage agreement with the United Association of South Africa (UASA). NUM and UASA represent the majority of employees at Barberton Mines
- Human resources development spend decreased from US$1.7 million to US$1.1 million
- Employee turnover has increased from 6.0% to 12.3%
- The Group contributed US$89.6 thousand (2020: US$203.7 thousand) towards full-time bursaries for 21 university students (2020: 21 university students)
- On average, each employee received approximately 29 (2020: 28) training hours
- Barberton Mines provided adult education and training (AET) to 2 (2020: 9) learners
- Evander Mines provided an engineering and learnership programme for its employees and community members – six employees and three community members are part of this programme
- Evander Mines' intern programme provides six interns with workplace exposure in both technical and support functions
- Barberton Mines provides a range of annual work experience, training programmes, learnership programmes, vacation work and internships for up to 50 community members

Target for 2021

- Training and upskilling specifically identified critical positions at Barberton Mines

Why this target is important

- Ongoing effective talent development and succession planning is essential to ensure we have the necessary skills to meet our strategic objectives and operational needs

Related risk

- Shortage of adequate and appropriate skills

Short- to medium-term focus

- Implementing a skills development strategy at Barberton Mines
- Implementing a formal mentorship programme at Evander Mines
- Increase the extent of AET to improve education and literacy levels at Barberton Mines. A workforce that is able to absorb the importance of corrective actions and safety initiatives requires basic skills
- Implementing an AET programme at Evander Mines

Long-term objective

- Strengthen leadership and technical skills by developing an internal pipeline of successors for critical roles

SOCIAL AND RELATIONSHIP CAPITAL

OUR STRATEGIC INITIATIVE

Be a responsible corporate citizen and manage our business in a manner which creates sustainable value for our stakeholders

RELATED RISKS

- Heightened social and political uncertainty and potential instability **22**
- Impact of COVID-19 on operations **22**
- Safety incidents and accidents **23**
- Third-party infrastructure dependency – specifically water and electricity **23**
- Regulatory changes and complexity **26**

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KEY STAKEHOLDERS

- Providers of capital
- Customer
- Suppliers
- Employees and unions
- Communities
- Government and regulatory bodies
- Collaboration partners

SUSTAINABLE DEVELOPMENT GOAL 4

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

- Pan African believes that ongoing and effective career and talent development is essential for its continued competitiveness, transformation and sustainable growth. Our skills development and training focuses on investing in our employees to ensure that we have the necessary skills to meet our strategic objectives and operational needs. The primary objective of our human resources development programme is to ensure the development of skills that are, or will be, required by our business
- We deliver these skills through a combination of learnerships, bursaries, artisan training, AET and other skills transfer initiatives provided to individuals
- The Group spent US$1.1 million (2020: US$1.7 million) on human resources and development during the year
- The Group contributed US$89.6 thousand (2020: US$203.7 thousand) towards full-time bursaries for 21 (2020: 21) students

SUSTAINABLE DEVELOPMENT GOAL 17

Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development

Pan African supports this goal through:

- its membership with the MCSA
- executive directors' attendance at numerous local and international events and conferences
- our engagement with shareholders, analysts and the media through our biannual results presentations and domestic and international roadshows, which include meetings with potential clients, investors, analysts, fund managers and bankers
- our engagement with mining regulatory bodies
- our participation in CSI programmes such as the Adopt-a-School Foundation
- working with other stakeholders such as local government authorities, we support a number of projects and local NGOs which contribute to the development and support of host communities
- infrastructure which has been established and planting completed at Barberton Mines' 15ha Blueberries project

KEY STATISTICS

	Unit	2021	2020	2019	2018	2017
CSI and LED initiatives and bursaries	US$ million	**1.8**	1.3	1.9	1.1	1.7

Regulatory compliance

Regulatory delays in approving applications are challenging

2021 ACHIEVEMENTS

- Successful granting of Barberton Mines' mining rights renewal for a further 30 years
- Barberton Mines' SLPs were approved by the DMRE on 23 October 2020
- Evander Mines submitted a revised SLP in September 2020. The revised document is currently being processed by the DMRE
- The Group's code of ethics and values statement were reviewed in November 2020. Refer to **page 61** for the Group's values statement
- The board approved the Group policy statement for stakeholder relationships and engagement and the Group policy statement for community development and CSI in November 2020
- The appointment of an executive responsible for the Group's TSFs, who reports to the chief executive officer and the board, in relation to the GISTM requirements
- An independent GISTM gap audit was initiated and is currently being finalised with actionable outcomes
- Carbon tax report and compliance with promulgated legislation
- The compliance management policy was approved and implemented in 2021
- Senior management attended various externally facilitated training workshops
- The audit and risk committee approved the appointment of a new independent audit firm as the Group's internal auditors
- The Group undertook a mining and prospecting rights compliance audit in March 2021. The audit concluded that the Group is compliant and in good standing

Targets for 2021

- Maintain a high standard of regulatory compliance
- Timeous submission of SLP annual progress reports and implementation plans
- No incidents of material reportable matters associated with compliance

Why these targets are important

- Being committed to and focused on ESG compliance and new ESG initiatives enables and supports the long-term sustainability of the Group and our host communities

Related risk

- Regulatory changes and complexity

Short- to medium-term focus

- Continued compliance with the Group's SLPs
- Improving oversight by our ESG department to ensure sustainable and ethical operations across the Group
- Continued implementation and monitoring of measures to curtail the spread of COVID-19
- Commissioning independent audits on the Group's environmental compliance
- The Group intends constituting an independent tailings review board in line with GISTM requirements

Long-term objective

- Ongoing compliance with all applicable legislative and regulatory requirements pertinent to the Group's operations

Societal/community relationships

We manage the expectations of the communities in which we operate

2021 ACHIEVEMENTS

- Pan African operations procured US$39.2 million (2020: US$11.2 million) from black women-owned businesses in 2021
- The Group has increased its preferential procurement spend to US$104.6 million (2020: US$62.8 million)
- Barberton Mines invested US$1.4 million (2020: US$903.6 thousand) in CSI and LED initiatives
- Evander Mines invested US$337.9 thousand (2020: US$182.0 thousand) in CSI and LED initiatives
- Construction and completion of the Cathyville Clinic at Emjindini in Barberton, which is now operational
- The Group implemented phase 2 of the COVID-19 relief and assistance programme to assist in alleviating the adverse impact of the COVID-19 pandemic on its host communities and employees
- Evander Mines and Barberton Mines distributed 6,776 food hampers to distressed employees, NGOs and vulnerable families within the communities adjacent to their operations
- Ninety-nine local enterprises have registered for Barberton Mines' small enterprise development programme
- Approximately 96,000 plants have been delivered as part of phase 1 of the Blueberries project in Barberton. Social benefits of this project is evident in surrounding communities through the creation of employment and increased trading opportunities for local small businesses

Target for 2021

- Comply with and deliver on the Group's SLPs and 'beyond compliance' initiatives

Why this target is important

- Most of our employees are employed from local communities and the success of the Group's SLP initiatives and community projects will lead to more prosperous and sustainable communities and contribute to a more stable workforce
- As employers and valuable contributors to the nation's economy, the Group has a key role to play in South Africa's transformation journey and making a contribution to the country's economic growth by improving infrastructure and facilities in our host communities

Related risks

- Impact of COVID-19 on operations
- Heightened social and political uncertainty and potential instability

Short- to medium-term focus

- Continuing the COVID-19 relief and assistance programme to assist employees and vulnerable families in host communities
- Creation of job opportunities through the 15ha Blueberries project in Barberton. Post commissioning, an estimated 21 permanent jobs and 375 seasonal jobs will be created for local communities
- The solar photovoltaic renewable energy plant at Evander Mines will create employment opportunities for our host communities with 90 local jobs created during the eight-month construction period and eight to 10 permanent jobs during the plant's operational phase. It is intended that the solar photovoltaic renewable energy plant will be operated by the Group's employees after an initial one-year period
- Continue investing in socio-economic development projects in local communities through Barberton Mines' and Evander Mines' SLP, CSI and 'beyond compliance' projects
- Continuing with small enterprise development assistance for local historically disadvantaged South African (HDSA) companies through business incubation centres that provide training, mentoring and support infrastructure

Long-term objectives

- Focus on youth through early childhood development programmes as well as arts and culture initiatives and skills development
- Proactive management of community expectations through ongoing engagement and education
- Through the Barberton Mines Transformation Trust and Evander Mines Transformation Trust, we aim to contribute to improving infrastructure and facilities in our host communities

NATURAL CAPITAL

OUR STRATEGIC INITIATIVE

Conduct our business operations in a way that results in minimal harm to the environment

RELATED RISKS

- Geological variability in the Mineral Resources and Mineral Reserves 25
- Environmental impact of mining activities 27

MATERIAL MATTERS	Page
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KEY STAKEHOLDERS

- Providers of capital
- Communities
- Government and regulatory bodies
- Collaboration partners
- The environment

An additional UN SDG where we also make a difference:

SUSTAINABLE DEVELOPMENT GOAL 12

Ensure sustainable consumption and production patterns

- We are conscious of the potential dangers of climate change and the importance of doing our part to mitigate its long-term impact on the environment
- Construction of the 9.975MW solar photovoltaic renewable energy plant at Evander Mines
- A feasibility study for a solar photovoltaic renewable energy plant at Barberton Mines is currently underway

SUSTAINABLE DEVELOPMENT GOAL 13

Take urgent action to combat climate change and its impacts

- Monitoring the Group's carbon footprint and greenhouse gas (GHG) emissions and reviewing initiatives to reduce baseline GHG emissions
- The Group's land and water rehabilitation is an ongoing activity. Our rehabilitation strategy is aimed at restoring the natural balance of the environment, preserving water and attracting indigenous flora and fauna

KEY STATISTICS

	Unit	2021	2020	2019	2018	2017
Energy consumption	GJ	**1,495,022**	1,417,094	1,432,701	1,456,124	1,419,182
Water consumption	m^3	**14,398**	13,417	13,369	16,672	25,395
Direct GHG emissions	tCO_2e	**8,106**	6,907	5,475	4,314	7,797
Indirect GHG emissions	tCO_2e	**371,992**	430,081	356,962	404,318	413,840
Mine closure liabilities	US$ million	**13.6**	9.2	15.8	20.0	15.2

GHG EMISSIONS

		Barberton Mines		Evander Mines		Group	
	Unit	2021	2020	2021	2020	2021	2020
Direct GHG emissions	tCO_2e	**6,313**	5,392	**1,793**	1,515	**8,106**	6,907
Indirect GHG emissions	tCO_2e	**137,892**	133,328	**234,100**	296,753	**371,992**	430,081
Scope 3 emissions	tCO_2e	**60,078**	62,643	**97,072**	102,913	**157,150**	165,556
Emissions per unit of production	CO_2 e/t milled	**0.63**	0.60	**2.91**	5.63	**1.23**	1.47
Emissions per unit of production	CO_2 e/toz Au sold	**2.01**	2.28	**2.97**	4.21	**2.52**	3.28

Climate change

We are conscious of the potential impact of climate change on our future sustainability

2021 ACHIEVEMENTS

- Electricity consumption for the Group increased by 5.3% to 1,404,383GJ (2020: 1,334,249GJ) mainly attributable to increased gold production
- Carbon emissions decreased to 1.23CO_2 e/t milled (2020: 1.47CO_2 e/t milled)
- The Group is compliant with carbon tax regulations at all its operations
- Commenced construction of a 9.975MW solar photovoltaic renewable energy plant at Evander Mines with work expected to be completed by November 2021
- A bankable feasibility study for a 10MW solar photovoltaic renewable energy plant commenced for the Fairview Mine complex at Barberton Mines
- The board has approved the construction of a reverse osmosis water treatment plant at Evander Mines

Targets for 2021

- Adopting an energy mix that includes renewable energy sources for the Group
- Reduce the Group's carbon footprint through renewable energy and other energy efficiency strategies

Why these targets are important

- Being committed to and focused on the effects of climate change on the long-term sustainability of the Group

Related risk

- Environmental impact of mining activities

Short- to medium-term focus

- Commence with prefeasibility studies for the solar photovoltaic renewable energy plants at the New Consort and Sheba Mine complexes at Barberton Mines, and upscale the solar photovoltaic renewable energy plant at Evander Mines to 26MW with an additional 16MW to be utilised by Evander Mines underground operations
- Assess the viability of water retreatment plants at Barberton Mines
- Continue with the replacement of the ageing underground mining fleet at Barberton Mines with modern, low emissions vehicles to reduce the Group's carbon emissions
- Given the recent changes to the environmental legislation governing mining in South Africa, the Group will focus on achieving full regulatory compliance

Long-term objectives

- Develop and implement energy management plans in response to climate change
- Continue to prioritise the preservation of the environment and protect vital natural resources such as air, water, soil, minerals, fuels, plants and animals
- We strive, through the use of technology, to prevent the future adverse environmental impact associated with mining
- Increasing the Group's renewable energy capacity by expanding solar photovoltaic plant capacity as well as investigating a storage solution that extends the power supply period

Environmental impact

Being long-term conscious, we limit the impact of our operations on the environment through ongoing rehabilitation programmes

2021 ACHIEVEMENTS

- Nature conservation partnership agreements with the Mpumalanga Tourism and Parks Agency and Barberton Nature Reserve to actively protect and preserve fauna and flora of the region through an extensive biodiversity programme
- Barberton Mines has partnered with Care for Wild Rhino Sanctuary and an agreement is in place to sponsor three recently orphaned rhino calves for the 2021 calendar year. The rehabilitation of the rhinos includes fully equipped and secure facilities, feeding, medication and supplements and veterinary services to ensure the protection and survival of this endangered species
- A bankable feasibility study on a 3ML water retreatment plant at Evander Mines was completed
- Independent environmental assessment audits were concluded, and the Group's operations are in good standing
- There were no reportable environmental incidents at Barberton Mines
- There was one reportable environmental incident at Evander Mines which related to the failure of a pipe transporting slurry from the Elikhulu metallurgical plant and resulted in contamination of the Groot Spruit River. Remedial action was immediately initiated by repairing the pipe and cleaning the river. The solution trench was refurbished to divert the slurry and a temporary containment wall was constructed
- No environmental fines were incurred in the 2021 financial year
- As part of Evander Mines' mine closure strategy and environmental rehabilitation plan, a total of US$0.2 million (2020: US$2.6 million) was spent on rehabilitation activities

Targets for 2021

- Continue with the implementation of the environmental rehabilitation and mine closure plan to reduce the environmental liabilities year-on-year
- Continue to improve on annual environmental performance and reporting
- Continue to operate our TSFs without major environmental and safety incidents
- No material reportable matters associated with environmental compliance
- Compliance with the GISTM

Why these targets are important

- Being committed to and focused on ESG compliance and new ESG initiatives enables and supports the long-term sustainability of the Group

Related risk

- Environmental impact of mining activities

Short- to medium-term focus

- Continue to evaluate environmental risks and impacts associated with our activities, products and services
- Continue to conduct annual environmental performance audits
- Working closely with nature conservation authorities at Barberton Mines to minimise any adverse effects of our mining operations on the environment
- The Group will focus on achieving full regulatory compliance following the recent changes to the environmental legislation governing mining in South Africa
- Installing additional water pressure transmitters on slurry pipelines to immediately cease pumping in the event of a loss in pressure, preventing slurry spillage

Long-term objectives

- Consolidating the Kinross, Leslie/Bracken and Winkelhaak TSFs into a single facility at Elikhulu, which will materially reduce the environmental footprint of Evander Mines' TSFs and result in rehabilitated land becoming available for alternative uses
- Continue to develop, refine and enhance our biodiversity plans and evaluate new opportunities to add value for stakeholders by improving and maintaining nature conservation partnerships
- Invest in additional ESG value-add 'beyond compliance' projects with the intention of creating sustainable businesses and opportunities in our host communities

TCFD statement

Pan African supports the Paris Agreement goal to reduce global carbon emissions to limit average global temperature rise to well below two degrees Celsius.

We believe that a sustainable approach is not only good for the environment but makes good business sense. As a mining company, we realise that our operations can have a significant impact on the environment, the people we employ and the communities in which we operate. We therefore recognise the role we have to play in combating the negative impacts of climate change.

We acknowledge the increasing risks related to a changing climate and the demand from investors to know how we are responding. We are committed to aligning our climate risk assessments and disclosures with the TCFD guidelines. This statement demonstrates the priority and importance we place on understanding and responding to the challenges presented by a changing climate.

Our TCFD statement is based on the recommended disclosures under the four key pillars of the TCFD guidelines.

GOVERNANCE

Pan African is committed to the highest standards of corporate governance and recognise that an effective corporate governance culture is critical to long-term performance.

The board is responsible for overseeing the management of Pan African and providing strategic direction. The board established committees to assist it in the execution of its functions.

More information on Pan African's corporate governance is available on **page 108**.

The board is committed to addressing climate risk at the highest level to gain a better understanding of potential impacts to the business and identify and deliver meaningful responses. In doing so, the board has entrusted the audit and risk committee together with the SHEQC committee with overseeing the Group's response to managing climate risk. The committee assists the board with matters relating to safety, sustainability and broader ESG matters.

STRATEGY

Our strategy is designed to actively respond to the current and projected impacts of climate change on the Group and to meet increasing demand from investors for disclosure on our approach.

Initially, we will focus on undertaking detailed analysis of both the physical and transition climate change risks posed to the Group.

Through its risk management process the Group identifies its material risks. Results are reported to the audit and risk committee and the board and published in the integrated annual report (refer to **page 20**).

Our approach to managing climate risks is incorporated into Pan African's risk management process. Our responses and initiatives are strategic and based on long-term outcomes. These involve both mitigating identified risks and capitalising on business opportunities associated with using renewable energy and achieving carbon-neutral operations.

RISK MANAGEMENT

Pan African has a robust and comprehensive risk management framework in place.

As with our broader ESG priorities, climate risks will increasingly be integrated into our risk management programme.

The risk management process includes a clear disclosure strategy. The results of our climate-related assessments and progress with associated targets will be included in our climate disclosures – including voluntary reporting and the ESG and climate-related benchmarks in which we participate.

Our approach to defining and managing climate risks has evolved over time. We are considering a scenario-based climate risk assessment to identify and assess our climate-related risks and opportunities, and we support using scenario analysis to improve consistency and transparency across the mining sector.

METRICS AND TARGETS

Pan African has disclosed its ESG performance consistently in its previous integrated annual reports, using it as its primary platform to reach its stakeholders.

The extent of our disclosure has broadened over time.

We now also publish a dedicated environmental, social and governance report, which is available on our website at:
https://www.panafricanresources.com/investors/gri-and-sustainability/

We disclose our GHG emissions as well as other metrics that can potentially be relevant to climate change (refer to **page 71**).

Going forward, we will gather more information and targets regarding renewable and other energy use and GHG, carbon and other emissions.

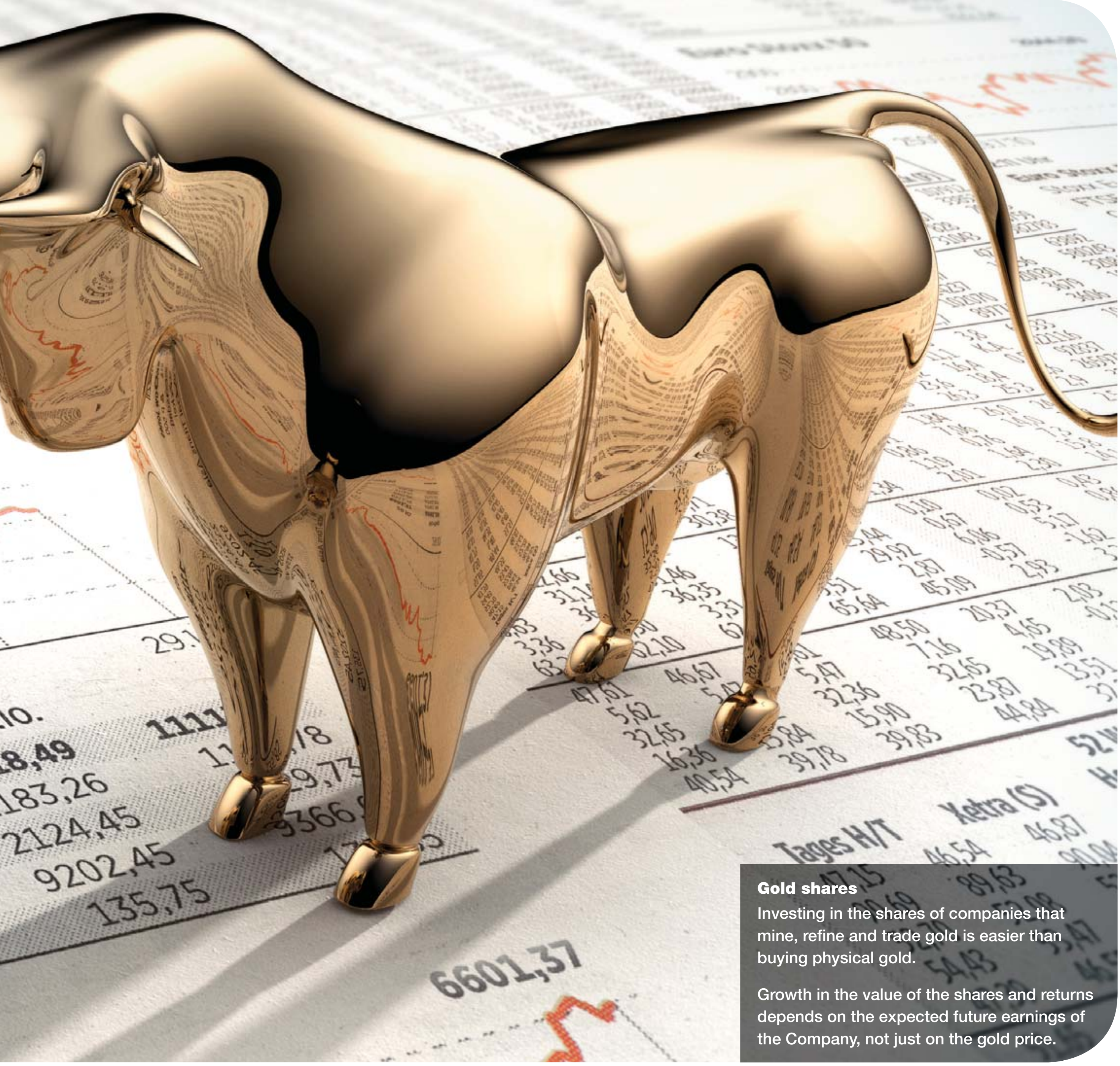
The SHEQC committee will oversee the Group's metrics and targets, including appropriate actions and disclosure.

THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The TCFD was created in 2015 by the Financial Stability Board to develop consistent climate-related financial risk disclosures for use by companies, banks and investors in providing information to stakeholders. Increasing the amount of reliable information on financial institutions' exposure to climate-related risks and opportunities will strengthen the stability of the financial system, contribute to greater understanding of climate risks and facilitate financing the transition to a more stable and sustainable economy.

The Group presented exceptional results for the 2021 financial year, despite the challenges of the COVID-19 pandemic on its operations.

PERFORMANCE REVIEW



Gold shares

Investing in the shares of companies that mine, refine and trade gold is easier than buying physical gold.

Growth in the value of the shares and returns depends on the expected future earnings of the Company, not just on the gold price.

FIVE-YEAR OVERVIEW

	Unit	2021	2020	2019	2018	2017
Operating performance						
Gold mining tonnes milled	t	**376,118**	285,016	311,606	509,955	507,699
Gold tailings and feedstock processed	t	**14,315,881**	14,339,922	13,035,165	3,041,325	3,143,414
Overall recovered grade	g/t	**0.4**	0.4	0.4	1.4	1.5
Gold produced	oz	**201,777**	179,457	172,442	160,444	173,285
Average gold price received	US$/oz	**1,826**	1,574	1,266	1,301	1,242
Total gold mining cash costs	US$/oz	**1,035**	911	891	1,162	986
Coal sold	t	**–**	–	–	–	670,210[1]
Platinum group elements 6E sold[2]	oz	**–**	–	–	2,541[2]	8,709

[1] *Coal was sold up to the date of disposal of Uitkomst Colliery (30 June 2017).*
[2] *Platinum group elements sold up to the date of disposal of Phoenix Platinum (7 November 2017).*

	2021 US$ million	2020 US$ million	2019 US$ million	2018 US$ million	2017 US$ million
Statement of profit or loss					
Revenue	**368.9**	274.1	217.7[1]	146.0	158.8
Cost of production	**(208.8)**	(158.5)	(153.0)[1]	(107.1)	(95.8)
Mining profit	**128.0**	94.1	48.5[1]	32.2	54.8
Adjusted EBITDA	**144.1**	86.5	56.8	32.4	60.0
Impairment reversal/(cost)	**–**	0.1	17.9	(140.3)	(7.4)
Profit/(loss) after taxation	**74.7**	44.3	38.0	(122.8)	22.8
Headline earnings	**74.7**	44.2	22.9	17.8	23.2
Dividend paid	**(20.6)**	(3.4)	–	(13.2)	(21.3)
Statement of financial position					
Non-current assets	**398.5**	315.0	363.2	317.8	354.9
Current assets	**84.6**	53.6	30.0	26.5	38.1
Assets held for sale	**–**	–	–	–	7.3
Total equity	**283.6**	183.6	183.6	147.0	277.4
Non-current liabilities	**93.5**	106.3	145.7	152.9	81.7
Current liabilities	**106.0**	78.7	63.9	44.4	40.6
Liabilities directly associated with assets held for sale	**–**	–	–	–	0.5
Statement of cash flows					
Net cash generated by operating activities[2]	**82.2**	53.8	37.7	13.4	3.6
Capital expenditure on property, plant and equipment and mining rights[2]	**44.4**	34.6	55.1	124.7	45.1
Net (decrease)/increase in cash and cash equivalents[2]	**(6.4)**	26.5	3.9	(10.7)	8.0

*Refer to APMs on **pages 222** to **229**.*

[1] *Represents the statement of profit or loss for continuing operations. In 2018, Evander Mines' large-scale underground operations were classified as a discontinued operation.*
[2] *2017: net cash generated by operating activities, capital expenditure on property, plant and equipment and mining rights and net movements in cash and cash equivalents have been translated at the average US$/ZAR exchange rate prevailing for the respective financial year.*

	Unit	2021	2020	2019	2018	2017
Statistics						
Shares in issue	million	**2,234.7**	2,234.7	2,234.7	2,234.7	2,234.7
Weighted average number of shares in issue	million	**1,928.3**	1,928.3	1,928.3	1,809.7	1,564.3
Earnings per share	US cents	**3.87**	2.30	1.97	(6.79)	1.46
Headline earnings per share[1]	US cents	**3.87**	2.29	1.19	0.99	1.48
Net asset value per share[1]	US cents	**14.71**	9.52	9.52	7.62	15.43
Dividend paid per share	US cents	**0.84**	0.15	–	0.60	1.10

[1] 2017 headline earnings have been translated at the average US$/ZAR exchange rate prevailing for the respective financial year.

	2021		2020		2019		2018		2017	
Shares traded	**JSE ZAR million**	**AIM GBP million**	JSE ZAR million	AIM GBP million	JSE ZAR million	AIM GBP million	JSE ZAR million	AIM GBP million	JSE ZAR million	AIM GBP million
Value of shares traded	**5,294.3**	**164.5**	1,742.7	50.6	680.9	19.7	1,702.8	70.6	1,920.1	164.5

		2021		2020		2019		2018		2017	
	Unit	**JSE**	**AIM**	JSE	AIM	JSE	AIM	JSE	AIM	JSE	AIM
Volume of shares traded	million	**1,192.6**	**773.4**	680.5	397.7	418.7	222.8	952.1	639.1	623.7	932.6
Volume traded as percentage of number in issue	%	**53.4**	**34.6**	30.5	17.8	18.7	10.0	42.6	28.6	32.1	46.6
Number of transactions	number	**173,253**	**70,163**	71,233	35,211	23,424	14,449	5,824	19,082	16,217	34,020
Price earnings	ratio	**5.7**	**6.0**	10.3	9.7	6.7	6.5	(1.6)	(1.4)	11.9	12.0
Dividend yield at the latest traded share price	%	**4.1**	**3.8**	0.6	0.7	–	–	6.1	6.3	6.5	6.4
Dividend yield at the average traded share price	%	**3.2**	**3.1**	0.9	1.0	–	–	4.2	4.0	5.0	4.9

	2021		2020		2019		2018		2017	
Traded prices	**JSE cents**	**AIM pence**	JSE cents	AIM pence	JSE cents	AIM pence	JSE cents	AIM pence	JSE cents	AIM pence
Last sale in year	**341.0**	**17.24**	370.0	17.6	186.0	10.0	135.0	7.1	236.0	13.7
High	**642.0**	**27.10**	398.0	18.0	215.0	10.8	285.0	15.8	469.0	24.3
Low	**311.0**	**15.35**	150.0	9.0	125.0	6.9	105.0	6.6	224.0	13.8
Average price per share traded	**440.0**	**21.28**	245.1	12.4	161.7	8.8	197.0	11.2	308.3	17.8

*Refer to APMs on **pages 222** to **229**.*

CHIEF EXECUTIVE OFFICER'S REVIEW

COBUS LOOTS
Chief executive officer

We are, once again, pleased to report major strides in Pan African's operational and financial performance, despite the challenges of the ongoing COVID-19 pandemic during the past financial year. The operational flexibility afforded by our multiple producing assets has enabled the Group to improve margins and exceed production guidance to achieve Pan African's second-highest annual gold production.

The 30-year renewal granted for Barberton Mines' mining rights as well as the multi-year wage agreement with our representative unions are incremental positives at this operation. The excellent performance from the 8 Shaft pillar in the second half of the financial year demonstrates the exciting potential now being realised at Evander Mines.

We are also reporting a record profit and proposing our highest-ever dividend for approval at the upcoming AGM.

FINANCIAL HIGHLIGHTS FOR THE YEAR

Overall

Gold produced by the Group increased by
12.4% to 201,777oz
(2020: 179,457oz), the second-highest production on record for the Group ▲

Revenue increased by
34.6% to US$368.9 million
(2020: US$274.1 million) ▲

Gold sold increased by
16.1% to 201,777oz
(2020: 173,864oz) ▲

Low-cost operations, which account for more than 75% of production, achieved AISC of
US$1,151/oz ▼

Adjusted EBITDA increased by
66.6% to US$144.1 million
(2020: US$86.5 million) ▲

Earnings per share increased by
68.3% to US 3.87 cents per share
(2020: US 2.30 cents per share) ▲

Profit after taxation increased by
68.6% to US$74.7 million
(2020: US$44.3 million) ▲

Net senior debt was reduced by
45.6% to US$33.7 million
(2020: US$62.0 million) ▼

A dividend of
US 1.26671 cents per share
(2020: US 0.8358 cents per share) is proposed to shareholders for the 2021 financial year ▲

*Refer to APMs on **pages 222** to **229.***

Financial capital
Manufactured capital
Human capital
Social and relationship capital
Natural capital

Evander Mines

Production from Elikhulu decreased by
13.7% to 51,459oz
(2020: 59,616oz) due to unexpected concentrations of carbonaceous material negatively impacting gold recoveries and remedial work on the TSF restricting tonnage throughputs

Gold production from Evander Mines' underground operations increased by
74.2% to 36,016oz
(2020: 20,670oz) on the back of the ramped up contribution from the 8 Shaft pillar as it reaches design capacity

Barberton Mines

Production from underground operations increased by
24.5% to 84,826oz
(2020: 68,129oz) as a result of increased face length availability, multiple mining platforms and larger high-grade mining footprints

BTRP's production decreased by
9.4% to 18,239oz
(2020: 20,135oz) in line with the mine plan and production guidance

Renewal of mining rights
granted by the DMRE for a period of 30 years
(to May 2051) supported by the operational mine works programmes and technical submissions

Successfully concluded a
multi-year wage agreement
with representative unions

Mining rights renewed for
30 years
to May 2051

Group safety

Industry-leading safety performance maintained, with improvements in both the LTIFR and RIFR:

Group LTIFR improved to
1.41 per million man hours
(2020: 1.70 per million man hours)

Group RIFR improved to
0.63 per million man hours
(2020: 0.80 per million man hours)

Evander Mines' underground operations achieved significant safety improvements during the past financial year, despite the increased number of crews deployed underground

Regrettably, the Group experienced one fatality at Barberton Mines on 21 July 2020 (2020 financial year: zero)

Environmental, social and governance

Projects
9.975MW solar photovoltaic renewable energy plant
at Evander Mines and
large-scale agriculture projects
at Barberton Mines are on track for commissioning in the 2022 financial year

PAN AFRICAN WILL ENDEAVOUR TO FURTHER IMPROVE ITS INDUSTRY-LEADING SAFETY PERFORMANCE IN THE COMING YEARS THROUGH VARIOUS NEW SAFETY INITIATIVES IN PURSUIT OF A ZERO-HARM WORKING ENVIRONMENT.

HEALTH AND SAFETY AND THE COVID-19 PANDEMIC

The health and safety of our employees remains our overriding priority and, we have again, achieved an overall reduction in recordable injuries across the Group. Especially commendable was the safety performance at Evander Mines, where safety rates improved despite an increase in the number of underground crews deployed. The ongoing and targeted safety campaigns and incentives to encourage and reward safe practices support our ultimate goal of achieving zero harm. The Group has prioritised the challenges posed by the COVID-19 pandemic, with enhancements to our operating protocols that are targeted at mitigating the constantly evolving characteristics of the virus, which has resulted in an increasing number of infections. As we manage the impacts of the pandemic, our operations have partnered with nearby healthcare facilities to support the national roll-out of COVID-19 vaccines.

Refer to **page 36** for more detail on our measures to curb the COVID-19 pandemic at our operations.

OPERATIONAL AND GROWTH PROJECTS OVERVIEW

Operationally, the Group has performed exceptionally well, particularly at our underground operations, as a result of development initiatives and innovations implemented over the past years. The renewal of Barberton Mines' mining rights by the DMRE for a further 30 years also endorses our technical work and the long-term mine plans submitted for these Mineral Resources. The availability, for the first time, of four high-grade mining platforms and expanded footprints in the mining areas at Fairview Mine have resulted in an increase in annual underground production by over 29% to 82,694oz. Outperformance was also reported at New Consort Mine as a result of exceptional grades mined on the 42 Level.

Ramp up of production at Evander Mines' 8 Shaft pillar operations highlights the potential of these high-grade underground orebodies, with production now in line with mining plans. The AISC at Evander Mines' 8 Shaft pillar decreased substantially to US$995/oz in the second half of the financial year after we resolved the production difficulties experienced in the first half of the financial year. This sub-US$1,000/oz AISC achieved in the second half of the current financial year is indicative of the expected mining cost for the remainder of the 8 Shaft pillar's life-of-mine.

EARLIER THIS YEAR, WE ANNOUNCED THE REASSESSMENT OF OUR ORGANIC GROWTH OPPORTUNITIES AND RESULTANT REPRIORITISATION OF CAPITAL EXPENDITURE.

This gave rise to a reschedule of the Egoli project's development timelines, as well as a re-evaluation of existing underground mining opportunities at Evander Mines' 24, 25 and 26 Levels, post cessation of mining at the 8 Shaft pillar. Independent studies have confirmed that no fatal flaws exist in the Group's internal technical end economic studies, which indicate excellent recovered grades and gold production.

Mining at the Egoli project and 25 and 26 Levels will now be phased in, following the cessation of mining at 24 Level. The capital expenditure on these projects will be funded from internal sources, subject to the current gold price environment prevailing.

At Barberton Mines, steady progress has been made with underground development at Project Dibanisa, which connects Sheba Mine to Fairview Mine at the top of the MRC Shaft. The extraction of a 10,000t bulk sample is also currently in progress at the Royal Sheba project. These projects are expected to improve Barberton Mines' production profile in the coming years, and together with other initiatives, reduce the operation's AISC.

Progress with the Mintails transaction remains on track, where a survey and drilling programme were concluded as part of the positive prefeasibility study that was recently completed. The project has now progressed into a definitive feasibility study which will be completed by the end of December 2021, after which a decision will be made whether to conclude the transaction. Please refer to the growth projects section of this review for further details.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Our focus on ESG initiatives has intensified over the past years, with good progress on all fronts in pursuit of a 'beyond compliance' ESG approach, through collaboration and partnerships with specialists in community, conservation and sustainability initiatives. This year, Pan African will publish its first environmental, social and governance report, where details of our initiatives and approach are reported in line with global ESG reporting standards.

Progress at the Barberton Blueberries project has received widespread attention from the media and from other stakeholders, where approximately 94,000 plants have been delivered to site as part of phase1, from which first production is expected by June 2022. Social benefits of this project in the surrounding communities are already evident with the creation of employment and increased trading opportunities for local small businesses. Also in Barberton, we have partnered with the Barberton Nature Reserve and conservation agencies to protect and preserve the biodiversity and natural resources of the region, including funding the care for orphaned rhinos.

At Evander Mines, the construction of the 9.975MW solar photovoltaic renewable energy plant is advancing on schedule for commissioning by November 2021. A feasibility study on an extension of this facility to an estimated capacity of 26MW has also commenced, where the additional 16MW will be utilised by Evander Mines' expanding underground operations. A feasibility study for a 10MW solar photovoltaic renewable energy plant at Barberton Mines is also being conducted. These renewable energy initiatives will contribute to meaningful reductions in GHG emissions for the Group. At Evander Mines, a bankable feasibility study on a reverse osmosis water retreatment plant that will produce potable water for daily consumption from recycled underground mine water was completed, with substantial anticipated cost savings and a positive environmental impact. We expect to complete the construction of this plant in the next financial year.

Our environmental, social and governance report, containing details of our ESG initiatives and compliance, is available on our website at www.panafricanresources.com

MINERAL RESOURCES AND MINERAL RESERVES

Pan African's operations consist of long-life, robust assets with a rich history of production and mining, and underpin the Group's production guidance and declared Mineral Resources and Mineral Reserves. The Group's Mineral Resources and Mineral Reserves at 30 June 2021, in compliance with the SAMREC Code, and independently audited by VBKom Proprietary Limited, are summarised as follows:

- Gold Mineral Resources of 341.3Mt at 3.58g/t for 39.25Moz (2020: 332.3Mt at 3.52g/t for 37.61Moz), distributed as follows:

	Gold Mineral Resources			
	Tonnes Mt	Grade g/t	Gold t	Gold Moz
Barberton Mines hard rock	24.7	4.4	110.0	3.5
BTRP and stock piles	22.1	1.2	26.8	0.9
Evander Mines underground	116.3	8.9	1,033.9	33.2
Elikhulu	178.2	0.3	50.0	1.6
Total	341.3	3.6	1,220.7	39.2

- Gold Mineral Reserves of 210.4Mt at 1.60g/t for 10.80Moz (2020: 208.2Mt at 1.62g/t for 10.87Moz), distributed as follows:

	Gold Mineral Reserves			
	Tonnes Mt	Grade g/t	Gold t	Gold Moz
Barberton Mines hard rock	14.5	3.5	50.4	1.6
BTRP	6.6	1.6	10.6	0.3
Evander Mines underground	27.4	8.4	229.7	7.4
Elikhulu	162.0	0.3	45.2	1.5
Total	210.4	1.6	335.9	10.8

The Mineral Resources, Mineral Reserves and production targets for the Group are supported by long-life robust assets including:

- Fairview Mine and the combined Sheba Mine and Royal Sheba project have a remaining life of 20 years
- The Group's flagship tailings retreatment operation, Elikhulu, has a remaining life of 12 years
- New Consort Mine and BTRP have remaining lives of eight years and three years, respectively. At the end of its life, the BTRP is expected to be converted to process hard rock feedstock from Royal Sheba
- Evander Mines' 8 Shaft operation has a life of five years (8 Shaft pillar and 24 Level)
- The Group's access to long-life organic growth projects such as Egoli, Rolspruit, Poplar and others within its mining rights areas, form the basis of a strong foundation for the Mineral Resources and Mineral Reserves. For a summary of Pan African's Mineral Resources and Mineral Reserves, refer to **pages 49** to **57**. The full report is available on our website at www.panafricanresources.com

UPDATE ON GROUP OPERATIONS

Barberton Mines' Fairview operation

At Fairview Mine, the accelerated underground development programmes at the high-grade MRC and Rossiter orebodies resulted in increased face length availability, where over 200m of high-grade face length is currently accessible for mining. This was achieved by increasing the development techniques and rates towards the down-dip extensions of the orebodies and by increasing the Mineral Reserve delineation drilling rate. Four large platforms (256, 257, 258 and 358 Platforms) are currently being mined in the MRC orebody (2020: three platforms) and three within the Rossiter orebody (2020: two platforms). This significantly improved mining flexibility year-on-year.

Once complete the subvertical shaft at Fairview Mine is expected to increase production by an estimated 7,000oz to 10,000oz per annum.

Barberton Mines' Sheba operation

Sheba Mine continued mining the MRC and ZK orebodies during the year with focus being placed on accessing high-grade cross-fractures within the ZK orebody on the newly accessed 37 Level. Specific attention was given to the Mineral Reserve delineation drilling and the development of the ZK orebody's down-dip extension on 37 Level westwards towards the Fairview Mine.

During the prior financial year, additional platforms were developed on the free-milling Thomas orebody at Sheba Mine's Edwin Bray adit, which improved the mine's production profile for the current financial year. These additional platforms at the Thomas orebody were brought into production utilising long hole open stoping – a first at Barberton Mines.

Project Dibanisa, a development aimed at optimising costs and efficiencies at Sheba Mine through the connection of the underground infrastructure of the Fairview and Sheba Mines, is progressing according to plan. This project will enable all underground production from Sheba Mine to be transported to surface using the existing Fairview Mine infrastructure and processed at the Fairview Mine metallurgical and BIOX® plants. The transporting and hoisting of ore through the Fairview Mine infrastructure will create capacity within the Sheba Mine infrastructure (ZK Shaft and Sheba metallurgical plant) which is to be utilised for the development and treatment of the Royal Sheba orebody, thereby significantly reducing the capital requirements of the Royal Sheba project.

Work currently being conducted at Project Dibanisa includes the extension of the 23 Level haulage from Sheba Mine over the existing 38 Level at Fairview Mine, as well as the establishment of a series of three ore passes between the 23 Level Sheba Mine haulage and the 38 Level Fairview Mine haulage.

At the Royal Sheba project, initial mining activities were commenced with the extraction of a 10,000t bulk sample to further define the grades and recoveries expected from this large-scale orebody. Access to the sample area is through the existing Royal Sheba adit, from where a haulage will intersect a life-of-mine decline that will enable the Group to continue mining towards the 23 Level access currently being advanced from Sheba Mine's ZK Shaft. The 23 Level haulage was approximately 250m from the expected mineralisation intersection at June 2021.

Barberton Mines' New Consort operation

New Consort Mine developed towards the Consort Bar and MMR orebodies at 38 and 15 Levels, respectively. Specific mining emphasis and geological studies were centred on the PC Shaft remnant blocks' equipping and extracting high-grade ore between the 40 and 42 Levels.

At PC Shaft 42 Level, the extraction of the first target block was successfully initiated. This block is characterised by extreme high-grade mineralisation of more than 300g/t, and the frequent occurrence of visible gold. This was the first target block of a total of 36 exploration targets that have been identified at New Consort Mine using modern target generation and exploration techniques. The remainder of the target blocks will be explored systematically by the Group over the next three years.

During the current financial year, additional exploration drilling programmes were undertaken on the MMR and PC horizons, with high-resolution Mineral Reserve delineation drilling targeting the 15 Level MMR and down-dip extensions of the Consort Bar orebodies.

Notably, New Consort Mine outperformed its gold production targets by more than 34% (or 3,000oz) for the current financial year, contributing to a significant decline in AISC to US$1,375/oz (2020: US$2,052/oz).

Barberton Tailings Retreatment Plant

The BTRP surface operation is located within Fairview Mine's mining right footprint and adds low-cost and low-risk ounces to the Group's production profile. BTRP produced 18,239oz during the year at an AISC of US$946/oz (2020: US$795/oz). The remaining life-of-mine is estimated at three years. Additional feed sources are being investigated including the possible conversion of BTRP to a hard rock plant, to increase its production life. Within the next three years, production at the BTRP is expected to be supplemented with ore from Barberton Mines' Royal Sheba orebody, where development is in progress as described above.

Mining of the Harper North, Harper South, Segalla calcine material and Vantage dams is progressing as per the mine plan. By constructing a RoM crusher circuit, the BTRP plant will be able to treat approximately 35,000tpm of RoM material, thereby extending the life of the operation and ensuring its sustained output in future.

Elikhulu

Elikhulu is one of the lowest-cost gold mining operations in Southern Africa, and produced 51,459oz at an AISC of US$846/oz during the current financial year. Elikhulu has a remaining operational life of 12 years. The plant processes up to 1.2Mt of historical gold tailings per month from three existing TSFs, namely Kinross, Leslie/Bracken and Winkelhaak.

While Elikhulu operated at the planned throughput tonnage and grade during the second half of the current financial year, the lower benches of the Kinross TSF were found to contain higher than expected concentrations of historically processed fine carbon, which negatively impacted metallurgical recoveries. In addition, this excess carbon, combined with the mining of the coarser but high-grade outer wall of the Kinross TSF, reduced recoveries, negatively impacting overall production.

Remedial and optimisation work on the Elikhulu TSF's lower compartment also restricted tonnage throughputs. The Group was required to install elevated drains on the south-western edge of the lower compartment to facilitate the removal of excess water from the TSF and to ensure the sustainable operation of this long-life facility.

Elikhulu is expected to produce approximately 55,000oz of gold during the next financial year, with improved tonnage throughput and higher recoveries from the planned remining areas on the upper benches of the Kinross TSF's dam no. 3. Thereafter, Elikhulu is expected to yield approximately 60,000oz of gold per annum for the next four years of production while remining progresses from the Kinross TSF onto the Leslie/Bracken TSF. For the final seven years of operation, while processing the Winkelhaak TSF, production is expected to average approximately 50,000oz per annum. These production estimates exclude Inferred Mineral Resources of an estimated 102,000oz of gold delineated in the soil material beneath the existing TSFs.

8 Shaft pillar project

Following initial difficulties experienced at Evander Mines' 8 Shaft pillar operation (as previously reported in the Group's interim results), remedial work on the shaft barrel was completed, following which pillar mining ramped up consistent with the mine plan. Production from Evander Mines' 8 Shaft pillar improved significantly during the current financial year, with average production of approximately 5,134oz for each of the last three months of the current financial year. The 8 Shaft pillar has a remaining life in excess of two years and is expected to produce approximately 79,160oz of gold during this period at approximately 39,000oz per annum.

EVANDER MINES' 8 SHAFT AND SURFACE SOURCES PRODUCED 28,084oz IN THE SECOND HALF OF THE CURRENT FINANCIAL YEAR, AN IMPROVEMENT OF 8,915oz FROM THE FIRST HALF.

OUR GROWTH PROJECTS

We are confident that we can deliver on our future production guidance with our balanced pipeline of projects.

Evander Mines' underground strategy – 24 Level and Egoli project

The reprioritisation of generic growth opportunities and associated capital expenditure priorities during the year has resulted in the reappraisal of the Egoli project's development scheduling and a re-evaluation of mining opportunities at Evander Mines' 24 Level.

This reprioritisation is expected to result in improved cash returns and will require a materially reduced capital outlay and commensurate reduced debt levels, in comparison to the Egoli project's earlier development plan.

Evander Mines' 24 Level project

An internal technical and economic study on the merits of mining 2 Decline at the 24 Level (phase 1) project has been completed and the results demonstrate excellent recovered grades and gold production profile.

An independent review confirmed the findings of the internal study. The detailed planning design and contracting of the project's ventilation and refrigeration plant have commenced and a development crew has been deployed on 24 Level to commence with waste rock development. A plan for a waste handling system was also completed and final engineering design and construction are underway, which will allow for all waste rock generated to be packed underground, reducing costs and the logistical requirements to move and store waste rock on surface.

A study to assess the merits of extending 2 Decline to 25 and 26 Levels (phase 2) is being undertaken. The mining method employed at 25 and 26 Levels will be a hybrid of conventional breast mining and mechanised trackless on-reef development. Phase 2 has the potential to extend Evander Mines' 8 Shaft production profile, post cessation of mining on 24 Level, by an additional eight years with an estimated production rate of 100,000oz per annum.

Phase 1 mining will extend 8 Shaft's production profile, post cessation of the 8 Shaft pillar mining, by an additional two and a half years and maintain annual production of approximately 34,000oz per year at an estimated AISC of US$1,294/oz.

An integral component of the phase1 study was to identify risk mitigating measures to address the major challenges previously encountered during the mining of the Kinross orebody.

Egoli project

Following the reprioritisation of the Group's capital expenditure programmes, a more phased approach for the development of the Egoli project will be followed, concurrent with the 8 Shaft phase 1 and possible phase 2 developments at 24, 25 and 26 Levels, as described above.

The Egoli project's first phase development will entail the dewatering of the 3 Decline infrastructure to 19 Level, where a drilling platform will be established to enable infill drilling, to confirm short-term mine planning. The Egoli project's phased development approach and production profile will coincide with the depletion of the 24 Level Mineral Resources.

The Egoli project is a stand-alone operation that will use existing mining and metallurgical infrastructure with on-reef development conducted by a hybrid mining method, where stoping will be conducted on a conventional basis with hand-held equipment and development by trackless machinery. Egoli will be accessed directly from the 7 Shaft (twin shaft system) with one decline (3 Decline). Feasibility studies demonstrated that approximately 560m of underground development will be required from the breakaway position of the current 3 Decline to intersect the Egoli orebody. The project has all the required permitting in place through Evander Mines' mining right that is valid until 2038. The substantial existing infrastructure which is currently operational comprises a vertical shaft system (7 Shaft) to a depth of 1,960m, hoisting infrastructure and processing facilities at the Kinross metallurgical plant. In addition, the necessary surface and engineering infrastructure such as offices, change house, lamp room, workshop, electricity supply, metallurgical plant and TSFs are already in place and only require refurbishment and upgrading where applicable. The Egoli project can increase Evander Mines' underground gold production profile materially at a relatively low capital cost and with significant cost and time savings using the existing shaft and metallurgical facilities.

MINTAILS TRANSACTION

As previously announced, Pan African entered into conditional sale of shares agreements to acquire the share capital and associated shareholder loans and other claims of the Mogale Gold and MSC. Both Mogale Gold and MSC are 100% owned by Mintails Mining SA Proprietary Limited (Mintails SA), which was placed in provisional liquidation during 2018. Details of the proposed transaction and potential Mineral Resources potential were disclosed in the Group's SENS and RNS announcements on 6 November 2020.

Subsequent to entering into the initial agreements, the due date for the fulfilment of the conditions precedent to the transaction becoming effective and due diligence period has been extended to 31 January 2022. The Group is currently aware of an application brought by the major creditors of Mintails SA to set aside the liquidation process and revert to a business rescue process. The application is still in progress and may impact the Group's ability to close the transaction within the anticipated timeline.

Following the successful completion of the gap analysis and conceptual feasibility study on Mogale Gold and MSC, a prefeasibility study was completed during July 2021. MSC was excluded from the scope of this prefeasibility study, as the MSC TSFs and the relevant Mineral Resources require additional technical studies and work to be progressed to Mineral Reserves stage. This work will be addressed in forthcoming studies.

FOLLOWING THE POSITIVE FINDING OF THE PREFEASIBILITY STUDY, THE DEFINITIVE FEASIBILITY STUDY IS EXPECTED TO BE COMPLETED BY THE END OF DECEMBER 2021. THE DECISION TO CONCLUDE THE ACQUISITION IS SUBJECT TO PAN AFRICAN'S SOLE AND ABSOLUTE DISCRETION.

