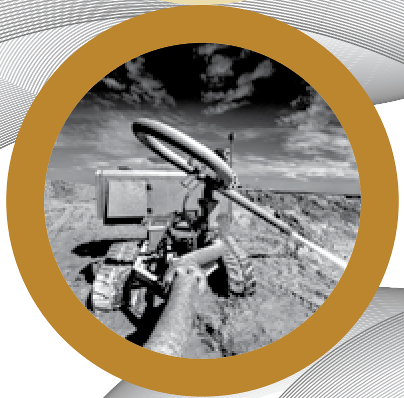

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MINING FOR A FUTURE

PAN AFRICAN
RESOURCES

PAN AFRICAN
RESOURCES

INTEGRATED ANNUAL REPORT

for the year ended 30 June 2022

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)

APMs are reconciled on **pages 236** to **243**.

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 6** and **7**.

STAKEHOLDERS

Providers of capital

Customers

Suppliers

Employees and unions

Communities

Government and regulatory bodies

Collaboration partners

The environment

For more information about these relationships, refer to **pages 39** to **44**.

MATERIAL MATTERS

Execution

Value-accretive growth

Production cost

Geological sustainability

Availability of reliable infrastructure

Culture

Health, safety and security

Skills

Regulatory compliance

Societal/community cohesion

Climate change

Environmental impact

For a description of each of these matters, refer to **pages 26** and **27**.

CONTENTS

ABOUT
THIS REPORT

The purpose of this report is to provide our stakeholders with clear, concise, balanced and accurate information on Pan African Resources PLC (Pan African or the Company or the Group) in an integrated manner. We aim to provide our stakeholders with an overview of our strategy and performance in the context of our operating environment, as we continue **Mining for a Future**.

BOUNDARY AND SCOPE

This report covers Pan African's operations in South Africa and exploration programmes in Africa. It is published annually and we report on our progress for the year from 1 July 2021 to 30 June 2022.

Our integrated reporting boundary

Integrated annual report	Environmental, social and governance report (ESG report)	Mineral Resources and Mineral Reserves report

Strategy	Operating environment	Primary risks and opportunities	Six capitals used or impacted	Stakeholder relationships

Our financial reporting boundary

Annual financial statements

Aligns with our financial statement reporting boundary and includes subsidiaries. The annual financial statements include details of our investments in subsidiaries, associates and listed investments

The material matters on which we report are identified through our understanding of the risks and opportunities arising from our operating environment and our key stakeholder relationships. We have included information on any material events that have occurred after 30 June 2022 and up to the date the board approved this report.

REPORTING COMPLIANCE

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

- International Integrated Reporting Framework (<IR> Framework) of the International Sustainability Standards Board
- 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 Financial Reporting Guidelines
- United Kingdom (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
- JSE sustainability guidance.

MATERIALITY

This report provides our current and prospective investors with relevant information to assist in making informed decisions and an assessment of Pan African's ability to create and sustain value over the short (one year), medium (two to three years) and long term (beyond three years). Our macroeconomic issues and material matters are identified through our materiality process, which is subject to board approval. Our materiality process is outlined on **page 26**.

How we identify our macroeconomic issues and material matters
Our materiality process on **page 26**
Unpacking our macroeconomic issues
Our operating environment on **page 45**
Material matters are unpacked under each of our capitals
The six capitals on **page 82** to **115**

Management is unaware of any information that was unavailable or any legal prohibitions to the publication of any information.

WHAT WE FOCUSED ON THIS YEAR

We have articulated our compelling investment case.

In unpacking our future value creation, we paid particular attention to the separate and distinguishable time horizons of short, medium and long term.

We expanded and improved our disclosure regarding risks and opportunities and the affected stakeholders.

We streamlined our reporting on performance and outlook with clearer links to our strategy.

In general, we concentrated on improving connectivity and making the report more concise.

STRATEGIC REPORT

Our strategic report, including our investment case, on **pages 4** to **115**, was reviewed and approved by the board on 14 September 2022.

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 financial position of the Group. We define and explain the purpose of each of these measures on **pages 236** to **243** and include a reconciliation 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 companies in the gold mining industry.

ASSURANCE

A combined assurance model is applied and includes assurance obtained from management and external assurance providers.

The board and the audit and risk committee assessed the effectiveness of controls for the year ended 30 June 2022 as satisfactory through a review of internal control policies and reports from internal audit and other assurance providers and a formal confirmation from executive management. Refer to the statement of directors' responsibilities on **page 146**.

PricewaterhouseCoopers LLP (PwC) assured our 2022 annual financial statements. The PwC audit report is set out on **pages 154** to **159**.

An independent external audit was conducted by VBKom Proprietary Limited on the Group's Mineral Resources and Mineral Reserves at 30 June 2022. Refer to **page 9** of the Mineral Resources and Mineral Reserves report.

The execution of our combined assurance model is monitored by the audit and risk committee which reports to the board, on an annual basis, on the execution of the combined assurance plan.

FEEDBACK

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

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 judgements and expectations of the directors at the time of preparing this report. Emerging risks, uncertainties and other important factors may materially change the results from our expectations. These statements have not been reviewed and are not reported on by the external auditors.

OUR REPORTING SUITE

Our **integrated annual report** which is available on our website at:

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

Our **environmental, social and governance report** contains additional non-financial disclosures referencing the GRI Standards and is available on our website at:

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

Our **Mineral Resources and Mineral Reserves report** provides technical information in compliance with the SAMREC Code and is available on our website at:

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

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 2021 to 30 June 2022. 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 2022 integrated annual report complies in all material respects with the relevant statutory and regulatory requirements – particularly the <IR> Framework as updated in January 2021, IFRS and the Companies Act 2006.

This report is prepared under the supervision of senior management and is subject to an internal and external review process. The audit and risk committee reviews the content of this report and the collation process, relying on the assurance provided at the various reporting levels.

On the recommendation of the audit and risk committee, the board approved the integrated annual report and the Group annual financial statements on 14 September 2022.

Keith Spencer
Chairman

Dawn Earp
Lead independent director

Thabo Mosololi
Director

Charles Needham
Director

Yvonne Themba
Director

Cobus Loots
Chief executive officer

Deon Louw
Financial director

We have removed all signatures from this document to protect the security and privacy of all our signatories.

01. OUR BUSINESS **AND STRATEGY**

IN THIS SECTION

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

CAPACITY

Existing production capacity is in excess of 200,000oz of gold per annum.

In addition, Pan African has an exceptional pipeline of attractive organic and expansionary growth opportunities.

ABOUT PAN AFRICAN

THE AFRICAN-FOCUSED GOLD PRODUCER

Pan African is an African-focused mid-tier gold producer, dual primary listed on the AIM of the LSE (ticker: PAF) and the main board of the JSE (ticker: PAN) as well as the A2X Market (A2X). Our shares trade on the OTCQX Best Market (OTCQX) in the United States of America (USA) through a Level 1 American Depository Receipt (ADR) programme (ticker: PAFRY), sponsored by the Bank of New York Mellon, and ordinary shares (ticker: PAFRF).

OUR STRATEGY

To safely optimise the value of our mineral deposits, utilising our combined knowledge base and Mineral Resources in an entrepreneurial manner to generate compelling returns and to ensure the long-term sustainability of our business.

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
- Teamwork
- Excellence
- Ownership
- Resilience
- Integrity
- Courageous conversations
- Care
- Innovation
- Attitude

OUR STRATEGIC PILLARS

Profitability
We strive to be one of the lowest all-in sustaining cost (AISC)® producers of gold in Southern Africa

Sustainability
We focus on sustainable gold production in a socially responsible manner and strive towards minimal environmental harm

Stakeholders
We adopt an integrated approach for all stakeholders and prioritise the health and well-being of our employees and that of our host communities

Growth
We grow our business by prioritising organic growth projects within our portfolio as well as production-enhancing and value-accretive projects

OUR OPERATING GOLD MINES

A unique combination of African underground and surface mining operations.

Our operations

Evander Mines · *Elikhulu* · *Sheba Mine and Royal Sheba* · *Fairview Mine and BTRP* · *Consort Mine* · *Block 12 – Sudan*

OUR OPERATING MINES

Production (oz/annum) 2022 (2021)	Mineral Reserves 2022 (2021)	Mineral Resources 2022 (2021)	Production (tonnes milled and processed) 2022 (2021)	Recovered grade (g/t) 2022 (2021)	AISC® (US$/oz) 2022 (2021)	Life-of-mine (years) 2022 (2021)
BARBERTON MINES (MINING OPERATIONS) Profitable, long-life, high-grade operation comprising three underground mines: Fairview, Sheba and Consort						
75,738 (84,826)	**14.2Mt at 3.51g/t (1.60Moz)** (14.5Mt at 3.48g/t) (1.62Moz)	**24.1Mt at 4.30g/t (3.3Moz)** (24.3Mt at 4.43g/t) (3.5Moz)	**322,038** (325,017)	**7.3** (8.1)	**1,645**[1] (1,380)	**20** (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						
19,560 (18,239)	**6.1Mt at 1.57g/t (0.31Moz)** (6.6Mt at 1.61g/t) (0.34Moz)	**22.6Mt at 1.27g/t (0.9Moz)** (21.9Mt at 1.21g/t) (0.8Moz)	**908,198** (946,293)	**0.7** (0.6)	**891** (946)	**2** (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						
52,220 (51,459)	**159.3Mt at 0.28g/t (1.44Moz)** (162.0Mt at 0.28g/t) (1.45Moz)	**167.3Mt at 0.28g/t (1.5Moz)** 178.2Mt at 0.28g/t (1.6Moz)	**13,732,147** (13,054,767)	**0.1** (0.1)	**1,003** (846)	**11** (12)
EVANDER MINES (MINING OPERATIONS) Extraction of the 8 Shaft pillar and the development of the 24, 25 and 26 Level high-grade areas within the Evander Mines complex						
48,850 (36,016)	**3.3Mt at 7.20g/t (0.77Moz)** (0.6Mt at 10.58g/t) (0.19Moz)	**24.4Mt at 10.31g/t (8.1Moz)** (26.7Mt at 9.82g/t) (8.4Moz)	**129,087** (120,446)	**11.8** (9.3)	**1,112** (1,604)	**14**[2] (5)
EVANDER MINES (SURFACE SOURCES) The purchase of gold-bearing surface tailings material from third parties – leveraging the excess capacity of Evander Mines' metallurgical facilities						
9,320 (11,237)	**Not reported**	**Not reported**	**261,338** (314,821)	**1.1** (1.1)	**1,650** (1,681)	**Not reported**

[1] *Adversely impacted by lower gold production at Sheba Mine and Consort Mine.*

[2] *The life-of-mine for Evander Mines' mining operations has extended from five years to 14 years with the inclusion of production planned from the 24, 25 and 26 Level high-grade areas within the Evander Mines complex (excluding expected production from Egoli).*

EXPLORATION PROGRAMME IN SUDAN

The Group has secured five prospecting concessions (or exploration licences) in north-eastern Sudan (the Block 12 concessions). Exploration activities in Sudan have commenced with work programmes to verify the results of the initially identified targets.

INVESTMENT **CASE**

We believe that Pan African represents an attractive investment opportunity, underpinned by our strategy to leverage our unique differentiators to create optimum value from our resources.

FINANCIAL CAPITAL

OUR CAPITALS

Equity, debt and surplus cash from our operating activities

OUR DIFFERENTIATORS

Diversified operations

- Diversified, long-life, high-grade underground mining and low-cost surface remining operations
- Long-term mining rights at Evander Mines (to 2038) and Barberton Mines (to 2051)

Low production cost

- One of the lowest-cost gold producers in South Africa. Refer to **page 9**

VALUE CREATED IN 2022

Profit after tax increased to
US$75.0 million
(2021: US$74.7 million)

Headline earnings per share increased to
US 3.93 cents per share
(2021: US 3.87 cents per share)

Dividend payment of
US$25.0 million
(2021: US$20.6 million)

MANUFACTURED CAPITAL

OUR CAPITALS

Infrastructure, orebodies and tailings retreatment operations at Barberton Mines and Evander Mines

OUR DIFFERENTIATORS

Capacity

- Existing production capacity in excess of 200,000oz of gold per annum
- Produced 205,688oz in the 2022 financial year (2021: 201,777oz), demonstrating our ability to meet and exceed our production guidance of 200,000oz
- Production guidance for 2023 expected to be at a level similar to that achieved in 2022

VALUE CREATED IN 2022

AISC increased to
US$1.284/oz
(2021: US$1,261/oz)

Invested
US$82.7 million
(2021: US$44.4 million) in infrastructure

Return on capital employed decreased to
32.6%
(2021: 36.3%)

Evander Mines' mining operations
life-of-mine
increased to
14 years
(2021: five years)

INTELLECTUAL CAPITAL

OUR CAPITALS

More than 130 years of mining the unique Barberton Greenstone Belt orebodies and an established track record in surface tailings remining

OUR DIFFERENTIATORS

Agile and flexible

The Group has established sustainable, safe, high-margin long-life operations as demonstrated by:

- its surface remining track record and processing experience
- a BIOX® processing plant with high recoveries of refractory gold deposits
- successfully mining highly variable greenstone belt orebodies
- increased use of mechanisation

VALUE CREATED IN 2022

Use of modern exploration techniques to increase the resource base –
identifying new targets
at Barberton Mines

Integrated security plan and modernisation of security technology

Collaboration with government bodies and peer companies
to combat illegal mining and criminality

HUMAN CAPITAL

OUR CAPITALS

Employees and contractors who are knowledgeable, competent and adequately skilled, supported by a robust safety culture in pursuit of a zero-harm working environment

OUR DIFFERENTIATORS

Health and safety

An industry-leading safety performance due to:

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

VALUE CREATED IN 2022

The Group experienced
no fatalities
for the 2022 financial year
(2021: one fatality)

The lost-time injury frequency rate **(LTIFR)** improved to
1.04 per million man hours
(2021: 1.41) per million man hours

331
of our permanent employees are **female**
(2021: 290)

SOCIAL AND RELATIONSHIP CAPITAL

OUR CAPITALS

The quality of our stakeholder relationships and the initiatives which we have implemented to improve the well-being of our employees and our host communities

OUR DIFFERENTIATORS

Sustainable stakeholder value creation

- Established long-life mines have contributed to our strategy of adopting a 'beyond compliance' approach to promote sustainable communities beyond mining
- Established sustainable renewable energy and agricultural projects

VALUE CREATED IN 2022

Construction of
Kaapvallei and Ngwane Primary Schools
in Barberton

Community lighting infrastructure project
completed at Evander

Local employment creation –
26 permanent jobs and
up to 400 seasonal jobs created
during the peak harvesting season

NATURAL CAPITAL

OUR CAPITALS

The responsible use of fuel, energy, water, air and land resources while aspiring to do minimal harm to the environment

OUR DIFFERENTIATORS

Low carbon footprint

- First mine in South Africa to commission a large-scale solar photovoltaic (PV) renewable energy plant at Evander Mines which is expected to decrease CO_2 emissions

Responsible and sustainable water use

- The water retreatment plant at the Evander Mines complex is expected to contribute to the Group's zero use of potable water in the future

VALUE CREATED IN 2022

Total **water** consumption for the Group increased by 2.2% to
14,712,290m^3
(2021: 14,397,776m^3)

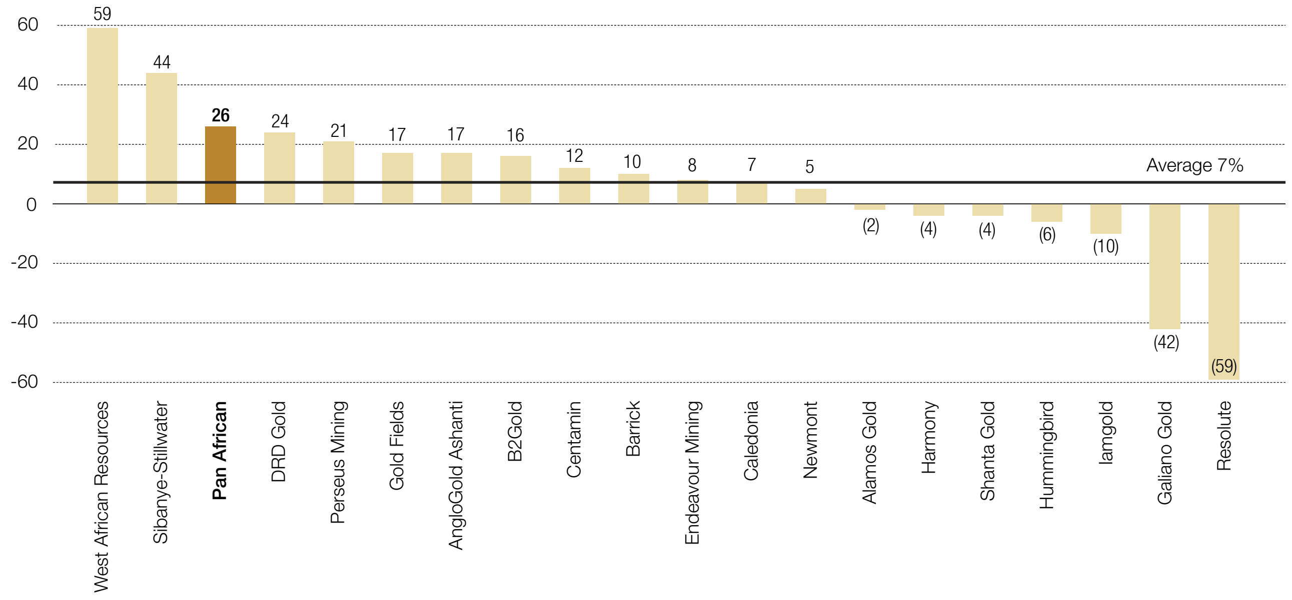
Electricity consumption for the Group decreased by 1.9% to
1,377,068GJ
(2021: 1,404,383GJ)

Carbon emissions intensity decreased to
2.56CO_2 e/t Au sold
(2021: 2.64CO_2 e/t Au sold)

RETURN ON SHAREHOLDERS' FUNDS

The Group achieved a higher than average return on shareholders' funds relative to the global sector.

Return on shareholders' funds relative to the global sector[1] (%)

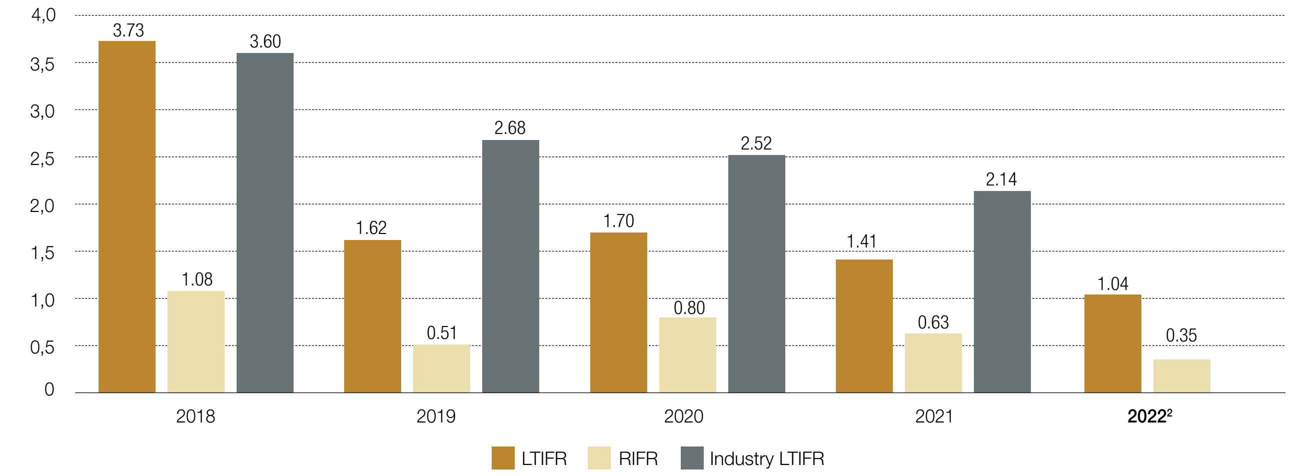


[1] *As calculated using the most recent published annual financial statements of the respective companies.*

SAFETY PERFORMANCE

The Group continues to maintain an industry-leading safety performance focusing on ongoing safety initiatives in its pursuit of a zero-harm working environment. This is achieved through constant reinforcement of safety practices and innovative communications.