DELIVERING ON OUR STRATEGY

We continue delivering on the Group's strategy, assisted in the past year by the improved gearing and profitability of our mining operations. Our focus is on the following to achieve our strategy:

Financial capital
Ensuring adequate financial resources for the efficient operation of our mines and disciplined capital allocation for sustainable value creation

Manufactured capital
Optimally extract and process latent value intrinsic in our Mineral Resources and Mineral Reserves for a sustainable future

Intellectual capital
Use technology in a meaningful and relevant way to improve our operational efficiency and sustainability

Human capital
Employ, retain and develop the right people while creating an enabling and safe working environment

Social and relationship capital
Be a responsible corporate citizen and manage our business in a manner which creates sustainable value for our stakeholders

Natural capital
Conduct our business operations in a way that results in minimal harm to the environment

Read a detailed review of **our strategy** on **page 10** of this report.

In executing this strategy, we identify and manage the **material risks and opportunities** in our business and operations. Refer to **pages 20** to **27** of this report for more detail.

Our stakeholders are those directly influenced by the positive or negative impacts from our mining operations and the value we create or produce from these operations. Further information regarding our **key stakeholder relationships** can be found on **pages 28** to **31** of this report.

Gold pour at
Fairview Mines' smelter

Gold doré bar at
Fairview Mine

DIVIDENDS

Proposed dividend for the financial year ended 30 June 2021

The board has proposed a final dividend of ZAR402.2 million for the 2021 financial year (approximately US$28.3 million), equal to ZA 18.00000 cents per share or approximately US 1.26671 cents per share (0.91556 pence per share). The dividend is subject to approval by shareholders at the AGM, which is convened for Thursday, 25 November 2021.

In light of the robust results for the year and the favourable financial prospects for the operations in the 2022 financial year, the board has applied its discretion and has proposed a dividend in excess of the Company's dividend policy guidelines, which provide for a 40% payout ratio of net cash generated from operating activities.

The total proposed dividend constitutes a payout ratio of 71.4% of the Group's net cash generated from operating activities, as defined by its dividend policy. The payout ratio, in excess of the dividend policy guidelines, is indicative of the board's assessment of the sustainability of the operations and favourable prospects for the 2022 financial year. The proposed dividend equates to a dividend yield of 5.3% based on the 30 June 2021 share price of ZAR3.41 per share and 5.9% based on the 9 September 2021 share price of ZAR3.06 per share.

FUTURE GROWTH

Pan African continues to evaluate potential acquisitions and projects outside of South Africa, which meet the Group's stringent investment criteria. Organic growth projects and surface tailings retreatment projects, where the Group has a proven track record, are also continually evaluated to ensure optimum capital allocation and utilisation of our other resources to maximise value creation for all stakeholders.

OUTLOOK AND PROSPECTS FOR THE NEXT FINANCIAL YEAR

The Group is committed to creating and enhancing stakeholder value by driving its sustainable mining operating model.

Key focus areas for the year ahead include the following:

- Continuing to improve the Group's safety performance in pursuit of its zero-harm drive
- Delivering on our guided gold production of more than 195,000oz for the year ending 30 June 2022, and further reducing unit production costs
- Pursuing our 'beyond compliance' ESG approach through collaboration and partnerships with the state and specialists in community, conservation and sustainability initiatives, for the benefit of all stakeholders
- Successfully executing into capital projects that will sustain and increase annual gold production in the future
- Further reducing senior debt to strengthen the Group's capital structure
- Increasing returns to shareholders, including cash dividends
- Advancing organic growth projects within our mining rights areas and investigating potential exploration and mining opportunities outside South Africa.

APPRECIATION

I would sincerely like to thank my fellow board members for their guidance, support and insight during the past financial year. I also wish to extend my appreciation to our management teams and all of our other dedicated staff at Pan African for their hard work and commitment. Together, 'we are mining for a future'.

Cobus Loots
Chief executive officer

15 September 2021

FINANCIAL DIRECTOR'S REVIEW

DEON LOUW
Financial director

The Group presented an exceptional set of financial results for the 2021 financial year, despite the challenges of the COVID-19 pandemic on the Group's operations. The 34.6% increase in revenue to US$368.9 million (2020: US$274.1 million) and record profits are attributable to an increase in gold production and higher gold prices. The commensurate increase in cash flows resulted in the Group's net senior debt decreasing by 45.6% to US$33.7 million (2020: US$62.0 million).

FINANCIAL HIGHLIGHTS FOR THE YEAR

Revenue increased by
34.6% to US$368.9 million
(2020: US$274.1 million)

Profit after taxation increased by
68.6% to US$74.7 million
(2020: US$44.3 million)

Headline earnings increased by
69.0% to US$74.7 million
(2020: US$44.2 million)

Headline earnings per share increased to
US 3.87 cents per share
(2020: US 2.29 cents per share)

Net cash generated by operating activities increased to
US$82.2 million
(2020: US$53.8 million)

Net senior debt decreased to
US$33.7 million
(2020: US$62.0 million)

Adjusted EBITDA increased by
66.6% to US$144.1 million
(2020: US$86.5 million)

A dividend of
US 1.26671 cents per share
(2020: US 0.8358 cents per share) is proposed to shareholders for the 2021 financial year

*Refer to APMs on **pages 222** to **229**.*

FINANCIAL PERFORMANCE

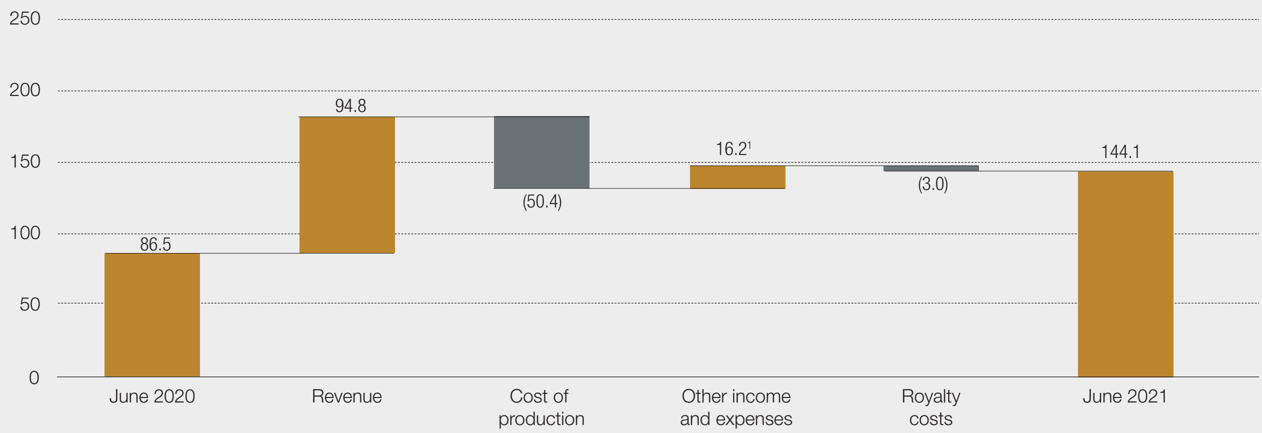
The Group reported exceptional results for the 2021 financial year, underpinned by a strong operational performance coupled with higher gold prices. This contributed to robust free cash flow generation for the 2021 financial year which resulted in a reduction in the Group's net debt by US$37.4 million to US$39.0 million (2020: US$76.4 million) while the net debt-to-net-adjusted EBITDA ratio improved to 0.3 (2020: 0.7). The Group's cash holdings improved to US$35.1 million (2020: US$33.5 million). Our focus for the coming year is continued debt reduction and further strengthening the Group's capital structure to access optimal funding rates, flexibility and liquidity.

Financial capital

The Group's liquidity remains healthy with access to US$77.1 million (2020: US$41.2 million) of liquid resources, comprising:

	Year ended 30 June 2021 US$ thousand	Year ended 30 June 2020 US$ thousand
Cash and cash equivalents	**35,133.4**	33,529.8
Restricted cash	**(89.9)**	(389.8)
Available general banking facilities	**9,803.9**	8,078.5
Available RCF	**32,212.9**	–
Available Group liquidity	**77,060.3**	41,218.5

Adjusted EBITDA for the year ended 30 June 2021 (US$ million)



The Group generated adjusted EBITDA of US$144.1 million for the 2021 financial year relative to US$86.5 million for 2020, representing a 66.6% year-on-year increase. The Group's adjusted EBITDA margin also increased to 39.1% (2020: 31.6%) and profit after tax increased to US$74.7 million relative to US$44.3 million for the prior financial year. Material movements in revenue, cost of production and other income and expenses are further explained below.

	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Revenue	**368,914.7**	274,106.8
Cost of production	**(208,814.8)**	(158,457.3)
Mining depreciation and amortisation	**(32,074.2)**	(21,503.2)
Mining profit	**128,025.7**	94,146.3
Other expenses and income	**(12,819.1)**	(28,681.9)
Impairment reversal	**–**	88.6
Royalty costs	**(3,454.1)**	(473.8)
Net income before finance income and finance costs	**111,752.5**	65,079.2
Finance income	**755.6**	464.8
Finance costs	**(7,674.6)**	(13,346.2)
Profit for the year	**104,833.5**	52,197.8
Income taxation expense	**(30,141.4)**	(7,904.5)
Profit after taxation	**74,692.1**	44,293.3

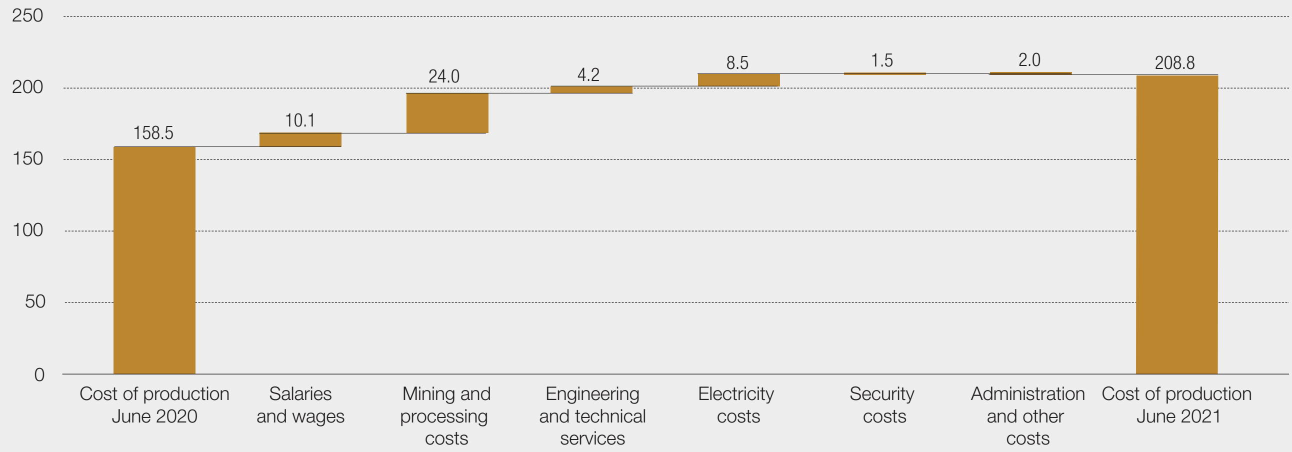
[1] *Movement excludes non-mining depreciation and amortisation of US$0.4 million.*

Revenue increased by 34.6% to US$368.9 million (2020: US$274.1 million) predominantly due to:

- gold sold increasing by 16.1% to 201,777oz (2020: 173,864oz)
- the average US$ gold price received increasing 16.0% to US$1,826/oz (2020: US$1,574/oz).

The mining profit margin increased to 34.7% from 34.3% in the prior financial year despite a 31.7% increase in the cost of production and a 49.3% increase in mining depreciation and amortisation.

Cost of production for the year ended 30 June 2021



All **production costs** are incurred in rand, the Group's functional currency, whereas US$ translations are impacted by fluctuations in the US$/ZAR exchange rate. The Group's cost of production increased by 31.7% to US$208.8 million (2020: US$158.5 million) with this large cost increase mostly attributable to a full year of production from the 8 Shaft pillar in the current financial year.

Cost of production mainly consists of:

- mining and processing costs (representing 42.3% of the total cost of production) increased by 37.4% to US$88.2 million (2020: US$64.2 million), mainly as a result of the following:
  - Evander Mines' costs increased by US$16.7 million in the 2021 financial year as a direct result of a 134.2% increase in tonnes milled from the mine's underground operations, post commissioning of the 8 Shaft pillar
  - Barberton Mines' costs have increased by US$4.4 million mainly due to increased vamping costs and an increase in mining contractor costs. These cost increases have, however, contributed to the 24.5% increase in gold produced by Barberton Mines' underground operations
  - Elikhulu processing costs have increased by US$2.9 million mainly due to an increase in reagent costs to improve the plant's recoveries and an increase in contractor costs relating to the management of TSF dam deposition
- electricity costs (representing 14.9% of the cost of production) increased by 37.4% to US$31.2 million (2020: US$22.7 million). The increase was a result of a 15.1% regulatory increase and a US$4.8 million increase in electricity costs associated with the mining of the 8 Shaft pillar
- engineering and technical costs (representing 8.7% of the cost of production) increased by 30.2% to US$18.1 million (2020: US$13.9 million). Engineering and technical costs related to the 8 Shaft pillar were capitalised in the prior financial year resulting in a 32.7% increase in costs when compared year-on-year, with the majority of these costs capitalised in the prior financial year. Maintenance work undertaken at Sheba Mine and repairs and maintenance to load, haul and dump vehicles at Barberton Mines
- security costs (representing 3.7% of the cost of production) increased by 23.8% to US$7.8 million (2020: US$6.3 million) as a result of an increase in measures to counter illegal mining activities at Barberton Mines' high-grade platforms and additional security measures for the implementation and enforcement of COVID-19 regulations at access points to the Group's operations
- the average annual salary increase for the Group was approximately 6%. In total, however, the salaries and wages (representing 25.8% of the total cost of production) increased by 23.1% to US$53.8 million (2020: US$43.7 million). The increase, in excess of this annual increase, was as a result of:
  - salary costs related to the 8 Shaft pillar, which were capitalised in the prior financial year before the commissioning of the project, resulting in a 73.1% increase in salary costs for Evander Mines' underground operations for the 2021 financial year
  - production bonuses paid as a result of increased production at Barberton Mines for the 2021 financial year
  - Elikhulu's salary costs increased by 23.7% predominantly due to an increase in the employee headcount to optimise operational efficiencies
  - an increase in the Group's leave provision due to COVID-19 restrictions implemented during the prior financial year.

The 49.3% increase in the Group's **mining depreciation and amortisation** costs is attributable to the following:

- The Group incurred an additional US$6.2 million in depreciation costs following the commissioning of the 8 Shaft pillar

- An increase in capital expenditure of 19.5% to US$49.1 million (2020: US$41.1 million) which increased the depreciation expense commensurately relative to the prior financial year
- As the depreciation charge is based on the estimated available units of production (tonnes) over the lives of the mines, the 2021 financial year's depreciation charge increased consistent with the 12.4% increase in gold production relative to the 2020 financial year.

Other expenses and income have decreased to US$12.8 million (2020: US$28.7 million) due to:

- mark-to-market fair value gains of US$3.8 million (2020: US$21.9 million fair value losses) realised when settling the Group's zero cost collar derivatives, entered into as part of its gold price hedging programme, which were offset by
- costs of US$7.3 million (2020: US$5.6 million) incurred on the increased value of the liability pertaining to the Group's employee incentive schemes consistent with the increase in the Group's share price.

Royalty costs increased to US$3.5 million (2020: US$0.5 million), which is consistent with the increase in revenue and operational profits.

Finance costs decreased to US$7.7 million (2020: US$13.3 million), largely due to the reduction in the Group's senior debt facilities. Finance costs mainly consist of:

- US$0.1 million (2020: US$1.6 million) associated with the unwinding of the rehabilitation provision
- US$6.1 million (2020: US$11.1 million) related to the Group's borrowings from financial institutions.

The income taxation expense for the year increased to US$30.1 million (2020: US$7.9 million) resulting in an effective taxation rate of 28.8% (2020: 15.1%). The current taxation charge increased by 80.0% to US$14.4 million (2020: US$8.0 million) consistent with the Group's increase in revenue and the escalating gold formula taxation rate.

The deferred taxation expense increased to US$15.9 million (2020: US$0.2 million) due to permanent differences arising as a result of the restructure of the Group's long-term incentive (LTI) schemes and the utilisation of unredeemed capital expenditure balances at Evander Mines.

CAPITAL ALLOCATION DISCIPLINE

The board is conscious of stakeholder aspirations for sustainable value creation. As a result, all capital allocation decisions are subject to rigorous analysis and predefined risk-adjusted return parameters to ensure this objective is fulfilled. Of paramount importance in all such capital allocation decisions is the Group's ability to successfully execute investment opportunities and realise the required risk-adjusted return over the investment horizon. The compelling returns currently being earned on the capital invested in BTRP, Evander Mines' 8 Shaft pillar and Elikhulu bear testimony to our success in this regard.

Our investment criterion is to earn a minimum return in excess of the Group's cost of capital, after adjusting for project-specific and sovereign risks. Furthermore, to ensure our returns are robust through the cycle, 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.

FINANCIAL POSITION AT 30 JUNE 2021

Total assets increased to US$483.1 million (2020: US$368.6 million) mainly due to an increase in property, plant and equipment and mineral rights, the current portion of long-term loans receivable and trade and other receivables. The stronger average US$ gold price received and weaker average US$/ZAR exchange rate has contributed to an improvement in the return on capital employed of 35.6% compared to 22.1% in 2020.

Capital expenditure on property, plant and equipment and mineral rights of US$49.1 million (2020: US$41.1 million) was offset by mining depreciation and amortisation of US$32.1 million (2020: US$21.5 million). Capital expenditure comprises:

- sustaining capital expenditure of US$16.7 million (2020: US$16.4 million)
- expansion capital expenditure of US$32.4 million (2020: US$24.7 million).

The increase in **long-term receivables** of US$12.2 million to US$13.2 million (2020: US$1.0 million) is attributable to loans granted to scheme beneficiaries as an advance against money due to them in terms of the Group's employee share schemes.

Trade and other receivables have increased by US$13.5 million to US$24.4 million (2020: US$10.9 million) due to gold dispatches made at year-end and not settled at that point in time.

The **Group's net assets** increased to US$283.6 million (2020: US$183.6 million) following:

- increased net profit for the year of US$74.7 million (2020: US$44.3 million) offset by dividend payments of US$17.8 million (net of reciprocal dividend) (2020: US$2.9 million) to the Company's shareholders
- foreign currency translation gains of US$45.0 million (2020: US$37.9 million loss).

The **Group's total liabilities** have increased to US$199.5 million (2020: US$185.0 million) attributable to:

- the Group's rehabilitation and decommissioning provision increasing by US$4.4 million to US$13.6 million (2020: US$9.2 million) following an increase in Barberton Mines' liability as a result of the increased TSF footprint resulting from its extension
- long-term liabilities due to non-financial institutions increased by US$13.9 million to US$36.8 million (2020: US$22.9 million) following funding of the Group's solar photovoltaic renewable energy plant at Evander Mines
- the deferred taxation liability increased by US$11.2 million following the restructure of the Group's long-term employee incentive schemes
- the Group's trade and other payables increased by US$19.5 million to US$54.7 million (2020: US$35.2 million) following an increase in trade payables and a short-term gold loan entered into at year-end
- an offset due to a US$30.5 million decrease in long-term liabilities from financial institutions to US$58.7 million (2020: US$89.2 million) largely due to the reduction in the Group's senior debt facilities and a decrease in the derivative liability by US$9.6 million to US$nil. The Group's derivatives which were entered into as part of its gold price hedging programme have been fully settled.

PAN AFRICAN ASPIRES TO PAY AN ATTRACTIVE AND REGULAR DIVIDEND TO ITS SHAREHOLDERS.

Cash generated by operations improved to US$82.2 million (2020: US$53.8 million). The cash generated by operations was supported by the improved operational performance of the Group.

The cash outflows from investing activities increased to US$44.1 million (2020: US$30.6 million) largely due to capital expenditure on property, plant and equipment and mining rights of US$44.4 million (2020: US$34.6 million).

Net cash utilised in financing activities decreased to US$44.5 million (2020: US$3.3 million generated) utilised largely due to the repayment of the Group's senior debt facilities.

	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Cash flow from operating activities		
Net cash generated from operating activities before dividend, taxation, royalties and net finance costs paid	**124,549.3**	73,399.4
Dividend paid	**(20,606.6)**	(2,933.2)
Reciprocal dividend received	**2,825.0**	(4,876.7)
Income taxation paid	**(15,402.3)**	(4,876.7)
Royalties paid	**(3,500.1)**	(926.9)
Finance costs paid	**(6,106.9)**	(11,157.6)
Finance income received	**484.4**	323.3
Net cash generated from operating activities	**82,242.8**	53,828.3
Cash flow from investing activities		
Additions to property, plant and equipment and mineral rights	**(44,396.4)**	(34,557.3)
Additions to other intangible assets	**(48.1)**	(174.6)
Repayments of long-term loans receivable	**289.8**	1,798.5
Rehabilitation fund withdrawals	**146.2**	2,084.7
Increase in investments	**(142.2)**	–
Proceeds from disposals of property, plant and equipment and mineral rights	**2.8**	206.7
Net cash used in investing activities	**(44,147.9)**	(30,642.0)
Cash flow from financing activities		
Borrowings raised	**15,963.0**	48,468.0
Borrowings repaid	**(59,405.8)**	(44,158.1)
Capital repayments of instalment sale obligation	**(169.9)**	(166.9)
Capital repayments of lease obligations	**(857.2)**	(803.6)
Net cash (used in)/generated from financing activities	**(44,469.9)**	3,339.4
Net/(decrease) increase in cash and cash equivalents	**(6,375.0)**	26,525.7
Cash and cash equivalents at the beginning of the year	**33,529.8**	5,341.2
Effect of foreign exchange rate changes	**7,978.6**	1,662.9
Cash and cash equivalents at the end of the year	**35,133.4**	33,529.8

DIVIDENDS

Pan African aspires to pay an attractive and regular dividend to its shareholders. In balancing this cash return to shareholders with the Group's strategy of organic and acquisitive growth, the Company believes a target payout 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 also considers the Company's financial position, future prospects, satisfactory solvency and liquidity assessments and other factors deemed relevant at the time. The board, having applied its discretion, believes that a deviation from the dividend policy is justified for the 2021 financial year given the favourable gold price environment, robust 2021 cash flows and the encouraging prospects for the 2022 financial year.

Proposed dividend for the financial year ended 30 June 2021

The board has proposed a final dividend of ZAR402.2 million for the 2021 financial year (approximately US$28.3 million), equal to ZA 18.00000 cents per share or approximately US 1.26671 cents per share (0.91556 pence per share). The dividend is subject to approval by shareholders at the AGM.

The proposed dividend equates to a dividend yield of 5.3% based on the closing share price at 30 June 2021.

Shareholder returns

	Unit	30 June 2021	30 June 2020
Attributable cash flow per share	US cents per share	**1.12**	0.06
Dividend yield at the last traded price	%	**4.11**	0.60
Cash flow yield per share	%	**4.70**	0.28
Return on shareholders' funds	%	**32.0**	24.1
Return on capital employed	%	**36.3**	22.1

Refer to APMs on ***pages 222*** *to* ***229****.*

Over the past financial year, the Group generated attributable cash flow of US$21.6 million (2020: US$1.1 million) which has contributed to the improved attributable cash flow per share. The Group has also improved its return on shareholder funds, return on capital employed and dividend yield year-on-year.

The Group has received a credit approved and underwritten term sheet for a new RCF of ZAR1 billion from Rand Merchant Bank, to replace the existing RCF which expires in June 2022. The new RCF has a three-year term and provides the Group with access to a flexible and cost-effective working capital facility at a reduced margin. The existing term loan, which was raised to fund Elikhulu plant will be consolidated into the new RCF. The legal agreements for the new RCF are being negotiated and it is expected that the facility will become effective in the final quarter of this calendar year.

The Group has also established a Domestic Medium-term Note programme which will give it access to the domestic debt capital markets to diversify its sources of debt capital for future capital funding requirements.

LOOKING AHEAD

Our focus for the 2022 financial year is on:

- continued debt reduction and further strengthening the Group's capital structure to access optimal funding rates, flexibility and liquidity from capital markets
- establishing a new RCF to ensure the sustainability of this source of debt capital for the funding of future capital projects
- implementing the Group's Domestic Medium-term Note programme as a complementary source of debt capital for the Group's future funding requirements
- increasing returns to shareholders including cash dividends.

Deon Louw
Financial director

15 September 2021

OPERATIONAL PERFORMANCE REVIEW

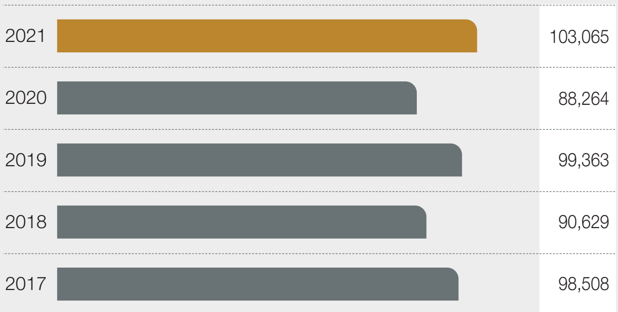
Barberton Mines

- Three underground gold mines: Fairview Mine, Sheba Mine and New Consort Mine
- BTRP

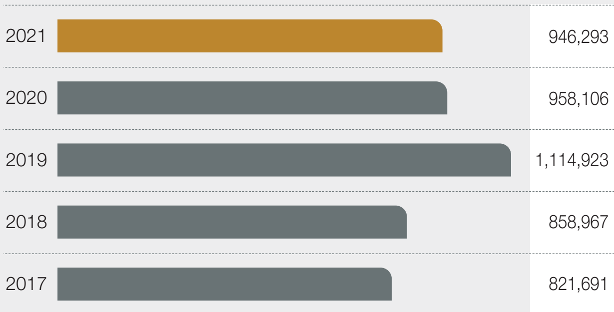
BARBERTON MINES	2021	2020
Employees	**1,767**	1,829
Contractors	**1,068**	834
Life-of-mine	**20 years**	20 years
A low-cost, high-grade operation comprising three underground mines: Fairview, Sheba and New Consort. Located in the Barberton Greenstone Belt. Acquired 74% of the shareholding in 2007 and the remaining 26% shareholding in 2009.		
Production (tonnes milled)	**325,017**	337,404
Produced (oz/annum)	**84,826**	68,129
Capacity (oz/annum)	**110,000**	110,000
Tonnage (capacity per annum)	**432,000**	432,000
Sustaining capital	**US$14.5 million**	US$11.8 million
Mineral Resources	**24.3Mt at 4.83g/t (3.5Moz)**	24.0Mt at 4.77g/t (3.7Moz)
Mineral Reserves	**14.5Mt at 3.48g/t (1.62Moz)**	15.5Mt at 3.33g/t (1.66Moz)
Recovered grade	**8.1g/t**	6.3g/t
Cash cost	**US$1,074/oz**	US$1,110/oz

*Refer to APMs on **pages 222** to **229**.*

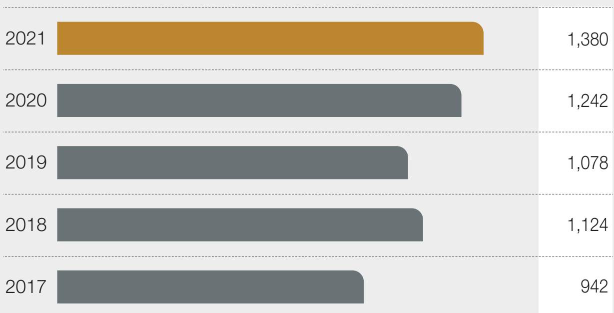
Gold sold
(oz)



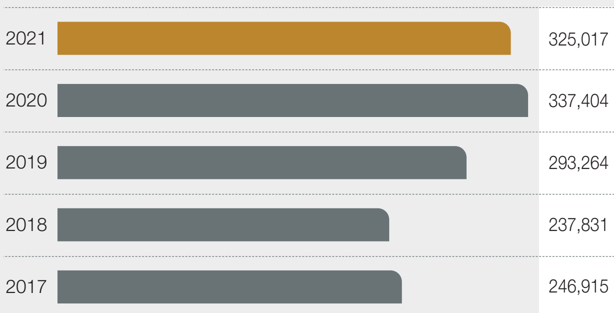
Tonnes milled and processed – tailings operations



AISC
(US$/oz)



Tonnes milled and processed – mining operations

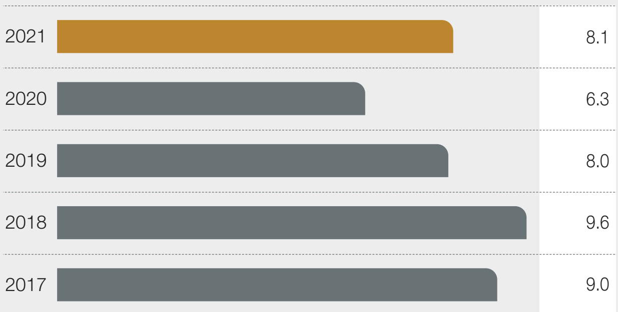


BARBERTON TAILINGS RETREATMENT PLANT	2021	2020
Employees	**72**	74
Contractors	**270**	127
Life-of-mine	**3 years**[1]	6 years
Construction commenced in April 2012. Inaugural gold pour and steady-state production from June 2013. Located at Barberton Mines.		
Production (tonnes milled)	**946,293**	958,106
Produced (oz/annum)	**18,293**	20,135
Capacity (oz/annum)	**25,000**	25,000
Tonnage (capacity per annum)	**1,200,000**	1,200,000
Sustaining capital	**US$0.1 million**	US$0.1 million
Mineral Resources	**21.9Mt at 1.21g/t (0.8Moz)**	20.7Mt at 1.26g/t (0.8Moz)
Mineral Reserves	**6.6Mt at 1.61g/t (0.34Moz)**	8.8Mt at 1.70g/t (0.5Moz)
Recovered grade	**0.6g/t**	0.7g/t
Cash cost	**US$933/oz**	US$786/oz

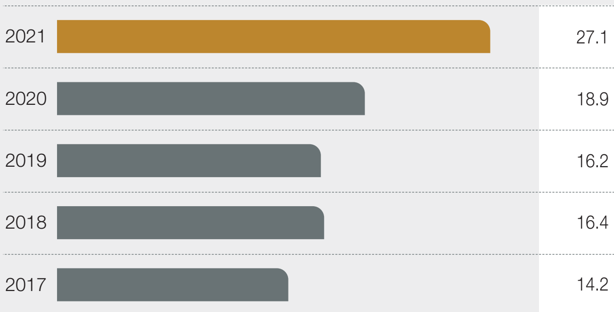
[1] *The life of BTRP decreased from six years to three years due to mining depletions, a decrease in the recoveries achieved at the operation, as well as bringing forward processing of feedstock to maintain current production levels.*

*Refer to APMs on **pages 222** to **229**.*

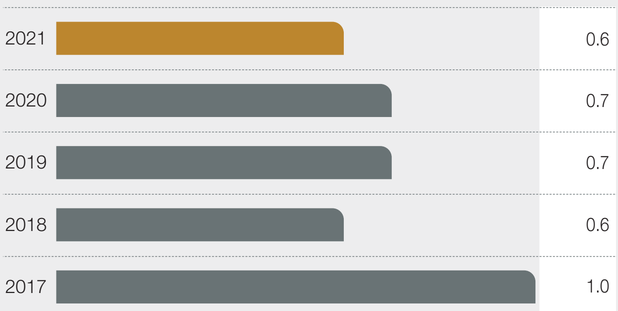
Recovered grade – mining operations
(g/t)



Capital expenditure[1]
(US$ million)



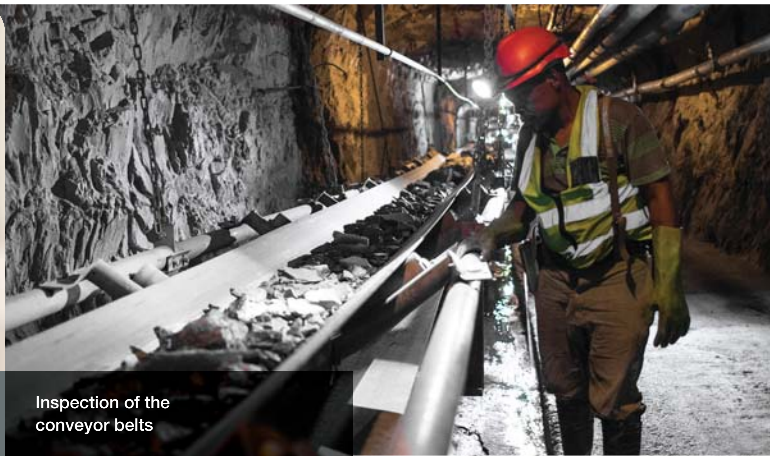
Recovered grade – tailings operations
(g/t)



BARBERTON MINES IS A LONG-LIFE, HIGH-MARGIN, HIGH-GRADE GOLD PRODUCER WITH AN EXCELLENT LONG-TERM SAFETY RECORD. THE RENEWAL OF BARBERTON MINES' MINING RIGHTS FOR A FURTHER 30 YEARS (TO 2051) IS AN ENDORSEMENT OF OUR MINING PLANS TO SUCCESSFULLY CONTINUE WITH MINING OPERATIONS LONG INTO THE FUTURE.

[1] *Converted to US$ at the average exchange rate prevailing for the respective period.*

JAN THIRION
General manager



Inspection of the conveyor belts

HIGHLIGHTS

Safety

- TRIFR and LTIFR (per million man hours) improved to 6.21 (2020: 8.01) and 1.07 (2020: 1.11), respectively
- One fatality was reported for the year under review
- 180 COVID-19 cases were reported for the 2021 financial year

Sales and production

- Gold sales and production increased by 16.8% to 103,065oz (2020: 88,264oz)

Cost of production

- AISC per ounce increased by 4.9% to US$1,303/oz (2020: US$1,242/oz)
- Mining operations' AISC per ounce increased by 0.4% to US$1,380/oz (2020: US$1,375/oz)
- BTRP's AISC per ounce increased by 19.0% to US$946/oz (2020: US$795/oz)
- Production costs increased by 18.4% to US$108.2 million (2020: US$91.4 million) including:
  - Engineering and technical service costs increased by 33.9% to US$7.9 million (2020: US$5.9 million)
  - Salaries and wages increased by 19.1% to US$44.9 million (2020: US$37.7 million)
  - Electricity costs increased by 16.5% to US$12.0 million (2020: US$10.3 million)
  - Mining and processing costs increased by 15.8% to US$32.3 million (2020: US$27.9 million)

Capital expenditure

- Total capital expenditure increased by 43.4% to US$27.1 million (2020: US$18.9 million) comprising:
  - sustaining capital expenditure of US$14.6 million (2020: US$11.9 million)
  - expansion capital expenditure of US$12.5 million (2020: US$7.0 million)

OVERVIEW OF OPERATIONS

The Fairview, New Consort and Sheba underground operations that constitute the Group's Barberton Mines complex have been operating for over 130 years and Sheba Mine is recorded as one of the oldest working gold mines in the world.

These flagship mines are high-grade operations that have the capacity to produce approximately 80,000oz of gold per year, with an established safety record.

BARBERTON MINES HAS A LIFE-OF-MINE ESTIMATED AT 20 YEARS PER THE CURRENTLY IDENTIFIED MINERAL RESOURCES AND MINERAL RESERVES REPORT.

In June 2021, the DMRE granted the renewal of the Company's Barberton Mines mining rights for a period of 30 years. Official notification of the grant of the renewal in terms of section 24 of the Mineral and Petroleum Resources Development Act, 28 of 2002 was received by the Group on 1 June 2021, and comprises renewals of the mining rights for Fairview, New Consort and Sheba Mines (all of the Group's Barberton Mines mining rights). The renewal applications submitted by Pan African included detailed technical reports and mine works programmes that support mining at the Barberton Mines operations for the 30-year renewal period.

Fairview Mine is the birthplace of BIOX®, an environmentally friendly process of releasing gold from the surrounding sulphide (refractory) minerals, using organisms that perform this process naturally and with excellent recoveries consistently in the region of 98.8%. The plant at Fairview Mine is still used as the training facility for all BIOX® plants globally.

Barberton Mines improved flexibility at its Fairview operation through accelerated underground development programmes at the high-grade MRC and Rossiter orebodies, which were successfully implemented during the past year. This has resulted in increased face length availability, where over 200m of high-grade face length is now accessible. Four large platforms (256, 257, 258 and 358 Platforms) are currently available for mining in the MRC orebody and three within the Rossiter orebody, improving flexibility.

Financial capital
Manufactured capital
Human capital

Drilling of blast holes for mining advance

The design and development of the subvertical shaft project at Fairview Mine is progressing as planned and should be completed over a period of two years, after which it is expected to produce an additional 7,000oz to 10,000oz per annum.

At New Consort Mine's PC Shaft Level 42, the extraction of the first target block was successfully initiated. This block is characterised by extreme high-grade mineralisation of more than 300g/t and the occurrence of visible gold. This was the first target block of a total of 36 exploration targets that have been identified at New Consort Mine using modern exploration techniques, and which will be explored systematically by the Group over the next three years.

Mining of the Thomas orebody at Sheba Mine has assisted Sheba Mine's production profile for the 2021 financial year. The focus has now shifted to accessing high-grade cross-fractures within the ZK orebody on the newly accessed 37 Level.

Project Dibanisa aims to connect the underground infrastructure of Fairview and Sheba Mines, allowing all underground production from Sheba Mine to be transported to the surface using the existing Fairview Mine infrastructure and processed at the Fairview metallurgical plant. This will create capacity for the Sheba Mine infrastructure (ZK Shaft and Sheba metallurgical plant) to be utilised for the development and treatment of the Royal Sheba orebody, thereby significantly reducing the capital requirements for the project.

The BTRP surface operation was commissioned by the Group in 2013 and is located within Fairview Mine's mining right footprint area. BTRP was designed to treat 100,000t of tailings per month and adds low-cost and low-risk ounces to our production profile, with production of 18,239oz (2020: 20,135oz) for the 2021 financial year at an AISC of US$946/oz (2020: US$795/oz). The remaining life-of-mine is estimated at three years. Additional feed sources are being investigated, including the possible conversion of BTRP to a hard rock plant, to increase the life of BTRP. In the coming years, production at the BTRP is expected to be supplemented with ore from Barberton Mines' Royal Sheba orebody, where development is in progress.

CHALLENGES

The adverse impact on gold production from community unrest remains a challenge. One production day was lost in the current financial year as a result of community unrest activities, an improvement on the three days lost in the previous year. The improvement can be attributed to enhanced security measures and sustained community engagement and awareness efforts by the Group, including through social media channels and community engagement forum meetings with representative groups.

The Group continues its awareness programmes that inform stakeholders about the importance of mining, its contribution to the local economy and the dangers of illegal mining to sustainability and the livelihoods of all stakeholders.

Illegal mining continues to adversely affect operations and the safety and security of our employees which, in turn, impacts revenues and security costs. The Group's risk and security executive introduced new integrated security strategies and joint collaborative efforts with national law enforcement agencies, which are bearing tangible results.

The geological complexity of Barberton Mines' orebodies, as experienced and expected in the mineralisation style of our Mineral Resources and Mineral Reserves, also present operational challenges. Greenstone belt shear zone-hosted gold deposits are characteristically variable in metal content and mineralised extents, along both strike and down-dip. As a result of this variability, the Group increased the available mining face length of the high-grade platforms in the Fairview MRC 11-block and Rossiter orebodies during the financial year through highly intensive exploration methods. Along with the increase in the available strike length of the high-grade panels, the width of the platforms has also been optimised. These enhancements were made without impacting the grade of the ore being extracted from these platforms. The fourth high-grade platform in Fairview Mine's MRC 11-block was accessed in May 2021 and development towards the down-dip 259 Platform is progressing according to plan. The availability of these additional high-grade platforms greatly enhanced mining flexibility at Fairview and resulted in improved production levels which are expected to be sustained in the coming years.

FOCUS FOR 2022

Our focus remains on the continued improvement of our safety performance, delivering quality ounces consistent with our production guidance from Barberton Mines of approximately 100,000oz per annum and advancing value-accretive growth opportunities within our orebodies.

The Group has a demonstrable record of replenishing its Mineral Resources through effective brownfield exploration and is looking to organic growth projects, such as the Royal Sheba project, to further enhance the sustainability and longevity of the Group's operations.

Our primary focus areas for the 2022 financial year are:

- reducing underground unit costs
- optimising Barberton Mines' infrastructure utilisation by advancing the Royal Sheba project and Project Dibanisa
- extending and optimising the Mineral Reserve definition drilling programmes
- identifying additional exploration targets using modern geophysical techniques
- improving sustainability of the operation's tailings deposition by extending the Fairview TSF
- completing the bankable feasibility study for a solar photovoltaic renewable energy plant that will result in reduced carbon emissions and operating costs while also ensuring a reliable electricity supply.

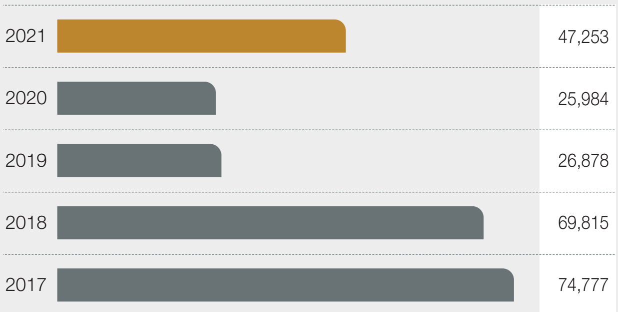
Evander Mines

- Elikhulu
- Underground mining operations

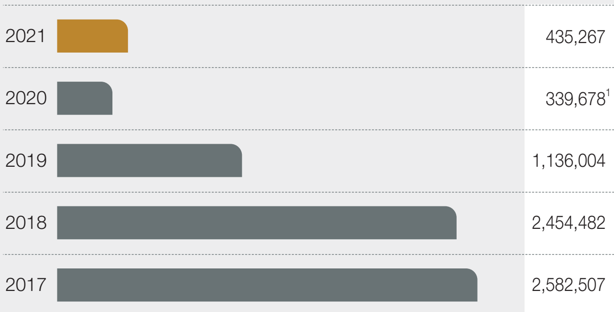
ELIKHULU TAILINGS RETREATMENT PLANT	2021	2020
Employees	**142**	104
Contractors	**274**	314
Life-of-mine	**12 years**	12 years
Elikhulu exploits historically generated gold tailings deposited in the Kinross, Leslie/Bracken and Winkelhaak TSFs. Construction commenced in July 2017. Located at Evander Mines. Inaugural gold pour in August 2018.		
Production (tonnes)	**13,054,767**	13,093,574
Produced (oz/annum)	**51,459**	59,616
Capacity (oz/annum)	**75,000**	75,000
Tonnage (capacity per annum)	**14,400,000**	14,400,000
Sustaining capital	**US$0.5 million**	US$0.6 million
Mineral Resources	**178.2Mt at 0.28g/t (1.6Moz)**	183.1Mt at 0.28g/t (1.7Moz)
Mineral Reserves	**162.0Mt at 0.28g/t (1.45Moz)**	156.5Mt at 0.28g/t (1.4Moz)
Recovered grade	**0.1g/t**	0.1g/t
Cash cost	**US$744/oz**	US$554/oz

*Refer to APMs on **pages 222** to **229**.*

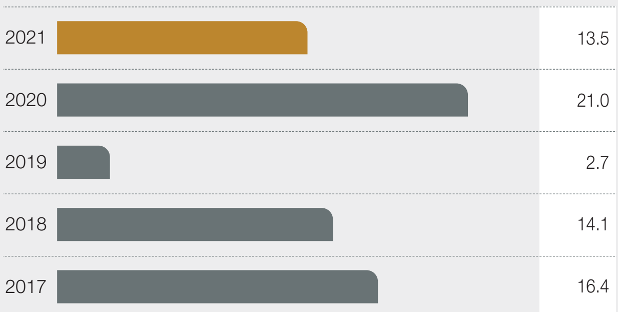
Gold sold – mining and surface source operations
(oz)



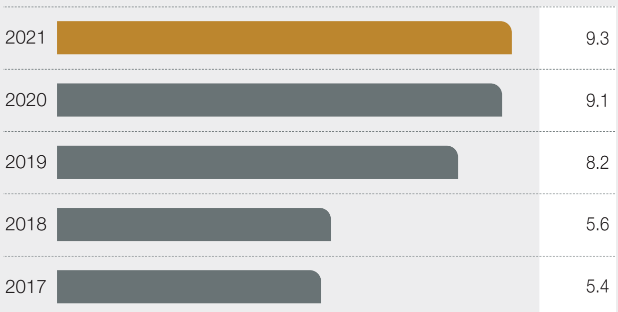
Tonnes milled and processed – mining and surface source operations



Capital expenditure[2] – mining and surface source operations (US$ million)



Recovered grade – mining operations
(g/t)



[1] *In January 2019, throughput from ETRP was incorporated into Elikhulu resulting in the tonnes milled and processed decreasing to 339,678t (2019: 1,136,004t).*

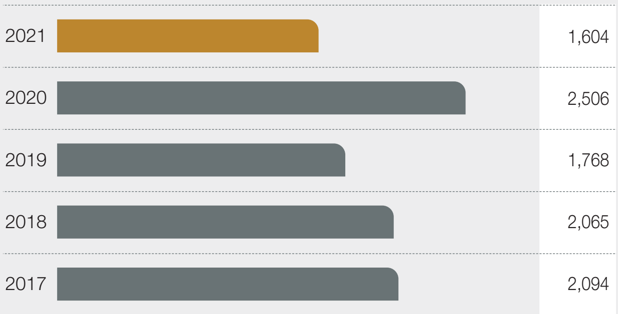
[2] *Converted to US$ at the average exchange rate prevailing for the respective period.*

UNDERGROUND OPERATIONS

	2021	2020
Employees	**99**	100
Contractors	**1,071**	863
Life-of-mine	**5 years**	3 years
Construction commenced in April 2012. Inaugural gold pour and steady-state production from June 2013. Located at Evander Mines.		
Production (tonnes milled)	**120,446**	51,436
Produced (oz/annum)	**36,016**	20,670
Capacity (oz/annum)	**40,000**	40,000
Tonnage (capacity per annum)	**138,000**	138,000
Sustaining capital	**US$0.8 million**	US$1.9 million
Mineral Resources 8 Shaft pillar	**26.7Mt at 9.82g/t (8.4Moz)**	22.6Mt at 10.51g/t (7.6Moz)
Mineral Reserves 8 Shaft pillar	**0.6Mt at 10.58g/t (0.19Moz)**	0.3Mt at 9.83g/t (0.1Moz)
Recovered grade	**9.3g/t**	9.1g/t
Cash cost	**US$1,225/oz**	US$1,328/oz

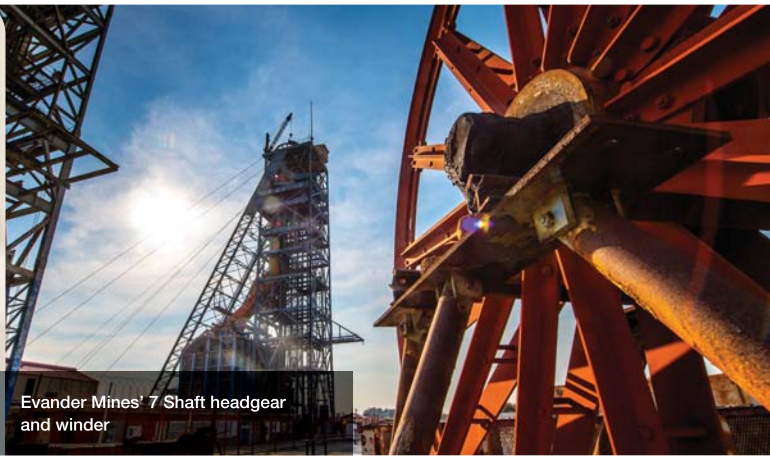
*Refer to APMs on **pages 222** to **229**.*

AISC – mining operations
(US$/oz)



ACHIEVEMENT OF STEADY-STATE PRODUCTION AT THE 8 SHAFT PILLAR AND RE-EVALUATION OF EXISTING UNDERGROUND MINING OPPORTUNITIES AT EVANDER MINES' 24 LEVEL HAS DELINEATED AN APPROXIMATE 100,000oz RECOVERABLE GOLD RESOURCE, ACCESSIBLE THROUGH THE 8 SHAFT 2 DECLINE. THE 24 LEVEL PROJECT HAS EXTENDED THE LIFE-OF-MINE OF EVANDER MINES BY TWO YEARS.

LAZARUS MOTSHWAIWA
General manager



Evander Mines' 7 Shaft headgear and winder

Underground mining and surface source operations

HIGHLIGHTS

Safety

- TRIFR and LTIFR (per million man hours) for underground operations improved to 13.20 (2020: 16.42) and 2.64 (2020: 4.62), respectively
- No fatalities were reported for the year under review
- 58 COVID-19 cases were reported for the year under review

Sales and production[1]

- Gold sales increased by 81.9% to 47,253oz (2020: 25,984oz)

[1] *Amounts include Evander Mines' surface sources.*

Cost of production

- AISC per ounce for mining operations decreased by 36.0% to US$1,604/oz (2020: US$2,506/oz)
- AISC per ounce for surface source operations increased to US$1,681/oz (2020: US$1,412/oz)
- Cost of production for mining and surface source operations increased by 83.5% to US$62.4 million (2020: US$34.0 million) including:
  - Salaries and wages increased by 90.9% to US$4.2 million (2020: US$2.2 million)
  - Mining and processing costs increased by 89.3% to US$35.4 million (2020: US$18.7 million)
  - Electricity costs increased by 82.1% to US$12.2 million (2020: US$6.7 million)
  - Engineering and technical service costs increased by 32.6% to US$6.5 million (2020: US$4.9 million)

Capital expenditure

Total capital expenditure for mining and surface source operations was US$13.5 million (2020: US$21.0 million) comprising:

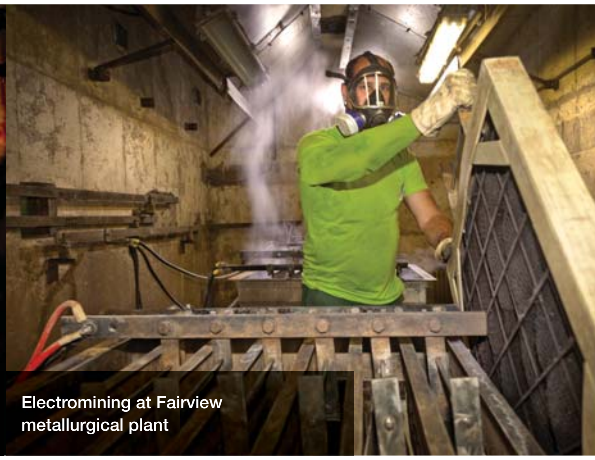
- sustaining capital expenditure of US$1.5 million (2020: US$3.3 million)
- expansion capital expenditure of US$12.0 million (2020: US$17.7 million)

Organic growth projects

- As part of its continuous evaluation of the respective merits of its growth opportunities and capital expenditure priorities, the Group completed an internal technical and economic study into the extensive gold resources at 24 Level at Evander Mines' underground operations (24 Level project), with approximately 100,000oz recoverable and accessible through the 8 Shaft 2 Decline. The 24 Level project has extended the life-of-mine of Evander Mines by two years
- The Egoli project, where a feasibility study was completed, has an initial expected life-of-mine of nine years with average expected production of 72,000oz per annum. The Egoli project will use refurbished and existing underground and plant infrastructure

Financial capital
Manufactured capital
Human capital


Rock drill operator at Fairview Mine


Electromining at Fairview metallurgical plant

OVERVIEW OF OPERATIONS

Mining of the 8 Shaft pillar commenced in the second quarter of the 2020 financial year. The operation was originally scheduled to reach steady-state production of some 30,000oz per annum in March 2020, however, as a result of the restrictions imposed by the COVID-19 regulations, steady-state production was only achieved during June 2020. The ramp up in production of the 8 Shaft pillar was slower than expected during the second half of the 2021 financial year as a result of difficulties encountered with the initial installation of underground support pseudo-packs, which were resolved following the introduction of dry tailings and additional grout ranges for filler use. Further production delays were caused by fracturing of the shaft lining while establishing the pillar mining in the vicinity of the shaft.

PRODUCTION FROM EVANDER MINES' 8 SHAFT PILLAR SIGNIFICANTLY IMPROVED, WITH AVERAGE PRODUCTION OF APPROXIMATELY 3,400oz PER MONTH FOR THE LAST THREE MONTHS OF THE 2021 FINANCIAL YEAR.

The 8 Shaft pillar has a remaining life in excess of two years and is expected to produce approximately 80,000oz of gold during its remaining life-of-mine at approximately 34,000oz per year. Mining of the 8 Shaft pillar significantly reduces the risk profile of Evander Mines' underground operations, with simplified logistics, modern underground mining support and reduced travelling times to the workplace.

The Group reassesses the respective merits of its growth opportunities and its capital expenditure priorities on an ongoing basis. This process has resulted in the reappraisal of the current Egoli project development plan as well as a re-evaluation of existing underground mining opportunities at Evander Mines' 24 Level. This capital expenditure reprioritisation is expected to result in improved cash returns and will require a substantially reduced capital outlay and commensurate reduced debt levels, when compared to the previous Egoli project development plan.

As part of this strategy, an internal technical and economic study to assess the merits of mining the 2 Decline on 24 Level project (phase 1) was undertaken. This study will be followed by a phase 2 study that will assess the merits of extending mining to 25 and 26 Levels. Phase 2 will also be designed to utilise a proven on-reef mining layout, minimising waste and significantly reducing the time for orebody access development.

Phase 1 mining will extend Evander Mines' 8 Shaft production profile, post cessation of the 8 Shaft pillar mining, for an additional two and a half years and maintain annual production of approximately 34,000oz per year. The 24 Level project will result in a five-year life for the 8 Shaft complex. An integral component of the phase 1 study was the identification of risk mitigating measures to address the major challenges previously encountered during the mining of the Kinross orebody and to ensure economical extraction. For further details, including economic parameters, please refer to the abridged Mineral Resources and Mineral Reserves report on **page 49**.

Following the reprioritisation of the Group's capital expenditure programmes, a more phased approach for the development of the Egoli project will be followed, concurrent with the 8 Shaft phase 1 and possible phase 2 developments at 24, 25 and 26 Levels, as described above.

The Egoli project's first phase development will entail the dewatering of 3 Decline infrastructure to 19 Level, where a drilling platform will be established to enable infill drilling in order to finalise short-term mine planning. The Egoli project's phased development approach and production profile will coincide with the depletion of the 24 Level Mineral Resources.

The mining feasibility study for the underground Egoli project has been completed and the results demonstrate a viable and value-enhancing project, surpassing the findings of previous technical and financial assessments. The Egoli project has an expected initial life-of-mine of approximately nine years and is expected to contribute between 60,000oz and 80,000oz of gold per annum, on average, over the life-of-mine, based on the current Proved and Probable Mineral Reserves. Production will commence in year four of Egoli's project plan, post the dewatering of 3 Decline at the 7 Shaft system and continue for a nine-year life-of-mine. The feasibility study estimates steady-state annual production of 72,000oz in the second year following commencement of production, at an AISC of under US$1,000/oz. This life-of-mine excludes the Inferred Mineral Resources of 6.26Mt at 9.68g/t (1.95Moz), which will be accessed once underground development is in place, and provides additional geological and operational upside as these Inferred Resources are upgraded and converted to Mineral Reserves, potentially increasing the life-of-mine of the Egoli project to 14 years.

The mining method to be employed at the Egoli project will be conventional breast mining with on-reef access development done with trackless mobile machinery. Egoli is a brownfield project with low execution risk and only requires 560m of underground development from the current 3 Decline for access, and is located approximately 1.5km from the fully operational 7 Shaft. Existing infrastructure will be refurbished and utilised, including 7 Shaft hoisting infrastructure and the Kinross processing plant.

THE EGOLI PROJECT REMAINS COMPELLING AS IT REQUIRES MATERIALLY LOWER CAPITAL INVESTMENT WHEN BENCHMARKED AGAINST OTHER DEVELOPMENT PROJECTS OF SIMILAR SCALE AND HAS ACCESS TO AN EXPERIENCED MANAGEMENT AND UNDERGROUND MINING TEAM.

Ore from the Egoli project will be treated at the Kinross plant, which is 300m away from 7 Shaft and has the required ore-handling capacity, while the current Elikhulu TSFs have sufficient capacity for the tailings. This phased approach to mining Egoli will enable the Group to reduce its reliance on debt funding for the project's development.

The Egoli project is situated within Evander Mines' existing mining right, which is valid until 2038. Please refer to the abridged Mineral Resources and Mineral Reserves report on **page 49** for further information.

CHALLENGES

Remedial work required to support portions of the 8 Shaft brattice wall and fracture of the shaft lining in proximity to the 8 Shaft pillar core placed mining operations at risk and negatively impacted production during the first quarter of the 2021 financial year. During this time, only panels above the 15 Level main line travelling between 7 Shaft and 8 Shaft could be mined. Post the support of the at-risk areas, the core around the 8 Shaft barrel could be completely extracted and mining could progress below 15 Level.

The newly built backfill plant initially experienced inconsistent material supply density that caused leakages through the cement bags underground and resulted in production delays. Difficulties were encountered with the initial installation of underground support pseudo-packs. This was resolved by introducing dry tailings and additional grout ranges for filler use. Design changes to the bags and sourcing of homogeneous material from the Kinross and Leslie/Bracken TSFs have successfully stabilised the operation, enabling production to ramp up to levels as indicated in the feasibility study.

Increased unemployment in the host communities has given rise to more frequent incidents of illegal mining, theft of infrastructure, especially at shafts that are no longer in operation, and an attempted heist from the gold plant. The improved integrated security strategy implemented at the Group's operations has, however, been effective in limiting the unauthorised access of illegal miners to underground mining areas and theft from surface infrastructure. The closure of the old workings and ongoing rehabilitation of the shaft areas have also contributed to mitigating these risks.

FOCUS FOR 2022

Our goal for the year ahead is to achieve optimal performance at our underground operations. We are focused on gaining maximum value from our current assets through reprioritisation of capital expenditure, operational optimisation and organic growth.

Our focus areas for the year ahead include:

- sustaining steady-state production levels at the 8 Shaft pillar
- detailed scheduling and planning for the 24 Level project
- initiating dewatering for the Egoli project
- commencing with exploration programmes to delineate additional organic growth opportunities within the existing Evander Mines mining right.

Travelling ways at Sheba Mine, 23 Level

Inspection of mechanised equipment – Fairview adit

Financial capital | Manufactured capital | Human capital

ORIEL SHIKWAMBANA
General manager

Elikhulu

HIGHLIGHTS

Safety

- TRIFR (per million man hours) improved to 5.14 (2020: 5.29)
- LTIFR (per million man hours) regressed slightly to 1.71 (2020: 0.88)
- No fatalities were reported for the year under review

Sales and production

- Gold sales decreased by 13.7% to 51,459oz (2020: 59,616oz)

Cost of production

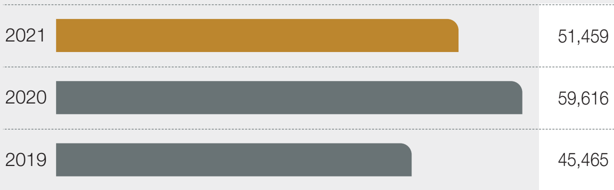
- AISC per ounce increased by 37.8% to US$846/oz (2020: US$614/oz)
- Cost of production increased 15.8% to US$38.2 million (2020: US$33.0 million)

Capital expenditure

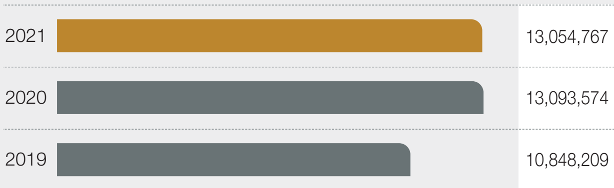
Total capital expenditure was US$4.1 million (2020: US$0.6 million) comprising:

- sustaining capital expenditure of US$0.5 million (2020: US$0.6 million)
- expansion capital expenditure of US$3.6 million (2020: US$nil)

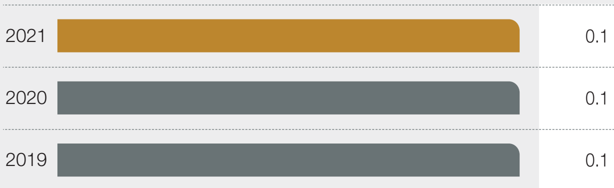
Gold sold
(oz)



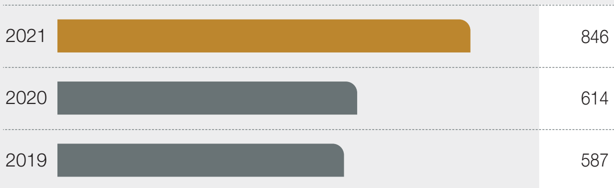
Tonnes milled and processed



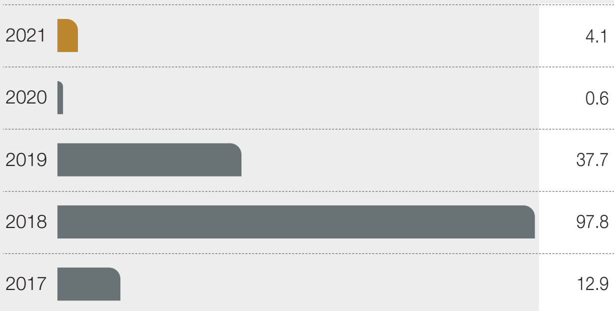
Overall recovered grade
(g/t)



AISC
(US$/oz)



Capital expenditure[1]
(US$ million)



[1] *Converted to US$ at the average exchange rate prevailing for the respective period.*

Inspection of CIL tanks at Elikhulu

Hydraulic mining at the Elikhulu TSF

OVERVIEW OF OPERATIONS

Elikhulu is one of the lowest-cost operations in Southern Africa, producing 51,459oz at an AISC of US$846/oz, with a remaining operational life of 12 years. The plant processes up to 1.2Mt of historical tailings per month from the three existing slimes dams at Kinross, Leslie/Bracken and Winkelhaak. Reprocessing will result in the residues being re-deposed to a single TSF site reducing our ecological footprint. Elikhulu's enlarged Kinross TSF extension is lined to prevent and limit possible underground seepage and pollution. This demonstrates our commitment to addressing the environmental legacy of historical tailings deposits. As the TSFs are located in close proximity to residential areas, specialist independent contractors were appointed to build and operate the TSF. In addition, tailings dam management for the Group is overseen by an appointed competent person at each TSF site to ensure monitoring and compliance with legislation as well as the Group's own internal code of practice. Recent high-profile incidents of TSF failure within the global mining industry demonstrate the potentially severe effects of tailings facility failures and have resulted in increased demands for regulatory action. In August 2020, the International Council on Mining and Metals, the United Nations Environment Programme and the Principles for Responsible Investment launched the GISTM. The standard places strong emphasis on improving the safe management of tailings facilities, community engagement, governance and independent review requirements.

As the majority of Pan African's TSFs were constructed and operated before the introduction of the GISTM, the Group has implemented ongoing assessments on its TSFs and has initiated the appropriate actions required to narrow any gaps towards compliance. In July 2021, an executive responsible for TSFs for the Group, as it relates to the GISTM requirement, was appointed by the chief executive officer of Pan African.

The Elikhulu operation consists of a technologically advanced, automated plant with a reduced labour requirement. The plant's numerous innovations, in addition to its high throughput and short pumping distances, include its modern extraction process, which does not require regrind mills and thickeners, has low reagent consumption and uses mostly non-potable water supply from adjacent underground operations.

THE GROUP DESIGNS ITS TAILINGS PLANTS TO INCORPORATE A PRE-OXIDATION METHODOLOGY TO ENHANCE GOLD EXTRACTION SUCCESSFULLY. THE REMINING ACTIVITIES ARE ALSO AUTOMATED TO A LARGE DEGREE, WITH THE LATEST IN HYDRO-MINING TECHNOLOGY. THESE FACTORS ALLOW PRODUCTION COSTS TO REMAIN REMARKABLY LOW.

Elikhulu is testament to Pan African's ability to conceptualise, plan and complete substantial growth projects ahead of time and within budget, and the Company has successfully delivered four such projects to date.

RENEWABLE ENERGY PROJECTS

The board has approved the development of a 9.975MW solar photovoltaic renewable energy plant at Evander Mines to supply part of Elikhulu's power requirements, following the finalisation of a positive bankable feasibility study undertaken by independent consultants. In December 2020, the Group entered into an engineering, procurement and construction agreement with juwi Renewable Energies Proprietary Limited (juwi South Africa) to complete and commission the plant. Civil works and the procurement of major components have commenced, and commissioning is anticipated in the third calendar quarter of 2021.

Part of the international juwi Group, juwi South Africa is one of the world's leading renewable energy companies. To date, juwi South Africa has built six utility-scale solar plants totalling 207MW under the South African government's Renewable Energy Independent Power Producers Programme. The juwi Group, headquartered in Germany, and its international subsidiaries, have completed over 1,700 solar plants globally with cumulative power of more than 3,000MW.

The Evander Mines solar photovoltaic renewable energy plant will be one of the first utility-scale solar photovoltaic renewable energy facilities to be commissioned in the South African mining industry. The plant will utilise bifacial module technology to maximise its yield and will provide an estimated 30% of Elikhulu's power requirements

Slurry sampling at Elikhulu

Elikhulu at dusk

during daylight hours. It is expected to materially reduce future electricity costs at this operation while also reducing dependency on the national grid. Furthermore, the Evander Mines solar photovoltaic renewable energy plant is expected to result in CO_2 emissions savings of more than 26,000t in its first year of operation.

The total cost of the Evander Mines solar photovoltaic renewable energy plant is US$9.9 million, with a calculated payback on this investment of less than five years.

This solar photovoltaic renewable energy plant further reduces Elikhulu's environmental impact and is just one of a number of initiatives in the Group's commitment to producing high-margin ounces in a safe and efficient manner, while investing in local communities and minimising the environmental impact of operations.

Following the announcement by the South African government, whereby private consumers have been granted approval to generate up to 100MW of electricity without requiring a licence from the National Energy Regulator of South Africa, the Group is assessing the merits of further expanding the plant in the coming years to provide an increased clean energy feed to its expanding underground organic growth projects.

CHALLENGES

Production in the second half of the financial year was impacted by remedial work required on the original drains installed in the enlarged Kinross TSF expansion. This resulted in the Group having to install elevated drains on the south-western edge of the lower compartment to facilitate the removal of excess water from the TSF and to ensure the sustainable operation of this long-life TSF.

Unstable supply of electricity from the national grid has, at times, led to disruptions of operations and interrupted process flows, leading to delays in resuming production. Unplanned power cuts and failure of aged electrical infrastructure of the national grid on an ongoing basis exacerbates the situation, resulting in production loss that cannot be recouped immediately, leading to missed production targets. The installation of the solar photovoltaic renewable energy plant at Evander Mines (as described above) will mitigate this situation to a large extent.

While Elikhulu processed the tonnes and grade during the second half of the financial year, as per the mining plan, the lower benches of the Kinross TSF were found to contain higher than expected concentrations of historical process fine carbon which negatively impacted the metallurgical recoveries. In addition, this excess carbon, combined with the mining of the outer wall of the Kinross TSF where material is coarser, resulted in lower recoveries, negatively impacting the production of Elikhulu during the financial year. Remedial work on the Elikhulu TSF's lower compartment also restricted tonnage throughputs, resulting in lower gold production overall for the financial year. This remedial work is complete and Elikhulu is expected to produce approximately 55,000oz of gold in the 2022 financial year, with improved tonnage throughput and higher recoveries from the planned remining area.

FOCUS FOR 2022

Our goal for the year ahead is to achieve improved performance at our surface operations. Our focus areas for the year ahead include:

- continued optimisation of the mining plan for low-risk, high-margin performance from Elikhulu
- commissioning the solar photovoltaic renewable energy plant to reduce electricity costs and reduce the risk of power supply disruptions
- investigating the expansion of the allowable plant size following revised legislation
- continuing with rehabilitation of historical TSF sites
- investigating alternative land-use projects on the newly rehabilitated areas for socio-economic development opportunities
- designing and preparing for the construction of the Leslie/Bracken pumping infrastructure
- starting construction for the re-deposition of tailings on the Kinross TSF dams 1 and 2.

OPERATIONAL PRODUCTION

	Year ended 30 June	Unit	Mining operations			Tailings operations				Total operations		
			Barberton Mines	Evander Mines	Total	BTRP	Evander Mines' surface sources	Elikhulu	Total	Barberton Mines total	Evander Mines total	Group total
Tonnes milled – underground[1]	2021	t	255,672	120,446	376,118	–	–	–	–	255,672	120,446	376,118
	2020	t	233,580	51,436	285,016	–	–	–	–	233,580	51,436	285,016
Tonnes milled – surface	2021	t	69,345	–	69,345	–	–	–	–	69,345	–	69,345
	2020	t	103,824	–	103,824	–	–	–	–	103,824	–	103,824
Tonnes milled – total underground and surface	2021	t	325,017	120,446	445,463	–	–	–	–	325,017	120,446	445,463
	2020	t	337,404	51,436	388,840	–	–	–	–	337,404	51,436	388,840
Tonnes processed – tailings	2021	t	–	–	–	946,293	–	13,054,767	14,001,060	946,293	13,054,767	14,001,060
	2020	t	–	–	–	958,106	–	13,093,574	14,051,680	958,106	13,093,574	14,051,680
Tonnes processed – surface feedstock	2021	t	–	–	–	–	314,821	–	314,821	–	314,821	314,821
	2020	t	–	–	–	–	288,242	–	288,242	–	288,242	288,242
Tonnes processed – total tailings and surface feedstock	2021	t	–	–	–	946,293	314,821	13,054,767	14,315,881	946,293	13,369,588	14,315,881
	2020	t	–	–	–	958,106	288,242	13,093,574	14,339,922	958,106	13,381,816	14,339,922
Tonnes milled and processed – total	2021	t	325,017	120,446	445,463	946,293	314,821	13,054,767	14,315,881	1,271,310	13,490,034	14,761,344
	2020	t	337,404	51,436	388,840	958,106	288,242	13,093,574	14,339,922	1,295,510	13,433,252	14,728,762
Head grade – total	2021	g/t	8.7	9.7	9.0	2.2	1.8	0.3	2.1	3.9	0.4	0.7
	2020	g/t	6.9	9.5	7.2	1.8	2.0	0.3	1.8	3.1	0.4	0.6
Overall recovered grade	2021	g/t	8.1	9.3	8.4	0.6	1.1	0.1	0.2	2.5	0.2	0.4
	2020	g/t	6.3	9.1	7.1	0.7	1.2	0.1	0.2	2.1	0.2	0.4
Overall recovery – underground	2021	%	93	96	94	–	–	–	–	93	96	94
	2020	%	92	96	93	–	–	–	–	92	96	93
Overall recovery – tailings	2021	%	–	–	–	28	44	41	38	28	44	38
	2020	%	–	–	–	37	49	47	46	37	49	46
Gold produced – underground[1]	2021	oz	82,694	36,016	118,710	–	–	–	–	82,694	36,016	118,710
	2020	oz	63,884	20,670	84,554	–	–	–	–	63,884	20,670	84,554
Gold production – surface operations	2021	oz	2,132	–	2,132	–	–	–	–	2,132	–	2,132
	2020	oz	4,245	–	4,245	–	–	–	–	4,245	–	4,245
Gold produced – tailings	2021	oz	–	–	–	18,239	–	51,459	69,698	18,239	51,459	69,698
	2020	oz	–	–	–	20,135	–	59,616	79,751	20,135	59,616	79,751
Gold produced – surface feedstock	2021	oz	–	–	–	–	11,237	–	11,237	–	11,237	11,237
	2020	oz	–	–	–	–	10,907	–	10,907	–	10,907	10,907
Gold produced – total[1]	2021	oz	84,826	36,016	120,842	18,239	11,237	51,459	80,935	103,065	98,712	201,777
	2020	oz	68,129	20,670	88,799	20,135	10,907	59,616	90,658	88,264	91,193	179,457
Gold sold – total[1]	2021	oz	84,826	36,016	120,842	18,239	11,237	51,459	80,935	103,065	98,712	201,777
	2020	oz	68,129	15,077	83,206	20,135	10,907	59,616	90,658	88,264	85,600	173,864
Average ZAR gold price received	2021	ZAR/kg	909,122	896,612	905,393	918,572	896,689	896,569	901,544	910,794	896,598	903,849
	2020	ZAR/kg	798,287	776,637	794,364	787,206	819,764	788,510	791,981	795,759	790,401	793,121
Average US$ gold price received	2021	US$/oz	1,836	1,811	1,829	1,855	1,811	1,811	1,821	1,840	1,811	1,826
	2020	US$/oz	1,585	1,542	1,577	1,563	1,627	1,565	1,572	1,579	1,569	1,574

[1] *Gold sold excludes 5,593oz which were produced by Evander Mines' mining operations between July 2019 and May 2020. The associated revenue and costs were capitalised for accounting purposes prior to the 8 Shaft pillar project reaching steady-state production during May 2020. Tonnes processed between July 2019 and May 2020 were 15,823t.*

	Year ended 30 June	Unit	Mining operations			Tailings operations				Total operations		
			Barberton Mines	Evander Mines	Total	BTRP	Evander Mines' surface sources	Elikhulu	Total	Barberton Mines total	Evander Mines total	Group total
ZAR cash cost	2021	ZAR/kg	531,999	606,656	554,250	461,722	802,958	368,613	449,901	519,562	504,910	512,394
	2020	ZAR/kg	559,016	668,927	578,932	396,231	645,376	279,155	349,218	521,878	394,470	459,151
ZAR AISC[2]	2021	ZAR/kg	683,203	794,068	716,245	468,383	832,505	419,041	487,566	645,187	602,940	624,519
	2020	ZAR/kg	692,509	1,262,293	795,753	400,399	711,414	309,333	377,934	625,867	528,412	577,887
ZAR all-in cost	2021	ZAR/kg	755,983	959,181	816,544	468,383	832,505	453,906	509,734	705,087	681,357	693,478
	2020	ZAR/kg	742,716	1,834,880	940,614	406,632	736,067	309,333	382,284	666,041	632,404	649,480
US$ cash cost	2021	US$/oz	1,074	1,225	1,119	933	1,622	744	909	1,049	1,020	1,035
	2020	US$/oz	1,110	1,328	1,149	786	1,281	554	693	1,036	783	911
US$ AISC	2021	US$/oz	1,380	1,604	1,447	946	1,681	846	985	1,303	1,218	1,261
	2020	US$/oz	1,375	2,506	1,579	795	1,412	614	750	1,242	1,049	1,147
US$ all-in cost	2021	US$/oz	1,527	1,937	1,649	946	1,681	917	1,030	1,424	1,376	1,401
	2020	US$/oz	1,474	3,642	1,867	807	1,461	614	759	1,322	1,255	1,289
ZAR cash cost per tonne	2021	ZAR/t	4,319	5,642	4,676	277	891	45	79	1,310	115	218
	2020	ZAR/t	3,511	6,099	3,853	259	759	40	69	1,106	78	169
Capital expenditure	2021	ZAR million	418.3	197.4	615.7	1.6	10.3	64.2	76.1	419.9	271.9	691.8
	2020	ZAR million	291.3	297.5	588.8	5.6	30.8	8.6	45.0	296.9	336.9	633.8
Revenue	2021	ZAR million	2,398.6	1,004.4	3,403.0	521.1	300.9	1,435.0	2,257.0	2,919.7	2,740.3	5,660.0
	2020	ZAR million	1,691.6	364.2	2,055.8	493.0	278.1	1,462.1	2,233.2	2,184.6	2,104.4	4,289.0
Cost of production	2021	ZAR million	1,403.6	679.6	2,083.2	261.9	280.6	590.0	1,132.5	1,665.5	1,550.2	3,215.7
	2020	ZAR million	1,184.6	313.7	1,498.3	248.2	218.9	517.6	984.7	1,432.8	1,050.2	2,483.0
AISC	2021	ZAR million	1,802.5	889.5	2,692.0	265.7	291.0	670.7	1,227.4	2,068.2	1,851.2	3,919.4
	2020	ZAR million	1,467.5	591.9	2,059.4	250.8	241.3	573.6	1,065.7	1,718.3	1,406.8	3,125.1
All-in cost	2021	ZAR million	1,994.6	1,074.5	3,069.1	265.7	291.0	726.5	1,283.2	2,260.3	2,092.0	4,352.3
	2020	ZAR million	1,573.9	860.4	2,434.3	254.7	249.7	573.6	1,078.0	1,828.6	1,683.7	3,512.3
Adjusted EBITDA	2021	ZAR million	965.6	380.0	1,345.6	192.1	39.1	786.0	1,017.2	1,157.7	1,205.1	2,362.8
	2020	ZAR million	467.3	(280.7)	186.6	185.7	59.0	897.1	1,141.8	653.0	675.4	1,328.4
Average exchange rate	2021	US$/ZAR	15.40	15.40	15.40	15.40	15.40	15.40	15.40	15.40	15.40	15.40
	2020	US$/ZAR	15.67	15.67	15.67	15.67	15.67	15.67	15.67	15.67	15.67	15.67

Refer to APMs on ***pages 222*** *to* ***229****.*

We are committed to the highest standards of corporate governance, ethics and integrity.

This creates trust and enhances our reputation and legitimacy.

CORPORATE GOVERNANCE

Gold coins typically weigh one or two ounces, though half-ounce and quarter-ounce coins are also available. Collectible coins, such as South African Krugerrands, Canadian Maple Leaf gold coins and American Gold Eagles are the most widely available type of gold coins.

CORPORATE GOVERNANCE OVERVIEW

The board assumes ultimate responsibility for the Group's adherence to sound corporate governance standards and integrates responsible corporate citizenship into the Group's strategy to deliver sustainable stakeholder value. The board ensures that all business decisions are made with reasonable care, skill and focus to maximise value for stakeholders.

The board comprises a diverse group of directors with the relevant knowledge, expertise, technical experience and business acumen to govern responsibly, ethically, honestly and with transparency.

We operate in an environment driven by changing social and political trends, and we believe that our governance structures are effective and responsive to ensure that our reputation and social licence to operate are protected while creating sustainable value for our stakeholders. We are committed to upholding the principles of King IV™ which we have adopted as the recognised corporate governance code for AIM purposes. The Group's compliance with King IV™ is detailed in our King IV™ corporate governance compliance report contained in our governance report, which is available on our website at www.panafricanresources.com

- Financial capital
- Manufactured capital
- Intellectual capital
- Human capital
- Social and relationship capital
- Natural capital

STRATEGIC KEY FOCUS AREAS AND ISSUES DISCUSSED AND ACTIONED

Strategic initiative

Ensuring adequate financial resources for the efficient operation of our mines and disciplined capital allocation for sustainable value creation

Issues discussed and actioned

- Reducing senior debt to strengthen the Group's capital structure
- Optimisation of the Group's capital structure, debt-to-equity ratio and appropriate debt tenures
- Considering and investigating funding options for the Group's growth projects

Strategic outcome

- Successfully reduced the Group's senior debt and improved liquidity and funding flexibility through repayment of the Group's senior debt facilities

Strategic initiative

Optimally extract and process latent value intrinsic in our Mineral Resources and Mineral Reserves for a sustainable future

Issues discussed and actioned

- Progressing the 24 Level project, for which preparatory work has commenced. This project is expected to extend the life-of-mine of Evander Mines' 8 Shaft by a minimum of two and a half years
- Progressing the Egoli project through a phased approach and commencing first phase development along with reserve delineation drilling
- Finalise the Royal Sheba underground bulk sample project and extend the project into production phase for the shallow underground Mineral Reserves
- Completion of the prefeasibility study on the Mintails transaction which has progressed to a definitive feasibility study stage that is scheduled for completion in February 2022
- Successful renewal of Barberton Mines' mining rights

Strategic outcome

- Successful delivery on capital projects for sustainable future gold production and increased life-of-mine of our operations

Strategic initiative

Use technology in a meaningful and relevant way to improve our operational efficiency and sustainability

Issues discussed and actioned

- Upgrading of both Barberton Mines' and Evander Mines' geological, survey and mine planning systems to an integrated Datamine software package allowing for seamless information translation and enhanced decision-making in line with international best practice
- Improving electronic financial reporting efficiency through continued development and integration of this software
- Implementing new pseudo-pillar technology to support the areas being mined around the shaft pillar at Evander Mines' 8 Shaft and New Consort Mine's Level 42 PC Shaft target block

Strategic outcome

- Use of technology to improve mine production, safety and efficiency

Strategic initiative

Employ, retain and develop the right people while creating an enabling and safe working environment

Issues discussed and actioned

- Succession plans
- Retention and remuneration schemes
- Identification of future leaders and the development of these individuals
- Maintaining ongoing health and safety initiatives and the roll-out of new initiatives
- Monitoring and mitigating the COVID-19 infection rate and its impact on the Group's operations

Strategic outcomes

- Continue improving our safety performance and levels of ESG compliance across all operations
- Succession plans and remuneration schemes that are appropriate and effectively align management and stakeholder objectives

Strategic initiative

Be a responsible corporate citizen and manage our business in a manner which creates sustainable value for our stakeholders

Issues discussed and actioned

- Employed staff predominantly from communities surrounding our operations
- Assisted clinics and schools in communities surrounding our operations
- Enhanced the security function to combat illegal mining and criminality
- Improved communication with employees and communities through increased engagement and social media platforms

Strategic outcome

- Successfully managing and meeting our stakeholders' expectations, where appropriate

Strategic initiative

Conduct our business operations in a way that results in minimal harm to the environment

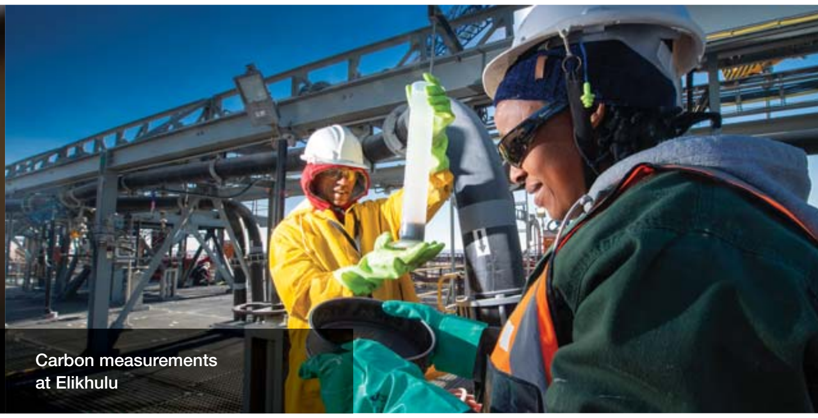
Issues discussed and actioned

- Construction of the 9.975MW solar photovoltaic renewable energy plant at Evander Mines
- Commenced a feasibility study for a solar photovoltaic renewable energy plant at Barberton Mines
- Monitored progress of the Group's rehabilitation and sustainability initiatives
- Monitored the Group's carbon footprint and GHG emissions and reviewed initiatives to reduce baseline GHG emissions

Strategic outcome

- Instilling a culture of environmental care and positive behaviour when dealing with environmental issues

Slurry sample preparation at Fairview Mine's metallurgical plant



Carbon measurements at Elikhulu

BOARD OF DIRECTORS

NON-EXECUTIVE DIRECTORS

KEITH SPENCER (71)

Chairman

Independent

BSc Eng (Mining)

Date of appointment
8 October 2007

Significant directorships
None

Skills and experience
Keith is a mining engineer with 48 years' practical experience. Since 1986, Keith has held senior positions in some of the largest gold mines in the world including:

- Managing director of Driefontein Consolidated
- Chairman and managing director of Deelkraal Gold Mine
- Director on the boards of gold mines belonging to Gold Fields, South Africa
- Operations director of Metorex

Experience

- Technical and operational
- Risk management
- Environmental and sustainability
- Business and strategy
- Leadership

Committee membership

Chairman of the SHEQC committee

Chairman of the nomination committee

HESTER HICKEY (67)

Non-executive lead independent director

Independent

BCompt (Hons), CA(SA)

Date of appointment
12 April 2012

Significant directorships
Northam Platinum Limited, Cashbuild Limited (resigned on 31 May 2021), Barloworld Limited and Pepkor Limited

Skills and experience
Hester joined AngloGold Ashanti as group internal audit manager and later became 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 the Witwatersrand, was a partner at Ironside Greenwood and was the national technical and training manager at BDO Spencer Steward. Hester has also served as chairperson of SAICA

Experience

- Finance and accounting
- Risk management
- Governance and regulation
- Business and strategy
- Leadership
- Taxation

Committee membership

Chairperson of the audit and risk committee

THABO MOSOLOLI (52)

Non-executive

Independent

BCom (Hons), CA(SA)

Date of appointment
9 December 2013

Significant directorships
MFT Investment Holdings, Truworths Limited and New Season Investment Fund

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

Experience

- Finance and accounting
- Governance and regulation
- Business and strategy
- Leadership

Committee membership

Chairman of the social and ethics committee

YVONNE THEMBA (56)

Non-executive

Independent

BA, MBA

Date of appointment
17 July 2019

Significant directorships
Adopt-a-School Foundation non-profit organisation, Canadoce Investments Close Corporation, Bo Themba Projects Proprietary Limited, Mathomo Packhouse Proprietary Limited, Jula Investments Proprietary Limited, NEAD International Proprietary Limited, eLogistics Portal Proprietary Limited, Pfortner Holdings Proprietary Limited, Pfortner Solutions Proprietary Limited, Champrimo South Africa Proprietary Limited and Xerosystems Proprietary Limited

Skills and experience
Yvonne is the executive director of BoThemba Projects. She was previously responsible for human capital at Phembani Group and Shanduka Group. She headed the group corporate communications department at African Life Assurance Limited and the CSI and corporate communications department at Sanlam. Prior to that, she was deputy director of the Life Officers' Association

Experience

- Technical and operational
- Risk management
- Governance and regulation
- Environmental and sustainability
- Business and strategy
- Leadership

Committee membership

Chairperson of the remuneration committee

Audit and risk committee | Remuneration committee | SHEQC committee | Social and ethics committee | Nomination committee

EXECUTIVE DIRECTORS

CHARLES NEEDHAM (67)

Non-executive

Independent

Articles of Clerkship-Accounting, Dip in Mining Taxation

Date of appointment
17 July 2019

Significant directorships
Alphamin Resources Corporation, Divitiae Holdings Limited, Imagined Earth Proprietary Limited, Kinsenda Copper Company SARL (resigned on 1 January 2021), METPROP Proprietary Limited, MetQuip Proprietary Limited, Orpheus Property Holdings Proprietary Limited, Ruashi Holdings Proprietary Limited (resigned on 1 January 2021), Unit 8 Tradewinds Proprietary Limited and Alphamin Bisie Mining Proprietary Limited

Skills and experience
Charles is chairman of Alphamin Resources Corporation (listed on the Toronto Stock Exchange). His previous experience includes 31 years at Metorex and its mining operations in Namibia, South Africa, Zambia and the Democratic Republic of the Congo. Charles progressively held the positions of group accountant, financial director and ultimately chief executive officer of Metorex

Experience
- Finance and accounting
- Technical and operational
- Governance and regulation
- Business and strategy
- Leadership

Committee membership

COBUS LOOTS (43)

Chief executive officer

Not independent

CA(SA), CFA® Charterholder

Date of appointment
26 August 2009

Significant directorships
None

Skills and experience
Cobus has many years of experience in the African mining sector. He qualified as a chartered accountant with Deloitte & Touche in South Africa. He has been a director of Pan African since 2009, serving as financial director from 2013 until his appointment as chief executive officer on 1 March 2015

Experience
- Technical and operational
- Finance and accounting
- Business and strategy
- Leadership
- Technology
- Taxation

Committee membership

DEON LOUW (59)

Financial director

Not independent

CA(SA), CFA® Charterholder, HDip (Tax Law), AMCT (UK)

Date of appointment
1 March 2015

Significant directorships
None

Skills and experience
Deon has extensive finance and business experience, which includes investment banking, advisory and business administration in the finance and mining sectors. As a founding member of Investec Bank's emerging market finance team, he was involved in financing mining transactions in sub-Saharan Africa for more than a decade. He fulfilled the roles of chief financial officer of Shanduka Coal, financial director of Sentula Mining Limited, director of Resource Finance Advisers and head of resource structured finance at Investec Bank

Experience
- Finance and accounting
- Risk management
- Business and strategy
- Leadership
- Technology
- Taxation

Committee membership

THE BOARD AND ITS COMMITTEES (AT JUNE 2021)

BOARD OF DIRECTORS

Meets at least four times a year

KEITH SPENCER
Chairman

The board provides leadership to the Group and is collectively responsible for promoting and safeguarding the long-term success of the business.

The board is supported by a number of committees to which certain powers have been delegated.

The board delegates the responsibility of managing the Group's operations, developing strategy and implementing the board's directives to management.

AUDIT AND RISK COMMITTEE

Meets at least four times a year

HESTER HICKEY
Chairperson

Members: Charles Needham, Thabo Mosololi

Other non-executive and executive board members attend as invitees.

The audit and risk committee assists the board in fulfilling its corporate governance and oversight responsibilities to ensure the integrity of the Group's financial and corporate reporting, while ensuring that adequate systems of internal control and risk management processes are in place and are operating effectively.

SAFETY, HEALTH, ENVIRONMENT, QUALITY AND COMMUNITY COMMITTEE

Meets at least four times a year

KEITH SPENCER
Chairman

Members: Hester Hickey, Cobus Loots

The committee was established to assist the board in its oversight of the effectiveness of Pan African's SHEQC policies and programmes and to keep the board informed on Pan African's objectives and compliance with and maintenance of standards in these areas.

SOCIAL AND ETHICS COMMITTEE

Meets at least four times a year

THABO MOSOLOLI
Chairman

Members: Yvonne Themba, Deon Louw

The committee assists the board in ensuring that the Group is and remains a committed and socially responsible corporate citizen by creating a sustainable business, having regard for the Group's economic, social and environmental impact on the areas in which it operates.

NOMINATION COMMITTEE

Meets when required

KEITH SPENCER
Chairman

Members: Hester Hickey, Thabo Mosololi, Yvonne Themba, Charles Needham

The role of the nomination committee is to assist the board in ensuring that:

- the composition of the board has an appropriate level of skills, experience, diversity and independence
- directors are appointed through a formal process
- induction and ongoing training and development of directors takes place
- formal succession plans for the board, chief executive officer and senior management appointments are in place.

REMUNERATION COMMITTEE

Meets at least twice a year

YVONNE THEMBA
Chairperson

Members: Charles Needham, Thabo Mosololi

The Remco assists the board to ensure that:

- both executive and non-executive directors are fairly and responsibly remunerated
- executive directors' remuneration is structured to incentivise sustainable performance for the benefit of shareholders
- the disclosure of director remuneration is accurate, complete and transparent.

EXECUTIVE COMMITTEE

The Exco meets on a regular basis to review the Company's performance against set objectives and manages the Group's operations, develops strategy and implements the board's directives. The Exco is not a subcommittee of the board. Members of the Exco include the chief executive officer, the financial director and the chief operating officer.

BOARD COMPOSITION

There have been no changes to the composition of the board from the previous year. We believe the board has the appropriate balance of knowledge, skills, experience, diversity, continuity and independence to objectively and effectively discharge its governance role and responsibilities.

By virtue of his length of tenure, Keith Spencer retires by rotation and has made himself available for re-election at the next AGM.

Pursuant to the articles of association of the Company, one-third of directors, excluding any director appointed since the previous AGM, must retire from office at each AGM on a rotational basis. Deon Louw and Thabo Mosololi retire by rotation pursuant to the articles of association. Deon and Thabo each make themselves available for re-election at the Group's 2021 AGM. Hester Hickey has elected to resign as a director subsequent to the release of the Group's results on 16 September 2021. Dawn Earp will join the board as the lead independent director and as the audit and risk committee chairperson subject to satisfactory completion of certain regulatory due diligence.

DIVERSITY OF EXPERIENCE

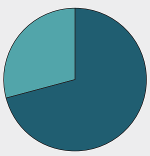
Our board reflects a considerable amount of experience in mining, business and related activities and collectively has a wealth of industry knowledge.

Finance and accounting	71%
Technical and operational	57%
Risk management	57%
Governance and regulation	57%
Business and strategy	100%
Leadership	100%
Technology	29%
Taxation	43%
Environmental and sustainability	57%

DIRECTOR INDEPENDENCE

The board comprises seven directors: two executive directors (chief executive officer and financial director) and five non-executive directors. The board's non-executive directors are all independent of management and free from any business or other relationship which could materially interfere with their ability to exercise independent judgement.

Director independence



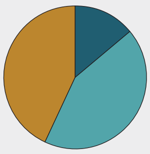
Independent non-executive directors	71%
Executive directors	29%

There is a separation of responsibilities between the leadership of the board (the responsibility of the chairman) and the executive responsibility for the leadership of the Group's business (the responsibility of the chief executive officer).

DIVERSITY OF AGE

The board is responsible for implementing a retirement age of 73 for its members. In certain cases, the board reserves the right to extend the age limit to 78 years depending on the board member's fitness to serve as a director.

Diversity of age



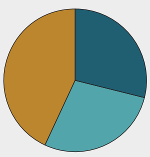
40 – 50 years	14%
50 – 60 years	43%
Above 60 years	43%

DIVERSITY OF TENURE

In terms of the JSE Listings Requirements and the Group's constitutional documents, one-third of directors, excluding any director appointed since the previous AGM, must retire from office at each AGM on a rotational basis. Directors who have served more than nine years are subject to an annual re-election and an annual independence assessment.

Two non-executive directors, Keith Spencer and Hester Hickey, have served on the board in an independent capacity for more than nine years. An assessment of their independence has been conducted. The board is satisfied that both Keith and Hester display independence of thought, mindset and judgement in their role as non-executive directors.

Diversity of tenure



Two to six years	29%
Six to nine years	28%
Above nine years	43%

TIME COMMITMENT AND EXTERNAL APPOINTMENTS

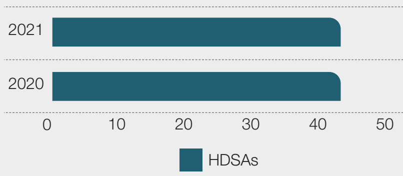
The board acknowledges that non-executive directors have business interests other than those of the Company. Prior to their appointment to the board, non-executive directors are required to declare any directorships, appointments and other business interests to the Company in writing. Non-executive directors are required to seek approval from the chairman on behalf of the board before accepting additional significant commitments that might affect the time they have available for their role as non-executive directors. Currently, three of the non-executives hold more than two external appointments. The board has considered these external commitments, taking into account the time commitment required for each role, and is satisfied that they do not impact on the individual board members' ability to discharge their responsibilities fully and effectively in respect of their roles at the Company. As evidenced in the table on **page 15** of the governance report in 2021, directors attended 99.2% of board and committee meetings.

Executive directors are required to seek approval from the board, following consideration by the nomination committee, before accepting an external directorship. Currently, the two executive directors do not hold external appointments.

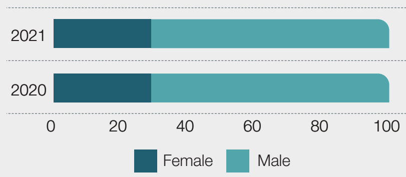
GENDER AND EMPLOYMENT EQUITY DIVERSITY

To enable the board to discharge its duties and responsibilities effectively, the board considers the benefits of all aspects of diversity in its composition, specifically including, but not limited to, gender and diversity.

Historically disadvantaged South Africans
(%)



Gender
(%)



The board has set the following targets for its director representation:
25% female
40% HDSAs

KEY STAKEHOLDER CONCERNS AND BOARD OVERSIGHT

Stakeholder engagement plays a vital role throughout the Group. Our directors are aware of their responsibilities to act in a way that they consider, in good faith, would most likely promote the short-, medium- and long-term success of the Company for the benefit of its members as a whole, taking into account the factors as listed in section 172 of the Companies Act 2006.

The board is responsible for setting the strategic direction of the Group, directing the overall conduct of its business and its culture and ensuring that these are aligned to the Group's purpose and values. The board meets at least four times a year but more often should circumstances warrant this. In 2021, the board met on six occasions.

The board receives regular updates from the chief executive officer on the Group's performance and its response to COVID-19. During 2021, as a result of COVID-19-related restrictions on movement, limited opportunities were available for physical board visits to the Group's operations. It is anticipated that the board will visit the Group's operations when travel restrictions are eased. Ensuring the safety and well-being of our board and employees is our priority.

Key governance concerns and the affected stakeholder groups as identified by the board have been set out below, including a summary of our stakeholder engagement activity.

OUR PURPOSE

To safely extract gold from mineral deposits in a manner that creates sustainable value for our stakeholders.

SAFE WORKING ENVIRONMENT

Stakeholders affected	Governance responsibility	Governance activity in 2021
Providers of capital Suppliers Employees and unions Government and regulatory bodies	• Board • SHEQC committee • Exco • Operations committee (Opsco)	• The cause of the fatal incident at Barberton Mines was examined in detail by the SHEQC committee and the findings were discussed by the board • The board, assisted by the SHEQC committee, had oversight of the Group's compliance to health and safety standards and monitored health and safety performance and improvement measures implemented at our operations • The board discussed initiatives to enhance the safety and risk management of the Group's TSFs • The Group's strategies to minimise the adverse impact of COVID-19 on the Group's employees and operations were considered and discussed • Senior management at Barberton Mines attended a behavioural safety course • Monitored COVID-19 awareness campaigns and measures implemented to prevent the further spread of COVID-19
	Looking ahead • Continue to drive improvements in safety performance year-on-year • Improve new safety initiatives at all operations • Continued implementation and monitoring of COVID-19 safety measures	

BUILDING AN ETHICAL CULTURE

Stakeholders affected	Governance responsibility	Governance activity in 2021

Providers of capital
Customer
Suppliers
Employees and unions
Communities
Government and regulatory bodies
	• Board
	• Audit and risk committee
	• Social and ethics committee
		• The audit and risk committee reviewed ongoing compliance with King IV™
		• Established an anonymous whistle-blowing and tip-offs hotline
		• Board review and approval of:
		  – code of ethics
		  – values statement

	Looking ahead • A member of the board and the Exco will attend an ethical behaviour refresher workshop to further enhance awareness around ethical behaviour	

Human capital | Social and relationship capital

FAIR REMUNERATION

Stakeholders affected	Governance responsibility	Governance activity in 2021
Providers of capital Employees and unions	• Board • Remco	• Transparent reporting of the remuneration of the executive directors • Engaged with large institutional stakeholders regarding their concerns on the Company's remuneration policies and the implementation thereof • The Remco reviewed the general remuneration levels and structures across the Group and is satisfied that the current procedures and practices adequately ensure that employee performance objectives are defined, progress is tracked, training and development opportunities are identified and employees are fairly remunerated • The board ensured that remuneration of the executive directors was fair and equitable and informed by the achievement of strategic objectives

Looking ahead

- Continue to seek endorsement annually of the remuneration policy and implementation report by shareholders at the AGM
- Continued engagement with stakeholders and benchmarking to ensure fair remuneration across the Group

STAKEHOLDER RELATIONSHIPS AND ENGAGEMENT

Stakeholders affected	Governance responsibility	Governance activity in 2021
Providers of capital Customer Suppliers Employees and unions Communities Government and regulatory bodies The environment	• Board • Social and ethics committee • SHEQC committee	• Stakeholder relationships were managed by the executive directors • The chief executive officer updates the board on stakeholder engagements • Feedback and expectations from external stakeholders such as host communities, bankers, government and shareholders were discussed by the board • The chairman of the board and the chairperson of the audit and risk committee attended the virtual AGM • At an operational level, stakeholder engagement was the responsibility of the human resources and ESG managers • Adopted and implemented the Group's policy statement for stakeholder relationships and engagement • Adopted and implemented the Group's policy statement for community development and CSI

Looking ahead

- Seek to establish a forum in conjunction with local government to drive high-impact projects for the benefit of local communities near our operations
- Continue to engage with communities and stakeholders surrounding our operations and assist them in terms of our SLPs

KEY STAKEHOLDER CONCERNS AND BOARD OVERSIGHT continued

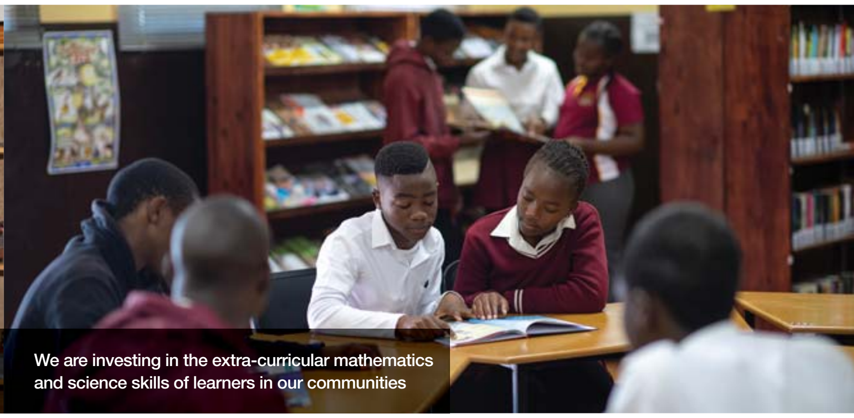
MINIMISE THE EFFECT OF OUR OPERATIONS ON THE ENVIRONMENT

Stakeholders affected	Governance responsibility	Governance activity in 2021
Communities The environment	• Board • SHEQC committee • Social and ethics committee	• Reportable environmental incidents were investigated and corrective actions monitored by the SHEQC committee and discussed by the board • GISTM gap audit was initiated and is currently being finalised with actionable outcomes • Appointed Jonathan Irons as the accountable executive for tailings in accordance with GISTM requirements • Monitored the progress of the bankable feasibility study for a solar photovoltaic renewable energy plant at Barberton Mines • The board, assisted by the SHEQC committee, continually assessed and responded to any negative impacts the Group's operations may have had on communities and the environment
	Looking ahead • Continue to monitor and improve regulatory compliance	

REGULATORY ENVIRONMENT

Stakeholders affected	Governance responsibility	Governance activity in 2021
Providers of capital Customer Government and regulatory bodies	• Board • Audit and risk committee • SHEQC committee	• The board approved the compliance management policy • Approved the share trading policy, including the effective management of price-sensitive information • Monitored the renewal of Barberton Mines' mining rights for a period of 30 years to May 2051
	Looking ahead • Continue to monitor and improve regulatory compliance	

Community portable skills training at Barberton Mines



We are investing in the extra-curricular mathematics and science skills of learners in our communities

SOCIAL AND ETHICS COMMITTEE REPORT

We believe there are many opportunities to maintain competitive differentiation and deliver commercial advantage by responding to environmental and socio-economic challenges.

INTRODUCTION

Every responsible miner needs to understand the impact their operations can have on the environment and surrounding communities, and develop an appropriate ESG framework to improve conditions and counter any negative effects that may arise.

Pan African is committed to responsible and sustainable environmental stewardship and socio-economic development in the areas where we operate, focusing on sustainable, high-margin and safe gold production while ensuring our host communities benefit from the resources our mines offer.

PURPOSE

The board places specific focus on ESG considerations, risks, opportunities, stakeholder relations, innovation and the creation of shared value within the business. The board has delegated responsibility for the Group's environmental, social and economic development performance to the Group's social and ethics committee. The committee's primary purpose is to make recommendations to the board on ESG and stakeholder management, as well as ensuring that the Group remains a committed, socially responsible corporate citizen by ensuring a sustainable business and considering the Company's economic, social and environmental impact on the communities in which it operates.

The committee receives reports from various business areas within the Group on a quarterly basis to ensure oversight and accountability for achieving ESG goals and objectives.