Safety performance (per million man hours)

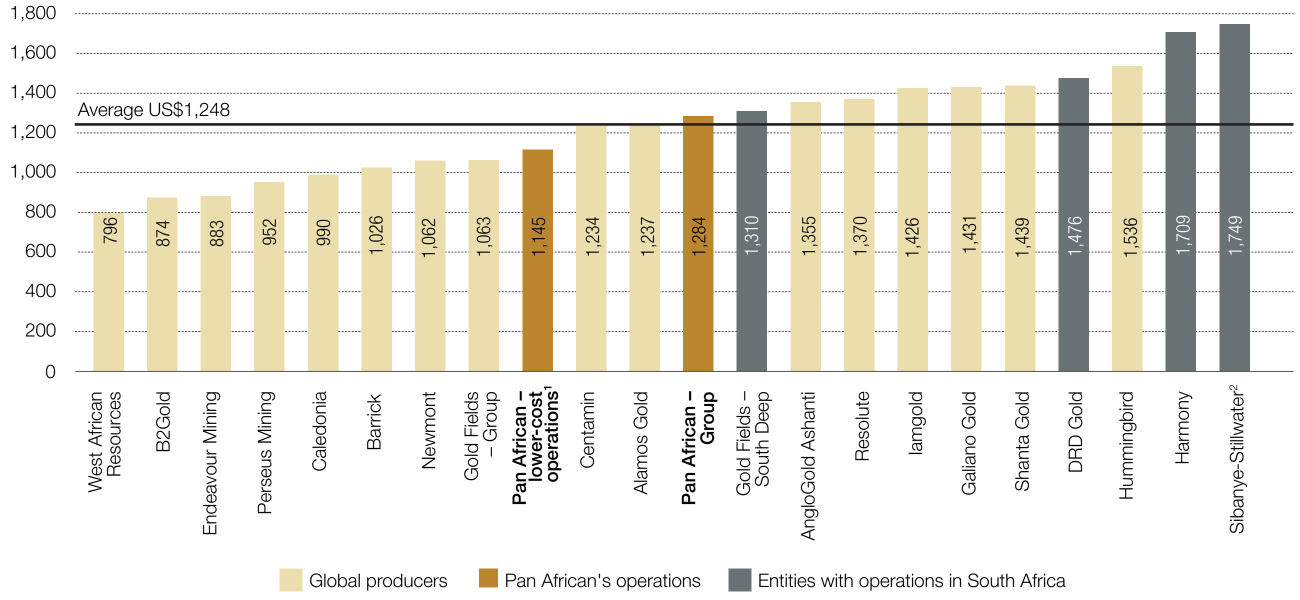


[2] *2022 industry rates were not available at the time of this report.*

ALL-IN SUSTAINING COSTS

The Group's AISC performance for its total operations is marginally higher than the average for the global sector, however, the Group's lower-cost operations which account for 87% of the Group's annual production, achieved an AISC of US$1,145/oz which is lower than the global sector average.

AISC (US$/oz)

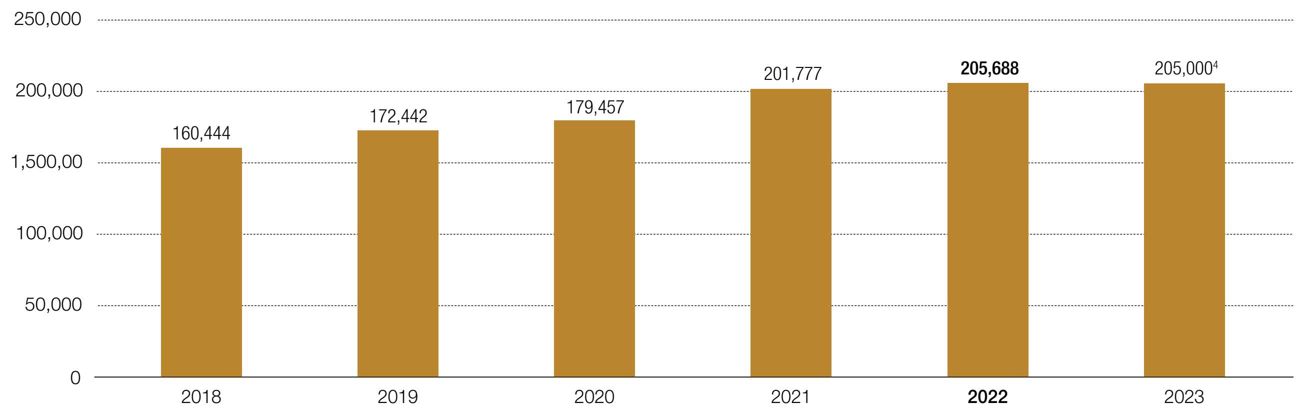


[1] *All the operations of the Group excluding Sheba Mine and Consort Mine.*
[2] *South African operations (excluding DRD Gold).*

PRODUCTION PROFILE

The Group has a unique combination of underground mining and surface remining operations, with an increasing production profile[3].

Production profile (oz)



[3] *Excludes potential production from Mintails and Blyvoor.*
[4] *Production guidance for 2023 is expected to be at a level similar to that achieved in 2022.*

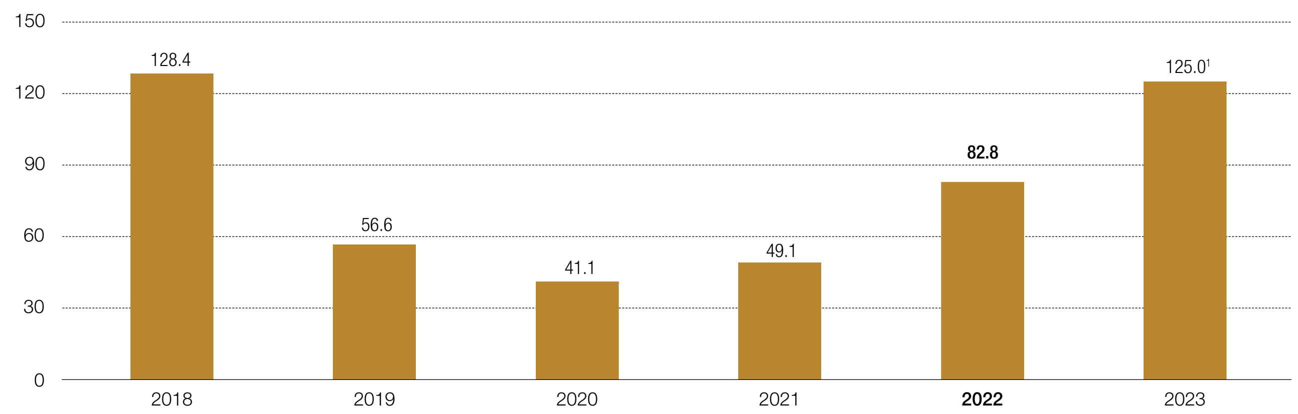
CAPITAL EXPENDITURE

The Group continues to reinvest in its mines to ensure sustainability and to generate the requisite returns. The Group strives to balance reinvestment into its assets with other capital allocation priorities. Major items in expansion capital include: the Elikhulu TSF footprint extension and the establishment of the Leslie/Bracken pump station; Evander Mines' underground refrigeration plant for the 24, 25 and 26 Levels; the Egoli project's dewatering and initial development and equipping costs for 7 Shaft infrastructure and 8 Shaft expansion capital, which includes steel work and development costs; the expansion of Barberton Mines' TSF to accommodate the treatment of Royal Sheba material as well as the Royal Sheba drilling and bulk sampling costs. The Group expects Elikhulu's capital spend to decrease after 2023 once the establishment of the pump station at the Leslie/Bracken TSF is complete.