The social and ethics committee oversees and monitors Pan African's activities related to:

- monitoring the Group's activities in compliance with relevant legislation, other legal requirements or prevailing codes of best practice with regard to:
  - safety, health and environmental issues
  - social and economic development
  - good corporate citizenship, which includes the promotion of equality, the prevention of discrimination, corporate social responsibility, ethical behaviour and managing environmental impacts
  - consumer relationships
  - labour and employment, including skills development
  - stakeholder management
- overseeing and managing the Group's response to the COVID-19 pandemic and being responsible for the development and implementation of measures to prevent the incidence of, and limiting the spread of, COVID-19 among our employees and ensuring regular stakeholder engagement.

Blueberry farming is both socially and environmentally sustainable

Care for Wild Rhino Sanctuary, sponsored by Pan African, care for orphaned baby rhino Yster

COMPOSITION AND GOVERNANCE

The committee is responsible for meeting its statutory duties in accordance with King IV™ and the JSE Listings Requirements and has the knowledge and experience to carry out its duties. Three meetings were held during the 2021 financial year. The committee attendance throughout the year illustrates high levels of engagement by the social and ethics committee members. The committee membership is set out below:

SOCIAL AND ETHICS COMMITTEE

Members	Invitees
• Thabo Mosololi *(chairman)* • Deon Louw *(financial director)* • Yvonne Themba	• Cobus Loots *(chief executive officer)* • Niel Symington *(executive: shared services)* • Barry Naicker *(Group ESG manager)*

SOCIAL AND ETHICS COMMITTEE WORK PLAN

The social and ethics committee work plan has been formulated from the guidelines of the *Social and Ethics Committee Handbook, second edition* by Professor Deon Rossouw. The framework incorporates corporate governance and compliance matters guided by the South African Companies Act, King IV™ and the United Nations Global Compact. This work plan has been compiled to assist the social and ethics committee to perform its mandate with all the basic information that it needs to understand its functions and the monitoring thereof.

WHAT WE ACHIEVED THIS YEAR

In continuing our long-term journey towards an evolving, ambitious ESG strategy, 2021 was another important year of milestones for Pan African. From exciting, disruptive shifts in our energy portfolio to our ongoing delivery of community service facilities such as schools and clinics, Pan African has made considerable progress in meeting a number of our core ESG goals this financial year, including:

- assistance in reducing poverty levels where we operate
- promoting sustainable production and consumption
- commencing with affordable, sustainable and modern energy projects
- improving healthcare and reducing illiteracy, resulting in an improved talent pool for Pan African's operational needs
- protecting, restoring and promoting sustainable use of ecosystems, improved land use and halting land degradation and biodiversity loss.

Pan African's improved operational and financial performance for the financial year continues to demonstrate the resilience and operational flexibility of our multiple producing assets, despite the challenges of the ongoing COVID-19 pandemic. The Group continues to maintain stringent COVID-19 pandemic mitigation policies and protocols to protect its employees and operations.

Safety remains our number-one priority, with targeted safety campaigns and incentives to encourage and reward safe practices to support our ultimate goal of achieving zero harm. The Group maintained its commendable safety performance, with improvements in reportable injury rates, with the exception of Barberton Mines where a fatal accident regrettably occurred in July 2020.

In partnership and collaboration with NGOs, government, specialist farmers and small local businesses, high-quality, high-impact community projects have been delivered. They have been reinforced by innovative social investments, such as agri-businesses and land rehabilitation projects, which have started to create local employment and business development opportunities and have reduced our environmental footprint.

Key issues that received attention during 2021:

- Monitoring the progress of the preparation of the integrated annual report and environmental, social and governance report
- Monitoring compliance with carbon tax regulations
- Monitoring the progress of CSI and LED projects
- Approving and monitored the implementation of the Group's COVID-19 guiding principles and the Group's policy on disaster response
- Reviewing the operations' performance, including ESG performance
- Monitoring the Group's TSFs and initiated GISTM audit compliance with environmental regulations
- Monitoring the progress of Evander Mines' solar photovoltaic renewable energy plant project
- Monitoring the progress of the feasibility study for a solar photovoltaic renewable energy plant at Barberton Mines
- Monitoring the progress of the Blueberries project in Barberton
- Monitoring the progress of Barberton Mines' mining rights renewal application process
- Monitoring the progress of the Barberton Nature Reserve biodiversity initiative
- Monitoring the progress of Evander Mines' water management project.

CONCLUSION

The social and ethics committee is satisfied that Pan African continued to meet its ESG responsibilities in 2021. The Group also has appropriate policies and frameworks in place to sustain its commitment to responsible corporate citizenship.

In addition, the committee is satisfied that there has been no material non-compliance with legislation or non-adherence to codes of best practice in the areas within the social and ethics committee's mandate during 2021.

Thabo Mosololi
Chairman, social and ethics committee

15 September 2021

REMUNERATION REPORT

Part one: Background statement

On behalf of the Remco and the board, I am pleased to present the 2021 financial year's remuneration report. This report presents a brief overview of the Remco's activities during the past year and also provides context to the Group's remuneration philosophy and practices.

We review our corporate governance practices regularly and have adopted King IV™ as the recognised corporate governance code to ensure that we act in the best interest of our stakeholders, comply with applicable laws and regulations and expeditiously adapt to the evolving regulatory environment. In compliance with King IV™, this report is presented in three parts: Part one is the background statement and provides context to our remuneration philosophy and decisions flowing therefrom. Part two contains our forward-looking remuneration policy and Part three details how we have implemented our remuneration policy during the 2021 financial year. Directors' and prescribed officers' emoluments and incentives are disclosed in note 30 to the annual financial statements on **pages 199** to **204**.

INTERNAL AND EXTERNAL FACTORS IMPACTING REMUNERATION OUTCOMES

In the current financial year, management continued to deliver into the board's strategic mandate of positioning Pan African as a safe, sustainable and higher-margin gold producer. The Group's production exceeded our guidance for the year. We are reporting record profits for the 2021 financial year and are recommending a commensurate record dividend for shareholders' approval. Our strategy for containing the impact of COVID-19 on our operations and employees is further detailed on **pages 36** to **39**.

The Remco is satisfied that the executive directors, guided by the board, continue to provide exemplary leadership and remain committed to achieving the Group's objectives and targets. Our Group's performance over the past year is testament to the efforts and acumen of our senior management team and all of the employees of the Group who performed exceptionally well. The Group's production guidance and outlook for the year ahead once again affirms that our remuneration strategy and policies are producing the necessary results.

We wish to thank management and all of our employees for their unrelenting efforts in what are unprecedented and tumultuous times, and we look forward to the year ahead and further progress in positioning Pan African as a sector-leading gold producer.

ENGAGEMENT WITH SHAREHOLDERS

The Remco engages with key shareholders on the Group's remuneration structures on an annual basis. Furthermore, the Remco commits to engage with major shareholders in the event that either the remuneration policy or the implementation report, or both, are disapproved by 25% or more of the votes exercised at the AGM.

We were disappointed with the levels of support for our remuneration policy during 2020 (64.28%) and our implementation report (61.72%). The Remco, however, understands that only one large shareholder voted against our remuneration policy and implementation report, resulting in the disappointing levels of support for this specific resolution. The Remco has engaged and will continue to do so with large institutional shareholders on any concerns pertaining to the Company's remuneration policies and the implementation thereof. These engagements include meetings with the chairperson of the Remco and written responses to queries raised, where appropriate.

We value constructive engagements and, as such, in recent years, we have addressed concerns and implemented improvements to our remuneration policies and structures when deemed appropriate.

Some of the amendments to remuneration policies and structures in recent years include the following:

- Simplification of LTI schemes
- A revision of performance and vesting criteria for LTIs
- Termination of transaction bonuses for senior executives
- Implementation of measures to encourage a significant shareholding in the Group by executive directors
- A restructure of the one-off Pan African Corporate Option Scheme (PACOS) scheme, ensuring executives continue to focus on critical deliverables as well as assisting with retention of executives and senior management.

REVISING LTI VESTING CRITERIA

Linking ESG matters to remuneration is becoming increasingly important to various stakeholders and pressure is mounting on remuneration committees to disclose how these matters are being catered for in remuneration policies. As such, the Remco revised the vesting conditions linked to executives and senior management LTIs. Details on this revision can be found on **page 131**.

REMUNERATION GOVERNANCE

The Remco, comprising only independent non-executive directors, monitors the effectiveness and credibility of the Group's executive remuneration system through the application of its charter, which is reviewed on an annual basis. It reviews the performance of the executive officers and senior management and sets the scale, structure and basis of their remuneration as well as the terms of their employment contracts. The committee also considers remuneration packages and policies and makes recommendations to the board in this regard. The membership and attendance of the Remco is shown in the governance report on **page 15**.

The chief executive officer, financial director and the shared services executive attend Remco meetings as invitees, but are recused when their remuneration is discussed.

Some of the key focus areas discussed during the financial year are tabled below:

Focus area	Discussion
Setting appropriate short-term incentive (STI) parameters for 2021/2022	Ensuring appropriate parameters are set for the upcoming financial year
Revising LTI structures	Revising LTI structures to better align these with market-related best practice and stakeholder requirements
Salary adjustments and benchmarking	Ensuring that salary adjustments were in line with the Group's remuneration philosophy and aligned with industry peer benchmarks provided by REMchannel® market analysis and other independent sources
Value creation	Identifying key strategic value drivers for the Group and incorporating these into managerial incentive schemes
COVID-19	Monitoring of mitigating actions implemented by management to limit the impact of COVID-19 on the Group's operations
Salaries and wages	• The Remco, together with the board, provided strategic guidance and oversight of the wage negotiations at Barberton Mines completed in August 2021 • Ratification of salary increases for non-unionised operational employees
Other areas of focus	Internal and external matters considered by the Remco during the current financial year include: • reviewing corporate office staffing and corporate costs • approval of 2021 financial year STI incentives • reviewing non-executive directors' remuneration • reviewing and monitoring the performance of senior executives, together with the Pan African board

The Remco reviewed general remuneration levels and structures across the Group and is satisfied that current procedures and practices adequately ensure that employee performance objectives are defined, progress is tracked and training and development opportunities are identified. The Remco is satisfied that it acts objectively and independently to pursue a remuneration policy and philosophy that underpins the Group's objectives and stakeholder aspirations. It is also satisfied that, to the extent it makes use of external consultants, these consultants are independent and objective.

The Remco believes that the current remuneration policy is achieving its stated objectives, however, it will continue to consider amendments to the current policies and practices to further enhance the effectiveness of Group remuneration levels and structures.

SIMPLIFICATION OF LTI SCHEMES

In the previous year's report, we detailed the initiatives to simplify the Group's LTI schemes. The Group now has only two LTI schemes for senior employees. These schemes are the Pan African Share Appreciation Bonus Plan (PASABP) and the PAR Gold Long-term Incentive Plan (PGLIP).

The Pan African Resources Senior Management Share Scheme (PARSMSS) was substituted in the current financial year with the PGLIP mentioned above. The PGLIP scheme has essentially the same characteristics as the PARSMSS, with the benefits detailed on **page 131** of this report.

ACCESS TO INFORMATION AND ADVISERS

The Remco has unrestricted access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities.

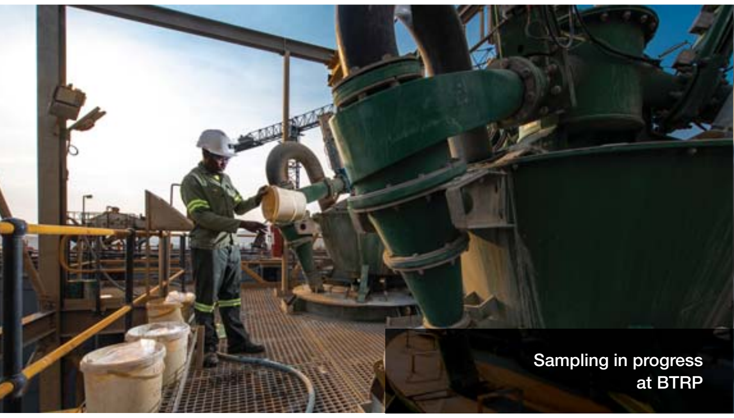
Remuneration is reviewed annually and benchmarked against a competitor and peer group, which includes South African mining and national sectors, as well as international peers, so as to provide the Remco with the requisite insights into the current executive remuneration environment.

The board reviews and ratifies remuneration proposals from the Remco whereafter they are submitted to shareholders for approval at the AGM.

LOOKING FORWARD

In the coming year, the Remco's areas of focus will include:

- the ongoing review of operational production incentives and bonuses (to further ensure alignment on key deliverables essential for sustainable operational performance)
- further alignment of LTI schemes with shareholder requirements and initiatives to improve the efficiency and effectiveness of LTI schemes
- a review of the Group's compliance with regulatory requirements pertaining to executive compensation.



Sampling in progress at BTRP

Ore transport at Fairview Mine 11 Level adit

IN CLOSING

As noted in previous reports, executive remuneration continues to evolve into an increasingly complex and highly contentious field, and the Remco is responsive thereto by regularly benchmarking and enhancing our practices and policies to entrench a culture of high-performance and accountability across the Group.

The Remco firmly believes that remuneration should drive sustainable value-creating growth, aligned with our business strategies and stakeholder aspirations.

We will again engage with shareholders on remuneration issues in the coming year and the Remco undertakes to respond in writing to any queries from shareholders.

Finally, we can assure our stakeholders that we will continue to shape the remuneration policy to ensure that it fairly rewards deserving employees and contributes to propelling the Group into a sustainable and bright future.

APPRECIATION

I would like to thank my fellow committee members for assisting me in dealing with all relevant remuneration-related matters.

I would also like to thank management for their efforts during the past financial year – your efforts are what differentiates Pan African from its industry peers.

On behalf of the Remco

Yvonne Themba
Chairperson, remuneration committee

15 September 2021

Part two: Remuneration policy

REMUNERATION OBJECTIVES

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

- Facilitating the delivery of superior long-term results for the Group and shareholders and promoting sound risk management principles
- Reinforcing leadership, accountability, teamwork and innovation
- Supporting the Group's values and culture
- Supporting the attraction, retention, motivation and alignment of the talent we require to achieve our business goals

REMUNERATION PHILOSOPHY

Pan African's remuneration philosophy seeks to reward executive directors, senior management and our various levels of employees for performance, consistent with its key remuneration objectives, shown above. It recognises that these individuals have the ability to materially impact the performance of the Group over the short, medium and long term.

Executive directors and senior executives carry significant responsibility, statutory and otherwise, and appropriate skills are difficult to attract and retain in what is an increasingly challenging and competitive environment. It is therefore critical that remuneration levels align to the contribution and performance of the Group, its operating units and importantly, the contribution of key individuals.

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 for senior management recognises the following principles:

OBJECTIVE OF STIs	OBJECTIVE OF LTIs	ALIGNMENT TO SHAREHOLDERS	APPLICATION OF DISCRETION
Comprises an annual incentive which rewards management for matters under their control and influence, but does not consider matters outside their control, specifically commodity prices and exchange rates	Aligns the long-term interest of the Group's management and employees with that of the Group's shareholders through incentives that are directly linked to the increase in Pan African's share price relative to that of its peers, progress with ESG initiatives and returns generated on capital employed. These awards generally vest over a three- to four-year period	We believe that the combination of these incentives should achieve the objectives embedded in the remuneration philosophy by aligning the interests of employees with the aspirations of our shareholders	The Remco has the authority to apply its discretion in instances where specific circumstances are outside the control of the operations or executives, and not taking account of these circumstances would be prejudicial to employees or management of the Group

To achieve its remuneration objectives, the Remco, in consultation with and through oversight from the board, retains flexibility in terms of the manner in which it incentivises and rewards performance. The Remco has, however, taken note of previous concerns raised by our shareholders and has undertaken that from the 2020 financial year, no incentives/discretionary bonuses will be paid to employees for successfully concluding transactions. The only exception to this decision, where the Remco retains discretion, is in the event of a change in control of Pan African.

ALIGNING REMUNERATION TO STRATEGY

The Remco assists the board to align remuneration with the Group's overall business strategy, cognisant that Pan African needs to attract, incentivise and retain personnel who create long-term value for all our stakeholders. The Remco reviews compensation levels and incentive schemes regularly to ensure these remain market-related and continue to fairly incentivise key personnel. The alignment of the Group's overall business strategy to remuneration incentives is detailed in the table below.

Strategic business objectives	Incentive criteria
Safety	Benchmarked safety parameters to industry standards and the requirement for continuous improvement
Investing	Disciplined capital allocation to ensure sustaining and expansion capital expenditure that meets the Group's investment criteria
Production	Optimal extraction combined with cost control, benchmarked against relevant standards
Sustainability	Management of the Group's operations in a manner which is aligned to current ESG requirements and trends
Compelling returns	Generating value consistent with shareholder and other stakeholder expectations

In this regard, the Remco utilises REMchannel® market analysis and other independent benchmarking sources to ensure compensation levels and structures remain aligned with best practice in executive compensation.

The REMchannel® analysis is an independent report, compiled from an extensive and detailed internet-based survey, customised for the differences in various sectors and the complexities of remuneration practices, and used by management to inform remuneration policies.

The Remco will continue to strive towards fairly remunerating the Group's employees at a level which approximates market-related benchmarks, to ensure the retention of key skills and to enable the Group to attract and retain top candidates for senior management positions.

EQUITABLE AND RESPONSIBLE REMUNERATION

The Remco remains committed to ensuring fair remuneration across all levels in the Group. To this extent, male and female employees irrespective of their gender or race, are paid equally for comparable peer positions within the operation in which they are appointed. Remuneration is based solely on the employee's qualification, experience, appointment level, scarcity of skill and performance levels, with no other differentiating factors being relevant.

Remuneration of senior executives is considered responsible in that it does not expose the Group to undue risk, is determined by an independent committee and is primarily linked to value creation.

Maintenance in progress at Fairview metallurgical plant

Carbon sampling at Fairview metallurgical plant

REMUNERATION FRAMEWORK

Employee remuneration components

Remuneration is disclosed in US$, however, all non-executive directors, executive directors and employees are remunerated in South African rand and no compensation is made in other currencies or linked to other currencies. The detailed remuneration of the Group's independent non-executive directors, executive directors and prescribed officers is disclosed in the annual financial statements on **pages 199** to **204**.

GUARANTEED PACKAGE

Pay structure	Key features	Eligibility	Policy	How guaranteed pay is determined
Cost to company (CTC)	• Pensionable salary • Leave • Pension/provident fund contributions • Medical contributions • Travel allowance These items are included in each eligible employee's total CTC	• Exco • Opsco • Management committee (Manco) • Heads of department (HODs)	Reviewed annually against competitive industry peer market data supplied by REMchannel® The Group generally rewards employees between the 25th and 50th percentile as per the REMchannel® market analysis 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	Pay is determined by the following factors: • Contractual arrangements • Group performance • Individual performance • Inflation • Annual benchmarking against relevant peers • Outlook for the next financial year
Cost plus benefits	• Pensionable salary • Leave • Medical contributions • Overtime/housing or living-out allowance Other fixed allowances – underground allowances, rock drill operator allowances and meal allowances	Collective bargaining employees	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 Pay is determined by all relevant factors in the industry such as annual or multi-year wage agreements	All relevant factors in the industry such as annual or multi-year wage agreements

VARIABLE REMUNERATION CONDITIONS

Short-term incentives

Framework

Pay structure	Executive and senior management STI	Collective bargaining unit STI
Purpose	Designed to drive and reward short- and medium-term results, reflecting the level and time horizon of risk	Designed to drive and reward short-term results, reflecting the level and time horizon of risk
Eligibility	Exco, Opsco, Manco and HODs	Collective bargaining employees
Payment period	• Exco, Opsco and Manco are paid annually • HODs are paid quarterly	Paid monthly, quarterly and annually depending on seniority of employee
Performance measures and STI opportunity	This includes financial and non-financial parameters and metrics at an organisational, divisional and individual (and team) level: • 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	• Eligibility to participate in the scheme • The maximum variable remuneration as a percentage of total CTC of an individual • The parameters for production and other targets to be achieved
Maximum STI opportunity (stretch targets)	For achieving 105% of budgeted gold production (maximum stretch), participating management's production key performance indicator (KPI) percentage achievement is increased from the maximum of 100% to 140%, with a pro rata increase between 100% and 105% specific to the gold production KPI An executive entitled to a STI of 50% of total guaranteed package (TGP) could therefore, if full stretch of 105% of gold production is achieved, earn a STI of 56% of TGP Executives are encouraged to accumulate a long-term and material shareholding in the Group	The maximum variable remuneration as a percentage of total CTC of an individual
STI gatekeepers	The Remco has implemented STI gatekeeper conditions to protect the Company from incentive payments that are unaffordable or inappropriate in the specific circumstances These STI gatekeepers are: • The Group is in an operational loss-making position • Unacceptable or unprofessional personal behaviour, resulting in a disciplinary judgement against the accused • Material non-compliance with regulations, with the executive being guilty of serious misconduct or negligence	Not applicable
Malus and clawback	All STIs are subject to malus and clawback	Not applicable

STI performance measures and maximum opportunity

Position	2021 maximum variable remuneration as a percentage of CTC Qualification criteria at 100% achievement	
Chief executive officer	Up to 110%	60% based on the following production parameters: • Total Group gold sold – weight 50% • Total Group cost per kilogramme of gold produced – weight 30% • Group safety record – weight 20% *Stretch targets on production* See the remuneration framework on **page 127** for details *40% based on personal KPIs determined by the Remco and the board, with these KPIs reviewed on a regular basis* KPIs relate to predetermined value drivers designed to enhance shareholder value The approved annual incentive is subject to 30% of after-tax proceeds being used to acquire Pan African shares in the market
Financial director	Up to 80%	60% based on the following production parameters: • Total Group gold sold – weight 50% • Total Group cost per kilogramme of gold produced – weight 30% • Group safety record – weight 20% *Stretch targets on production* See the remuneration framework on **page 127** for details *40% based on personal KPIs determined by the board and the Remco, with these KPIs reviewed on a regular basis* KPIs relate to predetermined value drivers designed to enhance shareholder value The approved annual incentive is subject to 30% of after-tax proceeds being used to acquire Pan African shares in the market
Chief operating officer	Up to 60%	60% based on the following production parameters: • Total Group gold sold – weight 50% • Total Group cost per kilogramme of gold produced – weight 30% • Group safety record – weight 20% *Stretch targets on production* See the remuneration framework on **page 127** for details *40% based on personal KPIs determined by the chief executive officer in consultation with the Remco* KPIs relate to predetermined value drivers designed to enhance shareholder value
Senior managers at corporate level	Up to 50%	60% based on the following production parameters: • Total Group gold sold – weight 50% • Total Group cost per kilogramme of gold produced – weight 30% • Group safety record – weight 20% *Stretch targets on production* See the remuneration framework on **page 127** for details *40% based on personal KPIs determined by the chief executive officer in consultation with the Remco* KPIs relate to predetermined value drivers designed to enhance shareholder value
Senior managers at operational level	Up to 50%	80% based on the following production parameters: • Total Group gold sold – weight 50% • Total Group cost per kilogramme of gold produced – weight 30% • Group safety record – weight 20% *20% based on personal KPIs* KPIs relate to predetermined outcomes set by the chief executive officer and which are aligned to shareholder value creation

Long-term incentives

Pan African currently has two LTI schemes for Group employees, the PGLIP for senior corporate management and the PASABP for senior operational management.

During the 2021 financial year, the Remco approved the conversion of the PARSMSS to the PGLIP.

The PGLIP is a conditional share plan that is performance-linked and based on a percentage of TGP in line with current market benchmarks. Senior corporate management qualify to purchase a predetermined number of shares in PAR Gold Proprietary Limited (PAR Gold), as calculated by the allocation formula, at a nominal value.

In the event of vesting, employees will receive dividends per share equal to the Pan African 90-day volume weighted average price (VWAP) share price on date of vesting.

In summary, the benefits from the restructuring of the PARSMSS to the PGLIP are as follows:

- Participants are incentivised to focus on continued performance and critical deliverables
- The new structure does not dilute any Group B-BBEE or empowerment credentials
- By moving the cash flow consequences of the incentive schemes to a non-guarantor entity (in terms of the senior debt covenant definitions), the Group's cash flows, as defined, are more robust contributing to covenant compliance
- The new structure results in a more direct alignment between shareholders and management, as dividends to PAR Gold have to be maintained in order to pay dividends to participants – this compels management to focus on cash-generating capital investments that meet the Group's return on equity targets.

The Company also has employee share ownership programmes at both Barberton Mines and Evander Mines.

Summary of current LTIs

Details	PASABP	PGLIP (replaced PARSMSS)
Objectives	The main objectives of the LTIs are to: • appropriately incentivise selected managerial employees 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 and shareholder aspirations • ensure longer-term vesting • equity linked • measured objectively against the Group's performance and/or personal contribution Discretionary remuneration is designed to drive and reward long-term growth with sustained Company value and align the interests of shareholders and participants. These include share schemes or similar schemes It is the intention to structure any form of LTI in such a way as to attract and retain the necessary skills for the Group and to ensure that it is market-related and promotes appropriate actions and behaviour	
Instrument	In terms of the PASABP, select senior employees of the Group are allocated notional shares in Pan African. These notional shares will confer a conditional right to participant entitling the employee to be paid a cash bonus equal to the appreciation in the Company's or Group's share price from the date of allocation to the date of surrender or deemed surrender of his/her notional shares (share appreciation bonus)	PGLIP is a conditional share plan where actual PAR Gold shares are awarded at termination of the vesting period, subject to the achievement of performance conditions over a defined period, provided the employee is still in the employment of Pan African. The scheme is cash-settled and the employee becomes the beneficial owner of the actual shares at the end of the defined scheme term
Eligibility	Operational management	Corporate senior managers and executive directors
Vesting period	Four years	Three years
Performance criteria and vesting percentages	Continued employment within the Group for senior managers at an operational level Share price performance is the main driver behind this scheme and unless the share price appreciates, there is no benefit for the participant	• The conditional share plan is performance-linked and based on a percentage of TGP, in line with current market benchmarks • Employees qualify to purchase the number of shares in PAR Gold as calculated by the allocation formula at a nominal value. These shares will qualify for dividends if vesting criteria are met • Return on shareholders' funds (ROSF), total shareholder return (TSR) and ESG criteria are used as vesting criteria for this scheme • In the event of vesting, employees will receive dividends per share equal to the Pan African 90-day VWAP share price on date of vesting • Once dividends have been declared and paid on these shares, PAR Gold will reacquire them from the participants at a nominal value, thus ensuring employees only receive dividends once on each tranche of shares purchased

Details	PASABP	PGLIP (replaced PARSMSS)
Allocation criteria	**Minimum phantom shareholding formula:** Current TGP multiplied by a Paterson Grading factor, divided by the 30-day VWAP share price *Paterson Grading factors applied:* • E-Upper – 3 times • E-Lower – 2 times • D-Upper – 1 time	**Annual share allocation formula:** Current TGP multiplied by the industry benchmark percentage, divided by the 90-day VWAP share price. This allocation is then multiplied by 95% for final allocation *Current industry benchmarked percentages used:* • Chief executive officer – 130% • Financial director – 120% • Chief operating officer – 80% • Senior management – 40% to 70% depending on seniority
Measurement criteria	30-day VWAP share price	90-day VWAP share price to determine settlement value
Strike price	30-day VWAP on date of first issue as well as on any subsequent annual potential allocations going forward	Not applicable
Change of control	All unvested options vest automatically	Vesting will occur on a pro rata basis based on time lapsed. In the event of death or disability, similar pro rata vesting will occur
Other criteria	Lapses on the sixth anniversary of the date on which the option was issued	• There is no mechanism to carry over unvested shares (due to underperformance) • Malfeasance/malice and clawback clauses are included, consistent with current best practice
Settlement	Cash, based on the share price appreciation between award and exercise	Dividends based on the Pan African 90-day VWAP on vesting date
Dilution limit	Non-dilutive scheme	Non-dilutive scheme

PGLIP vesting criteria (C, D and E shares and any future share issues)

- **Return on shareholders' funds – 50% weighting (calculated as average ROSF over a three-year period)**

  Annual return on shareholders' funds is calculated as follows:

  ROSF = Net profit after tax/average shareholder funds (equity and distributable reserves) over the financial year

  – Relative – 20%: (average ROSF relative to a peer group over a three-year period)
  – Absolute – 80%: (average outperformance of cost of equity by more than 5% over the three-year period)

- **Total shareholder return – 20% weighting (calculated over a three-year period)**

  Shareholders' returns are calculated as follows:

  TSR = {(current price – starting price) + dividends} ÷ starting price at inception of the three-year term

  – Relative – 20%: (TSR outperformance relative to an appropriate peer group)

- **ESG criteria – 30% weighting**

  Predetermined ESG performance criteria will be set for each measurement period.

- **ESG criteria for the 2022 financial year possible vesting of PGLIP C shares:**

  – Successful commissioning of Evander Mines' solar photovoltaic renewable energy plant, with operational performance in line with the feasibility study
  – Successful completion of Evander Mines' solar photovoltaic renewable energy plant expansion study
  – Successful completion of Barberton Mines' solar photovoltaic renewable energy plant feasibility study
  – Successful commissioning of the Barberton Blueberries project, within the allocated budget
  – Successful handover of the Cathyville Clinic in Barberton
  – Tangible progress on other ESG initiatives/governance, including implementing recommendations of TSF audits and progress with compliance to new standards.

Example of how the vesting criteria are applied and shares awarded in terms of the PGLIP scheme:

Information used for calculation

- Participant TGP: ZAR2,000,000
- Participant multiple based on Paterson grading: 70%
- Pan African 90-day VWAP share price on date of issue: ZAR3.50
- Pan African 90-day VWAP share price on vesting date: ZAR4.50
- 100% of vesting criteria met after a three-year vesting period

PAR Gold shares awarded

Formula

(CTC x multiple based on Paterson grading) ÷ PAR 90-day VWAP x 95%[1]
= Number of PAR Gold shares available for purchase

Therefore, the calculation is as follows: ((ZAR2,000,000 x 70%) ÷ ZAR3.50) x 95% = 380,000 PAR Gold C, D and E shares

Note 1: *the 95% weighting is a condition of the conversion of the PARSMSS scheme to the PGLIP scheme to ensure that it is reasonable to the Company*

Potential dividend on above PAR Gold shares

The number of shares calculated above will vest, based on the above-mentioned qualifying criteria, and receive a dividend equal to the Pan African 90-day VWAP share price on vesting date, calculated as follows:

(PAR Gold shares x PAR 90-day VWAP on vesting date) x percentage of vesting criteria achieved = Possible dividend
That is: **380,000 shares x ZAR4.5 x 100% = ZAR1,710,000**

The participant will therefore earn a possible dividend of ZAR1,710,000 before taxation at the end of the three-year vesting period, if all vesting criteria are fulfilled.

Under the terms of the PGLIB B shares (replaced PACOS), participants are afforded the opportunity to borrow against the intrinsic value of the shares at market-related rates from PAR Gold, given the extended term of the PGLIB B share scheme. Refer to note 30 of the annual financial statements for loans advanced to participants for the current financial year. Subsequent share issues in PAR Gold (C, D and E shares) do not include this provision.

Aerial ore transport from Fairview 11 Level adit to Fairview plant

Underground mechanical equipment workshop at Fairview Mine

RISK MANAGEMENT AND REMUNERATION

Pan African recognises the need to fairly remunerate employees to attract, incentivise and retain talent. It is, however, cognisant of the need to ensure that effective risk management is part of its remuneration criteria to motivate the desired behaviour and to avoid exposing the Group to risks beyond its tolerance levels. The Group's remuneration philosophy reinforces the need for the delivery of superior and sustainable long-term results, while promoting sound risk management principles.

These performance elements incorporate production and personal performance parameters which are weighted, based on the relevant seniority level, to drive the desired behaviour. Safety is imperative to the mining operations and is included in the Group's production incentive parameters.

All senior management KPIs include specific performance elements and deliverables aligned to the Group's strategic or other critical objectives.

Under their current employment contracts, executive directors are required to acquire Pan African shares in the market with 30% of their post-tax STI, at the first opportunity to do so (taking cognisance of closed periods), with clawback and malus provisions being applicable. Executive directors are encouraged to accumulate a meaningful shareholding in the Group.

NON-EXECUTIVE DIRECTORS' REMUNERATION

The Remco advises the board on non-executive directors' fees. Non-executive directors' fees are also reviewed by the company secretary for reasonableness. In determining their fees, the Remco considers the directors' responsibilities throughout the year, scarcity of skills, the Group's performance, market-related conditions and local and international comparative remuneration levels. 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 subcommittees was more appropriate as the board's input extends beyond the attendance of 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, the Remco considers additional fees to compensate non-executive directors for their additional time and effort.

There are no contractual arrangements for compensation for loss of office for non-executive directors. Non-executive directors' remuneration is subject to regulations which include the Companies Act 2006, the JSE Listings Requirements and King IV™.

EXCO, OPSCO AND MANCO REMUNERATION

The Remco is responsible for making recommendations to the board regarding the remuneration of the chief executive officer, financial director, chief operating officer and senior corporate management. Remuneration of executive and senior management is reviewed on an annual basis in relation to the Group's operational, financial and strategic performance as well as individual contribution thereto, alignment with the Group's values and the contribution to risk management and compliance requirements.

Where the individual, team or Group does not meet or only partially meets performance requirements, either all or a portion of the discretionary awards are forfeited. An annual benchmarking exercise, conducted by REMchannel® market analysis (supplemented with other independent benchmarking sources), is used to determine a fair market-related remuneration package.

Individual KPIs are agreed annually and contain the performance elements disclosed on **page 129**.

Remuneration comprises fixed and variable (short-term and long-term incentives) remuneration components. STIs have certain parameters, disclosed on **page 130** to ensure a performance-based culture.

The board and the Exco retain a level of discretion to determine which parameters apply and their respective weighting to take cognisance of immediate and evolving priorities and align behaviour to shareholder aspirations.

Secure transport of explosives

Base of CIL tanks at Elikhulu

EXECUTIVE DIRECTOR SERVICE CONTRACTS

The chief executive officer and financial director are remunerated in rand for services performed, according to their current employment contracts, which terminate on 30 June 2022. In terms of these contracts, no amounts are payable at inception or termination of the contract term and there is no limitation on the number of times an executive director may stand for re-election.

The objectives of these contracts include:

- incentivising tangible performance in a clear and transparent manner
- ensuring alignment with shareholders' and other stakeholders' aspirations
- ensuring continuity and stability of senior management
- continuity in executive management to achieve Group strategic initiatives.

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

- basic remuneration
- STIs linked to operational and personal performance
- long-term cash and equity-settled performance incentives to ensure individual and Group performance is aligned with shareholders' interests. Such LTIs are linked to Pan African's shareholder returns relative to the sector and achieving specific medium- and long-term tangible deliverables which will enhance Group financial and operational performance and create shareholder value.

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's prescribed officers include:

- Bert van den Berg: chief operating officer – corporate office
- Niel Symington: shared services executive – corporate office
- Barry Naicker: Group, ESG manager – corporate office
- Jonathan Irons: Group metallurgist – corporate office
- Marileen Kok: Group financial manager – corporate office
- Hendrik Pretorius: Group technical services manager – corporate office
- Mandla Ndlozi: Group SHEQC manager – Barberton Mines, Evander Mines and corporate office
- Lazarus Motshwaiwa: general manager – Evander Mines
- Jan Thirion: general manager – Barberton Mines
- Oriel Shikwambana: operations manager – Elikhulu
- Martin Pieters: ESG manager – Barberton Mines
- Mthandazo Dlamini: finance and admin manager – Barberton Mines
- Paul van Heerden: finance and admin manager – Evander Mines
- Andre van den Bergh: chief operating officer – corporate office *(retired on 28 February 2021).*

Part three: Remuneration implementation report

EXECUTIVE DIRECTORS' OPERATIONAL AND PERSONAL KPI ANALYSIS

Executive directors' remuneration – financial year ended 30 June 2021

	Share option taxable benefit US$	Basic remuneration US$	Allowance US$	Leave payout US$	Total US$	Incentives[1, 2] US$	Loan[3] advances US$
Mr JAJ Loots	–	416,804	12,993	11,535	441,332	370,577	4,042,203
Mr GP Louw	–	380,587	577	–	381,164	239,312	2,712,906
Total	–	797,391	13,570	11,535	822,496	609,889	6,755,109

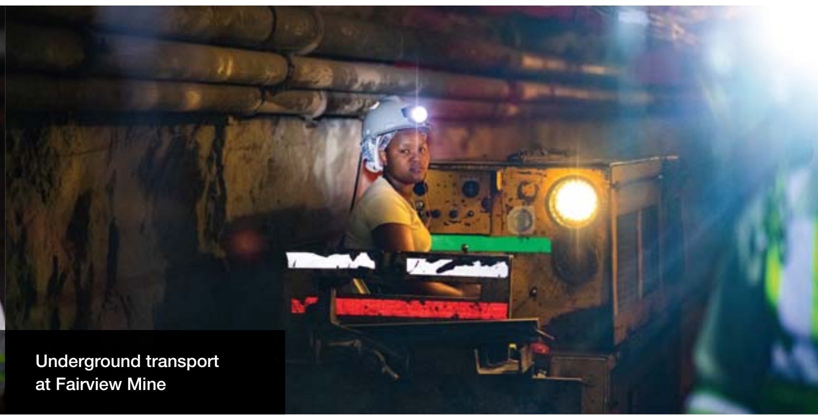
[1] *These paid incentives relate to the 2020 financial year annual STI achievement as per the approved parameters.*

[2] *As per the STI rules, 30% of the post-tax 2020 financial year STI was used to acquire Pan African shares in the market. Details of these share purchases are as follows:*
- *Mr JAJ Loots – acquired 150,000 shares on 19 February 2020 at US 16.6 cents per share (total post-tax value: US$24,923)*
- *Mr JAJ Loots – acquired 100,000 shares on 20 February 2020 at US 16.4 cents per share (total post-tax value: US$16,390)*
- *Mr JAJ Loots – acquired 150,000 shares on 21 February 2020 at US 16.2 cents per share (total post-tax value: US$24,366)*
- *Mr JAJ Loots – acquired 80,072 shares on 9 March 2020 at US 16.1 cents per share (total post-tax value: US$12,852)*
- *Mr GP Louw – acquired 104,012 shares on 20 February 2020 at US 16.5 cents per share (total post-tax value: US$17,164)*
- *Mr GP Louw – acquired 76,650 shares on 10 November 2020 at US 29.5 cents per share (total post-tax value: US$22,627).*

[3] *These loan advances from PAR Gold relate to the restructure of the Group's LTI as disclosed in note 14 of the annual financial statements.*

In terms of the rules of the PACOS restructured scheme (PGLIP B-shares), participants are entitled to an advance, on market-related terms (South African repo rate plus a margin of 1%) once a monetary value has vested and been locked-in. This rate is applied to all participants of the scheme. Subsequent PGLIP issues (C, D and future share issues) do not allow for any advances to participants. Advances from PAR Gold Proprietary Limited amounting to US$12.3 million (2020: US$nil) were made to scheme participants, and are included in the current portion of long-term receivables of US$12.8 million on the Group's statement of financial position. These advances will be offset against dividends once declared by PAR Gold Proprietary Limited, as per the rules of the restructured scheme. As detailed in the 17 September 2020 and 30 June 2021 announcements, all listings and regulatory requirements were compiled with in the restructure of these incentive schemes and loans advanced to scheme participants.

42 Level station at Fairview Mine



Underground transport at Fairview Mine

Executive directors' remuneration – financial year ended 30 June 2020

	Share option taxable benefit US$	Basic remuneration US$	Allowance US$	Leave payout US$	Total US$	Incentives[1, 2] US$
Mr JAJ Loots	189,832	396,119	12,516	22,205	620,672	410,152
Mr GP Louw	–	360,588	317	–	360,905	238,440
Total	189,832	756,707	12,833	22,205	981,577	648,592

[1] *These paid incentives relate to the 2019 financial year annual STI achievement as per the approved parameters and also includes the 30% deferred incentives from the 2017 financial year. The 30% incentives from 2017 included in these incentives were:*
- *Mr JAJ Loots – US$68,133*
- *Mr GP Louw – US$62,621.*

[2] *As per the STI rules, 30% of the post-tax 2019 financial year STI was used to acquire Pan African shares in the market. Details of these share purchases are as follows:*
- *Mr JAJ Loots – acquired 423,000 shares on 19 September 2019 at US 14 cents per share (total post-tax value: US$60,016)*
- *Mr GP Louw – acquired 250,000 shares on 19 September 2019 at US 15 cents per share (total post-tax value: US$36,562).*

Chief executive officer's performance for incentive purposes

2021

Production parameters

Production parameters per operation are weighted on budgeted profit contribution:
- Barberton Mines' production and safety weighting of 60% was 32.12% (max. 33.03%)
- Evander Mines' production and safety weighting of 40% was 29.25% (max. 26.55%)
- Production stretch parameter was 8.0% (max. 13.20%)

Personal KPIs

Personal KPIs approved by the Remco and achieved for the 2021 financial year were the following:
- Continued management of the COVID-19 impact on the Group and operations
- Concrete progress with ESG initiatives, including securing approvals and commencement of construction of the 10MW solar photovoltaic renewable energy plant and Barberton Blueberries project as well as improved cooperation with key stakeholders
- Securing multi-year wage agreements within board-approved parameters
- Renewal of Barberton Mines' mining rights for a 30-year period
- Progress with the development of the Royal Sheba project, with bulk sample initiated
- Evaluation of external growth opportunities, including Mintails
- Providing strategic direction for development of Evander Mines' underground operations

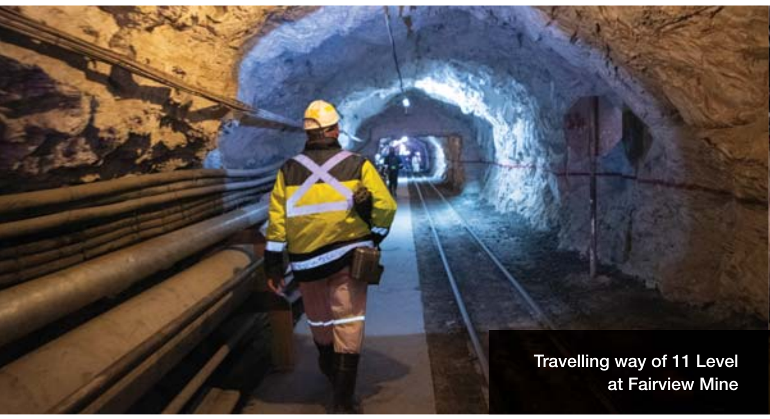
2020

Production parameters

Production parameters per operation are weighted on budgeted profit contribution:
- Barberton Mines' production and safety weighting of 60% was 23.26% (max. 39.45%)
- Evander Mines' production and safety weighting of 40% was 23.46% (max. 26.55%)

Personal KPIs

Personal KPIs approved by the Remco for the 2020 financial year were the following:
- Launched value-accretive projects, including Elikhulu's solar photovoltaic renewable energy plant initiative and Barberton's Blueberries project
- Completed successful feasibility into growth project – Egoli
- Successfully settled contractual dispute with major contractor with net benefit to Pan African
- Successfully led the Group through the initial impact of COVID-19 with impact on people, production and profits well managed
- Successfully championed the Group culture of delivery, accountability and risk management
- Establishment of a dedicated ESG function and ongoing improvement to the Group's ESG profile and activities
- Excellent focus on accountability for safety performance with clear results



Travelling way of 11 Level at Fairview Mine

Ore travelling at MRC orebody, Fairview Mine

Financial director's performance for incentive purposes

2021	2020
Production parameters Production parameters per operation are weighted on budgeted profit contribution: • Barberton Mines' production and safety weighting of 60% was 16.90% (max. 28.69%) • Evander Mines' production and safety weighting of 40% was 17.06% (max. 19.31%) • Production stretch parameter was 5.90% (max. 9.60%) **Personal KPIs** Personal KPIs approved by the Remco and achieved for the 2021 financial year were the following: • Successfully established Domestic Medium-term Note programme • Successful implementation of Evander Mines' solar funding structure • Successfully negotiated new Group RCF	**Production parameters** Production parameters per operation are weighted on budgeted profit contribution: • Barberton Mines' production and safety weighting of 60% was 16.90% (max. 28.69%) • Evander Mines' production and safety weighting of 40% was 17.06% (max. 19.31%) **Personal KPIs** Personal KPIs approved by the Remco for the 2020 financial year were the following: • Successfully implemented the American Depository Receipt programme • Solar funding structure – structured and consensus reached with all parties in the 2020 financial year – now being implemented • Reschedule of gold loan tranches on COVID-19 announcement in May 2020 to improve Group liquidity

EXECUTIVE DIRECTORS' LTIs ANALYSIS

The executive directors' LTIs are settled in cash. The cost of these options is accrued annually based on independent actuarial valuations. Payment occurs when vested options are exercised, subject to Remco approval.

	Number of shares/options							
Executive director	Opening balance	Issued	Exercised	Forfeited	Closing balance US$	Weighted average strike price US$	Value of options accrued at year-end US$	Value of options paid during the year US$
2021								
Mr JAJ Loots								
Notional share options (PACOS)	12,427,686	–	–	12,427,686	–	–	–	–
Share incentive	5,000,000	–	–	5,000,000	–	–	–	–
Equity share incentive (PARSMSS)[1]	4,667,768	2,998,480	–	7,666,248	–	–	–	–
PAR Gold B shares (PGLIP)[2]	–	17,107,580	–	–	17,107,580	–	–	–
Par Gold C shares (PGLIP)[2]	–	4,434,380	–	–	4,434,380	–	–	–
PAR Gold D shares (PGLIP)[2]	–	2,848,556	–	–	2,848,556	–	–	–
Mr GP Louw								
Notional share options (PACOS)	8,690,599	–	–	8,690,599	–	–	–	–
Share incentive	3,100,000	–	–	3,100,000	–	–	–	–
Equity share incentive (PARSMSS)[1]	3,826,998	2,458,387	–	6,285,385	–	–	–	–
PAR Gold B shares (PGLIP)[2]	–	11,523,153	–	–	11,523,153	–	–	–
PAR Gold C shares (PGLIP)[2]	–	3,635,648	–	–	3,635,648	–	–	–
PAR Gold D shares (PGLIP)[2]	–	2,335,468	–	–	2,335,468	–	–	–

Executive director	Number of shares/options Opening balance	Issued	Exercised	Forfeited	Closing balance US$	Weighted average strike price US$	Value of options accrued at year-end US$	Value of options paid during the year US$
2020								
Mr JAJ Loots								
Notional share options (PACOS)	12,427,686	–	–	–	12,427,686	–	–	–
Share incentive	6,533,334	–	1,533,334	–	5,000,000	–	–	189,832
Equity share incentive (PARSMSS)[1]	–	4,667,768	–	–	4,667,768	–	–	–
Mr GP Louw								
Notional share options (PACOS)	8,690,599	–	–	–	8,690,599	–	–	–
Share incentive	3,100,000	–	–	–	3,100,000	–	–	–
Equity share incentive (PARSMSS)[1]	–	3,826,998	–	–	3,826,998	–	–	–

[1] *These are equity-settled share options issued under the PARSMSS scheme. These options only vest if the specified vesting criteria are fulfilled at the end of the three-year vesting period.*

[2] *These are cash-settled shares issued under the PGLIP scheme. These shares only vest if the specified vesting criteria are fulfilled at the end of the three-year vesting period.*

SUMMARY OF KEY CONTRACTUAL ARRANGEMENTS FOR THE CHIEF EXECUTIVE OFFICER AND FINANCIAL DIRECTOR

Term	Chief executive officer	Financial director
Contract duration	Current contract ends on 30 June 2022	Current contract ends on 30 June 2022
Short-term annual incentive	A maximum of 110% of annual CTC of which 30% of their post-tax incentive is to be used to acquire Pan African shares, in the market, at the first opportunity to do so (taking cognisance of closed periods), after payment of the initial incentive	A maximum of 80% of annual CTC of which 30% of their post-tax incentive is to be used to acquire Pan African shares, in the market, at the first opportunity to do so (taking cognisance of closed periods), after payment of the initial incentive
Participation in the corporate option scheme (PACOS)	Forfeited 12,427,686 notional share options to receive PGLIP B shares	Forfeited 8,690,599 notional share options to receive PGLIP B shares
Minimum shareholding in Pan African	• Initial requirement of a minimum shareholding of ZAR2 million, which is to be held for a minimum of two years • Shareholding requirements were subsequently increased – refer to amendments to STI scheme which require additional shares to be acquired	• Initial requirement of a minimum shareholding of ZAR0.5 million, which is to be held for a minimum of two years • Shareholding requirements were subsequently increased – refer to amendments to STI scheme which require additional shares to be acquired
Long-term share incentive	Forfeited 5,000,000 Pan African shares to receive PGLIP B shares	Forfeited 3,100,000 Pan African shares to receive PGLIP B shares
Participation in the PARSMSS	Forfeited 7,666,248 Pan African equity share options to receive PGLIP C shares	Forfeited 6,285,385 Pan African equity share options to receive PGLIP C shares
Participation in the PGLIP	Acquired the following PAR Gold shares as per terms of PGLIP: • B shares – 17,107,580 • C shares – 4,434,380 • D shares – 2,848,556	Acquired the following PAR Gold shares as per terms of PGLIP: • B shares – 11,523,153 • C shares – 3,635,648 • D shares – 2,335,468

ANNUAL FINANCIAL STATEMENTS

Gold jewellery allows the investor in gold to also experience the enjoyment of wearing it. Gold is often combined with other precious gems and metals to enhance its overall value and appearance.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and the Parent Company annual financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, directors must not approve the annual financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group and Parent Company for that period. In preparing the annual financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the annual financial statements
- make judgements and accounting estimates that are reasonable and prudent
- prepare the annual financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The directors are responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and enable them to ensure that the annual financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of annual financial statements may differ from legislation in other jurisdictions.

Keith Spencer
Chairman

Cobus Loots
Chief executive officer

Deon Louw
Financial director

15 September 2021

CHIEF EXECUTIVE OFFICER'S AND FINANCIAL DIRECTOR'S RESPONSIBILITY STATEMENT

RESPONSIBILITY STATEMENT

The directors, whose names are stated below, hereby confirm to the best of their knowledge that:

- the Company is in compliance with the provisions of the Companies Act 2006, specifically relating to its incorporation and is operating in conformity with its articles of association and relevant constitutional document
- the annual financial statements, prepared in accordance with IFRS, 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
- no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading
- internal financial controls have been put in place to ensure that material information relating to the issuer and its subsidiaries has been provided to effectively prepare the annual financial statements of the Group
- having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King IV Report on Corporate for South Africa 2016™ (King IV™), the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements.

Where we are not satisfied, we have disclosed to the audit and risk committee and the auditor the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken remedial action.

Cobus Loots	**Deon Louw**
Chief executive officer	*Financial director*

15 September 2021

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CERTIFICATE OF THE COMPANY SECRETARY

I hereby certify that Pan African Resources PLC (Pan African) has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act 2006. All such returns are true, correct and up to date.

St James's Corporate
Services Limited

St James's Corporate Services Limited
Company secretary

15 September 2021

DIRECTORS' REPORT

The directors present the integrated annual report and the audited annual financial statements for the year ended 30 June 2021.

PRINCIPAL ACTIVITIES

Pan African is incorporated in the United Kingdom and registered in England and Wales under the Companies Act 2006. Pan African is a public company limited by shares with the registration number 3937466. The Company has a dual primary listing on the Main Board of the Johannesburg Stock Exchange (JSE) and the London Stock Exchange (LSE) Alternative Investment Market (AIM). The nature of the Group's operations and its principal activities relate to gold mining and exploration activities. The Group owns and operates a portfolio of high-quality, low-cost operations and projects located in South Africa.

A full review of the activities of the business and of its prospects is contained in the chairman's statement **(page 32)** and chief executive officer's review **(page 80)** that accompany these annual financial statements, with financial and non-financial key performance indicators (KPI's) shown on **pages 78** and **79**.

FINANCIAL RESULTS

The results for the 2021 financial year are disclosed in the consolidated statement of profit or loss and other comprehensive income on **page 157**. The key features of these results can be found in the financial director's review on **page 88** of the integrated annual report.

OPERATIONAL REVIEW

Impacts on the operations are reviewed in detail in the operational performance review on **page 94** of the integrated annual report.

HISTORICAL DIVIDENDS

At the annual general meeting (AGM) of the shareholders held on 26 November 2020, a final dividend of ZA 14.00000 cents per share equating to 0.68857 pence per share (US 0.92105 cents per share) was approved.

RISK MANAGEMENT

A separate risk committee is not considered necessary, as this role is fulfilled by the board, its subcommittees and executive management. The identification and management of critical risks is a strategic focus area for executive management, reviewed monthly and, together with action plans, reported regularly to the board. The Group's risk management and key business risks are documented within our risk and opportunities section on **page 20**.

INTERNAL CONTROL

The board is responsible for maintaining a sound system of internal controls to safeguard shareholders' investments and Group assets. The directors monitor the operation of internal controls. The objective of the system is to safeguard the Group's 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 controls can only provide reasonable, but not absolute, assurance against material misstatement or loss.

Internal financial control procedures undertaken by the board include:

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

The board has reviewed the operation and effectiveness of the Group's system of internal controls for the 2021 financial year and the period up to the date of approval of the annual financial statements, and is satisfied that there has been no material breakdown in the Group's system of internal controls for the review period.

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 US$42.0 million (2020: US$8.1 million) of available debt facilities and US$35.1 million (2020: US$33.5 million) of cash and cash equivalents as at 30 June 2021. The revolving credit facility (RCF) matures on 30 June 2022. Based on the current status of the Group's finances, having considered going concern forecasts and reasonable downside scenarios, including a rand gold price of ZAR760,000/kg (US$1,534/oz at a prevailing US$/ZAR average exchange rate of ZAR15.40), the Group's forecasts based on board-approved budgets, demonstrate that it will have sufficient liquidity headroom to meet its obligations, in the ordinary course of business (refer to note 24), and will comply with financial covenants for at least 12 months from the date of approval of the annual financial statements.

The Group is conscious of the ongoing impact of the COVID-19 pandemic and will continue to implement stringent preventative and precautionary measures to limit incidences of infection among our employees and in our host communities, and minimise the potential adverse impact of the pandemic on the Group's production.

In evaluating the potential adverse impact of the COVID-19 pandemic on Group production, a range of 5% to 20% possible production loss was considered, for a four-month period.

Reasons considered in determining the potential adverse impact include, inter alia:

- Mining was considered an essential service according to government lockdown regulations imposed during the pandemic, enabling production to continue to a certain extent
- Both Evander Mines and Barberton Mines have local workforces which limits the risk and exposure of transmitting the virus and also reduces the time to ramp up production after any potential lockdown impositions
- The Group's operations are diversified and include surface remining and processing activities which are less prone to lockdown restrictions when compared to underground operations
- The Group maintains a minimum liquidity level of ZAR250 million to ensure that the Group has sufficient liquidity to withstand possible interruptions to our operations over the short term.

The board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Group continued to adopt the going concern basis of accounting in the preparation of the 30 June 2021 annual financial statements.

DIRECTORS

There were no changes to the board during the year under review. The directors are:

Mr KC Spencer	*Independent non-executive chairman*
Mr JAJ Loots	*Chief executive officer*
Mr GP Louw	*Financial director*
Mrs HH Hickey	*Independent non-executive director (resignation effective 15 September 2021)*
Mrs D Earp	*Independent non-executive director (appointment effective 16 September 2021)*
Mr TF Mosololi	*Independent non-executive director*
Mrs YN Themba	*Independent non-executive director*
Mr CDS Needham	*Independent non-executive director*

The Company has directors' and public officers' liability insurance in place that provides insurance cover in the event of a claim or legal action. The insurance cover was in place throughout the financial year and remains in place.

DIRECTORS' REMUNERATION AND SHAREHOLDING

Details of the directors' remuneration and shareholding are set out in note 30 to the annual financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

No material contracts in which directors have an interest were entered into during the year.

COMPANY SECRETARY

St James's Corporate Services Limited is the company secretary. The business and postal addresses are set out on the back page of the integrated annual report.

LITIGATION AND CLAIMS

The Group has no current, pending or threatened legal or arbitration proceedings.

EVENTS AFTER THE CURRENT FINANCIAL YEAR

Refer to note 36 for disclosure of events after the current financial year.

AUDITORS

PricewaterhouseCoopers LLP's (PwC) appointment as external auditors was approved by shareholders at the Company's AGM on 26 November 2020. Tim McAllister is the designated audit partner for the financial year ended 30 June 2021.

Each of the persons who are directors, at the date of approval of this integrated annual report, confirm 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 to be 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 section 418 of the Companies Act 2006.

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

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

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

By order of the board

Cobus Loots
Chief executive officer

15 September 2021

AUDIT AND RISK COMMITTEE REPORT

INTRODUCTION

The principal purpose of the audit and risk 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 and risk committee.

The committee has both reporting responsibilities to the shareholders and the board 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 AIM) and South Africa, and through adopting King IV™ as its code of corporate governance.

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

The committee was appointed at the AGM on 26 November 2020. In accordance with the terms of King IV™ all three members of the audit and risk committee are independent non-executive directors.

As at 30 June 2021, the audit and risk committee consisted of three independent non-executive directors.

The independent non-executive directors of the audit and risk committee at the date of approval of this report were:

- Hester Hickey (chairperson of the audit and risk committee)
- Thabo Mosololi
- Charles Needham

Details on the number of meetings held and attendance by members are included on **page 15** of the governance report.

All the members of the audit and risk committee are considered by the board to have an independent and objective mindset. The board believes that the audit and risk committee members collectively have the necessary skills to carry out their duties effectively and with due care. In cases where circumstances and issues arise, which are deemed outside of the scope of expertise of the audit and risk committee members, independent services and advice from professional bodies and service providers are sourced.

AUDIT AND RISK COMMITTEE RESPONSIBILITIES AND DUTIES

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

- reviewing the interim and year-end financial statements, challenging the consistency and appropriateness of accounting principles, policies and practices that have been applied in the preparation, measurement and disclosures in the financial reports, culminating in a recommendation to the board for approval
- reviewing the integrity of the integrated annual report by ensuring its content is reliable, includes all relevant operational, financial and other non-financial information, risks and other relevant factors
- considering significant judgements and estimates applied in the preparation of the interim results and year-end financial statements
- oversight of whistle-blowing procedures
- 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
- reviewing the effectiveness of the external audit function
- assessing the external auditors' independence and specifying guidelines and authorising the award of non-audit services to the external auditors
- approving the audit fees in respect of the year-end external audit
- making recommendations to the board on the appointment, reappointment or change of the Group's external auditors. Such changes are subject to shareholder approval at the Company's AGM
- reviewing the effectiveness of the internal audit function
- reviewing the internal audit management reports with, when relevant, recommendations being made to the board
- approving the internal audit plan
- 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 whistle-blowing and anti-corruption policies
- evaluating the appropriateness and effectiveness of risk management, internal controls and governance processes
- dealing with concerns relating to accounting practices, internal audit, the audit and content of the annual financial statements and internal financial controls
- evaluating of the performance of the financial director and the finance department
- reviewing the adequacy of the Group's risk management process, policies, mitigating controls and risk register
- reviewing the governance of information and technology and the effectiveness of the Group's information systems
- reviewing the Group's going concern to determine the appropriateness of the Group's annual financial statements being presented on a going concern basis.

EXTERNAL AUDITORS

The committee is responsible for recommending the appointment or reappointment of a firm of external auditors to the board that, in turn, will recommend the appointment to shareholders. The committee is responsible for determining that the designated appointee firm and signing registered auditor have the necessary independence, experience, qualifications and skills and that the audit fee is adequate.

Tim McAllister is the designated audit partner for the 2021 financial year.

PwC's appointment as external auditors was approved by the shareholders at the Company's previous AGM held on 26 November 2020. PwC will be recommended for reappointment for the 2022 financial year at the next AGM.

The audit and risk committee is satisfied with the accreditation of PwC. The committee satisfied itself that the external auditors are independent as defined by the Companies Act 2006 and the standards stipulated by the auditing profession. The committee received the quality information from the firm regarding the individual auditors, their quality process, their JSE accreditation and the regulator's inspection letters. The audit and risk committee concluded it is appropriate to recommend PwC to the board for shareholder approval. The audit and risk committee held meetings with the external auditors, without the presence of management, on four occasions, and the chairperson of the audit and risk committee independently met with the external auditors on four occasions.

The audit and risk 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 2021 financial year, taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

The committee monitors the external auditor's performance and the effectiveness of the audit process as provided in the terms of engagement and in respect of the audit scope and approach. The committee reviewed and approved the annual audit plan at its meeting in June 2021 including the proposed scope, materiality levels and significant risk areas.

It was established that the approach was appropriate to be responsive to regulatory changes, organisational risks and other applicable requirements.

Through the review of external audit reports, and interactions with the external audit team, the audit and risk committee is satisfied with the quality of the external audit performed for the financial year.

The Group's subsidiaries are also audited by PwC. Tim McAllister will rotate as the audit partner after the June 2023 financial year.

EXTERNAL AUDITORS INDEPENDENCE

The committee has a policy on the nature and extent of non-audit services which is reviewed annually. The policy allows for limited other services as well as the provision of reporting accountant services in relation to capital market transactions.

The external auditor's independence is impacted by non-audit services that are provided to the client.

Pan African has put measures in place in order to prevent the impairment of the external auditors' independence, namely:

- Disallowance of certain services that may cause impairment of their independence such as providing internal audit services
- All non-audit services provided by the external auditors are preapproved by the executive committee (Exco) and the audit and risk committee
- Appropriate disclosure of all non-audit services provided by the external auditors.

The approval of non-audit services by the external auditors only occurs when there is certainty that these services will not cause any impairment to the independence of the external auditors.

Non-audit fees represented US$3.2 thousand (2020: US$20 thousand) of the 2021 audit fee of US$321.8 thousand (2020: US$360.2 thousand). Refer to note 7 to the annual financial statements for the disclosure of the audit and non-audit fees.

FINANCIAL REPORTING

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

The committee has evaluated the Consolidated and Parent Company annual financial statements for the year ended 30 June 2021 and, based on the information provided to the committee, considers that the Consolidated and Parent Company annual financial statements comply, in all material respects, with the requirements of the Companies Act 2006 and IFRS. The Consolidated and Parent Company annual financial statements were subsequently recommended to the board for approval. The audit and risk committee makes its recommendation based on a comprehensive review conducted by the executive directors and other senior management. Furthermore, compliance to King IV™ requirements are continuously being assessed and improved on.

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.

The Company has established appropriate financial reporting procedures and the committee confirms that such procedures are operating sufficiently.

No instances of fraud involving directors occurred during the current financial year.

SIGNIFICANT ISSUES CONSIDERED BY THE AUDIT AND RISK COMMITTEE

Significant judgements, estimates and assumptions made by management are detailed in the notes to the Consolidated and Parent Company annual financial statements. Position papers were presented to the audit and risk committee by management during the course of the financial year detailing management's critical and other significant accounting judgements and estimates. These were reviewed by the audit and risk committee and included, but were not limited to, the following areas:

Critical accounting judgements	Audit and risk committee response
Impairment of goodwill In accordance with IAS 36, goodwill is tested for impairment annually or earlier where an indicator of impairment becomes apparent The values of mining operations are sensitive to a range of attributes unique to each asset. Management is required to apply judgement in the estimation of: • Mineral Resources and Mineral Reserves • commodity prices • foreign exchange rates • discount rates • operating costs, capital expenditure and other operating factors	The committee monitors the impairment review process, including the identification of impairment and impairment reversal indicators. The committee has reviewed the judgements used in the valuation and identification of cash-generating units (CGUs) The committee is satisfied that there is no indication of impairment of goodwill or triggers indicating impairment of other CGUs

Other significant accounting judgements	Audit and risk committee response
Going concern basis of accounting	The committee has reviewed the forecast net debt levels, headroom on existing facilities and compliance with debt covenants. The going concern analysis covered the period 1 July 2021 to 30 September 2022, and considered a range of downside sensitivities, including the impact of lower commodity prices, foreign exchange rates and reduced production levels. The committee concluded that it was appropriate to adopt going concern as a basis for the preparation of the annual financial statements
Deferred taxation	The committee has reviewed management's judgement applied in the determination of the future expected deferred taxation rate for the Group's gold mining entities The committee considered the key assumptions applied in the determination of the future expected deferred taxation rate to be reasonable
Rehabilitation and decommissioning provision	The audit and risk committee reviewed the estimate for the environmental and decommissioning provision, which was based on the work of external consultants and internal experts The committee considered the disclosure of the rehabilitation and decommission provision in the Consolidated and Parent Company annual financial statements and the changes in assumptions and other drivers of the movement in the provision and concluded that the recorded provision was appropriate
COVID-19 impact on financial results	The audit and risk committee reviewed management's COVID-19 financial reporting impact assessment Management performed a robust impact assessment on all financial statement line items. The committee reviewed management's assessment and concluded that it was appropriate and reasonable

INTERNAL AUDITOR

The committee performs an oversight role of the internal audit function, which is outsourced to a third party, by approval of the internal audit plan and review of the internal auditor's findings on a regular basis. The committee has 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 chairperson of the audit and risk committee and the internal auditor is invited to attend each audit and risk committee meeting.

The committee assesses the work of internal audit on a regular basis through receipt of reports on the progress of the internal audit plan. The committee met with the head of internal audit on three occasions, which enables further evaluation of the work performed.

The committee reviewed the proposed 2021 internal audit plan and assessed whether the plan addressed the key areas of risk for the Group. The committee approved the plan having discussed the scope of work in relationship to the Group's risk.

COMMITTEE REMUNERATION

Audit and risk committee members are remunerated in the same way as members of other board subcommittees. The fees are reviewed annually by the remuneration committee (Remco). The remuneration report, which includes the remuneration policy and the implementation report, is tabled for endorsement by the shareholders at the AGM. No retirement fund contributions are made by the Group to or on behalf of non-executive directors. Refer to **page 200** of the Consolidated and Parent Company annual financial statements for disclosure of remuneration to audit and risk committee members.

SUBSIDIARY COMPANIES

The functions of the audit and risk committee are also performed for each subsidiary company of the Pan African Group.

FINANCIAL DIRECTOR

The committee assessed and is satisfied that Deon Louw has the appropriate skills, expertise and experience, for the role of financial director, as required by the JSE Listings Requirements and AIM Rules.

The committee considered the functioning of the Company's finance department and believes that it functions effectively, with the required controls and systems in place.

RISK MANAGEMENT

Risk management is the responsibility of the board and is integral to the achievement of the Group's objectives.

Refer to our risks and opportunities section of the integrated annual report on **page 20** where the risk management approach and process are further discussed.

The board, through the audit and risk committee, fulfils its responsibility in reviewing the effectiveness of the Group's risk management approach and internal controls through the review of reports submitted over the course of the year covering the risk management process and control environment, specifically in-depth reviews of the Group's risk registers and reviews of internal audit reports.

The committee is satisfied that there was no material breakdown in the internal accounting controls during the financial year under review.

On behalf of the audit and risk committee

Hester Hickey
Chairperson, audit and risk committee

15 September 2021

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PAN AFRICAN RESOURCES PLC

Report on the audit of the financial statements

OPINION

In our opinion, Pan African Resources PLC's Group financial statements and Parent Company financial statements (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 2021 and of the Group's and Parent Company's profit and the Group's and Parent Company's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Integrated Annual Report (the "Annual Report"), which comprise: the Consolidated and Parent Company Statements of Financial Position as at 30 June 2021; the Consolidated and Parent Company Statements of Profit or Loss and Other Comprehensive Income, the Consolidated and Parent Company Statements of Changes in Equity, and the Consolidated and Parent Company Statements of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

OUR AUDIT APPROACH

Overview

Audit scope

- As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.
- We performed an audit of the four significant components of the Group, namely Barberton Mines (Pty) Ltd, Evander Gold Mining (Pty) Ltd, Pan African Resources Funding Company (Pty) Ltd and Pan African Resources PLC.

Key audit matters

- Goodwill impairment assessment and impairment trigger assessment of property, plant and equipment and mineral rights (Group).
- Impact of COVID-19 (Group and Parent).

Materiality

- Overall Group materiality: US$5.1 million (2020: US$2.6 million) based on approximately 5% of profit before tax.
- Overall Parent Company materiality: US$2.1 million (2020: US$1.9 million) based on 1% of total assets.
- Performance materiality: US$3.8 million (Group) and US$1.6 million (Parent Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, including 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, and any comments we make on the results of our procedures thereon, 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.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment assessment and impairment trigger assessment of property, plant and equipment and mineral rights (Group) Refer to the Audit and Risk Committee Report and notes 12 and 15 to the annual financial statements. Impairment assessments require significant judgement and there is the risk that the valuation of the assets may be incorrect and any potential impairment charge or reversal miscalculated. As such, this was a key area of focus for our audit due to the material nature of the respective balances. The Group has goodwill of US$21.3 million and property, plant and equipment and mineral rights of US$346.9 million as at 30 June 2021, primarily contained in four cash generating units ("CGUs"). The Barberton CGU has the total goodwill balance of US$21.3 million allocated to it. The Barberton CGU has been assessed for impairment using a fair value less costs of disposal model which is based on future cash flow forecasts using life of mine reserve and production estimates approved by the internal competent person. In addition, management has performed an impairment trigger and impairment reversal assessment for the other three CGUs. Management has determined that there were no triggers for impairment in any of the other CGUs, having considered factors such as long-term gold prices, foreign exchange, inflation and interest rates, reserves and production.	In assessing the carrying value of the Barberton CGU, we evaluated management's future cash flow forecasts and the process by which they were drawn up, including checking the mathematical accuracy of their cash flow model. We agreed future capital and operating expenditure to the latest Board approved budget and the latest approved resources and reserves statement, forecast life of mine production plan and capital expenditure budget. We assessed the reasonableness of management's future forecasts of capital and operating expenses included in the cash flow forecasts in light of the historical accuracy of such forecasts and the current operational results. We note that this resource and reserve statement is prepared internally, and we assessed the competent person's skills and experience and concluded that they are appropriately qualified and experienced. We used our valuation experts to assist us in evaluating the appropriateness of key market related assumptions in management's valuation model, including gold prices, and foreign exchange, inflation and discount rates. We have also ensured that the impact of climate change has been considered. We performed sensitivity analysis around the key assumptions within the cash flow forecasts using a range of discount rates and lower long-term gold prices and exchange rates based on what, in our view, a market participant may apply. We considered management's impairment trigger and reversal analysis and agreed that no impairment or reversal indicators existed for any CGUs. We examined the related disclosures in notes 12 and 15 of the annual financial statements, including the sensitivities provided with respect to the CGUs. Based on our analysis, we consider management's impairment assessment and conclusions relating to the recoverable amount of goodwill, as well as the associated disclosures, to be reasonable. We also consider management's conclusions that there were no impairment triggers or reversal indicators for any CGUs, to be reasonable.

Key audit matter	How our audit addressed the key audit matter
Impact of COVID-19 (Group and Parent) Disclosure of the risk to the Group of COVID-19 has been included within the Strategic Report and note 2 (significant accounting policies) to the annual financial statements. Management has considered the impact of the pandemic on the recoverable amount of assets including property, plant and equipment and mineral rights, goodwill, inventory and receivables as well as a need to recognise additional liabilities. The pandemic has had a relatively limited impact on trading performance in the year, and supply chains have been materially unaffected. Management also considered the impact of the pandemic on the going concern status of the Group. As part of this assessment, management has modelled possible downside scenarios to its base case budgets taking into account the possible effects of COVID-19 on the mining operations. This includes a reduction of between 5% and 20% in production. Management has also modelled the impact of a lower gold price in the period, and the possibility of not renewing the Group's existing debt facilities. Having taken into account these scenarios and a robust assessment of planned and possible mitigating actions, management has concluded that the Group remains a going concern, that there is no material uncertainty in respect of this conclusion and that there is no impact on the carrying values of assets and liabilities.	We obtained management's detailed COVID-19 impact assessment and evaluated the key judgements and estimates made by management in determining the potential outcomes for the Group. We undertook the following procedures: • We considered the potential impact on the statements of financial position, specifically around property, plant and equipment and mineral rights, goodwill, trade receivables, and inventory and do not consider there to be any indicators of material impairment as at the balance sheet date or subsequently (for disclosure only) and no provisions or additional liabilities were recorded. • We reviewed management's disclosures relating to the impact in the year and the potential impact of COVID-19 and found them to be consistent with the analysis performed. • The procedures we performed to evaluate the Directors' going concern assessment, and our conclusion, are set out in the "Conclusion relating to Going Concern section" below. • We maintained our oversight of our component audit team, using video conferencing and remote working paper reviews, to satisfy ourselves as to the appropriateness of audit work performed at our significant components in South Africa. Overall, we consider the assessment by management in relation to COVID-19 to be appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Parent Company, the accounting processes and controls, and the industry in which they operate.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at the statutory reporting unit level by us, as the Group audit team, or through involvement of our component auditors in South Africa. The Group's assets and operations are primarily located within two mine sites in South Africa. Financial reporting is undertaken at the head office in Johannesburg.

We identified four reporting units which, in our view, required an audit of their complete financial information, either due to their size or risk characteristics. This included the three main operating subsidiaries in South Africa, as well as the Parent Company. Audit work was performed by our component auditors in South Africa and we determined the level of involvement we needed to have in the audit work for each reporting unit to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

As COVID-19 prevented travel to South Africa during the audit fieldwork, we were unable to make site visits as planned; we instead extended our oversight of the component auditors through conference calls, video conferencing and remote working paper reviews to satisfy ourselves as to the appropriateness of the audit work performed by the component auditors. This is consistent with the remote oversight procedures that we had in place for the prior year audit, when we had also been unable to travel.

This, together with additional procedures performed at the Group level, gave us the evidence we needed for our opinion on the Group financial statements as a whole.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

	Group financial statements	Parent Company financial statements
Overall materiality	US$5.1 million (2020: US$2.6 million).	US$2.1 million (2020: US$1.9 million).
How we determined it	Approximately 5% of profit before tax	1% of total assets
Rationale for benchmark applied	We believe that profit before tax is the primary measure used by shareholders in assessing the performance of the Group and is a generally accepted auditing benchmark.	We believe that total assets is the most appropriate benchmark as the entity is the ultimate holding company of the Group and therefore its results are driven substantially by its investments and inter-company loans.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between US$5.0 million and US$1.5 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to US$3.8 million for the Group financial statements and US$1.6 million for the Parent Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above $255,000 (Group audit) (2020: $130,500) and $103,000 (Parent Company audit) (2020: $94,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

CONCLUSIONS RELATING TO GOING CONCERN

Our evaluation of the directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining the directors' evaluation of the cash flow forecasts for the Group for the remainder of 2021 and for the first nine months of 2022, which supports their use of the going concern basis of accounting for the Group and the Company.
- Testing the integrity of the forecast model, including the mathematical accuracy.
- Holding extensive discussions with management and reviewing the key assumptions in the forecast model, such as the gold price and exchange rate, which we have compared against the one-year consensus prices and rates from external sources to verify the reasonability, and forecasted production, and operational and capital expenditure, which we have agreed to the Group budget.
- Consideration of the historical accuracy of management's forecasting.
- Critically evaluating management's downside sensitivities and agreeing that these represent severe but plausible downside scenarios.
- Obtaining an understanding of the Group's existing facilities, and the debt capacity of the Group over the going concern period; and
- Reviewing the disclosure provided in the Directors' Report and note 2 to the annual financial statements, and concurring that this is sufficient to inform members about the directors' going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Parent Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with UK and South African tax legislation and employment law and regulations and environmental legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in key accounting estimates, and posting inappropriate journal entries to manipulate results. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Enquiries of the directors, management and the Group's legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;

- Review of minutes of meetings of the Board of Directors;
- Substantively testing a sample of revenue transactions through to bank statements;
- Challenging assumptions and judgements made by management in relation to their significant accounting judgements and estimates;
- Identifying and testing journal entries that exhibit risk-based criteria, in particular any journal entries posted with unusual account combinations that could be used to manipulate the results and other key performance indicators; and
- Review of related work performed by the component audit team, including their responses to risks related to management override of controls and to the risk of fraud in revenue recognition.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

This report, including the opinions, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

COMPANIES ACT 2006 EXCEPTION REPORTING

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

- we have not obtained all the information and explanations we require for our audit; or
- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Timothy McAllister
Senior Statutory Auditor

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

15 September 2021

CONSOLIDATED AND PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

as at 30 June 2021

		Consolidated		Parent Company	
	Notes	30 June 2021 US$ thousand	30 June 2020 US$ thousand	30 June 2021 US$ thousand	30 June 2020 US$ thousand
ASSETS					
Non-current assets					
Property, plant and equipment and mineral rights	12	**346,921.8**	270,286.3	**–**	–
Other intangible assets	13	**505.4**	493.0	**–**	–
Deferred tax asset	27	**2,216.9**	4,416.1	**1,903.9**	2,770.0
Long-term inventory	18	**333.5**	411.3	**–**	–
Long-term receivables	14	**428.6**	626.4	**–**	–
Goodwill	15	**21,252.9**	17,512.5	**–**	–
Investments in subsidiaries	16	**–**	–	**110,149.7**	90,703.4
Investments – other	16	**1,064.0**	1,216.2	**1,064.0**	1,216.2
Rehabilitation fund	17	**25,810.2**	20,006.4	**–**	–
		398,533.3	314,968.2	**113,117.6**	94,689.6
Current assets					
Inventories	18	**11,356.0**	7,626.1	**–**	–
Receivables from other Group companies	32	**–**	–	**96,537.7**	93,650.8
Current taxation asset	27	**677.5**	1,247.1	**–**	–
Trade and other receivables	19	**24,394.1**	10,864.0	**1,251.1**	32.9
Current portion of long-term receivables	14	**12,816.9**	381.4	**–**	–
Derivative financial assets	31	**180.1**	–	**–**	–
Cash and cash equivalents	20	**35,133.4**	33,529.8	**2,962.5**	208.5
		84,558.0	53,648.4	**100,751.3**	93,892.2
Total assets		**483,091.3**	368,616.6	**213,868.9**	188,581.8
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	21	**38,150.6**	38,150.6	**38,150.6**	38,150.6
Share premium		**235,063.2**	235,063.2	**235,063.2**	235,063.2
Retained earnings		**211,254.8**	154,344.3	**58,578.9**	67,263.3
Reserves	22	**(200,837.1)**	(243,938.6)	**(121,090.2)**	(158,818.3)
Equity attributable to owners of the Parent		**283,631.5**	183,619.5	**210,702.5**	181,658.8
Total equity		**283,631.5**	183,619.5	**210,702.5**	181,658.8
Non-current liabilities					
Long-term provisions	23	**13,608.8**	9,200.1	**–**	–
Long-term liabilities – financial institutions	24	**28,011.2**	73,332.7	**–**	–
Long-term liabilities – other	25	**17,347.4**	6,781.3	**205.1**	116.9
Deferred tax liability	27	**34,514.8**	16,961.5	**–**	–
		93,482.2	106,275.6	**205.1**	116.9
Current liabilities					
Trade and other payables	26	**54,708.7**	35,181.8	**2,737.7**	1,833.3
Derivative financial liabilities	31	**–**	9,639.0	**–**	–
Current portion of long-term liabilities – financial institutions	24	**30,674.8**	15,916.0	**–**	–
Current portion of long-term liabilities – other	25	**19,468.9**	16,164.5	**–**	4,042.3
Current taxation liability	27	**1,125.2**	1,820.2	**223.6**	930.5
		105,977.6	78,721.5	**2,961.3**	6,806.1
Total equity and liabilities		**483,091.3**	368,616.6	**213,868.9**	188,581.8

The above Consolidated and Parent Company statements of financial position should be read in conjunction with the accompanying notes.

*The annual financial statements on **pages 142** to **217** were approved by the board of directors and authorised for issue on 15 September 2021 and were signed on its behalf by:*

Cobus Loots
Chief executive officer

Deon Louw
Financial director

CONSOLIDATED AND PARENT COMPANY STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2021

		Consolidated		Parent Company	
	Notes	30 June 2021 US$ thousand	30 June 2020 US$ thousand	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Revenue	5	**368,914.7**	274,106.8	**8,244.5**	7,317.1
Cost of production	6	**(208,814.8)**	(158,457.3)	**–**	–
Mining depreciation and amortisation	12, 13	**(32,074.2)**	(21,503.2)	**–**	–
Mining profit		**128,025.7**	94,146.3	**8,244.5**	7,317.1
Other (expenses)/income	7	**(12,819.1)**	(28,681.9)	**5,928.3**	9,660.5
Royalty costs		**(3,454.1)**	(473.8)	**–**	–
Impairment reversal		**–**	88.6	**–**	–
Net income before finance income and finance costs		**111,752.5**	65,079.2	**14,172.8**	16,977.6
Finance income	9	**755.6**	464.8	**18.8**	72.8
Finance costs	9	**(7,674.6)**	(13,346.2)	**–**	(0.1)
Profit before taxation for the year		**104,833.5**	52,197.8	**14,191.6**	17,050.3
Income taxation expense	27	**(30,141.4)**	(7,904.5)	**(2,269.4)**	(464.8)
Profit after taxation for the year		**74,692.1**	44,293.3	**11,922.2**	16,585.5
Items that may be reclassified subsequently to the statement of profit or loss (net of taxes)					
Investment measured at fair value through other comprehensive income adjustment	34	**(1,603.6)**	(4,766.8)	**(1,603.6)**	(4,766.8)
Taxation on investment measured at fair value through other comprehensive income adjustment		**26.8**	1,067.8	**26.8**	1,067.8
Foreign currency translation reserve		**44,950.1**	(37,890.6)	**39,440.6**	(40,612.9)
Other comprehensive income/(loss)		**43,373.3**	(41,589.6)	**37,863.8**	(44,311.9)
Total comprehensive income/(loss) for the year		**118,065.4**	2,703.7	**49,786.0**	(27,726.4)
Profit attributable to:					
Owners of the Parent		**74,692.1**	44,293.3		
Total comprehensive income/(loss) attributable to:					
Owners of the Parent		**118,065.4**	2,703.7		
Basic and diluted earnings per share (US cents)	10	**3.87**	2.30		

The above Consolidated and Parent Company statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED AND PARENT COMPANY STATEMENTS OF CASH FLOWS

for the year ended 30 June 2021

	Notes	Consolidated		Parent Company	
		30 June 2021 US$ thousand	30 June 2020 US$ thousand	**30 June 2021 US$ thousand**	30 June 2020 US$ thousand
Cash flow from operating activities					
Net cash generated by operating activities before dividend, taxation, royalties and net finance costs and income	32	**124,549.3**	73,399.4	**9,193.3**	21,045.9
Dividend paid		**(20,606.6)**	(3,399.1)	**(20,606.6)**	(3,399.0)
Reciprocal dividend received		**2,825.0**	465.9	**–**	–
Income taxation (paid)/received	32	**(15,402.3)**	(4,876.7)	**(1,770.3)**	88.9
Royalties paid	32	**(3,500.1)**	(926.9)	**–**	–
Finance costs paid		**(6,106.9)**	(11,157.6)	**–**	(0.1)
Finance income received		**484.4**	323.3	**18.8**	67.0
Net cash generated by/(utilised in) operating activities		**82,242.8**	53,828.3	**(13,164.8)**	17,802.7
Cash flow from investing activities					
Additions to property, plant and equipment and mineral rights	12	**(44,396.4)**	(34,557.3)	**–**	–
Additions to other intangible assets	13	**(48.1)**	(174.6)	**–**	–
Repayment of long-term loans receivable		**289.8**	1,798.5	**–**	–
Rehabilitation funds withdrawn	17	**146.2**	2,084.7	**–**	–
Increase in investment		**(142.2)**	–	**(211.8)**	–
Proceeds from disposal of property, plant and equipment and mineral rights		**2.8**	206.7	**–**	–
Net cash utilised in investing activities		**(44,147.9)**	(30,642.0)	**(211.8)**	–
Cash flow from financing activities					
Borrowings raised	24, 25	**15,963.0**	48,468.0	**–**	–
Borrowings repaid	24, 25	**(59,405.8)**	(44,158.1)	**–**	–
Advances in loans to subsidiaries		**–**	–	**(24,535.9)**	(32,608.3)
Repayment of loans by subsidiaries		**–**		**40,406.8**	13,204.7
Proceeds from long-term loan receivables settled		**–**	–	**–**	996.0
Capital repayment of instalment sale obligation		**(169.9)**	(166.9)	**–**	–
Capital repayment of lease obligations	28	**(857.2)**	(803.6)	**–**	–
Net cash (utilised in)/generated by financing activities		**(44,469.9)**	3,339.4	**15,870.9**	(18,407.6)
Net (decrease)/increase in cash and cash equivalents		**(6,375.0)**	26,525.7	**2,494.3**	(604.9)
Cash and cash equivalents at the beginning of the year		**33,529.8**	5,341.2	**208.5**	36.3
Effect of foreign exchange rate changes		**7,978.6**	1,662.9	**259.7**	777.1
Cash and cash equivalents at the end of the year	20	**35,133.4**	33,529.8	**2,962.5**	208.5

The above Consolidated and Parent Company statements of cash flows should be read in conjunction with the accompanying notes.

CONSOLIDATED AND PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2021

	Consolidated				
	Share capital US$ thousand	Share premium US$ thousand	Retained earnings US$ thousand	Reserves[1] US$ thousand	Total US$ thousand
Balance as at 1 July 2019	38,150.6	235,063.2	112,984.2	(202,616.1)	183,581.9
Total comprehensive income/(loss)	–	–	44,293.3	(41,589.6)	2,703.7
Profit for the year	–	–	44,293.3	–	44,293.3
Other comprehensive (loss)	–	–	–	(41,589.6)	(41,589.6)
Dividends paid	–	–	(3,399.1)	–	(3,399.1)
Reciprocal dividends – PAR Gold[2]	–	–	465.9	–	465.9
Share-based payment – charge for the year	–	–	–	267.1	267.1
Balance as at 30 June 2020	**38,150.6**	**235,063.2**	**154,344.3**	**(243,938.6)**	**183,619.5**
Total comprehensive income	**–**	**–**	**74,692.1**	**43,373.3**	**118,065.4**
Profit for the year	**–**	**–**	**74,692.1**	**–**	**74,692.1**
Other comprehensive income	**–**	**–**	**–**	**43,373.3**	**43,373.3**
Dividends paid	**–**	**–**	**(20,606.6)**	**–**	**(20,606.6)**
Reciprocal dividends – PAR Gold[2]	**–**	**–**	**2,825.0**	**–**	**2,825.0**
Share scheme cancellation	**–**	**–**	**–**	**(551.3)**	**(551.3)**
Share-based payment – charge for the year	**–**	**–**	**–**	**279.5**	**279.5**
Balance as at 30 June 2021	**38,150.6**	**235,063.2**	**211,254.8**	**(200,837.1)**	**283,631.5**

	Parent Company				
	Share capital US$ thousand	Share premium US$ thousand	Retained earnings US$ thousand	Reserves[1] US$ thousand	Total US$ thousand
Balance as at 1 July 2019	38,150.6	235,063.2	(54,076.8)	(114,639.8)	212,650.8
Total comprehensive income/(loss)	–	–	16,585.5	(44,311.9)	(27,726.4)
Profit or loss for the year	–	–	16,585.5	–	16,585.5
Other comprehensive income	–	–	–	(44,311.9)	(44,311.9)
Dividends paid	–	–	(3,399.1)	–	(3,399.1)
Share-based payment – charge for the year	–	–	–	133.4	133.4
Balance as at 30 June 2020	**38,150.6**	**235,063.2**	**67,263.3**	**(158,818.3)**	**181,658.8**
Total comprehensive income	**–**	**–**	**11,922.2**	**37,863.8**	**49,786.0**
Profit for the year	**–**	**–**	**11,922.2**	**–**	**11,922.2**
Other comprehensive income	**–**	**–**	**–**	**37,863.8**	**37,863.8**
Dividends paid	**–**	**–**	**(20,606.6)**	**–**	**(20,606.6)**
Share scheme cancellation	**–**	**–**	**–**	**(269.7)**	**(269.7)**
Share-based payment – charge for the year	**–**	**–**	**–**	**134.0**	**134.0**
Balance as at 30 June 2021	**38,150.6**	**235,063.2**	**58,578.9**	**(121,090.2)**	**210,702.5**

[1] *Reserves comprise all reserves balances. Refer to note 22 for further details.*

[2] *Reciprocal dividend – PAR Gold Proprietary Limited (PAR Gold) refers to the inter-company transaction which relates to the dividend paid on the treasury shares held by the Group in PAR Gold. PAR Gold holds 13.7% of the issued share capital of Pan African. Refer to the related party note 33.*

The above Consolidated and Parent Company statements of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED AND PARENT COMPANY ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2021

1. GENERAL INFORMATION

Pan African is a Company incorporated in the United Kingdom and registered in England and Wales under the Companies Act 2006 with the registration number 3937466. The Company has a dual primary listing on the JSE and the UK's AIM market. The nature of the Group's operations and its principal activities relate to commodity mining and exploration activities.

The Consolidated and Parent Company annual financial statements are presented in US$.

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 the Company operates. The Company, and the subsidiary companies of Pan African, have determined their functional currency as the South African rand.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and statement of compliance

The Consolidated and Parent Company annual financial statements of the Pan African Group have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The principal accounting policies applied in the preparation of these annual financial statements are consistent with those applied in the previous financial year.

The Consolidated and Parent Company annual financial statements have been prepared under the historical cost basis, except for certain financial instruments that are stated at fair value. The Consolidated and Parent Company annual financial statements have been prepared on the going concern basis.

The Consolidated and Parent Company annual financial statements are presented in US$ and all values are rounded to the nearest thousand (US$'thousand), except where otherwise indicated.

Basis of consolidation

The annual financial statements incorporate a consolidation of the annual financial statements of the Company and the entities controlled by the Company (its subsidiaries). Entities that constitute the Group are those enterprises controlled by the Group regardless of the number of shares owned by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an investee enterprise to obtain benefits from its activities. Entities are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

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 operations. The Group had US$42.0 million (2020: US$8.1 million) of available debt facilities and US$35.1 million (2020: US$33.5 million) of cash and cash equivalents as at 30 June 2021. The RCF matures on 30 June 2022. Based on the current status of the Group's finances, having considered going concern forecasts and reasonably possible downside scenarios, including a rand gold price of ZAR760,000/kg (US$1,534/oz at an average exchange rate of US$/ZAR:15.40), and reduced production volumes also potentially impacted by the COVID-19 pandemic as outlined below, the Group's forecasts based on the board-approved budgets, demonstrate it will have sufficient liquidity headroom to meet its obligations in the ordinary course of business, and will comply with financial covenants for at least 12 months from the date of approval of the annual financial statements.

The Group is conscious of the ongoing impact of the COVID-19 pandemic and will continue to implement stringent preventative and precautionary measures to limit incidences of infection among our employees and in our host communities and minimise the potential adverse impact of the pandemic on the Group's production.

In evaluating the potential adverse impact of the COVID-19 pandemic on Group production, a range of 5% to 20% possible production loss was considered.

Reasons considered in determining the potential adverse impact include, inter alia:

- Mining was considered an essential service according to government lockdown regulations imposed during the pandemic, enabling production to continue to a certain extent
- Both Evander Mines and Barberton Mines have local workforces which limits the risk and exposure of transmitting the virus and also reduces the time to ramp up production after any potential lockdown impositions
- The Group's operations are diversified and include surface remining and processing activities which are less prone to lockdown restrictions when compared to underground operations
- The Group maintains a minimum liquidity level of ZAR250 million to ensure that the Group has sufficient liquidity to withstand possible interruptions to our operations over the short term.

The board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Group continued to adopt the going concern basis of accounting in the preparation of the 30 June 2021 annual financial statements.

New standards, interpretations and amendments effective for the first time as at 30 June 2021

The Group applies all applicable IFRS in preparation of the Consolidated and Parent Company annual financial statements. Consequently, all IFRS statements that were effective as at 30 June 2021 and are relevant to its operations have been applied.

At the date of authorisation of these Consolidated and Parent Company annual financial statements, the following standard has been applied in these Consolidated and Parent Company annual financial statements, for the first time.

IFRS 3: Business combination (Amendments)

This amendment is effective for annual periods beginning on or after 1 January 2020 and assists the company in deciding whether activities and assets acquired are a business or a group of assets. A company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially concentrated in a single asset or group of similar assets. The impact of the standard was considered and the Group concluded that the amendment did not have a material impact on these Consolidated and Parent Company annual financial statements.

There were no other standards that became effective that had an impact on these Consolidated and Parent Company annual financial statements.

New standards, interpretations and amendments issued but not yet effective as at 30 June 2021

There are no new standards that are not yet effective that would be expected to have a material impact on the Consolidated and Parent Company annual financial statements in the current or future reporting periods and on future foreseeable future transactions.

Impairment

At each statement of financial position reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the asset's recoverable amount is estimated. Impairment losses are immediately recognised as an expense in the statement of profit or loss and other comprehensive income whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. An asset with an indefinite useful life, for example goodwill, is not subject to amortisation and is tested annually for impairment.

A reversal of an impairment loss is recognised in the statement of profit or loss and other comprehensive income. When an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised on the asset or CGU.

Foreign currency transactions and translation

The Group's subsidiaries are incorporated in South Africa and their functional currency is the rand. The Group's business is conducted in rand and the accounting records are maintained in this same currency, except for precious metal product sales, which are conducted in US$, prior to conversion into rand. The ongoing review of the results of operations conducted by executive management and the board is also performed in rand.

Foreign currency transactions by Group companies are recognised in the functional currency of the Company at the rates of exchange ruling on the date of the transaction.

At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange ruling at the reporting date. Gains or losses arising on translation of monetary items are recognised in the statement of profit or loss and other comprehensive income.

Non-monetary assets and liabilities are measured in terms of historical cost in a foreign currency and are translated using the exchange rates at the dates of the initial transactions.

On consolidation, the Group's assets and liabilities are translated into the presentation currency (US$) of the Group at the rate of exchange prevailing at the reporting date. Income and expense items are translated at the exchange rate prevailing at the date of the significant transaction or the average rate for the period. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

Financial assets

The Group's financial assets are classified into the following measurement categories: instruments measured at amortised cost, instruments measured at fair value through other comprehensive income and instruments measured at fair value through profit or loss.

Financial assets are classified as measured at amortised cost only if the asset is held within a business model whose objective is to collect the contractual cash flows and the contractual terms of the asset give rise to cash flows that are solely payments of principal and interest.

At subsequent reporting dates, financial assets measured at amortised cost are measured at amortised cost less any impairment losses.

Investments, other than investments in subsidiaries, joint arrangements and associates, are financial asset investments and are initially recognised at fair value. Transaction costs are capitalised to the instrument in respect of instruments not classified as fair value through profit or loss.

Other investments are classified either at fair value through profit or loss (which includes investments held for trading) or at fair value through other comprehensive income. Both of these categories are subsequently measured at fair value.

The Group has elected to measure equity instruments that are neither held for trading nor are a contingent consideration in a business combination, at fair value through other comprehensive income as this better reflects the strategic nature of the Group's equity investments. For equity instruments at fair value through other comprehensive income, changes in the fair value, including those related to foreign exchange, are recognised in other comprehensive income and there is no subsequent reclassification of fair value gains and losses to profit or loss.

Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECL) on a financial asset measured at amortised cost. The Group recognised an ECL based on lifetime default events for financial assets, except those that have not experienced a significant increase in credit risk, which are measured using 12-month default events. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience, informed credit assessments and forward-looking information. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk. Credit losses are measured at the difference between the cash flows due in accordance with the contract and the cash flows the Group expects to receive. A financial asset is 'credit-impaired' when one or more events that have a detrimental adverse impact on the estimated future cash flows of a financial asset have occurred.

Financial liabilities

Financial liabilities are classified and accounted for as debt according to the substance of the contractual arrangements entered into.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the right to receive cash flows from the asset has expired, the right to receive cash flows has been retained, but an obligation to pay them in full without material delay has been assumed, or the right to receive cash flows has been transferred together with substantially all the risks and rewards of ownership.

Financial liabilities are derecognised when the associated obligation has been discharged, cancelled or has expired.

A substantial modification of the terms of a financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the extinguished financial liability and the consideration paid is recognised in profit or loss.

The terms of a financial liability are considered substantially different if the present value of the cash flows under the new terms (including any fees paid net of fees received) differs at least 10% from the present value of the financial liability's cash flows using the original effective interest rate and term.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any cost or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified financial liability.

Fair value management

Fair value is determined based on observable market data (in the case of listed investments, the market share price as at 30 June 2021 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 several factors including Mineral Resources and Mineral Reserves, together with economic factors such as commodity prices, exchange rates, discount rates and estimates of production costs and future capital expenditure.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Consolidated and Parent Company annual financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that may materially affect the carrying amounts of assets, liabilities and contingent liabilities reported at the date of the Consolidated and Parent Company annual financial statements and the reported amounts of revenue and expenses during the current financial year.

These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, historical experience, current and expected future economic conditions and other factors. Actual results may differ from the amounts included in the Consolidated and Parent Company annual financial statements. Further information about such judgements and estimates is included in the accounting policies and/or the notes to the Consolidated and Parent Company annual financial statements

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.

Refer to the individual notes for detail on specific significant accounting judgements and estimates disclosed.

Critical accounting judgements:

- Note 12: Property, plant and equipment and mineral rights
- Note 27: Taxation.

Critical sources of estimation uncertainty:

- Note 12: Property, plant and equipment and mineral rights.

Other accounting judgements and estimates:

- Note 12: Property, plant and equipment and mineral rights
- Note 23: Long-term provisions
- Note 24: Guarantees
- Note 28: Leases
- Note 29: ESOP transactions
- Note 34: Commitments
- Note 35: Contingent liabilities.

4. SEGMENTAL ANALYSIS

Accounting policy

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 Pan African's Exco. The operating segments of the Group are determined based on the reports used to make strategic decisions that are reviewed by the Exco. The Exco considers the business principally according to the location and nature of the products and services provided, with each segment representing a strategic business unit.

The segments reported on are located in South Africa and comprise the following:

- Barberton Mines (including the Barberton Tailings Retreatment Plant (BTRP)) located in Barberton and Evander Mines (the Elikhulu Tailings Retreatment Plant (Elikhulu), 8 Shaft pillar and surface sources) located in Evander. These segments derive their revenue from mining, extraction, production and the sale of gold
- Agricultural environmental, social and governance (ESG) projects mainly comprise the Group's Barberton Blueberries project (Barberton Blue Proprietary Limited (Barberton Blue)) as well as other small-scale agricultural projects in the Barberton Mines host community area
- Solar projects currently consist of the solar photovoltaic renewable energy plant located at Evander Mines
- Funding Company is the centralised treasury function of the Group located in Johannesburg
- Corporate consists mainly of the Group holding companies and management services which render services to the Group and is located in Johannesburg.

4. SEGMENTAL ANALYSIS continued

The segment results have been presented based on the Exco's reporting format, in accordance with the disclosures presented below.

	30 June 2021		
	Barberton Mines US$ thousand	Evander Mines US$ thousand	Agricultural ESG projects US$ thousand
Revenue	189,696.5	179,218.2	–
Cost of production	(108,151.9)	(100,662.9)	–
Mining depreciation and amortisation	(11,405.2)	(20,668.2)	(0.8)
Mining profit	70,139.4	57,887.1	(0.8)
Other (expenses)/income[1]	(3,299.5)	79.1	(0.2)
Royalty income	(3,071.4)	(382.7)	–
Net income/(loss) before finance income and finance costs	63,768.5	57,583.5	(1.0)
Finance income	6.3	4.4	0.4
Finance costs	(301.1)	(1,291.7)	–
Profit/(loss) before taxation	63,473.7	56,296.2	(0.6)
Income taxation expense	(13,400.0)	(11,999.5)	–
Profit/(loss) after taxation for the year	50,073.7	44,296.7	(0.6)
Inter-company transactions			
Management fees	(5,765.7)	(5,412.5)	–
Interest – inter-company	1,556.4	(7,421.7)	(102.7)
Profit/(loss) after taxation after inter-company charges	45,864.4	31,462.5	(103.3)
Segment assets (total assets excluding goodwill)	143,439.4	257,151.4	3,325.4
Segment liabilities	49,799.8	53,170.9	39.3
Net assets[2] (excluding goodwill)	93,639.6	203,980.5	3,286.1
Goodwill	21,252.9	–	–
Capital expenditure[3]	27,075.3	17,653.9	2,575.7
Reconciliation of adjusted EBITDA[4]			
Net income/(loss) before taxation, finance income and finance costs	63,768.5	57,583.5	(1.0)
Adjust: mining depreciation and amortisation	11,405.2	20,668.2	0.8
Adjust: non-mining depreciation and amortisation	–	–	–
Adjusted EBITDA[4]	75,173.7	78,251.7	(0.2)

[1] *Other expenses and income exclude inter-company management fees and dividends.*

[2] *The segmental assets and liabilities above exclude inter-company balances.*

[3] *Capital expenditure comprises additions to property, plant and equipment, mineral rights and intangible assets.*

[4] *Adjusted EBITDA comprises earnings before interest, taxation, depreciation and amortisation.*

	30 June 2021			
	Solar projects US$ thousand	Corporate US$ thousand	Funding Company US$ thousand	Group US$ thousand
	–	–	–	368,914.7
	–	–	–	(208,814.8)
	–	–	–	(32,074.2)
	–	–	–	128,025.7
	(8.3)	(8,925.7)	(664.5)	(12,819.1)
	–	–	–	(3,454.1)
	(8.3)	(8,925.7)	(664.5)	111,752.5
	–	375.8	368.7	755.6
	–	(11.0)	(6,070.7)	(7,674.6)
	(8.3)	(8,560.9)	(6,366.5)	104,833.5
	–	(4,628.2)	(113.7)	(30,141.4)
	(8.3)	(13,189.1)	(6,480.2)	74,692.1
	–	11,308.1	(129.9)	–
	–	(1,058.9)	7,026.8	–
	(8.3)	(2,939.9)	416.7	74,692.1
	2,036.2	24,253.9	31,632.1	461,838.4
	9,920.9	22,955.0	63,573.9	199,459.8
	(7,884.7)	1,298.9	(31,941.8)	262,378.6
	–	–	–	21,252.9
	1,665.9	142.2	–	49,113.0
	(8.3)	(8,925.7)	(664.5)	111,752.5
	–	–	–	32,074.2
	–	314.6	–	314.6
	(8.3)	(8,611.1)	(664.5)	144,141.3

4. SEGMENTAL ANALYSIS continued

	30 June 2020				
	Barberton Mines US$ thousand	Evander Mines US$ thousand	Corporate US$ thousand	Funding Company US$ thousand	Group US$ thousand
Revenue	139,437.4	134,669.4	–	–	274,106.8
Cost of production	(91,433.5)	(67,023.8)	–	–	(158,457.3)
Mining depreciation and amortisation	(7,424.3)	(14,078.9)	–	–	(21,503.2)
Mining profit	40,579.6	53,566.7	–	–	94,146.3
Other (expenses)/income[1]	(9,070.5)	(24,825.0)	4,427.3	786.3	(28,681.9)
Impairment reversal	–	88.6	–	–	88.6
Royalty (income)/costs	(577.6)	103.8	–	–	(473.8)
Net income before finance income and finance costs	30,931.5	28,934.1	4,427.3	786.3	65,079.2
Finance income	7.4	46.6	209.9	200.9	464.8
Finance costs	(452.9)	(1,860.4)	(27.0)	(11,005.9)	(13,346.2)
Profit/(loss) before taxation	30,486.0	27,120.3	4,610.2	(10,018.7)	52,197.8
Income taxation (expense)/income	(4,052.5)	(3,264.9)	(735.8)	148.7	(7,904.5)
Profit/(loss) after taxation for the year	26,433.5	23,855.4	3,874.4	(9,870.0)	44,293.3
Inter-company transactions					
Management fees	(7,376.9)	(3,491.0)	10,995.6	(127.7)	–
Interest – inter-company	1,464.7	(10,234.6)	(907.7)	9,677.6	–
Profit/(loss) after taxation after inter-company charges	20,521.3	10,129.8	13,962.3	(320.1)	44,293.3
Segment assets (total assets excluding goodwill)	98,632.3	212,267.7	7,716.7	32,487.4	351,104.1
Segment liabilities	33,546.7	47,355.5	14,824.0	89,270.9	184,997.1
Net assets[2] (excluding goodwill)	65,085.6	164,912.2	(7,107.3)	(56,783.5)	166,107.0
Goodwill	17,512.5	–	–	–	17,512.5
Capital expenditure[3]	18,955.0	21,500.1	648.7	–	41,103.8
Reconciliation of adjusted EBITDA[4]					
Net income before taxation, finance income and finance costs	30,931.5	28,934.1	4,427.3	786.3	65,079.2
Adjust: mining depreciation and amortisation	7,424.3	14,078.9	–	–	21,503.2
EBITDA	38,355.8	43,013.0	4,427.3	786.3	86,582.4
Adjust: impairment reversal	–	(88.6)	–	–	(88.6)
Adjusted EBITDA[4]	38,355.8	42,924.4	4,427.3	786.3	86,493.8

[1] *Other expenses and income exclude inter-company management fees and dividends.*
[2] *The segmental assets and liabilities above exclude inter-company balances.*
[3] *Capital expenditure comprises additions to property, plant and equipment, mineral rights and intangible assets.*
[4] *Adjusted EBITDA comprises earnings before interest, taxation, depreciation, amortisation and the reversal of impairments.*

5. REVENUE

Accounting policy

Sale of precious metals

The Group sells precious metals, mainly gold, into the market through commodity trading transactions with financial institutions. Revenue from metal sales is recognised when the Group satisfies its performance obligations under its contracts with financial institutions by transferring such metals to the financial institutions' control. Transfer of control is generally determined to be when risk and title to the metals passes to the customer, being the date of delivery of the precious metals to Rand Refinery Limited at that point in time.