Forecast capital expenditure[1] for 2023 includes US$33.4 million in sustaining capital expenditure and US$91.6 million in expansionary capital. Major items included in expansion capital are:

- Barberton Mines' Project Dibanisa at a cost of US$1.5 million, 4 Shaft decline at a cost of US$2.8 million and the ventilation raise bore hole at a cost of US$2.1 million
- Elikhulu's TSF footprint extension and establishment of the Leslie/Bracken pump station at a cost of US$22.1 million
- Evander Mines' 8 Shaft underground refrigeration plant for the 24, 25 and 26 Levels at a cost of US$5.6 million
- US$50.6 million for 8 Shaft expansion capital for the 24, 25 and 26 Level project, and equipping costs for Evander Mines' 7 Shaft infrastructure, which includes steel work and development costs.

Capital expenditure (US$ million)



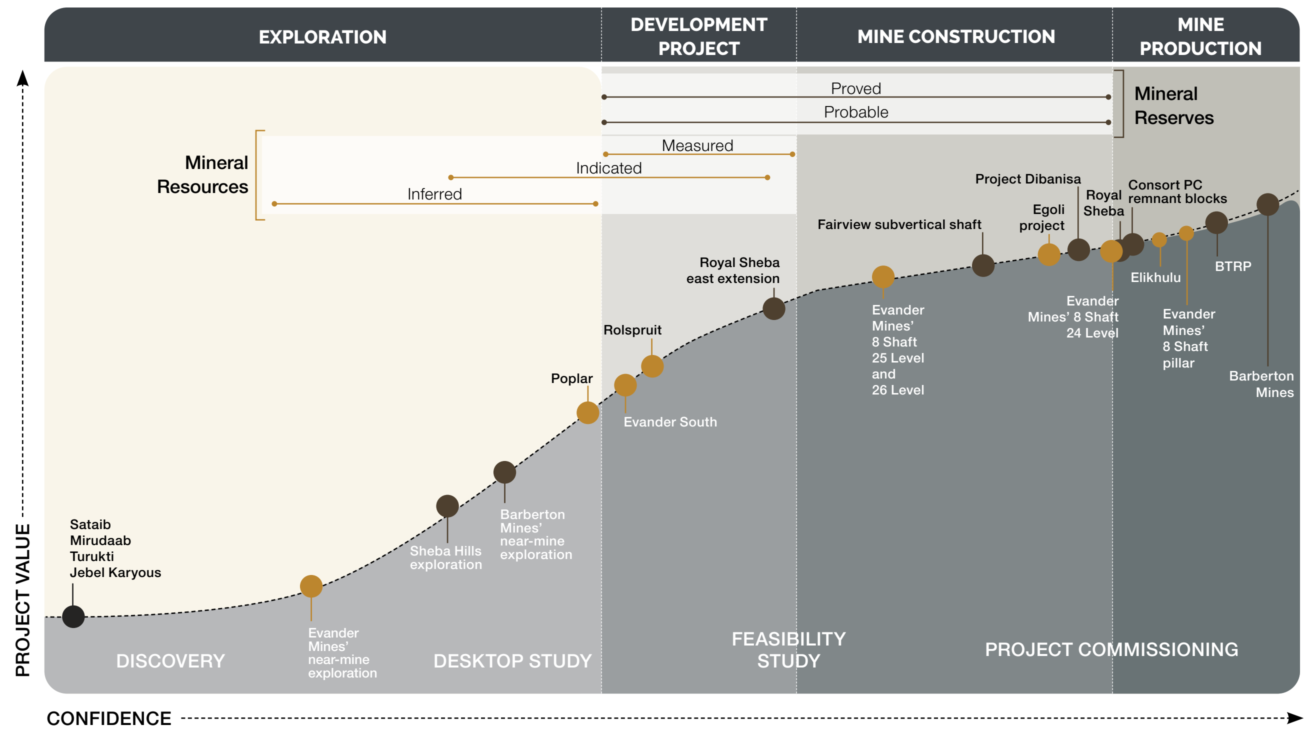
[1] *Forecast capital expenditure converted at an exchange rate of US$/ZAR:15.50.*

OUR GROWTH PROJECTS AND OPPORTUNITIES

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

Robust operational life-of-mine plans support the Group's strategic plan. The Group has progressed its priority organic growth projects up the mining value curve, closer to the feasibility and production stages. These projects include Barberton Mines' optimisation initiatives, the Royal Sheba project and Project Dibanisa (which connects Sheba Mine to Fairview Mine at the top of the Main Reef Complex (MRC) Shaft) as well as the development of Evander Mines' 24, 25 and 26 Levels and the Egoli project. The schematic below illustrates the progress of these near-mine growth projects. Refer to the Mineral Resources and Mineral Reserves report for more information on the Group's growth projects.

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



Near-mine growth projects

- *Evander Mines' growth projects*
- *Barberton Mines' growth projects*
- *Sudan targets*

Mechanised mining equipment at Fairview Mine | Circle: Bramber TSF at the BTRP

Left: Installation of underground rock support at Evander Mines' 8 Shaft pillar mining operation | Right: Mining headgear at Evander Mines' 7 Shaft complex

Barberton Mines – optimisation initiatives

Barberton Mines has increased exploration focus on the down-dip extension of its existing orebodies. During the 2020 financial year, Barberton Mines conducted underground diamond core drilling programmes in excess of 8,700m, increasing to over 9,000m in the 2021 financial year. Specific focus was placed on near-mine infill drilling, as well as down-dip reserve delineation drilling of the underground Mineral Resources. Drilling into the down-dip extents of the orebodies yielded excellent results and improved the geological understanding of our Barberton operations, demonstrating the extent and quality of these world-class, long-life orebodies.

Fairview Mine exploits some of the highest-grade gold orebodies in the world. A total of six diamond drill holes were recently completed to explore the immediate down-dip extent from the currently mined platform (258) to the next platform (259). These drill holes resulted in the delineation of the Mineral Resources on the 259 Platform elevation of an estimated 24.5kt at an average grade of 42.6g/t. A single platform at Barberton Mines is currently mined over a period of approximately three years. The down-dip extent of this orebody is still open and informs the 20-year life-of-mine of the Fairview operation.