Revenue is recognised based on the current prevailing gold price and the ounces delivered to Rand Refinery Limited. There is no element of financing as repayments are made when the gold has been received by Rand Refinery Limited.

Revenue from the sale of material by-products is recognised at the point of delivery at the prevailing rate at the transaction date.

The Group does not expect to have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Management fees

The Company has entered into service level agreements with its subsidiaries, whereby its directors and employees provide management services to subsidiaries in the Group. These services are recovered based on time spent managing the subsidiaries and are recognised in the accounting period in which these services were rendered.

	Consolidated		Parent Company	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand	**30 June 2021 US$ thousand**	30 June 2020 US$ thousand
Gold revenue	**368,339.0**	273,708.3	**–**	–
Silver revenue	**575.7**	398.5	**–**	–
Management fees	**–**	–	**8,244.5**	7,317.1
Revenue	**368,914.7**	274,106.8	**8,244.5**	7,317.1
Liabilities related to contracts with customers				
Amounts received in advance of settlement of gold loan[1]	**–**	5,683.5	**–**	–

[1] *In the previous financial year, the Group recognised revenue received in advance in the statement of financial position when a gold loan was entered into with a financial institution. Revenue from the gold loan was subsequently recognised in the statement of comprehensive income in terms of the agreement, at the contractually agreed transaction price.*

6. COST OF PRODUCTION

Cost of production is summarised by the nature of its components and consists of the following:

	Consolidated		Parent Company	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand	**30 June 2021 US$ thousand**	30 June 2020 US$ thousand
Salaries and wages	**(53,794.5)**	(43,664.2)	**–**	–
Electricity	**(31,215.6)**	(22,679.2)	**–**	–
Mining	**(33,146.1)**	(16,565.8)	**–**	–
Processing and metallurgy	**(55,069.3)**	(47,572.3)	**–**	–
Engineering and technical services	**(18,068.6)**	(13,854.3)	**–**	–
Administration and other	**(8,662.1)**	(6,696.0)	**–**	–
Realisation costs	**(1,096.8)**	(1,107.6)	**–**	–
Security	**(7,761.8)**	(6,317.9)	**–**	–
Cost of production	**(208,814.8)**	(158,457.3)	**–**	–

7. OTHER (EXPENSES)/INCOME

	Notes	Consolidated		Parent Company	
		30 June 2021 US$ thousand	30 June 2020 US$ thousand	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Foreign exchange losses		**(2,508.4)**	(1,329.4)	**(126.3)**	(14.5)
Short-term and low-value lease expenses		**(432.5)**	(177.3)	**–**	–
Non-mining depreciation and amortisation		**(314.6)**	(277.4)	**–**	–
Non-executive director' emoluments		**(335.2)**	(307.1)	**(335.2)**	(307.1)
Executive directors' emoluments		**(665.9)**	(398.4)	**(665.9)**	(398.4)
Share option expense	25	**(7,272.0)**	(5,595.3)	**(4,565.9)**	(3,882.3)
Equity-settled share option expense		**368.8**	(64.7)	**135.7**	(133.4)
Auditors' remuneration[1]		**(321.8)**	(360.2)	**(159.5)**	(214.0)
– Current year audit fee		**(339.5)**	(330.1)	**(171.5)**	(184.3)
– Over/(under) provision of audit fee in the prior year		**20.9**	(10.1)	**12.0**	(29.7)
– Non-audit fees for other services rendered		**(3.2)**	(20.0)	**–**	–
Salaries corporate office		**(2,071.2)**	(913.5)	**(518.7)**	(128.9)
Investor and public realisation costs		**(162.6)**	(173.7)	**(49.1)**	(67.0)
Business development costs		**(426.1)**	(391.3)	**(391.6)**	(391.3)
Consulting fees		**(589.6)**	(263.9)	**(97.5)**	(76.7)
Legal fees		**(117.6)**	(115.6)	**(22.1)**	(41.6)
Corporate social expenditure		**(2,012.9)**	(1,289.3)	**–**	–
Profit/(loss) arising from unrealised derivative financial instruments	31	**11,014.0**	(9,835.5)	**–**	–
Loss arising from realised derivative financial instruments	31	**(7,206.1)**	(12,108.3)	**–**	–
Profit on disposal of property, plant and equipment and mineral rights		**1.4**	92.9	**–**	–
Rehabilitation funds fair value adjustment	19	**1,419.5**	1,728.2	**–**	–
Inter-company dividend received		**–**	–	**14,206.4**	16,810.7
Net other (expense)/income		**(1,186.3)**	3,097.9	**(1,482.0)**	(1,495.0)
Other (expenses)/income		**(12,819.1)**	(28,681.9)	**5,928.3**	9,660.5

[1] *All audit fees are paid locally in South Africa with the exception of the PwC UK auditor's fee of US$0.1 million (2020: US$0.1 million). Details of the Company's policy on the use of the statutory auditor's non-audit services and the safeguards to ensure their independence and objectivity is disclosed in the audit and risk committee report on* ***pages 146*** *to* ***149****.*

8. STAFF COSTS AND COMPLEMENT

Accounting policy

Retirement and pension benefits

Payments to the Group's 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 benefits

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 in the Group's statement of financial position. The provision is reviewed annually with movements in the provision recorded in the statement of comprehensive income.

	Consolidated		Parent Company	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Their aggregate remuneration comprised:				
Salaries and wages	**56,531.6**	44,976.1	**2,217.7**	527.3
In addition to staff costs above are staff costs capitalised to property, plant and equipment	**5,607.1**	7,488.6	**1,033.1**	1,086.5
Included in staff costs above are other retirement costs	**2,311.9**	2,312.0	**16.2**	14.4

	Consolidated			
	30 June 2021		30 June 2020	
	Average number	Closing number	Average number	Closing number
Operating cost employees				
Corporate	**18**	**18**	19	19
Evander Mines	**231**	**241**	158	168
Barberton Mines	**1,728**	**1,684**	1,727	1,708
	1,977	**1,943**	1,904	1,895
Capital employees				
Barberton Mines	**178**	**161**	195	195
Evander Mines	**–**	**–**	34	36
	178	**161**	229	231
Total employees	**2,155**	**2,104**	2,133	2,126

The majority of employees are required to be members of either the Barberton Pension Umbrella Fund, the Sentinel Retirement Fund, the Mine Workers Provident Fund or the Alexander Forbes Group Provident Fund. These are defined contribution funds and are registered under and governed by the South African Pension Act 1956, as amended. The assets of the schemes are held separately from those of the Group in independent funds and they are in the control of the funds' trustees. A total cost of US$2.3 million (2020: US$2.3 million) was recognised in the statement of comprehensive income at a consolidated level and US$16.2 thousand (2020: US$14.4 thousand) at Company level. This cost represents the employer's contributions payable to the respective 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 Service's (SARS) life expectancy tables as the benefits payable are a fixed amount per pensioner. The balance of post-retirement medical benefits was US$29.5 thousand (2020: US$32.4 thousand).

9. FINANCE (COSTS)/INCOME

Accounting policy

Borrowing costs directly attributable to the construction of an asset that necessarily takes substantial time to get ready for its intended use are capitalised as part of the cost of the asset.

Other borrowing costs are recognised in the statement of profit or loss and other comprehensive income.

	Consolidated		Parent Company	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Finance income related to financial instruments				
Finance income – financial institutions	**394.2**	317.2	**18.8**	67.0
Finance income – other	**361.1**	114.0	**–**	–
	755.3	431.2	**18.8**	67.0
Finance income – other				
Finance income – SARS	**0.3**	33.6	**–**	5.8
Finance income – total	**755.6**	464.8	**18.8**	72.8
Finance costs related to financial instruments				
Finance costs – financial institutions	**(6,163.5)**	(11,097.2)	**–**	(0.1)
Finance costs – other	**–**	(57.8)	**–**	–
	(6,163.5)	(11,155.0)	**–**	(0.1)
Finance costs – other				
Finance costs – lease liability	**(495.4)**	(518.3)	**–**	–
Finance costs – instalment sale	**(23.8)**	(38.1)	**–**	–
Finance costs – SARS	**(0.1)**	(6.9)	**–**	–
Finance costs – rehabilitation fund provision	**(991.8)**	(1,627.9)	**–**	–
	(1,511.1)	(2,191.2)	**–**	–
Finance costs – total	**(7,674.6)**	(13,346.2)	**–**	(0.1)
Net finance (costs)/income	**(6,919.0)**	(12,881.4)	**18.8**	72.7

10. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is based on the Group's profit or loss 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 that all potentially dilutive ordinary shares are converted to ordinary shares. There was no dilutive impact on the weighted average number of shares in issue during the current and prior year.

	Consolidated					
	30 June 2021			30 June 2020		
	Profit after taxation for the period	Weighted average number of shares in issue	Earnings per share	Profit after taxation for the period	Weighted average number of shares in issue	Earnings per share
Basic and diluted earnings per share	**74,692.1**	**1,928,329.5**	**3.87**	44,293.2	1,928,329.5	2.30

10. BASIC AND DILUTED EARNINGS PER SHARE continued

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.

The reconciliation between earnings and headline earnings is disclosed below.

	Consolidated					
	30 June 2021			30 June 2020		
	Profit after taxation for the period	Weighted average number of shares in issue	Earnings per share	Profit after taxation for the period	Weighted average number of shares in issue	Earnings per share
Basic and diluted earnings per share	**74,692.1**	**1,928,329.5**	**3.87**	44,293.2	1,928,329.5	2.30
Adjustment						
Profit on disposal of property, plant and equipment and mineral rights	**(1.4)**	**–**	**–**	(92.9)	–	(0.01)
Taxation profit on disposal of property, plant and equipment and mineral rights	**–**	**–**	**–**	26.0	–	–
Impairment reversal	**–**	**–**	**–**	(88.6)	–	–
Taxation on impairment reversal	**–**	**–**	**–**	20.4	–	–
Headline and dilutive earnings per share	**74,690.7**	**1,928,329.5**	**3.87**	44,158.2	1,928,329.5	2.29

Headline earnings per share has been calculated in accordance with the South African Institute of Chartered Accountants (SAICA) circular 1/2019 entitled 'Headline Earnings' which forms part of the JSE Listings Requirements.

	Consolidated	
	30 June 2021 US cents	30 June 2020 US cents
Net asset value per share[1]	**14.71**	9.52
Tangible net asset value per share[2]	**10.46**	6.04

[1] *Net assets is the total assets less non-current and current liabilities.*

[2] *Tangible net assets is total assets less non-current liabilities, current liabilities, mineral rights, goodwill and mining properties.*

11. DIVIDENDS

The board has proposed a final dividend of ZAR402.2 million for the 2021 financial year (approximately US$28.3 million), equal to ZA 18.00000 cents per share or approximately US 01.26671 cents per share (0.91556 pence per share). The dividend is subject to approval by shareholders at the AGM, which is convened fo 25 November 2021.

In light of the robust results for the current financial year and the favourable financial prospects for the operations in the 2022 financial year, the board has applied its discretion and has proposed a dividend in excess of the Company's dividend policy guidelines, which provide for a 40% payout ratio of net cash generated from operating activities.

A final dividend of ZA 14.00000 cents per share equating to US 0.91205 per share (0.068857 pence per share) was approved for the 2020 financial year at the AGM held on 26 November 2020.

12. PROPERTY, PLANT AND EQUIPMENT AND MINERAL RIGHTS

Accounting policy

Property, plant and equipment and mineral rights is stated at cost less accumulated depreciation and accumulated impairment losses. Cost is the fair value of the consideration required to acquire and develop the asset and includes the purchase consideration, acquisition of mineral rights, costs directly attributable to bringing the asset to the location and conditions necessary for it to be capable of operating in the manner as intended by management, the initial estimate of any decommissioning obligation for assets that take a substantial period of time to get ready for their intended use and their associated borrowing costs. Income generated from the sale of products extracted during the development or pre-commissioning phase of a mining asset is capitalised to the cost of property, plant and equipment and mineral rights as per IAS 16: *Property, Plant and Equipment*.

Depreciation of property, plant and equipment and mineral rights

Mining rights and mining property, plant and equipment and shaft and exploration assets are depreciated over the estimated life-of-mine to their residual values using the units-of-production method based on estimated Proven and Probable Mineral Reserves.

Buildings and infrastructure and items of plant and equipment for which the consumption are not linked to production are depreciated to their residual values at varying rates on a straight-line basis over their estimated useful lives or the life-of-mine, whichever is shorter. The estimated useful life may vary between five and 10 years.

Other non-mining assets are depreciated on the straight-line basis over their expected useful lives which may vary between three and 10 years. Capital under construction is measured at cost less any recognised impairment.

Depreciation commences when the assets are capable of operating in the manner as intended by management, at which point they are transferred to the appropriate asset class.

Land is not depreciated. Depreciation methods, residual values and estimated useful lives are reviewed at least annually.

Mineral exploration and evaluation costs

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 property, plant and equipment and mineral rights. Capitalisation of preproduction expenditure ceases when the mining property is capable of commercial production. Exploration expenditure is the cost of exploring for Mineral Resources other than that occurring at existing operations and projects and comprises geological and geophysical studies, exploratory drilling and sampling and Mineral Resources development. Evaluation expenditure includes the cost of conceptual and prefeasibility studies and evaluation of Mineral Resources at existing operations. Capitalised preproduction expenditure is assessed for impairment in accordance with the Group's accounting policy.

Right-of-use asset

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee. The right-of-use asset is measured at cost, which is made up of the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

Critical accounting judgements

Impairment and impairment reversals of assets

The Group assesses at each reporting date whether there are any indicators that its assets and CGUs may be impaired or require previous impairment provisions to be reversed. Operating and economic assumptions which could affect the valuation of assets using discounted cash flow models are regularly reviewed and updated as part of the Group's monitoring of operational and financial performance and forecasting processes. Judgement is required in determining if operating and economic changes are significant and impact the performance potential of an asset or CGU, and therefore an indication of an impairment or an impairment reversal.

Assets previously impaired are assessed for indicators of both impairment and impairment reversal. Such assets are recorded on the statement of financial position at their recoverable amount at the date of the last impairment assessment less depreciation. A change in operational plans, assumptions or economic conditions could result in further impairment or an impairment reversal if such an indicator is identified.

12. PROPERTY, PLANT AND EQUIPMENT AND MINERAL RIGHTS continued

Critical accounting judgements continued

Cash-generating units

The Group defines a CGU as the smallest identifiable group of assets that generate cash flows largely independent of cash flows from other assets or a group of assets. The allocation of assets to a CGU requires judgement.

Consistent with the prior financial year, our CGUs have been classified as follows:

- **Barberton Mines' underground operations:** Underground operations (Fairview, Sheba and New Consort) are reliant on the Fairview BIOX® plant for processing and these operations have been grouped together and classified as a single CGU
- **BTRP:** The BTRP has the ability to treat and smelt gold independently of the Fairview BIOX® plant and is independent of the underground operations resulting in the BTRP being classified as a single CGU
- **Egoli project:** A drilling programme and feasibility study were completed in September and November 2017, respectively
- **Elikhulu:** Has been constructed in a manner such that it is independent of Evander Mines' underground operations resulting in Elikhulu being classified as a single CGU
- **Evander Mines' underground operations:** Includes 7 Shaft, 8 Shaft and the run-of-mine circuit at the Kinross metallurgical plant and 8 Shaft pillar mining, which are independent of Elikhulu and the Egoli project, resulting in them being classified as a single CGU.
- **Agricultural ESG projects** comprise of Barberton Blue, as well as other small-scale agricultural projects in the Barberton Mines host community areas
- **Solar projects** currently consist of the solar photovoltaic renewable energy plant located at Evander Mines.

Significant estimates

Cash flow projections and key assumptions

Expected future cash flows used in discounted cash flow models are inherently uncertain and could materially change over time. Cash flow projections are significantly affected by a number of factors including Mineral Resources and Mineral Reserves together with economic factors such as commodity price and discount rates and estimates of production costs and future capital expenditure. Where discounted cash flow models based on management's assumptions 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.

Cash flow projections are based on financial forecasts and life-of-mine plans incorporating key assumptions (refer to **page 176**) as detailed below:

- **Mineral Resources and Mineral Reserves:** Mineral Resources and, where considered appropriate, Mineral Reserves, are incorporated in projected cash flows, based on Mineral Resources and Mineral Reserves statements (in accordance with the SAMREC 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 Mineral Resources. Refer to the abridged Mineral Resources and Mineral Reserves report on **pages 49** to **57** for further disclosure of the Group's Mineral Resources and Mineral Reserves and life-of-mine plans
- **Commodity prices:** Commodity prices are based on latest internal forecasts, benchmarked with external sources of information, to ensure that they are within the range of available analyst forecasts. Where existing sales contracts are in place, the effects of such contracts or hedging arrangements are considered in determining future cash flows
- **Discount rates:** Value in use and fair value less cost of disposal projections are sensitive to changes in the discount rate
- **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 risk associated therewith (for example, the grade of Mineral Resources and Mineral Reserves varying significantly over time and unforeseen operational issues).

8 Shaft pillar date of commissioning

Given the nature of the 8 Shaft pillar, a key area of judgement was the determination of when the 8 Shaft pillar was in the location and condition necessary for it to be capable of operating as intended by management.

Pan African has applied a guiding principle that once the mining project is structurally complete and achieves commercial production, the various assets by major component are recorded in the fixed asset register on the date the mining project is structurally complete and has achieved commercial production. From this date, the assets are subject to depreciation over their respective useful lives, consistent with the Group's depreciation policy.

Commercial production is assumed when management can demonstrate that the mining project is able to materially achieve the technical design parameters established by the feasibility study and it is probable that future economic benefits will be generated by the plant.

On 15 May 2020, the 8 Shaft pillar demonstrated steady-state production by achieving the required technical design parameters, and thus this is determined to be the commissioning date.

12. PROPERTY, PLANT AND EQUIPMENT AND MINERAL RIGHTS continued

	Land[1] US$ thousand	Mineral rights and mining property US$ thousand	Exploration assets[2] US$ thousand	Buildings and infrastructure – owned US$ thousand
Consolidated				
Cost				
Opening balance as at 1 July 2019	2,622.9	51,116.2	33,442.8	59,066.4
Right-of-use asset recognised – IFRS 16	–	–	–	–
Transfers	–	(237.2)	–	14,503.1
Additions	–	–	–	1,995.2
Disposals	(15.8)	–	–	(153.2)
Foreign currency translation reserve	(490.4)	(14,913.2)	(6,271.7)	(12,642.8)
Closing balance as at 30 June 2020	**2,116.7**	**35,965.8**	**27,171.1**	**62,768.7**
Right-of-use asset recognised – IFRS 16	**–**	**–**	**–**	**–**
Transfers	**–**	**–**	**–**	**2,303.2**
Additions	**–**	**1,478.8**	**–**	**6,685.5**
Borrowing costs capitalised	**–**	**–**	**–**	**–**
Disposals	**–**	**–**	**–**	**–**
Foreign currency translation reserve	**452.1**	**7,797.8**	**5,803.3**	**14,111.5**
Closing balance as at 30 June 2021	**2,568.8**	**45,242.4**	**32,974.4**	**85,868.9**
Accumulated depreciation and impairment				
Opening balance as at 1 July 2019	–	(21,609.7)	–	(23,109.6)
Transfers	–	30.2	–	–
Depreciation charge for the year	–	(1,430.1)	–	(3,255.7)
Disposals	–	–	–	55.2
Impairment reversal	–	–	–	88.6
Foreign currency translation reserve	–	7,217.1	–	4,640.4
Closing balance as at 30 June 2020	**–**	**(15,792.5)**	**–**	**(21,581.1)**
Transfers	**–**	**–**	**–**	**–**
Depreciation charge for the year	**–**	**(1,658.3)**	**–**	**(7,519.2)**
Disposals	**–**	**–**	**–**	**–**
Foreign currency translation reserve	**–**	**(3,503.2)**	**–**	**(5,199.1)**
Closing balance as at 30 June 2021	**–**	**(20,954.0)**	**–**	**(34,299.4)**
Carrying amount				
As at 30 June 2020	2,116.7	20,173.3	27,171.1	41,187.6
As at 30 June 2021	**2,568.8**	**24,288.4**	**32,974.4**	**51,569.5**

[1] *Land registers are maintained at the offices of Barberton Mines and Evander Mines, which may be inspected by a member or their duly authorised agents.*

[2] *Exploration assets comprising Evander South, Rolspruit and Poplar were recognised on 1 March 2013 at their respective fair values in terms of IFRS 3:* Business Combinations.

[3] *Capital under construction balance relates to ongoing capital projects within the Group.*

Refer to note 24 for property, plant and equipment pledged as security for the Group's senior debt.

Buildings and infrastructure – right-of-use asset US$ thousand	Plant and machinery – owned US$ thousand	Plant and machinery – right-of-use asset US$ thousand	Capital under construction[3] US$ thousand	Shafts and exploration US$ thousand	Other US$ thousand	Total US$ thousand
–	279,054.7	–	4,080.6	89,558.9	624.5	519,567.0
290.3	–	5,454.4	–	–	–	5,744.7
–	4,449.0	–	(18,919.0)	197.0	–	(7.1)
–	5,411.4	–	21,384.8	11,970.9	166.9	40,929.2
–	–	–	–	–	(8.9)	(177.9)
(53.4)	(51,004.3)	(1,004.0)	(660.1)	(18,076.4)	(343.3)	(105,459.6)
236.9	**237,910.8**	**4,450.4**	**5,886.3**	**83,650.4**	**439.2**	**460,596.3**
294.9	**–**	**–**	**–**	**–**	**–**	**294.9**
–	**4,557.2**	**–**	**(7,532.1)**	**466.4**	**–**	**(205.3)**
–	**7,982.7**	**–**	**21,071.3**	**11,957.9**	**94.1**	**49,270.3**
–	**–**	**–**	**222.4**	**–**	**–**	**222.4**
–	**(12.3)**	**–**	**–**	**–**	**(1.2)**	**(13.5)**
73.7	**51,830.0**	**950.5**	**2,336.4**	**18,875.1**	**101.1**	**102,331.5**
605.5	**302,268.4**	**5,400.9**	**21,984.3**	**114,949.8**	**633.2**	**612,496.6**
–	(124,465.0)	–	–	(44,637.2)	(390.8)	(214,212.3)
–	0.9	–	–	(31.1)	–	(0.0)
(149.7)	(13,674.3)	(557.0)	–	(2,416.6)	(79.1)	(21,562.5)
–	–	–	–	–	8.9	64.1
–	–	–	–	–	–	88.6
14.3	24,678.7	53.3	–	8,633.6	74.5	45,312.1
(135.4)	**(113,459.7)**	**(503.6)**	**–**	**(38,451.3)**	**(386.5)**	**(190,310.0)**
–	**205.3**	**–**	**–**	**–**	**–**	**205.3**
(138.8)	**(17,150.4)**	**(566.7)**	**–**	**(5,060.1)**	**(161.0)**	**(32,254.5)**
–	**10.9**	**–**	**–**	**–**	**1.2**	**12.1**
(39.8)	**(25,594.9)**	**(152.0)**	**–**	**(8,643.6)**	**(95.1)**	**(43,227.7)**
(314.0)	**(155,988.8)**	**(1,222.3)**	**–**	**(52,155.0)**	**(641.4)**	**(265,574.8)**
101.5	124,451.1	3,946.8	5,886.3	45,199.1	52.7	270,286.3
291.6	**146,279.6**	**4,178.6**	**21,984.5**	**62,794.8**	**(8.2)**	**346,921.8**

12. PROPERTY, PLANT AND EQUIPMENT AND MINERAL RIGHTS continued

Depreciation reconciliation to the statement of comprehensive income

	Consolidated	
	30 June 2021 US$ thousand	**30 June 2020 US$ thousand**
Depreciation on property, plant and equipment and mineral rights	**(32,254.6)**	(21,562.5)
Amortisation of intangible assets	**(134.2)**	(218.1)
Non-mining depreciation and amortisation	**314.6**	277.4
Total mining depreciation and amortisation	**(32,074.2)**	(21,503.2)

Impairment considerations

There was no change in the composition of the Group's CGUs and no impairment indicators were identified on the Group's CGUs for impairment testing in the current and previous financial year.

Impairment assessment assumptions

The Group derives the recoverable amounts of property, plant and equipment and mineral rights by calculating the fair value less cost to sell of the respective CGUs. The fair value less cost to sell is derived by discounting future cash flows of the CGUs on a nominal basis using the following key assumptions. The Group prepares cash flow forecasts derived from the most recent financial forecasts approved by management and forecast future cash flows on a nominal basis.

	30 June 2021				
	Barberton Mines' CGUs		Evander Mines' CGUs		
	Mining operations	BTRP surface mining operations	Mining operations	Elikhulu surface mining operations	Egoli project
Nominal discount rate (post-tax) (%)	**14.9**	**14.9**	**15.9**	**11.7**	**15.9**
Real gold price (ZAR/kg)[1]	**804,174**	**804,174**	**804,174**	**804,174**	**804,174**
Long-term cost inflation (%)	**5.1**	**5.1**	**5.1**	**5.1**	**5.1**
Life-of-mine (years)	**20**	**3**	**5**	**12**	**9**

	30 June 2020				
	Barberton Mines' CGUs		Evander Mines' CGUs		
	Mining operations	BTRP surface mining operations	Mining operations	Elikhulu surface mining operations	Egoli project
Nominal discount rate (post-tax) (%)	16.9	16.9	16.3	12.4	16.3
Real gold price (ZAR/kg)[1]	953,210	953,210	953,210	953,210	953,210
Long-term cost inflation (%)	5.1	5.1	5.1	5.1	5.1
Life-of-mine (years)	20	6	3	12	9

[1] *In the impairment assessment, the Group applied a consensus rand gold price forecast (US$ gold price with a forward ZAR/US$ exchange rate) which increases over a 20-year period at an effective annual compound rate of approximately 5.1%.*

13. OTHER INTANGIBLE ASSETS

Accounting policy

Other intangible assets, which excludes mining rights and exploration assets, are measured at cost less accumulated amortisation and accumulated impairment losses. Other intangible assets are amortised over their estimated useful lives, usually between three and five years, or the period of duration of the licences. Amortisation methods, residual values and estimated useful lives are reviewed at least annually.

	Consolidated		Parent Company	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand	**30 June 2021 US$ thousand**	30 June 2020 US$ thousand
Software costs				
Opening balance	**493.0**	655.2	**–**	–
Additions	**48.1**	174.6	**–**	–
Amortisation	**(134.2)**	(218.1)	**–**	–
Foreign currency translation reserve	**98.5**	(118.7)	**–**	–
Closing balance	**505.4**	493.0	**–**	–

The Group has no internally generated intangible assets at year-end.

14. LONG-TERM RECEIVABLES

	Consolidated		Parent Company	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand	**30 June 2021 US$ thousand**	30 June 2020 US$ thousand
Loan advances in terms of Group share schemes	**12,315.3**	–	**–**	–
Other loans receivable[1]	**930.2**	1,007.8	**–**	–
	13,245.5	1,007.8	**–**	–
Non-current portion of long-term receivables	**428.6**	626.4	**–**	–
Current portion of long-term receivables	**12,816.9**	381.4	**–**	–
	13,245.5	1,007.8	**–**	–

[1] *Other long-term loans receivable accrue interest at the prevailing prime rate with a 2% margin. Repayment terms of up to 24 months.*

The Group's Pan African Corporate Option Scheme (PACOS) and the Pan African Resources Senior Management Share Scheme (PARSMSS) long-term incentive schemes (LTI) were restructured during the current financial year, as announced on SENS on 17 September 2020 and 30 June 2021. In terms of the rules of the PACOS restructured scheme (PAR Gold Long-term Incentive Plan (PGLIP) B shares), participants are entitled to an advance, on market-related terms (South African repo rate plus a margin of 1%), once a monetary value has vested and been locked-in. This rate is applied to all participants of the scheme. Subsequent PGLIP issues (C, D and future share issues) do not allow for any advances to participants. Advances from PAR Gold amounting to US$12.3 million (2020: US$nil) were made to scheme participants, and are included in the current portion of long-term receivables of US$12.8 million on the Group's statement of financial position. These advances will be offset against dividends once declared by PAR Gold, as per the rules of the restructured scheme. As detailed in the 17 September 2020 and 30 June 2021 announcements, all listings and regulatory requirements were compiled with in the restructure of these incentive schemes and loans advanced to scheme participants.

15. GOODWILL

Accounting policy

Goodwill acquired in a business combination is allocated at acquisition.

Goodwill is carried at cost less accumulated impairment losses.

Goodwill impairment assessments are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. If the recoverable amount of the CGU is less than its carrying amount, 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, based on the carrying amount of each asset in the CGU. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where an impairment loss subsequently reverses the carrying amount of the asset or the CGU is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised on the asset or CGU.

	Consolidated		Parent Company	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Goodwill[1]	**21,252.9**	17,512.5	**–**	–

[1] *The movement is due to the translation at the closing rate of ZAR14.28 (2020: ZAR17.33)*

The Group's goodwill was historically created upon the acquisition of Barberton Mines during July 2007, and was allocated to Barberton Mines' mining operation CGU from which the expected benefit from the business combination will arise.

Barberton Mines' impairment assessment was performed in accordance with the Group's accounting policies and no indication for the impairment of the carrying value of the goodwill was identified.

The recoverable amount of Barberton Mines' CGU is determined from discounted life-of-mine model cash flows to indicate fair value less cost to sell. The key assumptions for the fair value less cost to sell calculation include the discount rate, changes to the gold price, direct costs and capital expenditure expected over the life-of-mine. These key assumptions are disclosed in the impairment considerations section of note 12.

There is a degree of uncertainty associated with estimation of the long-term gold price forecast and to provide for this risk, management has considered a reasonable downside scenario by providing for a possible decline in the normal gold price to ZAR760,000kg, assuming all other variables remain constant. The outcome of this sensitivity analysis would result in an impairment of goodwill by approximately US$21.3 million.

Below are additional sensitivities on impairment for goodwill.

	Unit	Sensitivity	Adjusted inputs	(Reduction)/ increase in recoverable amount US$ thousand	Potential goodwill impairment US$ thousand
June 2021					
Gold price[1]	ZAR/kg	5% decrease in US$ gold price	**763,966**	**(60,483.5)**	**21,252.9**
Nominal post-tax discount rate	%	1% increase in discount rate	**15.90**	**(5,962.4)**	**–**
South African rand	US$/ZAR	5% stronger	**13.78**	**(60,483.5)**	**21,252.9**
South African rand	US$/ZAR	3% weaker	**14.94**	**8,259.6**	**–**
June 2020					
Gold price[1]	ZAR/kg	5% decrease in US$ gold price	905,549	31,204.7)	3,419.6
Nominal post-tax discount rate	%	1% increase in discount rate	17.90	(4,913.0)	–
South African rand	US$/ZAR	5% stronger	16.15	(31,204.6)	3,419.6
South African rand	US$/ZAR	3% weaker	17.51	18,341.2	–

[1] *The real gold price in ZAR is derived from the US$ gold price with the application of an appropriate foreign exchange rate.*

16. INVESTMENTS

Accounting policy

Investments in subsidiaries are measured at cost. Investments in equity interest are measured at fair value through other comprehensive income.

Investments in subsidiaries

All investments listed below are incorporated in South Africa, which is also their principal place of business. The registered address of the Company and its investments is The Firs Building, 2nd Floor, Office 204, corner Biermann and Cradock Avenues, Rosebank, Johannesburg 2196.

The Group has investments in the following subsidiaries:

					Consolidated		Parent Company	
	Principal activity	30 June 2021 Statutory holding %	30 June 2020 Statutory holding %	Holding effectively held by the Company for consolidation purposes %	Carrying amounts 30 June 2021 US$ thousand	Carrying amounts 30 June 2020 US$ thousand	Carrying amounts 30 June 2021 US$ thousand	Carrying amounts 30 June 2020 US$ thousand
Barberton Mines Proprietary Limited (Barberton Mines)[1]	Gold mining	95.00	95.00	100.00	–	–	–	–
Evander Gold Mines Proprietary Limited (Evander Gold Mines)[1]	Gold mining	100.00	100.00	100.00	–	–	–	–
Evander Gold Mining Proprietary Limited (Evander Mines)	Gold mining	95.00	95.00	100.00	–	–	–	–
Pan African Resources Funding Company Proprietary Limited (Funding Company)[2]	Treasury services	100.00	100.00	100.00	–	–	0.2	0.2
Pan African Resources SA Holding Company Proprietary Limited (PAR SA Holdings)[3]	Holding company	89.00	89.00	100.00	–	–	108,675.3	89,549.0
Pan African Resources Management Services Company Proprietary Limited (PAR Management Services)[4]	Administration services company	100.00	100.00	100.00	–	–	1,400.6	1,154.1
Concrete Rose Proprietary Limited (Concrete Rose)[5]	Board-based black economic empowered (B-BBEE) company	49.90	49.90	100.00	–	–	–	–
PAR Gold Proprietary Limited (PAR Gold)[6]	Investing	49.90	49.90	100.00	–	–	–	–
Barberton Mines BEE Company Proprietary Limited (Barberton Mines BEE Company)[7]	Employee share ownership plan (ESOP) arrangement	100.00	100.00	100.00	–	–	–	–
Barberton Mines ESOP Trust[7]	ESOP arrangement	100.00	100.00	100.00	–	–	–	–
Evander Mines BEE Company Proprietary Limited (Evander Mines BEE Company)[8]	ESOP arrangement	–	100.00	100.00	–	–	–	–
Evander Mines ESOP Trust[8]	ESOP arrangement	100.00	100.00	100.00	–	–	–	–
Evander Solar Solutions Proprietary Limited (Evander Solar Solutions)[9]	Solar photovoltaic renewable energy plant	100.00	100.00	100.00	–	–	0.1	0.1
Rapid Pearl Proprietary Limited (Rapid Pearl)[10]	Property holding company	100.00	–	100.00	–	–	73.5	–
Total investments in subsidiaries					–	–	110,149.7	90,703.4

16. INVESTMENTS continued

Interest in equity investments

The Group has the following interest in equity investments:

	Principal activity	Consolidated Carrying amounts 30 June 2021 US$ thousand	Consolidated Carrying amounts 30 June 2020 US$ thousand	Parent Company Carrying amounts 30 June 2021 US$ thousand	Parent Company Carrying amounts 30 June 2020 US$ thousand
MC Mining Limited (MC Mining)[11]	Coal mining	**1,064.0**	1,216.2	**1,064.0**	1,216.2
Total other investments		**1,064.0**	1,216.2	**1,064.0**	1,216.2

The registered address of the investments is Suite 8, 7 The Esplanade, Mt Pleasant WA 6153, Australia.

	Consolidated 30 June 2021 US$ thousand	Consolidated 30 June 2020 US$ thousand	Parent Company 30 June 2021 US$ thousand	Parent Company 30 June 2020 US$ thousand
Investments reconciliation				
Opening balance	**1,216.2**	6,802.0	**91,919.6**	118,441.7
Investment in Rapid Pearl	**–**	–	**69.6**	–
Additional investment in MC Mining	**142.2**	–	**142.2**	–
Investment in Evander Solar Solutions	**–**	–	**–**	0.1
Fair value adjustment through other comprehensive income	**(544.3)**	(4,310.2)	**(544.3)**	(4,310.2)
Foreign currency translation reserve	**249.9**	(1,275.6)	**19,626.6**	(22,212.0)
Closing balance	**1,064.0**	1,216.2	**111,213.7**	91,919.6

[1] *Employees own 5% of the issued shares of Barberton Mines and Evander Mines through an ESOP. During the 2018 financial year, the Group's South African investments were restructured resulting in Barberton Mines and Elikhulu being transferred to PAR SA Holdings. The employee share ownership programme at Evander Mines is being reviewed to ensure compliance with B-BBEE share ownership programme requirements. Refer to note 29.*

[2] *Funding Company was established to centrally provide treasury services to the Group entities.*

[3] *PAR SA Holdings is the Group's South African holding company for the South African mining investments.*

[4] *The purpose of PAR Management Services is to provide management services to the mining operations.*

[5] *Concrete Rose is the Group's B-BBEE entity following the B-BBEE restructure concluded on 15 January 2018. Concrete Rose is held 49.9% by Funding Company and 50.1% by the following strategic B-BBEE partners though notional vendor financing:*

	Shareholding %
Alpha Investment Group Proprietary Limited	***9.90***
Mabindu Development Trust	***24.75***
Pan African Resources Management Trust	***10.50***
Pan African Resources Education Trust	***4.95***
	50.10

[6] *During the 2016 financial year, the Group concluded a share buy-back transaction in which 49.9% of PAR Gold's issued share capital was acquired. The transaction translated to a share buy-back for accounting purposes due to Funding Company receiving the majority of the economic benefits of PAR Gold. Following the conclusion of the B-BBEE restructure on 15 January 2018, PAR Gold's shareholders now comprise 49.9% Funding Company and 50.1% K2015200726 Proprietary Limited (K Company), of which 49.5% of the shares held by K Company derive no economic benefit although all the shares are entitled to a voting right. PAR Gold disposed of 130 million shares in Pan African on 30 May 2018, resulting in its shareholding in Pan African reducing to 13.7%. Refer to note 22.*

[7] *The Barberton Mines ESOP arrangement was set up through two entities which are effectively controlled by the Group. These entities are Barberton Mines BEE Company which owns 5% of the issued shares in Barberton Mines and the Barberton Mines ESOP Trust which holds all the issued shares in Barberton Mines BEE Company. Barberton Mines' employees are beneficiaries of the ESOP Trust. The financial position and results of the Barberton Mines ESOP Trust and B-BBEE company are consolidated into the Group. Refer to note 29.*

[8] *The Evander Mines ESOP arrangement was set up through two entities which are effectively controlled by the Group. These entities are Evander Mines BEE Company which owns 5% of the issued shares in Evander Mines and the Evander Mines ESOP Trust which holds all the issued shares in Evander Mines BEE Company. Evander Mines' employees are beneficiaries of the ESOP Trust. The financial position and results of the Evander Mines ESOP Trust and B-BBEE Company are consolidated into the Group. The employee share ownership programme at Evander Mines is being reviewed to ensure compliance with B-BBEE share ownership programme requirements. The Evander Mines BEE Company was deregistered in the current financial year and the 5% shares are now held by the ESOP Trust.*

[9] *The purpose of Evander Solar Solutions is to establish a solar photovoltaic renewable energy plant in order to provide electricity to Evander Mines' operations.*

[10] *During the financial year, an investment was made in Rapid Pearl which owns a historical building in Barberton.*

[11] *The Company holds 13,064,381 of MC Mining's issued shares representing a 9.3% shareholding. MC Mining is an emerging coal exploration, development and mining company operating in South Africa.*

17. REHABILITATION FUND

Accounting policy

The rehabilitation fund investments are classified as financial assets at fair value through profit or loss. The investments are initially recognised when the Group becomes a party to the contractual provisions. At initial recognition, the investments are measured at fair value and subsequently measured at fair value through profit or loss.

Funds held in insurance investment product

	Barberton Mines US$ thousand	Evander Mines US$ thousand	Total US$ thousand
Opening balance as at 1 July 2019	3,860.0	21,161.1	25,021.1
Drawdowns	(28.4)	(2,056.3)	(2,084.7)
Fair value adjustment	273.2	1,455.0	1,728.2
Foreign currency translation reserve	(747.4)	(3,910.8)	(4,658.2)
Closing balance as at 30 June 2020	**3,357.4**	**16,649.0**	**20,006.4**
Drawdowns	**(29.3)**	**(116.9)**	**(146.2)**
Fair value adjustment	**233.5**	**1,186.0**	**1,419.5**
Foreign currency translation reserve	**764.6**	**3,765.9**	**4,530.5**
Closing balance as at 30 June 2021	**4,326.2**	**21,484.0**	**25,810.2**

The Group invests in an insurance investment product held by Cenviro Solutions underwritten by Centriq Insurance Company Limited. Contributions are made in the form of premiums paid to Cenviro Solutions and funds held in insurance investment products. The insurance policies are in the respective names of the mining operations, Evander Mines and Barberton Mines.

Cenviro Solutions has issued guarantees to the Department of Mineral Resources and Energy (DMRE) in support of the Group's environmental liabilities. The Group's environmental liabilities are fully funded by the investments contained in the investment product.

Refer to note 23: Long-term provisions for the associated rehabilitation provision disclosure.

18. INVENTORIES

Accounting policy

Inventories 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.

Long-term inventory relates to a holding of tailings contained in Barberton Mines' Harper tailings storage facility.

Obsolete and slow-moving consumable stores are identified and are written down to their economic or net realisable value.

	Consolidated		Parent Company	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand	**30 June 2021 US$ thousand**	30 June 2020 US$ thousand
Consumables stores	**12,049.0**	8,358.5	**–**	–
Current portion of long-term inventory	**140.5**	96.9	**–**	–
Provision for obsolete stock	**(833.5)**	(829.3)	**–**	–
	11,356.0	7,626.1	**–**	–
Non-current portion of long-term inventory	**333.5**	411.3	**–**	–
	11,689.5	8,037.5	**–**	–
Inventory recognised as cost of production	**28,859.7**	24,382.1	**–**	–

19. TRADE AND OTHER RECEIVABLES

Accounting policy

Trade and other receivables are measured at initial recognition at fair value plus transaction costs. They are subsequently measured at amortised cost, less allowance for ECLs.

	Consolidated		Parent Company	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Trade receivables	14,762.3	3,425.5	–	–
Net other receivables	1,685.5	2,160.1	0.3	0.1
Other receivables	1,756.9	2,209.9	0.3	0.1
Loss allowance – other receivables	(71.4)	(49.8)	–	–
Trade and other receivables – financial assets	16,447.8	5,585.6	0.3	0.1
Non-financial assets	7,946.3	5,278.4	1,250.8	32.8
Prepayments	2,149.0	636.4	1,250.8	32.8
Value-added tax (VAT) receivable	5,797.3	4,642.0	–	–
Total trade and other receivables	24,394.1	10,864.0	1,251.1	32.9

It is Group policy to only sell gold and transact its foreign exchange to rated South African financial institutions. The sale of gold and foreign exchange is executed on behalf of the Group by TreasuryOne Proprietary Limited, an independent treasury consultancy firm. Due to the creditworthiness of these institutions, the Group has not raised an allowance for ECLs on trade receivables. Proceeds from the sale of gold are received within seven days from these institutions. These financial institutions are the major customers representing more than 5% of the trade receivable balance for the gold mining subsidiaries, Barberton Mines and Evander Mines.

The loss allowance on other receivables is estimated by the Group's management based on the current economic environment and the individual debtor's circumstances.

Trade receivables have been pledged as security in terms of the Group's senior debt as disclosed in note 24.

20. CASH AND CASH EQUIVALENTS

Accounting policy

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. Cash and cash equivalents are classified as financial assets and measured at amortised cost.

	Consolidated		Parent Company	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Cash and cash equivalents	35,133.4	33,529.8	2,962.5	208.5
Restricted cash[1]	(89.9)	(389.8)	–	–
Cash and cash equivalents net of restricted cash	35,043.5	33,140.0	2,962.5	208.5

[1] *Restricted cash relates to funds withdrawn from the rehabilitation fund which has been utilised subsequent to year-end and TERS funds that are to be repaid subsequent to year-end.*

21. SHARE CAPITAL

Authorised and issued share capital

	Consolidated		Parent Company	
	30 June 2021 Number	30 June 2020 Number	**30 June 2021 Number**	30 June 2020 Number
Authorised and issued share capital				
Number of ordinary shares issued and fully paid	**2,234,687,537**	2,234,687,537	**2,234,687,537**	2,234,687,537
Treasury shares	**(306,358,058)**	(306,358,058)	**(306,358,058)**	(306,358,058)
	1,928,329,479	1,928,329,479	**1,928,329,479**	1,928,329,479

There were no new shares issued during the current or previous financial year.

	Consolidated		Parent Company	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand	**30 June 2021 US$ thousand**	30 June 2020 US$ thousand
Share capital	**38,150.6**	38,150.6	**38,150.6**	38,150.6

22. RESERVES

	Consolidated		Parent Company	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand	**30 June 2021 US$ thousand**	30 June 2020 US$ thousand
Foreign currency translation reserve[1]	**(132,480.5)**	(177,430.6)	**(119,378.5)**	(158,952.5)
Share option reserve[2]	**2,619.9**	2,891.7	**1,481.2**	1,750.3
Realisation of equity reserve[3]	**(18,121.7)**	(18,121.7)	**–**	–
Treasury capital reserve[4]	**(24,871.4)**	(24,871.4)	**–**	–
Merger reserve[5]	**(21,637.4)**	(21,637.4)	**3,153.1**	3,153.1
Other reserves[6]	**(6,346.0)**	(4,769.2)	**(6,346.0)**	(4,769.2)
Total reserves	**(200,837.1)**	(243,938.6)	**(121,090.2)**	(158,818.3)

1 *The translation reserve comprises all foreign exchange differences arising from the translation of the financial results' functional currency (rand) to the Group's presentational currency (US$).*

2 *The share option reserve consists of historical IFRS 2 charges relating to the equity-settled share option programme established by the Company on 1 September 2005 to specific employees, officers, directors and qualifying consultants as approved by the board. On 15 January 2018, the Group concluded a B-BBEE restructuring exercise with Concrete Rose as the Group's new B-BBEE entity (refer to note 16). Concrete Rose is held 49.9% by Funding Company, and 50.1% by strategic B-BBEE partners through a vendor financed arrangement. The nature of the restructuring transaction gave Concrete Rose a 22.11% ownership in PAR SA Holdings. The B-BBEE entity's ultimate shareholding in PAR SA Holdings will be determined by reference to the value of PAR SA Holdings and the increase in the vendor loan on expiry of the scheme. On the effective date of the transaction, the implied option in this scheme was valued at US$608.3 thousand. The incremental value disclosed arose due to an extension of the B-BBEE scheme's original term from 31 December 2018 to 31 December 2021, and an increase in the trickle dividend from 5% to 10%.*

3 *The realisation of equity reserve was created in June 2009 through the acquisition of PAR Gold's 26% shareholding in Barberton Mines, in exchange for the issue of new ordinary shares in Pan African to PAR Gold.*

4 *The treasury capital reserve was created on 7 June 2016. The Group purchased shares in PAR Gold, representing 23.83% or 436.4 million of its issued share capital at the time. The accounting effect of this transaction was akin to that of a share buy-back as the Group acquired shares in a company that held an investment in the Group's Parent Company. On 30 May 2018, PAR Gold publicly disposed of 130 million shares in Pan African resulting in its shareholding in Pan African reducing to 13.7%.*

5 *The merger reserve was created through the historical reverse acquisition of Barberton Mines in July 2007.*

6 *Other reserves comprise unrealised gains or losses recognised when financial assets are measured at fair value through other comprehensive income.*

23. LONG-TERM PROVISIONS

Accounting policy

Provision for environmental rehabilitation and decommissioning costs

An obligation to incur environmental restoration, rehabilitation and decommissioning costs arises when disturbance is caused by the development or ongoing production of a mining asset.

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.

These costs are included in property, plant and equipment and are recognised in the statement of profit or loss over the life of the operation through depreciation of the asset and the unwinding of the discount on the provision.

Annual changes in the provision consist of finance costs relating to the change in the present value of the provision and changes in estimates. Increases due to additional environmental disturbances are capitalised to property, plant and equipment and depreciated over the remaining lives of the mines.

The estimates are reviewed annually by the Group and are discounted using a pre-tax risk-free rate that is adjusted to reflect the current market assessments of the time value of money and the risks specific to the obligation.

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.

Accounting judgements and estimates

The amount recognised as a provision represents management's best estimate of the consideration required to complete the restoration and rehabilitation activity. These estimates are inherently uncertain and could materially change over time.

At each reporting date, the Group estimates the rehabilitation and decommissioning provision. There is judgement in the input assumptions used in determining the estimated rehabilitation and decommissioning provision. Inputs used that require judgement include:

- closure costs, which are determined in accordance with regulatory requirements
- inflation rate, which has been adjusted for a long-term view
- risk-free rate, which is compounded annually and linked to the life-of-mine
- life-of-mine and related Mineral Resources and Mineral Reserves. Refer to the unaudited abridged Mineral Resources and Mineral Reserves report on **pages 49** to **57**.

An assessment of the Group's environmental rehabilitation plan identified a risk relating to the potential pollution of groundwater at Barberton Mines. As a result of, inter alia, the amendments to the Financial Closure Provision Regulations promulgated in terms of the National Environmental Management Act, the Group may have a potential exposure to rehabilitate Barberton Mines' groundwater. The Group has undertaken several detailed assessments of this risk and is in the process of completing a groundwater modelling study to ascertain the latent and residual environmental risk associated with the potential pollution of groundwater with a greater level of finality to determine and quantify the impact of any such liability. If such a liability is identified, the mine will account for the groundwater rehabilitation exposure as an environmental liability, and if material in the Group context, this may have an adverse impact on the Group's annual financial statements.

	Consolidated		Parent Company	
	Decommissioning and rehabilitation			
	30 June 2021 US$ thousand	30 June 2020 US$ thousand	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Opening balance	**9,200.1**	15,781.3	**–**	–
Rehabilitation cost incurred	**(204.6)**	(2,587.4)	**–**	–
Change in estimate	**1,478.8**	(3,045.7)	**–**	–
Finance costs – unwinding charge	**991.8**	1,627.9	**–**	–
Foreign currency translation reserve	**2,142.7**	(2,576.0)	**–**	–
Closing balance	**13,608.8**	9,200.1	**–**	–

23. LONG-TERM PROVISIONS continued

Rehabilitation provision

The current year's movement in the Group's rehabilitation liability has been impacted by changes in the table below, relative to the prior year.