Mining of the **Rossiter Reef** occurs on the 52 Level elevation at Fairview. Eleven diamond core holes have been drilled into the 54 Level down-dip target of the Rossiter Reef. These boreholes intersected significant free gold mineralisation, with grades ranging from 29g/t over 2.9m to 165g/t over 0.7m, in separate boreholes. The combined drilling results yielded an additional Mineral Resource block of an estimated 3.6kt at an average grade of 55.3g/t, which will support mining during the next financial year.

The **Hope Reef** is mined on 64 Level and 15 underground diamond core holes have been drilled to delineate the up-dip extent of this orebody. These boreholes resulted in the delineation of an additional Mineral Resource block with an estimated 25kt at an average grade of 7.5g/t to supplement Fairview Mine's total Mineral Resources.

Mining at **Sheba Mine** recently progressed into the down-dip Mineral Resources of the Zwartkoppie (ZK) orebody on 37 Level. The ZK orebody is typically a free gold-carrying deposit, where a total of 10 diamond core exploration boreholes have been drilled between the 37 Level and 38 Level elevations. The results from these drill holes were utilised to upgrade the existing Inferred Mineral Resource block to the Indicated and Measured categories, and it contains an estimated resource of 3kt at an average grade of 5.2g/t.

Additionally, at Sheba Mine, prospective shallow Mineral Resources on the **Northern Limb** at 22 Level elevation were explored with an initial two diamond boreholes. Eight additional boreholes are planned for this orebody in the next financial year. On 23 Level, a further 11 diamond boreholes were drilled to explore the up-dip extent of the 260 Cross-fracture.

Following the successful intersection of the high-grade, free gold-yielding orebody at the Prince Consort (PC) Shaft 42 Level at **Consort Mine**, a reserve delineation drilling programme was implemented to explore the down-dip continuation of this high-grade orebody. These boreholes intersected a high-grade free gold-carrying structure at the 44 Level elevation, indicating the down-dip extent of the 42 Level orebody which continues for at least another two levels. The assay results from this intersection yielded 72.8g/t over 0.86m.

Barberton Mines – Royal Sheba project

Development at Barberton Mines' Royal Sheba orebody commenced in May 2021 at the already established surface adit, which is located approximately 1.2km east of the existing Sheba metallurgical plant. The main decline and associated cross-cut, developed into the adit, provides access for the extraction of the 10kt bulk sample that commenced during 2022. The development has progressed through the historically mined voids, which were filled with waste rock and capped with steel beams and support sets, while aerated cement was used to stabilise the workings.

The first ore from this project was mined in June 2022.

Barberton Mines – Project Dibanisa

Project Dibanisa aims to connect the underground infrastructure of the Fairview and Sheba Mines, allowing underground production below 23 Level from Sheba Mine to be transported to the surface using the existing Fairview Mine infrastructure from 2 Decline and processed at the Fairview metallurgical plant. This will create capacity for the Sheba metallurgical plant which will be utilised for the treatment of the Royal Sheba orebody, thereby reducing the initial capital requirements for the Royal Sheba project.

Evander Mines – 24, 25 and 26 Level project and the Egoli project

Mining of the 24, 25 and 26 Levels prior to the development of the Egoli project, and following the 8 Shaft pillar extraction that is currently underway, is expected to result in improved cash returns and will require a materially reduced capital outlay.

Some preliminary work has commenced at Egoli where dewatering of the 3 Decline started in June 2022. It is anticipated to be dewatered to below 19 Level by the third quarter of the 2023 financial year. Egoli has a life-of-mine currently estimated at 9 years (based on the Measured and Indicated Mineral Resources). Mineral Reserves delineation drilling will then commence to accurately define the Egoli payshoot for early mining. The Egoli project's phased development approach and production profile will coincide with the depletion of the 24 Level Mineral Reserves.

The 2 Decline at Evander Mines' 24 Level project is currently in the construction phase, while construction of phase 1 of the underground refrigeration plant on 24 Level is complete with phase 2 expected to be completed during the fourth quarter of the 2023 financial year. Planned production for the 2023 financial year for the 2 Decline at Evander Mines' 24 Level is estimated at approximately 8,500oz of gold. It is anticipated that mining of the 24 Level ore will extend the production profile of the underground mining at 8 Shaft, post extraction of the 8 Shaft pillar, by an additional two and a half years, and maintain annual production at approximately 35,000oz per year.

The Group has internally evaluated the potential for the continued mining of the down-dip extent of the orebody at 25 and 26 Levels using the 24 Level infrastructure at Evander Mines' 8 Shaft. Development leading from the existing 24 Level footwall infrastructure will allow access to both 25 and 26 Levels, with an on-reef decline layout. The mining of 25 and 26 Levels demonstrates a compelling business case and further extends Evander Mines' 8 Shaft production, post extraction of the 8 Shaft pillar and 24 Level, by an additional eight years, with an average annual production of approximately 65,000oz. Dewatering on 25 Level commenced in the 2022 financial year and blasting of development ends will commence in the 2023 financial year, with mining of the first stope planned for the 2025 financial year.

These projects have increased the 8 Shaft's life-of-mine by an additional 11 years with the potential to increase further should the Inferred Mineral Resources be converted to Mineral Reserves. Evander Mines' mining right is valid until 2038.

For further details, including economic parameters, please refer to the abridged Mineral Resources and Mineral Reserves report on **page 90**.

Mintails transaction

The final closure date for the acquisition of the Mogale Gold Proprietary Limited's (Mogale Gold) TSFs that form part of the Mintails Mining SA Proprietary Limited (in liquidation) Group (Mintails SA), situated near Krugersdorp to the west of Johannesburg, South Africa, as well as Mintails SA Soweto Cluster Proprietary Limited (MSC) has been extended to 30 September 2022, as per the announcement released on 1 September 2022[1]. This extension will provide the Group with sufficient time to resolve outstanding matters with the Department of Water and Sanitation and conclude the legal due diligence process before final closure of the transaction.

The definitive feasibility study has been concluded, indicating positive results, and that the project has the potential to increase the Group's gold production profile over the coming years, with approximately 50,000oz per annum over the project's 13-year life-of-mine (excluding the MSC material), equivalent to an increase of approximately 25% on the Group's current production. Full details of the definitive feasibility study were disseminated to the market in the announcement dated 30 June 2022[2].

Blyvoor

Shareholders are referred to the announcement of 15 December 2021[3] containing the proposed transaction details to acquire Blyvoor Gold Operations Proprietary Limited's (Blyvoor) historical TSFs.

The Group, together with independent consultants, is in the process of finalising a fatal flaw assessment and gap analysis as part of the initial due diligence and has extended the period for completion. Pan African may then, following the completion of the assessments, at its sole discretion, elect to acquire Blyvoor for a cash consideration of ZAR110 million which is to be funded from internal cash resources.

Gold exploration programme in Sudan

The Group was awarded five prospecting concessions (or exploration licences) in north-eastern Sudan (the Block 12 concessions), covering an area of almost 1,100km^2 and located approximately 70km north-west of Port Sudan. The concessions are located within the Arabian-Nubian Shield in the highly prospective Nakasib Suture Zone, where gold has been mined for more than 5,000 years. Pan African was awarded the licences in March 2022 by Sudan's Ministry of Minerals for a period of three years, with the option to extend for a further two years.

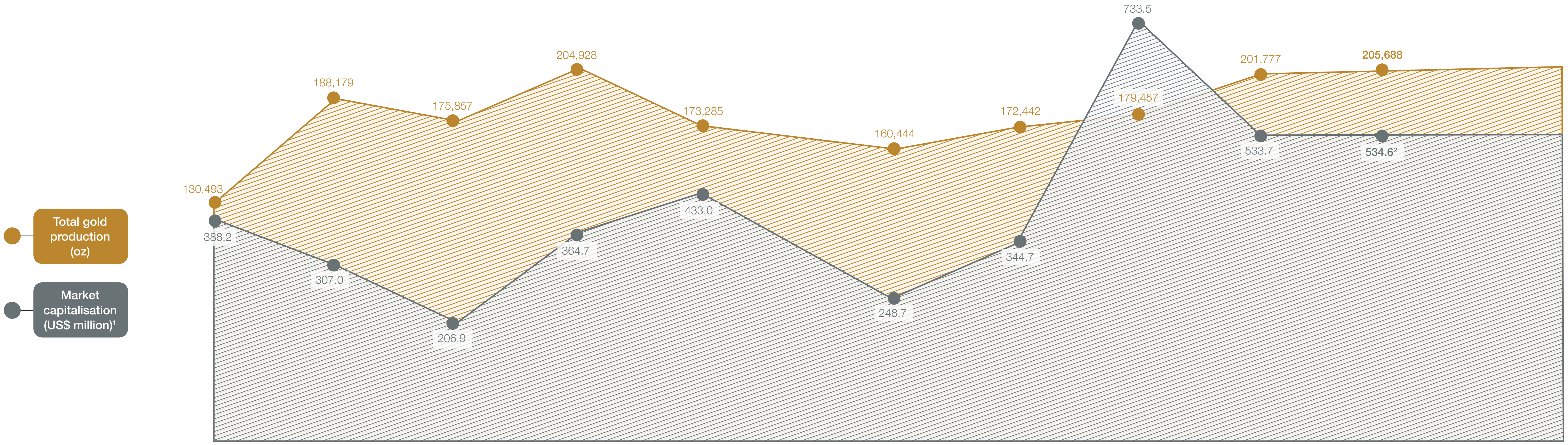
Exploration activities in Sudan have commenced with work programmes to verify the results of the initially identified targets and the Group will endeavour to delineate additional targets. Pan African has embarked on a phased approach for the exploration work programmes, with budgeted expenditure for the first financial year estimated at US$2.5 million. Pan African also commissioned a containerised assay laboratory, one of the latest of its kind in Africa, with full crushing, analytical and X-ray fusion capabilities, which can analyse more than 8,000 samples a month. Our activities in Sudan were not impacted by political instability in the region.

[1] https://thevault.exchange/?get_group_doc=293/1662015691-SENSPARMintailsSAtransactionupdate01September2022.pdf

[2] https://thevault.exchange/?get_group_doc=293/1656570824-SENSPanAfricansuccessfullyconcludesMintailsMogaleGoldDFS30June2022.pdf

[3] https://thevault.exchange/?get_group_doc=293/1639553273-PARSENSAgreementtoacquireBlyvoorGoldsurfacetailingsresources-UpdateonMintailsandGroupProduction15Dec2021.pdf

VALUE-CREATION **TIMELINE**



2000

- Incorporated

2001 to 2006

- Exploration phase

2007 to 2009

- Acquired 74% of Barberton Mines
- Admission to AIM
- Admission to the JSE
- Acquired remaining 26% of Barberton Mines
- Exercised the option to acquire 100% of Phoenix Platinum Mining Proprietary Limited (Phoenix Platinum)

2013 to 2015

- Acquired 100% of Evander Mines from Harmony
- Commissioned the BTRP
- Commissioned Evander Tailings Retreatment Plant

2016

- Acquired Uitkomst Colliery
- Share buy-back of interests held by two strategic shareholders

2017

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

2018

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

2019

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

2020

- Commenced production at 8 Shaft pillar
- Established an ADR programme
- Operations impacted by the COVID-19 pandemic
- Completed feasibility study on the Egoli project
- Approved 9.9MW solar PV renewable energy plant at Evander Mines
- Approved funding for first phase of 15ha Barberton Blueberries project

2021

- Entered into conditional sale of shares agreements to acquire Mogale Gold and MSC
- Commenced construction of Evander Mines' 9.9MW solar PV renewable energy plant
- Completed feasibility study of a water retreatment plant at Evander Mines
- Constructed the 15ha Barberton Blueberries project

2022

- Entered into a conditional agreement to acquire Blyvoor tailings facilities
- Listed on A2X Market in South Africa
- Initiation of the gold exploration programme in Sudan
- Record annual gold production and profits since incorporation
- Completed a share buy-back programme
- Successfully completed a definitive feasibility study on Mogale Gold and MSC TSFs that form part of the Mintails SA Group
- Completed a feasibility study on an 8MW solar PV renewable energy plant at Barberton Mines and commenced site establishment
- Completed a feasibility study to expand Evander Mines' solar PV renewable energy plant by 12MW
- Commissioned Evander Mines' 9.9MW solar PV renewable energy plant
- Commenced with the construction of Evander Mines' water retreatment plant
- Commissioned the Barberton Blueberries project in October 2021. The first commercial harvest was produced in June 2022

[1] *Source: JSE's Trading and Market Services. Calculated at the end of each calendar year at quoted prices and the closing US$/ZAR exchange rate.*
[2] *Source: JSE's Trading and Market Services. Calculated at 30 June 2022 using the quoted price and the closing US$/ZAR exchange rate at that date.*

OUR LONG-TERM **SUSTAINABILITY**

We strive to make a significant and continuing contribution towards the UN SDGs. We identified 11 goals where we believe we can have a meaningful impact.