	30 June 2021		30 June 2020	
	Period to rehabilitation (years)	Risk-free rate (nominal) %	Period to rehabilitation (years)	Risk-free rate (nominal) %
Barberton Mines (Fairview)	**20.00**	**10.76**	20.00	11.48
Barberton Mines (Sheba)	**20.00**	**10.76**	20.00	11.48
Barberton Mines (New Consort)	**8.00**	**7.47**	8.00	8.27
Barberton Mines (BTRP)	**3.00**	**5.16**	6.00	7.20
Evander Mines (8 Shaft and Kinross plant)	**5.00**	**7.47**	3.00	5.20
Evander Mines (Elikhulu)	**12.00**	**8.97**	12.00	10.36

24. LONG-TERM LIABILITIES: FINANCIAL INSTITUTIONS

	Consolidated		Parent Company	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Revolving credit facility				
Opening balance	**43,086.0**	62,703.8	**–**	–
Drawdowns	**6,673.0**	20,130.2	**–**	–
Finance costs incurred	**2,329.1**	4,339.5	**–**	–
Non-refundable fees	**312.9**	307.5	**–**	–
IFRS 9 adjustments[1]	**(177.2)**	(53.8)	**–**	–
Repayments of capital	**(39,726.2)**	(31,597.8)	**–**	–
Repayments of finance costs	**(2,369.6)**	(4,350.0)	**–**	–
Foreign currency translation reserve	**6,541.2**	(8,393.4)	**–**	–
Closing balance	**16,669.2**	43,086.0	**–**	–
Less: current portion	**(16,669.2)**	(4,375.3)	**–**	–
Long-term portion	**–**	38,710.7	**–**	–
Term loan facility				
Opening balance	**46,162.7**	71,061.7	**–**	–
Finance costs incurred	**3,507.7**	6,152.8	**–**	–
Repayments of capital	**(13,274.0)**	(12,560.2)	**–**	–
Repayments of finance costs	**(3,565.6)**	(6,187.8)	**–**	–
Foreign currency translation reserve	**9,186.0**	(12,303.8)	**–**	–
Closing balance	**42,016.8**	46,162.7	**–**	–
Less: current portion	**(14,005.6)**	(11,540.7)	**–**	–
Long-term portion	**28,011.2**	34,622.0	**–**	–
Summary of current and non-current portions of long-term liabilities				
Current portion	**30,674.8**	15,916.0	**–**	–
Long-term portion	**28,011.2**	73,332.7	**–**	–
Total long-term liabilities: financial institutions	**58,686.0**	89,248.7	**–**	–

[1] *The terms of the RCF were renegotiated on 3 June 2019 (refer to terms as follows). The restructure of the RCF resulted in a debt modification adjustment being recognised in terms of IFRS 9. The debt modification adjustment was calculated on the differential in the RCFs fair values based on its original and new terms.*

24. LONG-TERM LIABILITIES: FINANCIAL INSTITUTIONS continued

	Revolving credit facility	Term loan facility
Facility amount	ZAR1 billion	ZAR1 billion
Lenders	Rand Merchant Bank (a division of FirstRand Bank Limited), Absa Bank Limited, Nedbank Limited	Rand Merchant Bank (a division of FirstRand Bank Limited), Absa Bank Limited, Nedbank Limited, Ashburton Investments
Borrower	Funding Company	Funding Company
Interest rate	One-month Johannesburg Interbank Average Rate (JIBAR)	Three-month JIBAR rate
Interest rate margin	3.3%	3.8 %
Commitment fee	A commitment fee of 1% of the aggregate of the available commitment. Payable semi-annually	A commitment fee of 0.95% calculated on a day-to-day basis on the aggregate available commitment. Payable quarterly
Term of loan	Seven years effective 17 June 2015	Seven years effective 15 September 2017
Repayment period	Fully amortising facility as follows: • ZAR25 million on 15 December 2020 • ZAR25 million on 15 June 2021 • ZAR50 million on 15 September 2021 • ZAR50 million on 15 December 2021 • ZAR50 million on 15 March 2022 • ZAR50 million on 15 June 2022 • ZAR500 million on 30 June 2022	Fully amortising facility over a repayment term of five years, commencing in September 2019
Final maturity date	30 June 2022	15 September 2024
Financial covenants	• The net debt-to-equity ratio must be less than 1:1 • The interest cover ratio must be greater than the ratios in the table below: **Measurement date** — **Ratio** 30 June 2020 — 4:1 30 June 2021 — 4.5:1 30 June 2022 — 5.1:1 • The net debt-to-adjusted EBITDA ratio must be less than the ratios disclosed below: **Measurement date** — **Ratio** 30 June 2020 — 2.5:1 30 June 2021 — 2:1 30 June 2022 — 1.5:1 • The debt service cover ratio, measured semi-annually, must be more than 1.3 times	

Bonds as security for the facilities

The following bonds were registered in favour of the lenders:

- Mortgage bond B3644/2015 – Barberton Mines/Bowwood on Main No. 40 (RF) Proprietary Limited
- Mortgage bond B1163/2016 – Evander Gold Mining/Bowwood on Main No. 40 (RF) Proprietary Limited
- Mortgage bond B4673/2015 – Evander Gold Mining/Bowwood on Main No. 40 (RF) Proprietary Limited
- Mortgage bond B7829/2015 – Evander Gold Mining/Bowwood on Main No. 40 (RF) Proprietary Limited
- Mortgage bond B3701/2015 – Evander Township Limited/Bowwood on Main No. 40 (RF) Proprietary Limited
- Mortgage bond B6665/2015 – Evander Township Limited/Bowwood on Main No. 40 (RF) Proprietary Limited
- General notarial bond BN15110/2015 – Barberton Mines/Bowwood on Main No. 40 (RF) Proprietary Limited
- General notarial bond BN15357/2015 – Evander Gold Mining/Bowwood on Main No. 40 (RF) Proprietary Limited
- Special notarial bond BN15563/2015 – Evander Gold Mining/Bowwood on Main No. 40 (RF) Proprietary Limited
- Special notarial bond BN15616/2015 – Barberton Mines/Bowwood on Main No. 40 (RF) Proprietary Limited.

24. LONG-TERM LIABILITIES: FINANCIAL INSTITUTIONS continued

Ceded rights to the lenders as security for the facilities

- Bank accounts
- Trade debtors
- Insurance proceeds
- Immovable property
- Shares held in subsidiaries.

Credit facilities

The Group has the following credit facilities in place:

	Consolidated		Parent Company	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Revolving credit facility	**49,019.6**	43,277.6	**–**	–
Term loan facility	**42,016.8**	46,162.7	**–**	–
Guarantees[1]				
Eskom Holdings SOC Limited	**1,627.7**	1,041.0	**–**	–
DMRE – Cenviro Solutions insurance investments product	**27,172.8**	21,644.5	**–**	–
General banking facility[2]	**9,803.9**	8,078.5	**–**	–
Pre-settlement splits				
Forward exchange contract limit facility	**3,151.3**	2,596.7	**–**	–
Precious metals hedging facility	**2,801.1**	2,308.1	**–**	–
Gold hedging facility	**18,907.6**	15,579.9	**–**	–
US$ trading and derivatives facility[3]	**43,509.1**	35,851.7	**–**	–
Gold loan facility	**20,308.1**	16,734.0	**–**	–
Credit cards	**166.0**	136.8	**–**	–
Other limits	**350.1**	288.5	**350.1**	288.5
	218,834.1	193,700.0	**350.1**	288.5
Available debt facilities	**42,016.8**	8,078.5	**–**	–
General banking facilities	**9,803.9**	8,078.5	**–**	–
Utilisation of the general banking facilities at year-end	**–**	–	**–**	–
RCF	**49,019.6**	43,277.6	**–**	–
Utilisation of the RCF at year-end[4]	**(16,806.7)**	(43,277.6)	**–**	–
Term loan facility	**42,016.8**	46,162.7	**–**	–
Utilisation of the term loan facility at year-end[4]	**(42,016.8)**	(46,162.7)	**–**	–

[1] The guarantees for Eskom Holdings SOC Limited relate to the supply of electricity and for the DMRE relate to the Group's rehabilitation liabilities.

[2] The Absa Bank Limited, Nedbank Limited and Rand Merchant Bank general banking facilities are unsecured and were unutilised for the current and the previous year. These facilities, when utilised, bear interest at rates linked to the South African prime interest rate.

[3] The US$, gold and derivative trading facilities are used by the Group for the purpose of trading gold inventory and subsequent conversion of US$ sales proceeds into rand. The facilities are held at Absa Bank Limited, Nedbank Limited, Rand Merchant Bank and Investec Bank Limited.

[4] Excludes accrued interest on the facility as at 30 June.

25. LONG-TERM LIABILITIES: OTHER

The Group has the following other long-term liabilities:

		Consolidated		Parent Company	
	Notes	30 June 2021 US$ thousand	30 June 2020 US$ thousand	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Cash-settled share option liability)	25.1	**21,388.8**	12,528.7	**205.1**	4,159.2
Gold loan	25.2	**–**	5,683.5	**–**	–
Redink Rentals (RF) Limited loan	25.3	**9,920.9**	–	**–**	–
Lease liabilities	28	**5,303.2**	4,429.3	**–**	–
Other		**203.4**	304.3	**–**	–
		36,816.3	22,945.8	**205.1**	4,159.2
Summary of current and non-current portions of long-term liabilities: other					
Current portion		**19,468.9**	16,164.5	**–**	4,042.3
Long-term liability		**17,347.4**	6,781.3	**205.1**	116.9
Total long-term liabilities: other		**36,816.3**	22,945.8	**205.1**	4,159.2

A detailed description of the liabilities is set out below.

25.1 Cash-settled share options

Accounting policy

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 benefit 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.

Accounting judgements and estimates

The Company applies the requirements of IFRS 2: *Share-based Payment* to cash-settled share-based payments made to employees. These are measured at fair value at grant date and, at each subsequent reporting date, the Company revises its estimated fair value in accordance with the requirements of IFRS 2 with the movement recognised in profit or loss. The determination of the fair value of the cash-settled share option liability is subject to judgement.

The fair value is calculated using actuarial valuations where required. For detailed inputs used in the model and further disclosure on cash-settled share option liabilities, refer to the following tables.

25. LONG-TERM LIABILITIES: OTHER continued

25.1 Cash-settled share options continued

Accounting policy continued

Accounting judgements and estimates continued

The movement in the cash-settled share option liability is detailed below.

	Consolidated		Parent Company	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Opening balance	12,528.7	3,774.8	4,159.2	1,009.9
Expense for the year	7,272.0	5,595.3	4,565.9	3,882.3
Payments during the year	(5,047.0)	(1,236.2)	(126.3)	(189.8)
PAR Gold loan	–	–	(8,929.8)	–
Employee costs capitalised to property, plant and equipment	3,395.1	6,371.9	–	–
Foreign currency translation reserve	3,240.0	(1,977.1)	536.1	(543.2)
Closing balance	21,388.8	12,528.7	205.1	4,159.2
Current portion	18,372.2	10,010.0	205.1	4,042.3
Long-term portion	3,016.6	2,518.7	–	116.9

The Group recognised cash-settled share option expenses across all schemes, as follows during the year.

	Consolidated		Parent Company	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Group cash-settled share options – Pan African Share Appreciation Bonus Plan (PASABP)	3,579.2	3,043.3	185.0	2,984.6
ESOP transactions	701.4	569.2	–	–
PACOS	(578.2)	1,762.2	–	677.1
Scheme cancellation	(8,589.0)	–	(4,548.9)	–
– Executive scheme cancellation	(1,134.4)	–	(1,134.4)	–
– Pan African Corporate Option Scheme (PACOS) cancellation	(7,454.6)	–	(3,414.5)	–
Executive director share incentive scheme	–	220.6	–	220.6
New share scheme				
– PAR Gold B shares	11,090.1	–	7,982.3	–
– PAR Gold C shares	737.2	–	713.2	–
– PAR Gold D shares	331.3	–	234.3	–
Total	7,272.0	5,595.3	4,565.9	3,882.3

Group cash-settled share options – PASABP

Details of the share options outstanding during the year, in relation to this scheme, are:

	30 June 2021		30 June 2020	
	Weighted average exercise price ZAR	Number of options	Weighted average exercise price ZAR	Number of options
Outstanding at the beginning of the year	1.21	100,739,318	1.38	106,009,837
Granted during the year	1.62	82,691,951	2.13	18,290,478
Exercised during the year	5.32	(18,019,602)	2.71	(16,807,175)
Forfeited due to PACOS (refer as follows)	1.26	(53,711,950)	2.60	(6,753,822)
Outstanding and exercisable at the end of the year	1.21	111,699,717	1.21	100,739,318

Cash-settled share options are valued annually at their fair value.

25. LONG-TERM LIABILITIES: OTHER continued

25.1 Cash-settled share options continued

Group cash-settled share options – PASABP continued

Fair values were calculated using the binomial pricing model of which the inputs were as follows:

	Consolidated	
	30 June 2021	30 June 2020
Weighted average share price (ZAR)	1.21	1.21
Weighted average exercise/strike price (ZAR)	1.83	1.78
Exercise price (ZAR)	1.36 – 4.42	1.15 – 3.93
Expected volatility (%)	50 – 74	60 – 91
Expected life (years)	3 – 6	3 – 6
Weighted average remaining life (years)	3.51	3.73
Risk-free rate (%)	4.7 – 7.4	4.5 – 6.2
Expected dividend yield (%)	0.03	0.03

Refer to **page 131** of the remuneration report for further details on the Group's cash-settled options.

Expected volatility is impacted by the following factors:

- The historical volatility of the share price over the most recent period that is commensurate with the expected option term (taking into account the remaining contractual option life and the effect of expected early exercise)
- The length of time an entity's shares have been publicly traded.

Participation in share-based and other long-term incentive (LTI) schemes is restricted to employees as described in the remuneration report. The Group has introduced ESOPs at Barberton Mines and Evander Mines which are recorded as cash-settled share options for accounting purposes. Refer to note 29.

Pan African Corporate Option Scheme

The PACOS scheme was cancelled on 1 July 2020 and replaced by the PAR Gold LTI scheme. As the PACOS scheme was cancelled during the year, there is no further liability. As at 30 June 2020, a liability of US$7.7 million was recognised in the statement of financial position for the Group and US$3.0 million for the Company pertaining to PACOS.

As at the 2020 financial year-end, the fair values of PACOS and the cash incentive scheme were calculated using an actuarial valuation. The actuarial valuation inputs are:

	Consolidated	
	30 June 2021	30 June 2020
Number of shares	n/a	46,417,83
Strike price (ZAR)	n/a	1.21
Grant date	n/a	1 July 2018
Vesting date	n/a	1 July 2020
Expiry date	n/a	1 July 2022

The following assumptions were also used in the actuarial valuation:

	Consolidated	
	30 June 2021	30 June 2020
Company volatility (%)	n/a	71.00
Gold index volatility (%)	n/a	39.00
Risk-free rate	n/a	Swap curve at grant date
Spot price (ZAR)	n/a	3.70
Dividend yield (%)	n/a	3.00
Probability of non-market conditions (%)	n/a	100.00
Withdrawal decrement (%)	n/a	10% per annum

25. LONG-TERM LIABILITIES: OTHER continued

25.1 Cash-settled share options continued

Executive directors' share incentive scheme

To incentivise and retain the Group's executive directors and align their interests with those of the Group's stakeholders, a LTI was introduced and is in issue as at 30 June 2021. Refer to the remuneration committee report on **pages 136** to **139** for further details of executive director share incentives.

PAR Gold LTI share scheme

To incentivise and retain corporate senior management and align their interests with those of the Group's stakeholders, a LTI was introduced and is in issue as at 30 June 2021.

Details of the share options outstanding at the end of the year, in relation to this scheme, are:

	30 June 2021					
	PAR Gold B shares		PAR Gold C shares		PAR Gold D shares	
	Weighted average exercise price ZAR	Number of options	Weighted average exercise price ZAR	Number of options	Weighted average exercise price ZAR	Number of options
Outstanding at the beginning of the year	–	–	–	–	–	–
Granted during the year	1.21	52,159,310	1.80	16,160,564	2.86	11,259,168
Outstanding and exercisable at the end of the year		52,159,310		16,160,564		11,259,168

Fair values were calculated using the Monte Carlo simulation of which the inputs are as follows:

	PAR Gold B shares	PAR Gold C shares	PAR Gold D shares
Number of shares	52,159,310	16,160,564	11,259,168
Grant date	1 July 2020	1 July 2019	1 July 2020
Vesting date	31 December 2021	1 July 2022	1 July 2023
Share price at grant date (based on 90-day volume weighted average price (VWAP) (ZAR)	1.21	1.80	2.86
90-day VWAP as at 30 June 2021 (ZAR)	5.36	3.67	3.67
Probability of vesting (%)	n/a	42	43
Fair value per option (ZAR)	n/a	1.54	1.58

25.2 Gold loan

	Consolidated		Parent Company	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Opening balance	5,683.5	–	–	–
Gold loan raised	–	(28,337.8)	–	–
Repayment of gold loan	(6,395.8)	(18,857.0)	–	–
Foreign currency translation reserve	712.3	(3,797.3)	–	–
Closing balance	–	5,683.5	–	–
Less: current portion	–	5,683.5	–	–
Long-term portion	–	–	–	–

The gold loan was settled during the current financial year.

25. LONG-TERM LIABILITIES: OTHER continued

25.3 Redink Rentals (RF) Limited loan

	Consolidated		Parent Company	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand	**30 June 2021 US$ thousand**	30 June 2020 US$ thousand
Opening balance	**–**	–	**–**	–
Advance	**9,290.0**	–	**–**	–
Interest capitalised	**222.4**	–	**–**	–
Repayments – capital	**–**	–	**–**	–
Repayments – interest	**(122.8)**	–	**–**	–
Foreign currency translation reserve	**531.3**	–	**–**	–
Closing balance	**9,920.9**	–	**–**	–
Less: current portion	**448.0**	–	**–**	–
Long-term portion	**9,472.9**	–	**–**	–

During the current financial year, the Group entered into a loan with Redink Rentals (RF) Limited to fund the solar photovoltaic renewable energy plant located at Evander Mines. The loan is a rand facility and bears interest at the three-month JIBAR rate plus a margin of 3.5%. Interest repayments are quarterly since inception of the loan. Principal repayments commenced on 30 April 2022 and the final repayment date is 31 January 2028.

A general notarial bond is registered over the borrower's movable property amounting to US$9.8 million.

26. TRADE AND OTHER PAYABLES

	Consolidated		Parent Company	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand	**30 June 2021 US$ thousand**	30 June 2020 US$ thousand
Trade payables	**29,626.5**	19,871.1	**49.0**	14.3
Other payables	**15,294.8**	8,546.0	**209.4**	188.6
Trade and other payables – financial liabilities	**44,921.3**	28,417.1	**258.4**	202.9
Accrual for employee incentives and leave pay liability	**7,204.8**	4,551.4	**1,223.9**	656.7
VAT payable	**2,582.6**	2,213.3	**1,255.4**	973.7
Trade and other payables	**54,708.7**	35,181.8	**2,737.7**	1,833.3

The fair value of trade and other payables is not materially different from the carrying value presented given their short-term nature.

No interest is charged on trade payables given their short-term nature.

27. TAXATION

Accounting policy

The taxation expense includes the current taxation and deferred taxation charge recognised in the statement of profit or loss and other comprehensive income.

The current income tax charge is based on the results for the year adjusted for items which are non-deductible or disallowed. It is calculated using taxation rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred taxation is recognised in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the annual financial statements and the corresponding amounts used for taxation purposes. In principle, deferred taxation liabilities are recognised for all taxable temporary differences, and deferred taxation 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 differences arise 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.

27. TAXATION continued

Accounting policy continued

Capital expenditure not deducted is carried forward as unredeemed capital expenditure, to be deducted from future mining income.

Revenue, 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 assets 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.

Significant accounting judgements and estimates

Deferred taxation rate

Deferred taxation is calculated at the taxation rates that are expected to apply to the period when the asset is realised, or the liability is settled, based on taxation rates and laws that have been enacted or substantively enacted by the statement of financial position date. The measurement of deferred taxation liabilities and assets reflects the taxation 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 taxation is charged or credited to the statement of profit or loss and other 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 it arises from the initial accounting for a business combination.

The carrying amount of deferred taxation 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.

South African income taxation on gold mining income is determined according to the gold formula that takes into account the taxable income and revenue from gold mining operations. Judgement was applied in the determination of the future expected deferred taxation rates of the Group's mining entities.

The Group prepares nominal cash flow models to calculate the expected average income taxation rate over the life-of-mine. The key assumptions in the cash flow models are the same as those noted in the cash flow projections and key assumptions disclosed in note 12.

Taxation

	Consolidated		Parent Company	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand	**30 June 2021 US$ thousand**	30 June 2020 US$ thousand
Income taxation expense				
South African normal taxation				
– current year	**14,364.2**	7,989.4	**1,125.9**	1,029.1
– prior year	**(80.9)**	(267.7)	**(235.0)**	–
Deferred taxation				
– current year	**15,858.1**	200.9	**1,378.5**	(564.3)
– prior year	**–**	(18.1)	**–**	–
Total taxation expense	**30,141.4**	7,904.5	**2,269.4**	464.8
Profit before taxation for the year	**104,833.5**	52,197.8	**14,191.6**	17,050.3
Taxation at the domestic taxation rate	**29,353.4**	14,615.4	**3,973.7**	4,774.1
Taxation rate differential[1]	**(1,028.3)**	1,753.1	**–**	–
Exempt income:				
Other exempt income	**(1,945.2)**	(5,308.2)	**(4,073.0)**	(4,707.0)
Rate change[2]	**(798.4)**	(3,489.4)	**–**	–
Non-deductible expenses:				
Share scheme cancellation	**4,330.9**	–	**2,500.4**	–
Other non-deductible expenses	**306.0**	356.5	**103.3**	166.7
(Over)/under provision – prior year	**(80.9)**	(278.4)	**(235.0)**	–
Capital gains taxation	**–**	1.5	**–**	–
Taxation effects on the utilisation of taxation losses	**3.9**	254.0	**–**	231.0
Taxation for the year	**30,141.4**	7,904.5	**2,269.4**	464.8

27. TAXATION continued

Taxation continued

	Consolidated		Parent Company	
	30 June 2021 %	30 June 2020 %	30 June 2021 %	30 June 2020 %
Effective taxation rate				
South African statutory rates	**28.0**	28.0	**28.0**	28.0
Taxation rate differential[1]	**(0.9)**	3.3	**–**	–
Exempt income:				
Dividend income	**–**	–	**–**	–
Other exempt income	**(1.9)**	(10.2)	**(28.7)**	(27.6)
Rate change[2]	**(0.7)**	(6.7)	**–**	–
Non-deductible expenses:				
Share scheme cancellation	**4.1**	–	**17.6**	–
Other non-deductible expenses	**0.3**	0.7	**0.8**	1.0
Over/(under) provision – prior year	**(0.1)**	(0.5)	**(1.7)**	–
Capital gains taxation	**–**	–	**–**	–
Taxation effects on the utilisation of taxation losses	**–**	0.5	**–**	1.3
Effective taxation rate	**28.8**	15.1	**16.0**	2.7

[1] *Taxation rate differential is the difference between the statutory company taxation rate of 28% and the effective gold mining taxation rate calculated in terms of the gold mining formula.*

[2] *The rate change is as a result of a change in the deferred taxation rates, applied to the taxable and deductible temporary differences prevailing at year-end within the Group's entities.*

Current taxation

	Consolidated		Parent Company	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Current taxation asset	**677.5**	1,247.1	**–**	–
Current taxation liability	**(1,125.2)**	(1,820.2)	**(223.6)**	(930.5)

Current taxes payable and receivable by the Group relate to the SARS.

27. **TAXATION** continued

Deferred taxation

	Consolidated		Parent Company	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand	**30 June 2021 US$ thousand**	30 June 2020 US$ thousand
Deferred taxation liabilities				
Arising from temporary differences				
Property, plant and equipment and mineral rights	**38,356.3**	21,941.3	**–**	–
Provisions	**(2,788.8)**	(4,163.3)	**–**	–
Prepayment	**87.6**	18.4	**–**	–
Assessed loss	**(25.3)**	(13.3)	**–**	–
Other	**(1,115.0)**	(821.6)	**–**	–
Net deferred taxation liabilities	**34,514.8**	16,961.5	**–**	–
Reconciliation of deferred taxation liabilities				
Net deferred taxation liabilities at the beginning of the year	**16,961.5**	18,567.1	**–**	–
Deferred taxation charge for the year	**12,917.5**	2,075.1	**–**	–
Foreign currency translation reserve	**4,635.8**	(3,680.7)	**–**	–
Net deferred taxation liabilities at the end of the year	**34,514.8**	16,961.5	**–**	–
Deferred taxation assets				
Arising from temporary differences relating to:				
Property, plant and equipment and mineral rights	**(81.6)**	(28.4)	**–**	–
Provisions	**623.1**	440.6	**394.5**	230.5
Assessed loss	**64.3**	134.6	**–**	–
Prepayment	**(365.4)**	(1.8)	**(350.2)**	(1.8)
Other	**1,976.5**	3,871.1	**1,859.6**	2,541.3
Net deferred taxation assets	**2,216.9**	4,416.1	**1,903.9**	2,770.0
Reconciliation of deferred taxation assets				
Net deferred assets at the beginning of the year	**4,416.1**	2,141.1	**2,770.0**	1,593.1
Transfer from deferred tax liabilities	**–**	134.6	**–**	–
Deferred taxation movement for the year	**(2,913.9)**	2,720.2	**(1,351.8)**	1,541.0
Deferred taxation credit for the year raised in equity	**–**	1,067.8	**–**	1,067.8
Foreign currency translation reserve	**714.7**	(1,647.5)	**485.7**	(1,431.9)
Net deferred taxation assets at the end of the year	**2,216.9**	4,416.1	**1,903.9**	2,770.0

27. TAXATION continued

Deferred taxation continued

	Assessed loss carried forward		Unredeemed capital carried forward	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Evander Mines	90.2	–	145,621.5	150,763.4

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.

Deferred taxation rates applied within the Group

The rates used to calculate deferred taxation are based on the current estimate of future profitability when temporary differences will be recognised in the statement of comprehensive income. The respective rates are calculated based on management's best estimate through which the temporary difference will be realised over the life of the mining operations.

	Consolidated	
	30 June 2021 %	30 June 2020 %
Deferred taxation rates applied within the Group:		
Barberton Mines	15.50	16.90
Evander Mines (other and mining rights)	27.00	23.02
Other companies	28.00	28.00

28. LEASES

Accounting policy

The Group as a lessee

The Group considers whether a contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (such as printers). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

28. LEASES continued

Accounting policy continued

Measurement and recognition of leases as a lessee

The right-of-use asset is measured at cost, which is made up of the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate (being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions).

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

On the consolidated statement of financial position, right-of-use assets have been included in property, plant and equipment and mineral rights (note 12) and lease liabilities have been included in long-term liabilities – other (note 25).

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Leased assets may not be used as security for borrowing purposes.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has applied the practical expedient to office buildings as a class of assets.

Accounting judgements and estimates

Management exercises judgement in determining the likelihood of exercising termination or extension options in determining the lease term. Termination and extension options are included to provide operational flexibility should the economic outlook for an asset be different to expectations. Management considers all facts and circumstances, including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term. All extension options available have been assessed as reasonably certain to be exercised and are included in lease liabilities.

The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, that is within the control of the lessee. During the current year, no revisions of the lease terms recognised as at 1 July 2019 were required.

Management uses the incremental borrowing rate for all leases. Incremental borrowing rates are determined monthly and are based on the aggregate of the JIBAR and the margin applicable to the RCF.

The movement in the lease liabilities is as follows:

	Consolidated		Parent Company	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand	**30 June 2021 US$ thousand**	30 June 2020 US$ thousand
Opening balance	**4,429.3**	–	**–**	–
Borrowings raised during the year	**294.9**	5,183.8	**–**	–
Repayment of capital	**(857.2)**	(803.6)	**–**	–
Finance costs incurred	**495.4**	518.3	**–**	–
Foreign currency translation reserve	**940.8**	(469.2)	**–**	–
Closing balance	**5,303.2**	4,429.3	**–**	–
Less: current portion	**(474.8)**	(342.0)	**–**	–
Long-term portion	**4,828.4**	4,087.3	**–**	–

29. BARBERTON MINES ESOP TRANSACTIONS

The ESOP is designated as cash-settled as the ESOP agreement provides for the mines to acquire the shares at the end of the agreement.

Barberton Mines ESOP transaction

On 1 June 2015, Barberton Mines entered into an agreement with Barberton Mines BEE Company Proprietary Limited and the Barberton Mines BEE Trust. The agreement provided that Barberton Mines would issue 5% of its authorised share capital for a consideration of 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 Barberton Mines' employees of a Paterson Grading C5 level and below.

The share issue was vendor financed by Barberton Mines by means of preference shares issued by Barberton Mines BEE Company Proprietary Limited to Barberton Mines for ZAR99.5 million.

Notional preference share subscription terms

- Real interest rate of 2% per annum
- Vesting period of the B-BBEE scheme is 10 years.

The ESOP allows for a portion of the dividends declared by Barberton Mines to be set off against the preference shares redemption liability.

The retention percentages applied to dividends for repayment are summarised as follows:

	Year 1 %	Year 2 %	Year 3 %	Year 4 %	Years 5 to 10 %
Percentage of ordinary dividends withheld for redemption of the preference share liability	50	50	60	70	80
Percentage of dividends accruing to the Barberton Mines BEE Trust	50	50	40	30	20
Total dividends	100	100	100	100	100

Barberton Mines' ordinary dividends policy provides for 80% of the mine's net cash generated during a financial year to be declared as a dividend subject to compliance with the liquidity and solvency requirements of the South African Companies Act, 71 of 2008 (South African Companies Act).

This scheme is classified under IFRS 2 as a cash-settled share option scheme (refer to note 25). A valuation of the liability was performed by independent actuaries as at 30 June 2021.

	Consolidated		Parent Company	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand	**30 June 2021 US$ thousand**	30 June 2020 US$ thousand
Statement of financial position				
ESOP share option liability				
Opening balance	**1,049.6**	805.0	**–**	–
IFRS 2 revaluation expense	**129.2**	569.2	**–**	–
Foreign currency translation reserve	**234.3**	(324.6)	**–**	–
Closing balance	**1,413.1**	1,049.6	**–**	–
Statement of comprehensive Income				
ESOP IFRS 2 expense	**590.1**	569.2	**–**	–

30. DIRECTORS' AND PRESCRIBED OFFICERS EMOLUMENTS

The key management personnel for which remuneration has been disclosed below are executive directors, non-executive directors and prescribed officers.

	Consolidated		Parent Company	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Executive directors				
Emoluments	**1,432.3**	1,440.3	**1,432.3**	1,440.3
Share options exercised	**–**	189.8	**–**	189.8
Executive directors' emoluments	**1,432.3**	1,630.1	**1,432.3**	1,630.1
Non-executive directors				
Emoluments	**335.2**	307.1	**335.2**	307.1
Non-executive directors' emoluments	**335.2**	307.1	**335.2**	307.1
Total directors' emoluments	**1,767.5**	1,937.2	**1,767.5**	1,937.2

Executive directors

	Share option taxable benefit US$ thousand	Basic remune-ration US$ thousand	Allowances US$ thousand	Leave payout US$ thousand	Total US$ thousand	Incentives[1,2] US$ thousand	Loan advances[3] US$ thousand
30 June 2021							
Mr JAJ Loots	–	416.8	13.0	11.5	441.3	370.6	4,042.2
Mr GP Louw	–	380.6	0.6	–	381.2	239.2	2,712.9
Total	–	797.4	13.6	11.5	822.5	609.8	6,755.1

[1] *These incentives paid relate to the 2020 financial year annual short-term incentive (STI) achievement as per the approved parameters.*

[2] *As per the amended STI rules, 30% for the post-tax 2020 financial year STI was used to acquire Pan African shares on market. Details of these share purchases are as follows:*

- *Mr JAJ Loots – acquired 150,000 shares on 19 February 2020 at US 16.6 cents per share (total post-tax value: US$24.9 thousand)*
  - *acquired 100,000 shares on 20 February 2020 at US 16.4 cents per share (total post-tax value: US$16.4 thousand)*
  - *acquired 150,000 shares on 21 February 2020 at US 16.2 cents per share (total post-tax value: US$24.4 thousand)*
  - *acquired 80,072 shares on 9 March 2020 at US 16.1 cents per share (total post-tax value: US$12.9 thousand).*
- *Mr GP Louw – acquired 104,012 shares on 20 February 2020 at US 16.5 cents per share (total post-tax value: US$17.2 thousand)*
  - *acquired 76,650 shares on 10 November 2020 at US 29.5 cents per share (total post-tax value: US$22.6 thousand).*

[3] *These advances from PAR Gold Proprietary Limited relate to the restructure of the Group's LTI as disclosed in note 14. These advances include amounts advanced to the directors in their personal capacity as well as to entities associated with them.*

	Share option taxable benefit US$ thousand	Basic remune-ration US$ thousand	Allowances US$ thousand	Leave payout US$ thousand	Total US$ thousand	Incentives[1,2] US$ thousand
30 June 2020						
Mr JAJ Loots	189.8	396.1	12.5	22.2	620.6	410.2
Mr GP Louw	–	360.6	0.3	–	360.9	238.4
Total	189.8	756.7	12.8	22.2	981.5	648.6

[1] *These incentives paid relate to the 2019 financial year annual STI achievement as per the approved parameters and also include 30% deferred incentives from the 2017 financial year. The 30% incentives from 2017 included in their incentives were:*

- *Mr JAJ Loots – US$68.1 thousand*
- *Mr GP Louw – US$62.6 thousand.*

[2] *As per the amended STI rules, 30% for the post-tax 2019 financial year STI was used to acquire Pan African shares on market. Details of these share purchases are as follows:*

- *Mr JAJ Loots – acquired 423,000 shares on 19 September 2019 at US 14 cents per share (total post-tax value: US$60.0 thousand)*
- *Mr GP Louw – acquired 250,000 shares on 19 September 2019 at US 15 cents per share (total post-tax value: US$36.6 thousand).*

30. DIRECTORS' AND PRESCRIBED OFFICERS EMOLUMENTS continued

Non-executive directors

Non-executive directors are entitled to the following emoluments as approved annually by the Remco for services rendered, which are based on the subcommittees on which they serve:

	Mr KC Spencer (Chairman) US$ thousand	Mrs HH Hickey US$ thousand	Mr TF Mosololi US$ thousand	Mr CDS Needham US$ thousand	Mrs YN Themba US$ thousand	Total 30 June 2021 US$ thousand
30 June 2021						
Board of directors	72.2	35.5	35.5	35.5	35.5	214.2
Remuneration committee	–	–	7.4	7.4	11.1	25.9
Audit and risk committee *(Mrs HH Hickey as chairperson)*	–	14.5	9.1	9.1	–	32.7
Safety, health, environment, quality and community (SHEQC) committee	11.1	7.4	–	–	–	18.5
Nomination committee	5.1	5.1	5.1	5.1	5.1	25.5
Social and ethics committee	–	–	11.1	–	7.4	18.5
	88.4	62.5	68.2	57.1	59.1	335.3

	Mr KC Spencer (Chairman) US$ thousand	Mrs HH Hickey US$ thousand	Mr TF Mosololi US$ thousand	Mr CDS Needham US$ thousand	Mrs YN Themba US$ thousand	Total 30 June 2020 US$ thousand
30 June 2020						
Board of directors	67.5	33.3	33.3	30.9	29.1	194.1
Remuneration committee	–	–	6.9	6.9	10.3	24.1
Audit and risk committee *(Mrs HH Hickey as chairperson)*	–	13.5	8.5	8.5	–	30.5
SHEQC committee	10.3	6.9	–	–	–	17.2
Nomination committee	4.8	4.8	4.8	4.8	4.8	24.0
Social and ethics committee	–	–	10.3	–	6.9	17.2
	82.6	58.5	63.8	51.1	51.1	307.1

30. DIRECTORS' AND PRESCRIBED OFFICERS EMOLUMENTS continued

There were no changes to the board of directors during the current or previous financial year.

No retirement fund contributions are made by the Company on behalf of non-executive directors.

The Company has directors' and public officers' liability insurance in place that provides insurance cover in the event of a claim or legal action. The insurance cover was in place throughout the financial year and remains in place.

	30 June 2021								30 June 2020
	Share option taxable benefit US$ thousand	Basic remune-ration US$ thousand	Retire-ment fund US$ thousand	Life and disability plan US$ thousand	Allow-ances US$ thousand	Other remune-ration US$ thousand	Bonuses US$ thousand	Total US$ thousand	Total US$ thousand
Prescribed officers									
Mr AD van den Bergh	295.2	230.6	–	–	–	–	146.6	672.4	444.3
Mr AA van den Berg	206.6	213.5	17.1	2.1	14.7	–	83.4	537.4	293.3
Mr JDV Thirion	259.2	236.9	–	–	3.9	–	72.9	572.9	504.4
Mr L Motshwaiwa	368.1	162.1	9.5	0.6	6.2	17.9	77.8	642.2	333.0
Mr MS Ndlozi	137.3	137.4	–	–	9.0	–	38.4	322.1	255.2
Mr JD Symington	118.1	149.3	12.2	1.5	7.7	–	62.2	351.0	218.7
Mr MM Dlamini	88.5	125.8	–	–	–	–	46.2	260.5	167.9
Mr P Naicker	177.1	138.0	27.5	–	13.7	–	65.0	421.3	227.3
Mr H Pretorius	88.5	129.7	17.1	2.6	14.1	–	49.0	301.0	177.9
Mr P van Heerden	–	126.6	7.2	0.4	6.2	2.7	60.6	203.7	184.4
Mr J Irons	88.5	160.0	20.0	–	19.6	–	70.7	358.8	267.4
Mr O Shikwambana	109.1	148.3	11.0	0.7	11.7	–	70.5	351.3	232.2
Mrs M Kok (appointed on 1 January 2020)	–	117.9	15.8	2.4	0.6	–	23.3	160.0	58.6
Mr M Pieters	132.9	150.5	–	–	–	–	45.6	329.0	276.7

Directors' dealings in shares

All the shares held by directors are direct beneficial interests.

Financial year 30 June 2021

Mr JAJ Loots and LTS Ventures Proprietary Limited, an entity associated with him, entered into the following Company share transactions:

By LTS Ventures Proprietary Limited:

- On 9 November 2020: purchased 2,399,500 ordinary shares at ZAR4.75 per share
- On 10 November 2020: purchased 651,435 ordinary shares at ZAR4.57 per share
- On 12 November 2020: purchased 387,200 ordinary shares at ZAR4.24 per share
- On 30 March 2021: purchased 639,570 ordinary shares at ZAR3.16 per share
- On 31 March 2021: purchased 639,475 ordinary shares at ZAR3.17 per share
- On 8 June 2021: purchased 331,324 ordinary shares at ZAR3.93 per share.

In his personal capacity:

- On 10 November 2020: settled 400,000 long contracts for difference (CFDs) at 21.90 pence per share
- On 8 June 2021: disposed of 23,512 ordinary shares at ZAR3.93 per share
- On 9 June 2021: disposed of 174,253 ordinary shares at ZAR3.81 per share.

Mr JAJ Loots held 5,048,504 indirect beneficial shares, representing 0.2259% of the Company's issued share capital, and 1,373,982 direct beneficial shares, representing 0.0615% of the Company's issued share capital and 114,280 CFDs as at 30 June 2021.

30. DIRECTORS' AND PRESCRIBED OFFICERS EMOLUMENTS continued

Directors' dealings in shares continued

Financial year 30 June 2021 continued

Mr GP Louw and Figit Proprietary Limited, an entity associated with him, entered into the following Company share transactions:

By Figit Proprietary Limited:

- On 9 November 2020: purchased 1,119,500 ordinary shares at ZAR4.87 per share
- On 10 November 2020: purchased 989,315 ordinary shares at ZAR4.57 per share
- On 30 March 2021: purchased 407,430 ordinary shares at ZAR3.16 per share
- On 31 March 2021: purchased 407,370 ordinary shares at ZAR3.17 per share
- On 8 June 2021: purchased 198,734 ordinary shares at ZAR3.93 per share.

In his personal capacity:

- On 10 November 2020: purchased 76,650 ordinary shares at ZAR4.57 per share
- On 9 June 2021: disposed of 150,000 ordinary shares at ZAR3.81 per share.

Mr GP Louw held 3,122,349 indirect beneficial shares, representing 0.1397% of the Company's issued share capital, and 538,112 direct beneficial shares outstanding representing 0.0241% of the Company's issued share capital as at 30 June 2021.

Mr TF Mosololi entered into the following Company share transactions:

- On 9 November 2020: purchased 10,000 shares at ZAR4.50 per share.

Mr TF Mosololi held 110,000 shares, representing 0.0049% of the Company's issued share capital as at 30 June 2021.

Mr KC Spencer held 3,000,000 shares, representing 0.13% of the total issued shares of the Company as at 30 June 2021.

Mr CDS Needham held 25,000 shares, representing 0.001% of the total issued shares of the Company as at 30 June 2021.

Financial year 30 June 2020

Mr JAJ Loots entered into the following Company share transactions:

- On 19 September 2019: purchased 423,000 shares at ZAR2.08 per share
- On 19 February 2020: purchased 150,000 shares at ZAR2.47 per share
- On 20 February 2020: purchased 100,000 shares at GBP0.13 per share
- On 21 February 2020: purchased 150,000 shares at GBP0.12 per share
- On 6 March 2020: purchased 80,072 shares at GBP0.13 per share.

Mr JAJ Loots had 1,571,747 shares and 514,280 CFDs, representing 0.08% of the total issued shares of the Company as at 30 June 2020.

Mr GP Louw entered into the following Company share transactions:

- On 19 September 2019: purchased 250,000 shares at ZAR2.14 per share
- On 20 February 2020: purchased 104,012 shares at ZAR2.45 per share.

Mr GP Louw had 661,462 shares, representing 0.03% of the total issued shares of the Company as at 30 June 2020.

Mr KC Spencer had 3,000,000 shares, representing 0.13% of the total issued shares of the Company as at 30 June 2020.

Mr TF Mosololi, on 21 February 2020, purchased 50,000 shares at ZAR2.4 per share. Mr TF Mosololi had 100,000 shares, representing 0.004% of the total issued shares of the Company as at 30 June 2020.

Mr CDS Needham, on 25 September 2019, purchased 25,000 shares at ZAR2.25 per share. Mr CDS Needham had 25,000 shares, representing 0.001% of the total issued shares of the Company as at 30 June 2020.

No dealings in the securities of the Company by the directors took place between the year-end and the date of approval of the annual financial statements.

30. DIRECTORS' AND PRESCRIBED OFFICERS EMOLUMENTS continued

Cash-settled share options

	Total options 1 July 2020	Grant date	Exercise price in ZAR	Options granted/ (exercised) during the period	Grant/ exercise date	Grant/ exercise price in ZAR	Options forfeited/ discon-tinued	Total options 30 June 2021
Mr JAJ Loots								
– SARS scheme	5,000,000	1 March 2018	–	–	–	–	(5,000,000)	–
– SARS scheme	12,427,686	1 July 2018	1.21	–	–	–	(12,427,686)	–
– PAR Gold B shares			–	17,107,580	1 July 2020	1.21	–	17,107,580
– PAR Gold C shares			–	4,434,380	1 July 2020	1.80	–	4,434,380
– PAR Gold D shares			–	2,848,556	1 July 2020	2.86	–	2,848,556
Mr GP Louw								
– SARS scheme	3,100,000	1 March 2018	–	–	–	–	(3,100,000)	–
– SARS scheme	8,690,599	1 July 2018	1.21	–	–	–	(8,690,599)	–
– PAR Gold B shares			–	11,523,153	1 July 2020	1.21	–	11,523,153
– PAR Gold C shares			–	3,635,648	1 July 2020	1.80	–	3,635,648
– PAR Gold D shares			–	2,335,468	1 July 2020	2.86	–	2,335,468
Mr AD van den Bergh								
– SARS scheme	8,109,463	1 July 2018	1.21	–	–	–	(8,109,463)	–
– PAR Gold B shares			–	7,541,800	1 July 2020	1.21	–	7,541,800
– PAR Gold C shares			–	2,474,176	1 July 2020	1.80	–	2,474,176
– PAR Gold D shares			–	1,589,360	1 July 2020	2.86	–	1,589,360
Mr AA van den Berg								
– SARS scheme	4,049,587	1 July 2018	1.21	–	–	–	(4,049,587)	–
– PAR Gold B shares			–	3,766,116	1 July 2020	1.21	–	3,766,116
– PAR Gold C shares			–	1,182,222	1 July 2020	1.80	–	1,182,222
– PAR Gold D shares			–	759,436	1 July 2020	2.86	–	759,436
Mr J Irons								
– SARS scheme	4,049,587	1 July 2018	1.21	–	–	–	(4,049,587)	–
– PAR Gold B shares			–	3,766,116	1 July 2020	1.21	–	3,766,116
– PAR Gold C shares			–	1,002,668	1 July 2020	1.80	–	1,002,668
– PAR Gold D shares			–	644,093	1 July 2020	2.86	–	644,093
Mr P Naicker								
– SARS scheme	3,471,074	1 July 2018	1.21	–	–	–	(3,471,074)	–
– PAR Gold B shares			–	3,228,099	1 July 2020	1.21	–	3,228,099
– PAR Gold C shares			–	922,152	1 July 2020	1.80	–	922,152
– PAR Gold D shares			–	592,372	1 July 2020	2.86	–	592,372
Mr JD Symington								
– SARS scheme	3,140,496	1 July 2018	1.21	–	–	–	(3,140,496)	–
– PAR Gold B shares			–	2,920,661	1 July 2020	1.21	–	2,920,661
– PAR Gold C shares			–	881,227	1 July 2020	1.80	–	881,227
– PAR Gold D shares			–	566,082	1 July 2020	2.86	–	566,082
Mr MM Dlamini								
– SARS scheme	1,239,669	1 July 2018	1.21	–	–	–	(1,239,669)	–
– PAR Gold B shares			–	1,152,893	1 July 2020	1.21	–	1,152,893
– PAR Gold C shares			–	547,448	1 July 2020	1.80	–	547,448
– PAR Gold D shares			–	357,414	1 July 2020	2.86	–	357,414
Mr H Pretorius								
– SARS scheme	1,239,669	1 July 2018	1.21	–	–	–	(1,239,669)	–
– PAR Gold B shares			–	1,152,893	1 July 2020	1.21	–	1,152,893
– PAR Gold C shares			–	514,093	1 July 2020	1.80	–	514,093
– PAR Gold D shares			–	420,057	1 July 2020	2.86	–	420,057

30. DIRECTORS' AND PRESCRIBED OFFICERS EMOLUMENTS continued

Cash-settled share options continued

	Total options 1 July 2020	Grant date	Exercise price in ZAR	Options granted/ (exercised) during the period	Grant/ exercise date	Grant/ exercise price in ZAR	Options forfeited/ discon- tinued	Total options 30 June 2021
Mr MS Ndlozi								
– SARS scheme	285,771	2 August 2017	2.38	(142,886)	16 September 2020	5.65	–	142,885
– SARS scheme	741,872	23 August 2018	1.36	(247,291)	16 September 2020	5.65	–	494,581
– SARS scheme	683,976	24 August 2019	2.22	(170,994)	16 September 2020	5.65	–	512,982
Mr L Motshwaiwa								
– SARS scheme	2,082,583	23 August 2018	1.36	(694,194)	16 September 2020	5.65	–	1,388,389
– SARS scheme	666,633	24 August 2019	2.22	(166,658)	16 September 2020	5.65	–	499,975
Mr O Shikwambana								
– SARS scheme	3,977,901	1 April 2019	1.81	(994,475)	12 April 2021	3.50	–	2,983,426
Mr JDV Thirion								
– SARS scheme	4,907,718	12 March 2018	1.49	(1,635,906)	17 June 2021	3.93	–	3,271,812
Mr M Pieters								
– SARS scheme	77,260	2 August 2017	2.38	(57,945)	16 September 2020	(5.65)	–	19,315
– SARS scheme	679,952	23 August 2018	1.36	(226,651)	16 September 2020	(5.65)	–	453,301
– SARS scheme	1,032,284	24 August 2019	2.22	(258,071)	16 September 2020	(5.65)	–	774,213
Mr P van Heerden								
– SARS scheme	1,657,459	1 April 2019	1.81	–	–	–	–	1,657,459
Mr LE Pienaar								
– PAR Gold C shares			–	566,550	1 July 2020	1.80	–	566,550
– PAR Gold D shares			–	363,940	1 July 2020	2.86	–	363,940
Mrs M Kok								
– PAR Gold D shares			–	462,781	1 July 2020	2.86	–	462,781
Ms IA Phoshoko								
– PAR Gold D shares			–	319,609	1 July 2020	2.86	–	319,609
	71,311,239		1.54	74,983,972		1.91	(54,517,830)	91,777,381

Equity-settled share options

	Total options 1 July 2020	Grant date	Grant price in ZAR	Options granted/ (exercised) during the period	Grant/ exercise date	Grant price in ZAR	Options forfeited/ discon- tinued	Total options 30 June 2021
Mr JAJ Loots	4,667,768	1 July 2019	1.80	2,998,480	1 July 2020	2.86	(7,666,248)	–
Mr GP Louw	3,826,998	1 July 2019	1.80	2,458,387	1 July 2020	2.86	(6,285,385)	–
Mr AD van den Bergh	2,604,396	1 July 2019	1.80	1,673,011	1 July 2020	2.86	(4,277,407)	–
Mr AA van den Berg	1,244,444	1 July 2019	1.80	799,406	1 July 2020	2.86	(2,043,850)	–
Mr J Irons	1,055,440	1 July 2019	1.80	677,993	1 July 2020	2.86	(1,733,433)	–
Mr P Naicker	970,686	1 July 2019	1.80	623,549	1 July 2020	2.86	(1,594,235)	–
Mr JD Symington	927,607	1 July 2019	1.80	595,876	1 July 2020	2.86	(1,523,483)	–
Mr MM Dlamini	576,261	1 July 2019	1.80	376,225	1 July 2020	2.86	(952,486)	–
Mr H Pretorius	541,150	1 July 2019	1.80	442,165	1 July 2020	2.86	(983,315)	–
Mrs M Kok	–	–	–	487,138	1 July 2020	2.86	(487,138)	–
Mr LE Pienaar	–	–	–	383,095	1 July 2020	2.86	(383,095)	–
Ms IA Phoshoko	–	–	–	336,430	1 July 2020	2.86	(336,430)	–
	16,414,750			11,851,755			(28,266,505)	–

None of the direct or indirect beneficial interest held by the directors in the share capital of the Parent Company is subject to security, guarantee, collateral or otherwise.

31. FINANCIAL INSTRUMENTS

Capital management

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	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Components of capital and financial covenants		
Cash and cash equivalents	**(35,133.4)**	(33,529.8)
RCF	**16,669.2**	43,086.0
Term loan facility	**42,016.8**	46,162.7
Redink Rentals (RF) Limited loan facility	**9,920.9**	–
Add: derivative financial (asset)/liability	**(180.1)**	9,639.0
Gold loan	**–**	5,683.5
Lease liability	**5,303.2**	4,429.3
Instalment sale liability	**173.4**	271.9
Restricted cash	**89.9**	389.8
Refinancing modification adjustment	**(165.5)**	(293.8)
Facilities arranging fees	**309.3**	532.9
Net debt[1]	**39,003.7**	76,371.5
Total equity	**283,631.5**	183,619.4
Net debt-to-equity ratio	**0.1**	0.4
Finance costs – RCF	**2,369.6**	4,339.5
Finance costs – term loan facility	**3,565.6**	6,152.8
Finance costs – Redink Rentals (RF) Limited loan	**122.8**	–
Finance costs – general banking facility	**48.9**	214.6
Total finance costs – interest-bearing facilities	**6,106.9**	10,706.9
Adjusted EBITDA[2]	**144,141.3**	86,493.7
Fair value losses from financial instruments	**(3,808.0)**	21,943.9
Net adjusted EBITDA	**140,333.3**	108,437.6
Interest cover ratio	**23.0**	10.1
Net debt	**39,003.7**	76,371.5
Net debt EBITDA[3]	**140,333.3**	108,437.6
Net debt-to-net adjusted EBITDA	**0.3**	0.7
Net adjusted EBITDA[3]	**140,333.3**	108,437.6
Net working capital change	**(1,050.0)**	(1,412.3)
Add: non-cash flow items	**9,482.4**	17,694.0
Total capital expenditure less capital funded through permitted indebtedness	**(44,396.4)**	(36,793.9)
Less: net dividends paid[4]	**(17,781.6)**	(2,933.2)
Less: taxation paid	**(18,902.5)**	5,803.6
Free cash flow	**67,685.2**	90,796.0
Finance costs from interest-bearing facilities	**6,106.9**	10,706.9
Obligatory debt capital repayments	**16,225.2**	15,891.1
Debt service obligation	**22,332.1**	26,598.0
Debt service cover ratio	**3.0**	3.4

[1] *The Group's net debt excludes the refinancing modification adjustment and facilities arranging fees.*
[2] *Adjusted EBITDA is represented by earnings before interest, taxation, depreciation, amortisation and impairment reversal.*
[3] *Net adjusted EBITDA is the adjusted EBITDA excluding realised and unrealised gains and losses from financial instruments.*
[4] *Net dividend paid represents the total dividend paid less the reciprocal dividend received from PAR Gold.*

Refer to note 24 for a summary of the financial covenant limits.

31. FINANCIAL INSTRUMENTS continued

Categories of financial instruments

	Notes	Consolidated 30 June 2021 US$ thousand	Consolidated 30 June 2020 US$ thousand	Parent Company 30 June 2021 US$ thousand	Parent Company 30 June 2020 US$ thousand
Financial assets					
Measured at amortised cost					
Cash and cash equivalents	20	**35,133.4**	33,529.8	**2,962.5**	208.5
Long-term receivables	14	**13,245.5**	1,007.8	**–**	–
Trade and other receivables	19	**16,447.8**	6,222.0	**0.3**	32.9
Measure at fair value through other comprehensive income					
Listed investments	16	**1,064.0**	1,216.2	**1,064.0**	1,216.2
Financial assets at fair value through profit or loss					
Rehabilitation fund	17	**25,810.2**	20,006.4	**–**	–
Derivative financial assets	31	**180.1**	–	**–**	–
Financial liabilities					
Measured at fair value through profit or loss					
Derivative financial liabilities	31	**–**	9,639.0	**–**	–
Measured at amortised costs					
Trade and other payables	26	**44,921.3**	28,417.1	**258.4**	202.9
RCF	24	**16,669.2**	43,086.0	**–**	–
Term loan facility	24	**42,016.8**	46,162.7	**–**	–
Redink Rentals (RF) Limited loan	25.3	**9,920.9**	–	**–**	–

Financial risk management objectives

The Group seeks to minimise the adverse effects of financial risks by using derivative financial instruments to hedge risk exposure 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, interest rate, credit and liquidity risk in terms of the treasury policy. Exposure limits are reviewed on a continuous basis. The Group does not enter into financial derivative 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 combined maximum credit risk exposure of the Group is as follows:

	Notes	Consolidated 30 June 2021 US$ thousand	Consolidated 30 June 2020 US$ thousand
Long-term receivables	14	**13,245.8**	1,007.8
Trade and other receivables	19	**16,447.8**	6,222.0
Guarantees to the DMRE and Eskom	24	**28,800.5**	22,685.5

31. FINANCIAL INSTRUMENTS continued

Categories of financial instruments continued

Credit risk continued

ECL assessment as at 30 June 2021

The Group determines each exposure to credit risk based on data that is determined to be predictive of the risk of loss and the past experienced credit judgement.

Long-term receivables

The Group's credit risk is deemed to be minimal given the nature of the counterparty and the historical low levels of credit default. There is no current observable data to indicate a material future default risk and, as a result, the credit quality at year-end is considered high.

Trade and other receivables

The Group's credit risk is deemed to be minimal as it only sells refined gold to rated South African financial institutions. Given the creditworthiness of these institutions, there is no ECL pertaining to trade receivables. These financial institutions are the major customers that represent more than 5% of the gold mining subsidiaries. The amounts presented in the statement of financial position are net of ECLs pertaining to other receivables of US$71.4 thousand (2020: US$49.8 thousand), estimated by the Group's management based on the current economic environment and individual debtor circumstances.

Guarantees to the DMRE and Eskom

The guarantees in favour of the DMRE are represented by funds held by Cenviro Solutions in an insurance investment product and are invested in interest-bearing and equity instruments within the insurance product. Cenviro Solutions is a reputable and vetted counterparty which is underwritten by Centriq Insurance Company Limited. Based on the nature of the counterparty, credit default is considered minimal at year-end.

The guarantees in favour of Eskom are represented by funds held by rated South African institutions. The credit risk on liquid funds is limited due to these funds being invested only with reputable financial institutions.

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, exposing the Group to foreign exchange rate fluctuations. Exchange rate exposures are managed within approved policy parameters. The Group specifically ensures that US$ gold sale receipts are converted into rand as efficiently as possible.

Commodity price risk

The Group is affected by the price volatility of gold. The Group may enter into forward contracts to hedge its exposure to fluctuations in gold prices and exchange rates on specific transactions. The contracts are matched with anticipated future cash flows from gold sales receipts.

31. FINANCIAL INSTRUMENTS continued

Categories of financial instruments continued

Sensitivities

	30 June 2021		30 June 2020	
	Closing rate	Average rate	Closing rate	Average rate
Currency and gold spot price				
US$/ZAR exchange rate	**14.28**	**15.40**	17.33	15.67

	Year ended 30 June 2021	Year ended 30 June 2020
Average gold spot price received (US$/oz)	**1,821**	1,574
Average gold spot price received (ZAR/kg)	**901,857**	793,121

	Impact of 10% increase or decrease in gold price US$ thousand
Movement on profit	
June 2021	**27,747.2**
June 2020	23,182.7

	Impact of 10% increase in exchange rate	Impact of 10% decrease in exchange rate
Movement on profit		
June 2021	**18,064.7**	**(22,079.1)**
June 2020	17,048.4	(20,836.9)

	US$ thousand	Impact of 10% increase in exchange rate translation	Impact of 10% decrease in exchange rate translation
June 2021			
Current assets	**84,558.1**	**(7,687.1)**	**9,395.4**
Current liabilities	**105,977.6**	**(9,634.3)**	**11,775.3**
June 2020			
Current assets	53,648.5	(4,877.1)	5,960.9
Current liabilities	78,721.5	(7,156.5)	8,746.8

31. FINANCIAL INSTRUMENTS continued

Categories of financial instruments continued

Derivative financial instruments – zero cost collar hedges

	Consolidated	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Financial instruments (derivatives)		
Opening balance	**(9,639.0)**	(809.7)
Financial instruments (receipts)/settlements during the year	**7,206.1**	12,026.2
Losses arising from unrealised financial instruments	**10,847.0**	(9,932.6)
Losses arising from realised financial instruments	**(7,206.1)**	(12,026.2)
Foreign currency translation reserve	**(1,208.0)**	1,103.3
Closing balance	**–**	(9,639.0)

Interest risk

The Group is exposed to interest rate risk as Funding Company, on behalf of the Group, borrows and invests funds at both fixed and floating interest rates. Fluctuations in interest rates impact on short-term investment and financing activities giving rise to an 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 while 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.

Interest rate sensitivity

The Group's revolving credit and term loan facilities incur interest based on the JIBAR rates (refer to note 24). Refer below to the interest rate sensitivity.

	Historical interest variation impact on the interest expense recognised for the revolving credit and term loan facilities				
	Interest incurred on facilities on a 10% decrease in interest rates US$ thousand	Interest incurred on facilities on a 5% decrease in interest rates US$ thousand	Interest incurred on facilities for the year US$ thousand	Interest incurred on facilities on a 5% increase in interest rates US$ thousand	Interest incurred on facilities on a 10% increase in interest rates US$ thousand
2021	**5,341.7**	**5,638.5**	**5,935.3**	**6,232.0**	**6,528.8**
2020	9,443.1	9,967.7	10,492.3	11,016.9	11,541.6

Derivative financial instruments – interest rate hedges

	Consolidated	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Opening balance	**–**	(108.0)
Financial instruments (receipts)/settlements during the year	**–**	82.1
Gains arising from unrealised financial instruments	**167.0**	97.1
Losses arising from realised financial instruments	**–**	(82.1)
Foreign currency translation reserve	**13.1**	10.9
Closing balance	**180.1**	–

31. FINANCIAL INSTRUMENTS continued

Categories of financial instruments continued

Derivative financial instruments – interest rate hedges continued

	30 June 2021	30 June 2020
Fixed interest rate hedge terms		
Notional amount	**ZAR300 million**	ZAR750 million
Trade date	**21 February 2021**	5 April 2019
Termination date	**19 February 2024**	6 April 2020
Group entity	**Pan African Resources Funding Company Proprietary Limited**	Pan African Resources Funding Company Proprietary Limited
Financial institution	**Nedbank and Rand Merchant Bank**	Rand Merchant Bank
Fixed rate (yield)	**4.625%**	7.11%
Floating rate option	**ZAR-JIBAR-SAFEX**	ZAR-JIBAR-SAFEX
Floating rate designated maturity	**Three months**	Three months

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board, but is delegated to the executive management, which has an established liquidity risk management framework for the Group's short-term funding and liquidity requirements. This framework involves daily monitoring of the Group's cash position, regular review of cash flow forecasts and maturity profiles of financial assets and liabilities. Liquidity risk is managed by maintaining adequate working capital reserves and borrowing capacity on banking facilities.

The Group expects to meet its obligations from its operating cash flows and the borrowing capacity on its existing banking facilities.

The following table details the Group's undiscounted contractual maturities for its financial liabilities:

	Weighted average interest rate %	Less than 12 months US$ thousand	1 – 5 years US$ thousand	Total US$ thousand
Group				
June 2021				
Trade and other payables	**–**	**44,921.3**	**–**	**44,921.3**
Long-term liabilities (interest-bearing)	**7.55**	**35,842.9**	**42,017.3**	**77,860.2**
June 2020				
Trade and other payables	–	28,417.1	–	28,417.1
Long-term liabilities (interest-bearing)	9.63	23,123.5	84,995.0	108,118.4
Derivative financial liabilities	–	9,639.0	–	9,639.0
Parent Company				
June 2021				
Trade and other payables	**–**	**258.4**	**–**	**258.4**
June 2020				
Trade and other payables	–	202.9	–	202.9

31. FINANCIAL INSTRUMENTS continued

Categories of financial instruments continued

Fair value of financial instruments

The directors consider the carrying amounts of financial assets and liabilities to approximate their fair values.

Fair value hierarchy

Financial instruments are measured at fair value and are grouped into Levels 1 and 2, 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 1 US$ thousand	Level 2 US$ thousand	Total US$ thousand
30 June 2021			
Investment – other[1]	**1,064.0**	**–**	**1,064.0**
Rehabilitation fund[2]	**–**	**25,810.2**	**25,810.2**
Derivative financial liabilities	**–**	**–**	**–**
30 June 2020			
Investment – other[1]	1,216.2	–	1,216.2
Rehabilitation fund[2]	–	20,006.4	20,006.4
Derivative financial liabilities	–	9,639.0	9,639.0

[1] *The fair value of the listed investment is treated as Level 1 per the fair value hierarchy, as its market share price is quoted on a stock exchange.*

[2] *The rehabilitation fund is treated as Level 2 per the fair value hierarchy as the premiums are invested in interest-bearing short-term deposits and equity share portfolios held in an insurance investment product which is managed by independent fund managers.*

32. RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED BY OPERATIONS

	Consolidated		Parent Company	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Profit before taxation for the year	**104,833.5**	52,197.8	**14,191.6**	17,050.3
Adjusted for:	**44,356.0**	38,545.7	**(4,265.7)**	3,679.8
Impairment reversal	**–**	(88.6)	**–**	–
Share option costs	**7,272.0**	5,595.3	**319.0**	4,015.6
Change in share-based payment schemes	**(271.8)**	–	**(4,565.9)**	–
Finance income	**(755.6)**	(464.8)	**(18.8)**	(72.8)
Finance costs	**7,674.6**	13,346.2	**–**	0.1
Profit on disposal of asset	**(1.4)**	(92.9)	**–**	–
Royalty costs	**3,454.1**	473.8	**–**	–
Deferred executive incentive expenses	**–**	(263.1)	**–**	(263.1)
Profit/(loss) arising from realised and unrealised financial instruments	**(3,808.0)**	21,943.8	**–**	–
Change in estimate of the environmental rehabilitation provision	**–**	(3,045.7)	**–**	–
Debt refinance modification adjustment	**(177.2)**	(53.8)	**–**	–
Fair value adjustments on rehabilitation funds	**(1,419.5)**	(1,728.2)	**–**	–
Non-mining depreciation and amortisation	**314.6**	277.5	**–**	–
Mining depreciation and amortisation	**32,074.2**	21,503.2	**–**	–
Realisation of gold loan	**–**	(18,857.0)	**–**	–
Operating cash flows before working capital changes	**149,189.5**	90,743.5	**9,925.9**	20,730.1
Working capital changes	**(1,050.0)**	(1,412.2)	**(606.3)**	505.6
(Increase) in inventories	**(1,794.5)**	(1,714.4)	**–**	–
(Increase)/decrease in trade and other receivables	**(10,394.5)**	4,237.3	**(1,123.1)**	(10.5)
Increase/(decrease) in trade and other payables	**11,139.0**	(739.5)	**516.8**	808.5
Other non-cash items	**–**	(3,195.6)	**–**	(292.4)
Settlement of cash-settled share option costs	**(5,047.0)**	(1,236.2)	**(126.3)**	(189.8)
Loan advances in terms of Group share schemes	**(11,132.5)**	–	**–**	–
Rehabilitation costs incurred	**(204.6)**	(2,587.4)	**–**	–
Settlement of derivative financial instruments	**(7,206.1)**	(12,108.3)	**–**	–
Net cash generated by operating activities before dividend, taxation, royalties and net finance costs and income	**124,549.3**	73,399.4	**9,193.3**	21,045.9

32. RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED BY OPERATIONS continued

	Consolidated		Parent Company	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand	**30 June 2021 US$ thousand**	30 June 2020 US$ thousand
Taxation paid during the year				
Taxation charge per the statement of comprehensive income	**30,141.4**	7,904.5	**2,269.4**	464.8
Less: deferred taxation	**(15,858.1)**	(182.8)	**(1,378.5)**	564.3
	14,283.3	7,721.7	**890.9**	1,029.1
Taxation receivable at the beginning of the year	**1,065.0**	(1,327.8)	**(930.5)**	(103.4)
Taxation payable at the end of the year	**(447.8)**	(1,065.0)	**(223.6)**	(930.5)
Foreign currency translation	**501.8**	(452.2)	**(1,507.1)**	(84.1)
Taxation paid during the year	**15,402.3**	4,876.7	**(1,770.3)**	(88.9)
Royalty paid during the year				
Royalty cost receivable at the beginning of the year	**(491.9)**	(83.9)	**–**	–
Royalty cost receivable at the end of the year	**444.7**	491.9	**–**	–
Royalty cost charges for the year	**3,454.1**	473.8	**–**	–
Foreign currency translation	**93.2**	45.1	**–**	–
Royalty paid during the year	**3,500.1**	926.9	**–**	–
Reconciliation of loans from subsidiaries				
Opening balance	**–**	–	**93,650.8**	93,672.9
Advances	**–**	–	**24,533.9**	32,608.3
Repayments	**–**	–	**(40,406.8)**	(13,204.7)
Foreign currency translation	**–**	–	**18,757.7**	(19,425.7)
Closing balance	**–**	–	**96,537.7**	93,650.8

33. RELATED PARTY TRANSACTIONS

	Pan African US$ thousand	Funding Company US$ thousand	PAR Management Services US$ thousand	Consolidation journal entity US$ thousand	Barberton Mines US$ thousand	Evander Mines[1] US$ thousand
30 June 2021						
Statement of comprehensive income transactions						
Management fee	8,244.5	(129.9)	8,844.6	(5,781.1)	(5,765.7)	(5,412.5)
Dividends received from subsidiaries[2]	14,206.4	160.3	–	(2,834.7)	(14,527.6)	–
Inter-company finance charges	–	7,026.8	(1,039.1)	–	1,556.4	(7,421.7)
Gold purchases from Evander Gold Mines	–	–	–	–	–	(101,242.9)
Cost of gold production income invoiced to Evander Mines	–	–	–	–	–	100,240.5
Statement of financial position						
Pan African receivables/payables	96,537.7	(73,446.6)	(17,400.7)	–	–	–
Funding Company receivables/payables	73,446.6	(1,220.9)	(19,857.3)	–	82,899.7	(142,620.7)
PAR Management Services receivables/ payables	17,400.7	19,857.3	576.4	–	(20,985.6)	(23,452.2)
Barberton Mines receivables/payables	–	–	–	–	(15,666.7)	–
Evander Mines payables	–	–	–	–	–	(70,876.7)

[1] *Evander Gold Mines Limited and Evander Gold Mining Proprietary Limited are collectively referred to as Evander Mines due to an interim mining arrangement being in place since 1 March 2013, and until such time that the inter-company mining right transfer occurs.*

[2] *Dividend received from subsidiaries related to the PAR Gold reciprocal dividend. Refer to the statement of changes in equity and additional disclosure relating to PAR Gold in note 16.*

[2] *Project Kite relates to an agricultural Group project which is held in a previously dormant corporate entity.*

Evander Gold Mines Limited US$ thousand	PAR SA Holdings US$ thousand	PAR Gold US$ thousand	K Company US$ thousand	Evander Solar Solutions US$ thousand	Project Kite[3] US$ thousand	Concrete Rose US$ thousand	Barberton Blue US$ thousand
–	–	–	–	–	–	–	–
–	–	2,785.1	–	–	–	160.9	–
–	–	–	(19.8)	–	(53.2)	–	(49.4)
101,242.9	–	–	–	–	–	–	–
(100,240.5)	–	–	–	–	–	–	–
–	(15,320.6)	9,630.2	–	–	–	–	–
–	(338.6)	3,086.8	(315.0)	8,082.2	(893.2)	5.2	(2,275.0)
–	–	7,050.6	–	(206.5)	(240.8)	–	–
–	15,667.0	–	–	–	–	–	(0.3)
70,876.7	–	–	–	–	–	–	–

33. RELATED PARTY TRANSACTIONS continued

	Pan African US$ thousand	Funding Company US$ thousand	PAR Management Services US$ thousand	Barberton Mines US$ thousand	Evander Mines[1] US$ thousand
30 June 2020					
Statement of comprehensive income transactions					
Management fee	7,317.1	(127.6)	3,678.5	(7,376.9)	(3,491.1)
Inter-company finance charges	–	(9,677.6)	873.0	(1,464.7)	(10,234.6)
Gold purchases from Evander Gold Mines	–	–	–	–	(67,386.0)
Cost of gold production income invoiced to Evander Mines	–	–	–	–	66,718.8
Statement of financial position					
Pan African receivables/payables	93,650.8	(69,967.5)	(8,482.9)	–	–
Funding Company receivables/payables	69,967.5	28,944.5	(4,270.8)	45,968.3	(149,734.2)
PAR Management Services receivables/payables	8,482.9	4,270.8	5,352.0	(8,181.3)	(9,738.2)
Barberton Mines receivables/payables	–	(45,968.3)	8,181.3	22,242.9	–
Evander Mines payables	–	–	–	–	(57,653.4)

[1] *Evander Gold Mines Limited and Evander Gold Mining Proprietary Limited are collectively referred to as Evander Mines due to an interim mining arrangement being in place since 1 March 2013, and until such time that the inter-company mining right transfer occurs.*

Refer to investments in subsidiaries (note 16) for the nature of relationships of the related parties to the Company.

Refer to directors' emoluments (note 30) for key management remuneration under related parties.

Inter-company loans provided by Funding Company have no specific repayment terms but bear interest in relation to treasury services rendered.

34. COMMITMENTS

The Group had contracted outstanding open orders at year-end of US$14.3 million (2020: US$12.3 million).

Authorised commitments for the new financial year, not yet contracted for, totalled US$79.7 million (2020: US$37.1 million).

35. CONTINGENT LIABILITIES

The Group identified no material contingent liabilities in the current or prior financial year.

36. EVENTS AFTER THE CURRENT FINANCIAL YEAR

Post the current financial year, the Group received a credit-approved and underwritten term sheet for a ZAR1 billion RCF from Rand Merchant Bank Limited, to replace the existing RCF which expires in June 2022. The balance of US$16.7 million owing on the current RCF was classified under current liabilities in accordance with its remaining term of less than 12 months. The new RCF has a three-year term and provides the Group with access to a flexible and cost-effective working capital facility. The existing term loan, which was raised to fund Elikhulu will be consolidated into the new RCF. The legal agreements for the new RCF are being negotiated and it is expected that the facility will become effective in the final quarter of this calendar year.

The Group has also established a Domestic Medium-term Note programme which will give it access to the domestic debt capital markets to diversify its sources of debt capital for future capital funding requirements.

Evander Gold Mines Limited US$ thousand	PAR SA Holdings US$ thousand	PAR Gold US$ thousand	K Company US$ thousand	Evander Solar Solutions US$ thousand	Project Kite US$ thousand	Concrete Rose US$ thousand	Barberton Blue US$ thousand
–	–	–	–	–	–	–	–
–	–	–	23.9	–	10.9	–	–
67,386.0	–	–	–	–	–	–	–
(66,718.8)	–	–	–	–	–	–	–
–	(15,200.4)	–	–	–	–	–	–
–	(336.7)	9,984.8	(242.0)	0.1	(285.8)	4.3	–
–	–	–	–	–	(186.3)	–	–
–	15,544.1	–	–	–	–	–	–
57,653.4	–	–	–	–	–	–	–

Pan African has significantly expanded its shareholder base in the past year.

OTHER INFORMATION

Gold art and artefacts, such as the work of Gustav Klimt, are visually appealing and another satisfying way of investing in the precious metal.

SHAREHOLDERS' ANALYSIS

for the year ended 30 June 2021

Register date: 26 June 2021
Issued share capital: 2,234,687,537 shares

SHAREHOLDER SPREAD

	2021				2020			
	Number of share-holders	%	Number of shares	%	Number of share-holders	%	Number of shares	%
1 – 1,000 shares	3,239	41.53	682,412	0.03	1,549	28.38	436,642	0.02
1,001 – 10,000 shares	2,148	27.54	9,619,495	0.43	1,757	32.19	7,965,029	0.36
10,001 – 100,000 shares	1,646	21.10	55,404,239	2.48	1,471	26.95	51,833,071	2.32
100,001 – 1,000,000 shares	539	6.91	172,074,449	7.70	467	8.56	157,491,921	7.05
1,000,001 shares and over	228	2.92	1,996,906,942	89.36	214	3.92	2,016,960,874	90.25
Total	7,800	100.00	2,234,687,537	100.00	5,458	100.00	2,234,687,537	100.00

DISTRIBUTION OF SHAREHOLDERS

	2021				2020			
	Number of share-holders	%	Number of shares	%	Number of share-holders	%	Number of shares	%
Banks	292	3.74	664,159,263	29.72	258	4.73	619,138,286	27.71
Brokers	26	0.33	38,997,015	1.75	21	0.38	24,841,112	1.11
Close corporations	39	0.50	2,355,419	0.11	29	0.53	2,351,404	0.11
Endowment funds	23	0.29	12,054,424	0.54	26	0.48	14,525,949	0.65
Hedge funds	11	0.14	26,276,607	1.18	12	0.22	20,377,571	0.91
Individuals	6,508	83.44	96,911,051	4.34	4,418	80.95	91,975,615	4.12
Insurance companies	36	0.46	76,771,714	3.44	21	0.38	73,025,109	3.27
Investment companies	10	0.13	683,916	0.03	4	0.07	168,669	0.01
Medical aid schemes	11	0.14	9,170,503	0.41	9	0.16	8,301,150	0.37
Mutual funds	178	2.28	568,854,232	25.46	145	2.66	644,349,818	28.83
Nominees and trusts	271	3.47	21,682,326	0.97	183	3.35	18,769,252	0.84
Other corporations	42	0.55	1,604,169	0.05	26	0.48	1,553,127	0.07
Pension funds	249	3.19	378,559,210	16.94	212	3.88	384,436,743	17.20
Private companies	91	1.17	331,236,263	14.82	71	1.30	318,522,186	14.25
Public companies	13	0.17	5,371,425	0.24	23	0.43	12,351,546	0.55
Total	7,800	100.00	2,234,687,537	100.00	5,458	100.00	2,234,687,537	100.00

PUBLIC/NON-PUBLIC SHAREHOLDERS

	2021				2020			
	Number of share-holders	%	Number of shares	%	Number of share-holders	%	Number of shares	%
Non-public shareholders	13	0.17	836,333,073	37.43	10	0.18	933,124,596	41.76
Directors	11	0.14	13,217,947	0.60	8	0.15	5,308,209	0.24
Strategic holders (more than 10%)	2	0.03	823,115,126	36.83	2	0.03	927,816,387	41.52
Public shareholders	7,787	99.83	1,398,354,464	62.57	5,448	99.82	1,301,562,941	58.24
Total	7,800	100.00	2,234,687,537	100.00	5,458	100.00	2,234,687,537	100.00

BENEFICIAL SHAREHOLDERS' HOLDING OF 3% OR MORE

	2021		2020	
	Number of shares	%	Number of shares	%
PAR Gold	306,358,058	13.71	306,358,058	13.71
South African State Controlled Entities	181,409,293	8.12	193,067,603	8.64
Allan Gray Balanced Fund	150,163,413	6.72	135,435,661	6.06
LF Ruffer Gold Fund	–	–	116,652,056	5.22
Allan Gray Equity Fund	100,358,862	4.49	86,090,248	3.85

SHAREHOLDERS' HOLDING OF 5% OR MORE

	2021		2020	
	Number of shares	%	Number of shares	%
Allan Gray Investment Management	516,757,068	23.12	621,458,329	27.81
PAR Gold	306,358,058	13.71	306,358,058	13.71
Ruffer	–	–	116,652,056	5.22
Ninety One (previously Investec Asset Management)	–	–	114,075,070	5.10
Public Investment Corporation SOC Limited	–	–	113,671,779	5.09

ALTERNATIVE PERFORMANCE MEASURES

INTRODUCTION

When assessing and discussing Pan African's reported financial performance, financial position and cash flows, management makes reference to alternative performance measures (APM) of historical or future financial performance, financial position or cash flows that are not defined or specified under IFRS.

The APMs include financial APMs, non-financial APMs and ratios, as described below.

- **Financial APMs:** These financial measures are usually derived from the annual financial statements which have been prepared in accordance with IFRS. Certain financial measures cannot be directly derived from the annual 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 annual financial statements for the year ended 30 June 2021.
- **Non-financial APMs:** These measures incorporate certain non-financial information that management believes is useful when assessing the performance of the Group.
- **Ratios:** Ratios calculated using any of the APMs referred to above, IFRS measures or a combination of APMs and IFRS measures. APMs are not uniformly defined by all companies and may not be comparable with APM disclosures made by other companies, and they exclude:
  - measures defined or specified by an 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 annual 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 the basis of calculating 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 IFRS measurements and disclosures to aid the user of the integrated annual report in understanding the activity taking place across the Group's portfolio. The directors are responsible for preparing and ensuring the APMs comply with Practice Note 4/2019 (Performance Measures) of the JSE Listings Requirements.

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 macroeconomic factors, primarily commodity prices and foreign exchange rates. 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, for example, 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 99.9% of the Group's revenue at year-end. The cost, value of and return from each saleable unit (such as 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	Related IFRS measure	Adjustments to reconcile to primary statements	Rationale for adjustment
Performance			
All-in sustaining costs (AISC)	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)	The objective of AISC and all-in-cost metrics is to provide key stakeholders with comparable metrics that reflect, as close as possible, the full cost of producing and selling an ounce of gold, and which are fully and transparently reconcilable back to amounts reported under IFRS
All-in cost	Cost of production	• Once-off capital costs	As per the above for AISC with additional expansionary capital and once-off non-production-related cost adjustments
Adjusted EBITDA	Profit after taxation	• Taxation • Depreciation and amortisation • Net finance costs • Impairment reversals	Excludes the impact of non-recurring items or certain accounting adjustments that can mask underlying changes in performance
Net adjusted EBITDA	Profit after taxation	• Taxation • Mining depreciation and amortisation • Net finance costs • Impairment reversals • Unrealised fair value gains or losses on financial derivative instruments undertaken in the normal course of business	Excludes the impact of non-recurring items or certain accounting adjustments that can mask underlying changes in performance
Free cash flow	Profit after taxation	• Taxation • Mining depreciation and amortisation • Net finance costs • Impairments or impairment reversals • Profit/loss after tax from discontinued operations • Unrealised fair value gains or losses on financial derivative instruments undertaken in the normal course of business • Adjusted for working capital changes • Adjusted for non-cash flow items as determined in accordance with IAS 7 • Less capital expenditure funded through permitted indebtedness • Less dividend paid to shareholders • Less taxation paid	Reflects available cash flow to service debt obligations
Attributable cash flow per share	Cash generated by operating activities	• Less additions to property, plant and equipment and mineral rights • Less borrowings repaid	
Headline earnings	Profit after taxation	• Profit on disposal of property, plant and equipment and mineral rights • Taxation on profit on disposal of property, plant and equipment and mineral rights • Impairment reversal • Taxation on impairment reversal	Indicates to shareholders the extent of the Group's normalised earnings
Statement of financial position			
Net debt	Borrowings from financial institutions less cash and related hedges	• IFRS 9 accounting adjustments • IFRS 16 lease liabilities • Restricted cash • Instalment sales	Excludes the impact of accounting adjustments from the net debt obligations of the Group Refer to note 31
Net senior debt	Borrowings from financial institutions less cash	• IFRS 9 accounting adjustments • IFRS 16 lease liabilities • Restricted cash • Instalment sales	Excludes the impact of accounting adjustments from debt obligations of the Group

Cash cost

Direct production costs attributable to gold sold by the Group.

All-in sustaining costs

Incorporates costs related to sustaining current production. AISC are defined by the World Gold Council as operating costs plus costs not already included therein relating to sustaining the current production, including sustaining capital expenditure. The value of by-product revenue is deducted from operating costs as it effectively reduces the cost of gold production.

All-in costs

Includes additional costs which relate to the growth of the Group. All-in costs starts with AISC and adds additional costs which relate to the growth of the Group, including non-sustaining capital expenditure not associated to current operations and costs such as voluntary severance pay.

AISC and all-in costs are reported on the basis of a rand per kilogramme of gold and US$ per ounce of gold. The US$ equivalent is converted at the average exchange rate applicable for the current financial year as disclosed in the Group's operational production table on **pages 106** and **107**. A kilogramme of gold is converted to an ounce of gold at a ratio of 1:32.1509.

The following tables set out a reconciliation of Pan African's cost of production as calculated in accordance with IFRS to AISC and all-in costs for the financial year ended 30 June 2021 and 30 June 2020. The equivalent of a rand per kilogramme and US$ per ounce basis is disclosed in the Group's operational production table on **pages 106** and **107**.

	Mining operations			Tailings operations				Total operations		
Year ended 30 June 2021	**Bar–berton Mines ZAR million**	**Evander Mines ZAR million**	**Total ZAR million**	**BTRP ZAR million**	**Evander Mines' surface sources ZAR million**	**Elikhulu ZAR million**	**Total ZAR million**	**Bar–berton Mines total ZAR million**	**Evander Mines total ZAR million**	**Group total ZAR million**
Cost of production	1,403.6	679.6	2,083.2	261.9	280.6	590.0	1,132.5	1,665.5	1,550.2	3,215.7
Royalties	45.1	4.9	50.0	2.2	–	1.0	3.2	47.3	5.9	53.2
Community cost related to gold operations	25.2	5.3	30.5	–	–	–	–	25.2	5.3	30.5
By-products credits	(1.7)	(7.2)	(8.9)	–	–	–	–	(1.7)	(7.2)	(8.9)
Corporate, general and administrative costs	119.1	211.9	331.0	–	–	71.3	71.3	119.1	283.2	402.3
Reclamation and remediation – accretion and amortisation (operating sites)	(4.7)	(4.7)	(9.4)	–	–	–	–	(4.7)	(4.7)	(9.4)
Sustaining capital – development	93.7	–	93.7	–	–	–	–	93.7	–	93.7
Sustaining capital – maintenance	122.2	–	122.2	1.6	10.3	8.4	20.3	123.8	18.7	142.5
All-in sustaining costs[1]	1,802.5	889.5	2,692.0	265.7	291.0	670.7	1,227.4	2,068.2	1,851.2	3,919.4
Expansion capital – capital expenditure	192.0	185.0	377.0	–	–	55.8	55.8	192.0	240.8	432.8
All-in costs[1]	1,994.6	1,074.5	3,069.1	265.7	291.0	726.5	1,283.2	2,260.3	2,092.0	4,352.3

[1] *This total may not reflect the sum of the line items due to rounding.*

Year ended 30 June 2020	Mining operations			Tailings operations				Total operations		
	Barberton Mines ZAR million	Evander Mines ZAR million	Total ZAR million	BTRP ZAR million	Evander Mines surface source ZAR million	Elikhulu ZAR million	Total ZAR million	Barberton Mines total ZAR million	Evander Mines total ZAR million	Group total ZAR million
Gold cost of production	1,184.6	313.7	1,498.3	248.2	218.9	517.6	984.7	1,432.8	1,050.2	2,483.0
Cash cost[1]	1,184.6	313.7	1,498.3	248.2	218.9	517.6	984.7	1,432.8	1,050.2	2,483.0
Royalties	8.1	2.4	10.5	0.9	–	1.0	1.9	9.0	3.4	12.4
Community cost related to gold operations	17.1	0.1	17.2	–	–	–	–	17.1	0.1	17.2
By-products credits	(0.4)	(5.9)	(6.3)	–	–	–	–	(0.4)	(5.9)	(6.3)
Corporate, general and administrative costs	77.2	253.1	330.3	–	–	46.3	46.3	77.2	299.4	376.6
Reclamation and remediation – accretion and amortisation (operating sites)	(4.1)	(0.4)	(4.5)	–	–	–	–	(4.1)	(0.4)	(4.5)
Sustaining capital – development	74.2	–	74.2	–	–	–	–	74.2	–	74.2
Sustaining capital – maintenance	110.7	29.0	139.7	1.7	22.4	8.6	32.7	112.4	60.0	172.4
AISC[1]	1,467.5	591.9	2,059.4	250.8	241.3	573.6	1,065.7	1,718.3	1,406.8	3,125.1
Expansion capital – capital expenditure	106.4	268.5	374.9	3.9	8.4	–	12.3	110.3	276.9	387.2
All-in costs[1]	1,573.9	860.4	2,434.3	254.7	249.7	573.6	1,078.0	1,828.6	1,683.7	3,512.3

[1] *This total may not reflect the sum of the line items due to rounding.*

Sustaining capital

Sustaining capital is capital needed to sustain the current production base.

Expansion capital

Expansion capital relates to capital expenditure for the growth of the production base.

	Year ended	Barberton Mines			Evander Mines				Corporate office and other segments			Total
		Barberton Mines US$ million	BTRP US$ million	Barberton Mines total US$ million	Underground operations US$ million	Surface sources US$ million	Elikhulu US$ million	Evander Mines total US$ million	Agricultural ESG projects US$ million	Solar projects US$ million	Corporate US$ million	Group total US$ million
Sustaining capital	**2021**	**14.5**	**0.1**	**14.6**	**0.8**	**0.7**	**0.5**	**2.0**	**–**	**–**	**0.1**	**16.7**
	2020	11.8	0.1	11.9	1.9	1.4	0.6	3.9	–	–	0.6	16.4
Expansion capital	**2021**	**12.5**	**–**	**12.5**	**11.9**	**0.1**	**3.6**	**15.6**	**2.6**	**1.7**	**–**	**32.4**
	2020	6.8	0.2	7.0	17.1	0.6	–	17.7	–	–	–	24.7
Total capital	**2021**	**27.0**	**0.1**	**27.1**	**12.7**	**0.8**	**4.1**	**17.6**	**2.6**	**1.7**	**0.1**	**49.1**
	2020	18.6	0.3	18.9	19.0	2.0	0.6	21.6	–	–	0.6	41.1

Net debt

Net debt is calculated as total borrowings from financial institutions (before IFRS 9 accounting adjustments) less cash and cash equivalents (including derivatives that are entered into in connection with protection against, or benefit from, fluctuations in exchange rates or commodity prices). A reconciliation to the consolidated statement of financial position is provided in note 31 to the consolidated annual financial statements.

Net senior debt

Net senior debt includes secured, interest-bearing debt provided by financial institutions including the outstanding gold loan balance, net of available cash.

	Year ended 30 June 2021 US$ million	Year ended 30 June 2020 US$ million
Cash and cash equivalents	**(35.1)**	(33.5)
Restricted cash	**0.1**	0.3
RCF	**16.7**	43.0
Term loan facilities	**42.0**	46.2
Redink Rentals (RF) Limited loan facility	**9.9**	–
Gold loan	**–**	5.7
Refinancing modification adjustment	**(0.2)**	(0.2)
Facilities arranging fees	**0.3**	0.5
	33.7	62.0

Adjusted EBITDA

Adjusted EBITDA is a measure of the Group's operating performance and is calculated as net profit or loss for the Group before interest and tax, before any amount attributable to the amortisation of intangible assets and the depreciation of tangible assets and before any extraordinary items or the impairment of assets.

	Mining operations			Tailings operations				Total operations		
Adjusted EBITDA by operation	**Barberton Mines ZAR million**	**Evander Mines ZAR million**	**Total ZAR million**	**BTRP ZAR million**	**Evander surface source ZAR million**	**Elikhulu ZAR million**	**Total ZAR million**	**Barberton Mines total ZAR million**	**Evander Mines total ZAR million**	**Group total ZAR million**
Net income before finance income and finance costs	**831.0**	**202.4**	**1,033.4**	**151.1**	**38.4**	**646.0**	**835.5**	**982.1**	**886.8**	**1,868.9**
Mining depreciation and amortisation	**134.6**	**177.6**	**312.2**	**41.0**	**0.7**	**140.0**	**181.7**	**175.6**	**318.3**	**493.9**
EBITDA	**965.6**	**380.0**	**1,345.6**	**192.1**	**39.1**	**786.0**	**1,017.2**	**1,157.7**	**1,205.1**	**2,362.8**
Adjusted EBITDA – 2021	**965.6**	**380.0**	**1,345.6**	**192.1**	**39.1**	**786.0**	**1,017.2**	**1,157.7**	**1,205.1**	**2,362.8**
Net income before finance income and finance costs	385.0	(362.9)	22.1	151.6	59.0	760.2	970.8	536.6	456.3	992.9
Mining depreciation and amortisation	82.3	83.7	166.0	34.1	–	136.9	171.0	116.4	220.6	337.0
EBITDA	467.3	(279.2)	188.1	185.7	59.0	897.1	1,141.8	653.0	676.9	1,329.9
Impairment reversal	–	(1.5)	(1.5)	–	–	–	–	–	(1.5)	(1.5)
Adjusted EBITDA – 2020	467.3	(280.7)	186.6	185.7	59.0	897.1	1,141.8	653.0	675.4	1,328.4

	Year ended 30 June 2021 US$ thousand	Year ended 30 June 2020 US$ thousand
Net income before finance income and finance costs	111,752.5	65,079.3
Mining depreciation and amortisation	32,074.2	21,503.2
Non-mining depreciation	314.6	–
EBITDA Group	144,141.3	86,583
Impairment reversal	–	(88.6)
Adjusted EBITDA Group	144,141.3	86,493.9

Net adjusted EBITDA

Net adjusted EBITDA starts with adjusted EBITDA adjusted for any entries made to unrealised fair value gains or losses on financial derivative instruments that are intered into the normal course of business as part of the Group's financial risk management process. A reconciliation from adjusted EBITDA to net adjusted EBITDA is provided in note 31 to the consolidated annual financial statements.

Total finance costs on interest-bearing facilities

Is defined as interest payable on the Group's debt facilities and has been calculated in note 31 to the consolidated annual financial statements.

Free cash flow

Free cash flow starts with adjusted EBITDA and is adjusted for changes in net working capital, non-cash flow items as determined by IAS 7, cash flow expenditure not funded from permitted indebtedness, distributions to shareholders and taxation payments.

A reconciliation from adjusted EBITDA to free cash flow has been calculated in note 31 to the consolidated annual financial statements.

Headline earnings

Headline earnings, a JSE-defined performance measure, is reconciled from profit/(loss) after taxation in note 10 to the consolidated annual financial statements.

RATIOS

Return on shareholder funds

This ratio measures returns to equity shareholders as a percentage of the capital invested in the Group. It is calculated as profit/(loss) after taxation expressed as a percentage of the average total equity for the current and prior financial year.

Net debt-to-equity ratio

This ratio measures the degree to which the Group finances its operations through debt relative to equity and is calculated as net debt divided by total equity. This ratio has been calculated in note 31 to the consolidated annual financial statements.

Net debt-to-net adjusted EBITDA ratio

This ratio measures the number of years it would take the Group to repay its net debt from net adjusted EBITDA assuming both variables are held consistent and is calculated as net debt divided by net adjusted EBITDA. This ratio has been calculated in note 31 to the consolidated annual financial statements.

Interest cover ratio

This ratio measures the Group's ability to pay interest on its outstanding senior debt from net adjusted EBITDA and is calculated as total net adjusted EBITDA divided by interest costs incurred on interest-bearing debt. This ratio has been calculated in note 31 to the consolidated annual financial statements.

Debt service cover ratio

This ratio measures the cash flow available for debt service relative to the Group's principal and interest debt obligations and is calculated as free cash flow available for debt service divided by principal and interest-debt obligations. This ratio has been calculated in note 31 to the consolidated annual financial statements.

Net asset value per share

Is calculated as total equity divided by the total number of shares in issue less treasury shares held by the Group.

	Unit	30 June 2021	30 June 2020
Total equity	US$ million	**283.6**	183.6
Shares in issue	million	**2,234.7**	2,234.7
Treasury shares	million	**(306.4)**	(306.4)
Net asset value per share	US cents	**14.71**	9.52

Attributable cash flow per share

Is calculated as net cash generated by operating activities less additions to property, plant and equipment and mineral rights less borrowings repaid divided by the total number of shares in issue less treasury shares held by the Group.

	Unit	30 June 2021	30 June 2020
Net cash generated by operating activities	US$ thousand	**82,242.8**	53,828.3
Less: capital expenditure less capital funded through permitted indebtedness	US$ thousand	**(44,396.4)**	(36,793.9)
Less: obligatory debt capital repayments	US$ thousand	**(16,225.2)**	(15,891.1)
Attributable cash flow		**21,621.2**	1,143.3
Shares in issue	Number thousand	**2,234,688**	2,234,688
Treasury shares	Number thousand	**(306,358)**	(306,358)
Total		**1,928,329**	1,928,329
Attributable cash flow per share	US cents per share	**1.12**	0.06

Cash flow yield per share

Is calculated as the attributable cash flow per share expressed as a percentage of the price per Pan African share at 30 June.

	Unit	30 June 2021	30 June 2020
Attributable cash flow per share	US cents per share	**1.12**	0.06
Price per Pan African share[1]	US cents per share	**23.90**	21.35
Cash flow yield per share	%	**4.70**	0.28

[1] *Amounts converting at the 30 June 2021 closing exchange rate of US$/ZAR:14.28 (2020:US$/ZAR: 17.33).*

Return on capital employed

This ratio measures the profitability of the Group's capital investments and shows how effectively assets are generating profits on invested capital for equity shareholders of the Group. It is calculated as earnings before finance costs and taxation divided by the sum of the average total equity for the current and prior financial year and average debt from financial institutions.

	Unit	30 June 2021	30 June 2020
Earnings before finance costs and taxation	US$ million	**111.8**	65.1
Average equity	US$ million	**233.6**	183.6
Average debt from financial institutions	US$ million	**74.0**	111.5
Return on capital employed	%	**36.3**	22.1

Adjusted EBITDA margin

Is calculated as adjusted EBITDA divided by revenue and other revenue.

Mining profit margin

This is calculated as mining profit divided by revenue.

Current ratio

The liquidity ratio that measures the Group's ability to pay its current liabilities from current assets and is calculated as current assets divided by current liabilities and has been calculated in the Group's five-year overview on **pages 78** and **79**.

Price earnings ratio

Is calculated as the last sale price (refer to the Group's five-year overview on **pages 78** and **79**) for the year divided by the earnings per share either in ZA cents or in GB pence per the table below.

	2021		2020		2019		2018		2017	
	cents	pence	cents	pence	cents	pence	cents	pence	cents	pence
Earnings per share	**59.65**	**2.88**	36.0	1.82	27.89	1.54	(86.03)	(5.15)	19.81	1.14

Dividend yield at the last traded share price

Is calculated as the dividend per share expressed as a percentage of the last traded share price as at 30 June.

	2021		2020		2019		2018		2017	
	cents	pence	cents	pence	cents	pence	cents	pence	cents	pence
Dividends per share	**14.00**	**0.65**	2.24	0.13	–	–	8.28	0.45	15.44	0.88

Dividend yield at the average traded share price

Is calculated as the dividend per share either in ZA cents or GB pence per the table above expressed as a percentage of the average price per share traded per the Group's five-year overview on **pages 78** and **79**.

GLOSSARY

DEFINITIONS OF TERMS AND ABBREVIATIONS USED IN THIS REPORT

8 Shaft	Evander Mines' 8 Shaft pillar project
ADR	American Depository Receipt programme through the Bank of New York Mellon
AET	Adult education and training
AGM	Annual general meeting
Aids	Acquired Immune Deficiency Syndrome
AIM	Alternative Investment Market, the LSE's international market for smaller growing companies
APMs	Alternative performance measures
Au	Gold
B-BBEE	Broad-based black economic empowerment
Barberton Blue	Barberton Blue Proprietary Limited
Barberton Mines	Barberton Mines Proprietary Limited
Barberton Mines BEE Company	Barberton Mines BEE Company 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, as set out on **pages 112** and **113**
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 reached steady-state production in June 2013
CIL	Carbon-in-leach
Companies Act 2006	An act of the Parliament of the UK which forms the primary source of UK company law
Concrete Rose	Concrete Rose Proprietary Limited
COVID-19	Coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
CSI	Corporate social investment
DMRE	Department of Mineral Resources and Energy
Elikhulu	The Elikhulu Tailings Retreatment Plant in Mpumalanga province, with its inaugural gold pour in August 2018
ESG	Environmental, social and governance
Eskom	Electricity Supply Commission, South Africa electricity supplier
ESOP	Employee share ownership plan
ETRP	Evander Tailings Retreatment Plant, commissioned in October 2015
Evander Gold Mines	Evander Gold Mines Proprietary Limited
Evander Mines	Evander Gold Mining Proprietary Limited
Evander Mines BEE Company	Evander Mines BEE Company Proprietary Limited
Evander Solar Solutions	Evander Solar Solutions Proprietary Limited
Exco	Executive committee of Pan African Resources
Funding Company	Pan African Resources Funding Company Proprietary Limited

GBP	British pound
GHG	Greenhouse gas
GISTM	Global Industry Standard on Tailings Management
GJ	Gigajoule
g/t	Grams/tonne
GRI	Global Reporting Initiative
HDSA	Historically disadvantaged South African
ha	Hectare
HIV	Human immunodeficiency virus
HODs	Heads of departments
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
International <IR> Framework	International Integrated Reporting Council International Integrated Reporting Framework
ISAs (UK)	International Standards on Auditing (UK)
JSE	JSE Limited incorporating the Johannesburg Stock Exchange, the main bourse in South Africa
K Company	K2015200726 Proprietary Limited
kg	Kilogramme
King IV™	King IV Report on Corporate Governance for South Africa, 2016™
km	Kilometres
Koz	Thousand ounces
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
kt	Thousand tonnes
ktpm	Thousand tonnes per month
LED	Local economic development
LSE	London Stock Exchange
LTIFR	Lost-time injury frequency rate
m^3	Cubic metre
Manco	Management committee on operations
MC Mining	MC Mining Limited (previously known as Coal of Africa Limited)
MCSA	Minerals Council South Africa
Metorex	Metorex Limited
Mintails transaction	Pan African entered into conditional sale of shares agreements to acquire Mogale Gold and MSC
Mintails SA	Mintails Mining SA Proprietary Limited
ML	Megalitre
MMR	Main Muiden Reef
Mogale Gold	Mogale Gold Proprietary Limited
Moz	Million ounces
MPRDA	Mineral and Petroleum Resources Development Act 28 of 2002
MRC	Main Reef Complex
MSC	Mintails SA Soweto Cluster Proprietary Limited
Mt	Million tonnes
MW	Megawatt

NGO	Non-governmental organisation
NICD	National Institute of Communicable Diseases
NOMAD	Nominated adviser
NPC	Non-profit company
NUM	National Union of Mineworkers
Opsco	Operations committee of Pan African Resources
OTCQX	OTCQX Best Market in the United States of America
oz	Ounce
PACOS	Pan African Corporate Option Scheme (new revised scheme for corporate senior managers, effective from 1 July 2018)
Pan African Resources PLC	Holding company – Pan African
PAR Gold	PAR Gold Proprietary Limited
PAR Management Services	Pan African Resources Management Services Company Proprietary Limited
PAR SA Holdings	Pan African Resources SA Holding Company Proprietary Limited
PARSMSS	Pan African Resources Senior Management Share Scheme
PASABP	Pan African Share Appreciation Bonus Plan (previous scheme for corporate senior managers)
PC	Barberton Mines' Prince Consort Shaft
PGLIP	PAR Gold Long-term Incentive Plan
Phoenix Platinum	Phoenix Platinum Mining Proprietary Limited, a subsidiary of Pan African Resources
ppm	Parts per million
Prescribed officer	A person is a prescribed officer of the Company for all purposes of the South African Companies Act if that person exercises general executive control over and management of the whole, or a significant portion, of the business and activities of the Company
PwC	PricewaterhouseCoopers LLP
Rapid Pearl	Rapid Pearl Proprietary Limited
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
RNS	Regulatory News Service
ROSF	Return on shareholders' funds
RoM	Run-of-mine
SA	South Africa
SAICA	South African Institute of Chartered Accountants
SAMREC Code	South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2016 edition
SARS	South African Revenue Services
SARS scheme	Share appreciation rights
SENS	Stock Exchange News Service
SHEQC	Safety, health, environment, quality and community
SLP	Social and Labour Plan, required in terms of Regulation 46 of the MPRDA
South African Companies Act	South African Companies Act, 71 of 2008
SOPs	Standard operating procedure
t	Tonne
TB	Tuberculosis
TCFD	Task Force on Climate-related Financial Disclosures
tCO_2e	tonnes (t) of carbon dioxide (CO_2) equivalent
the current financial year or the year under review	The financial year ended 30 June 2021
the Group or the Company or Pan African	Pan African Resources PLC, listed on the LSE's AIM and on the JSE in the Gold Mining sector
the prior or previous financial year	The financial year ended 30 June 2020
the report	Pan African Resources PLC's 2021 integrated annual report
tpm	Tonnes per month
TRIFR	Total recordable injury frequency rate
TSF	Tailings storage facility
UASA	United Association of South Africa – The Union
Uitkomst Colliery	Uitkomst Colliery Proprietary Limited
UK	United Kingdom
UN SDGs	United Nations Sustainable Development Goals
US	United States of America
US$	United States dollar
VAT	15% value-added tax in South Africa
ZAR	South African rand
ZK	Zwartkoppie

FREQUENTLY USED FINANCIAL TERMS

AISC	All-in sustaining costs
CFD	Contract for difference
CGU	Cash-generating unit
CTC	Cost to company
ECL	Expected credit losses
EBITDA	Earnings before interest, income taxation expense, depreciation and amortisation
GDP	Gross domestic product
JIBAR	Johannesburg Interbank Acceptance Rate
LTI	Long-term incentive
STI	Short-term incentive
TGP	Total guaranteed package
TSR	Total shareholder return
VWAP	Volume weighted average price

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SHAREHOLDERS' DIARY

Financial year-end	30 June 2021
Results announcement	15 September 2021
Integrated annual report distributed	28 October 2021
Annual general meeting	25 November 2021
Interim results announcement	16 February 2022

FORWARD-LOOKING STATEMENTS

Statements in this report that address exploration activities, mining potential and future plans and objectives of Pan African 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 believe that the expectations expressed in such forward-looking statements or forward-looking information are based on reasonable assumptions, expectations, estimates and projections. These statements, however, 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 presentation include among others, the actual results of exploration activities, technical analysis, the lack of availability to Pan African 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.

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