3 GOOD HEALTH AND WELL-BEING · 6 CLEAN WATER AND SANITATION · 7 AFFORDABLE AND CLEAN ENERGY · 8 DECENT WORK AND ECONOMIC GROWTH · 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE · 10 REDUCED INEQUALITIES · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 13 CLIMATE ACTION · 15 LIFE ON LAND · 16 PEACE, JUSTICE AND STRONG INSTITUTIONS · 17 PARTNERSHIPS FOR THE GOALS

FINANCIAL CAPITAL

Paid dividend of US$25.0 million (2021: US$20.6 million) to shareholders

Tax contribution (including employee taxes but excluding value-added tax (VAT)) of **US$24.2 million** (2021: US$33.1 million) made to stimulate economic growth in South Africa

Attendance at local and international events and **conferences**

Engagement with shareholders, analysts and the media through **presentations and roadshows**

Membership of the **Minerals Council South Africa** (MCSA)

Refer to pages 82 to 85

MANUFACTURED CAPITAL

Construction of the **9.9MW solar PV renewable energy plant** at Evander Mines and completed a feasibility study to extend the plant to 22MW

Completed a **feasibility study** for an 8MW solar PV renewable energy plant at Barberton Mines and commenced site establishment

The board approved the **construction of a 3ML water retreatment plant** at Evander Mines

Efficiencies in **water consumption** through **reuse and recycling**

Refer to pages 86 to 89

INTELLECTUAL CAPITAL

The Group operates **the only large-scale mines** in the Barberton Greenstone Belt and the Evander goldfields

Barberton Mines' operations host the proprietary **BIOX® technology**

Integrated security plan and modernisation of security technology

Collaboration with government and peer companies to combat illegal mining and criminality

Increased social media presence to communicate the Company's activities

Learning Management System smartphone application developed and rolled out to improve employee awareness and communication

Refer to pages 102 to 104

HUMAN CAPITAL

We employ **2,198 permanent employees** (2021: 2,104) and **2,920 contractors** (2021: 2,685) and are committed to their ongoing development

Substantial **preferential procurement** spend of **US$102.6 million** (2021: US$104.6 million)

Consistently **high health and safety standards** with industry-leading safety statistics in the mining industry of South Africa

Effective management of COVID-19 through the implementation of strict operating protocols

Refer to pages 105 to 107

SOCIAL AND RELATIONSHIP CAPITAL

Ongoing and effective career and **talent development** through learnerships, bursaries, artisan training, adult education and training and other skills transfer initiatives

Expenditure of **US$0.8 million** (2021: US$1.1 million) on human resources and development during the year

We contributed towards **23** (2021: 21) **student bursaries**

Sponsorship of a pre-tertiary school **development** programme

Construction of **Kaapvallei and Ngwane Primary Schools** in Barberton

Financial contributions to **programmes** such as the Adopt-a-School Foundation

Working with **local government authorities and non-governmental organisations** in the areas where we operate

Refer to pages 108 to 110

NATURAL CAPITAL

Total **water** consumption for the Group increased by 2.2% to **14,712,290m³** (2021: 14,397,776m³)

Electricity consumption for the Group decreased by 1.9% to **1,377,068GJ** (2021: 1,404,383GJ)

Direct greenhouse gas (GHG) emissions increased to **5,117tCO_2e** (2021: 4,709tCO_2e)

Nature conservation partnerships with Mpumalanga Tourism and Parks Agency and Barberton Nature Reserve to actively protect and preserve fauna and flora of the region and improve biodiversity

Funding for the **care of three orphaned rhinos**

Refer to pages 111 to 113

A detailed review of our performance in contributing to the UN SDGs is provided in our separate ESG report.

OUR STRATEGY AND **VALUE-CREATION PROCESS**

We aim to safely optimise the value of our mineral deposits, utilising our combined knowledge base and Mineral Resources in an entrepreneurial manner to generate compelling returns and to ensure the long-term sustainability of our business.

Refer to **page 5** for information on where we operate.

We are committed to the highest standards of governance, ethics and integrity.

We utilise these six capitals in the execution of our strategy and business activities. The trade-offs between these capitals are carefully considered to create and preserve sustainable stakeholder value. We define our capitals in our investment case on **pages 6** and **7**.

Through our **strategic pillars**, we manage and assess **risks and opportunities**; identify **material matters** that influence our ability to create value in the short, medium and long term; understand and address key **stakeholder** concerns and execute value-creating growth projects.

RISKS

- Heightened social instability and political tension
- Increasing mining costs and capital expenditure due to inflationary pressures (including increased cost related to ESG initiatives)
- Constrained electricity supply, with increased costs and power disruptions
- Safety incidents and accidents
- Macroeconomic volatility – specifically the gold price and currency fluctuations
- Infrastructure dependency and constraints due to the aged nature of the infrastructure in our underground mines
- Inherent geological variability in the Mineral Resources and Mineral Reserves, especially at the greenstone belt mines
- Strategic capital allocation
- Shortage of adequate and appropriate skills
- Climate change
- Environmental impact of mining activities
- Regulatory changes and complexity
- Cybersecurity and information technology (IT) risks

Our risks are described on **pages 28** to **38**.

MATERIAL MATTERS

- Execution
- Value-accretive growth
- Production cost
- Geological sustainability
- Availability of reliable infrastructure
- Culture
- Health, safety and security
- Skills
- Regulatory compliance
- Societal/community cohesion
- Climate change
- Environmental impact

Our material matters are defined on **pages 26** and **27**.

OUR STRATEGY

To safely optimise the value of our mineral deposits, utilising our combined knowledge and skills base and Mineral Resources in an entrepreneurial manner to generate compelling returns and to ensure the long-term sustainability of our business.

OUR STRATEGIC PILLARS

Profitability | Sustainability | Stakeholders | Growth

We define our strategic pillars on **page 4**.

OUR STRATEGIC INITIATIVES AND OBJECTIVES

We define our strategic initiatives and objectives on **pages 20** and **21**.

OUTCOME

Sustainable stakeholder value creation

OUR OPERATING ENVIRONMENT

Our operating environment has a material impact on our business activities and strategy. We expand on the following aspects on **pages 45** to **48**.

Geopolitical tension | COVID-19 pandemic | Gold price | US$/ZAR exchange rate | South African economic recovery | Crime and corruption | Activism, special interest groups and regulatory uncertainty

OUR STRATEGIC INITIATIVES **AND OBJECTIVES**

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

Integrated thinking is essential to the Group's strategy and to managing its risks and identifying opportunities. It informs the strategic objectives set by the Group, which are approved annually by the board.

	FINANCIAL CAPITAL	MANUFACTURED CAPITAL	INTELLECTUAL CAPITAL	HUMAN CAPITAL	SOCIAL AND RELATIONSHIP CAPITAL	NATURAL CAPITAL
STRATEGIC INITIATIVE	Ensure adequate, competitively priced and well-structured financial resources for the funding of our operations and growth projects, and disciplined capital allocation for sustainable long-term value creation	Optimally extract and process latent value intrinsic in our Mineral Resources and Mineral Reserves for a sustainable future	Use technology in a meaningful and relevant way to improve our operational efficiency and sustainability	Employ, retain and develop our people while creating and enabling a safe and secure working environment	Be a responsible corporate citizen and manage our business in a manner which creates sustainable value for our stakeholders	Conduct our business operations in a climate-conscious way that results in minimal harm to the environment
STRATEGIC OBJECTIVES	Further strengthen the Group's **capital structure** and funding flexibility	Successfully execute **capital projects** to sustain and increase gold production into the future	**Optimise the Group's existing operations** to achieve its targeted operational objectives	Unrelenting pursuit of a **zero-harm working environment**	**Commission the Barberton Blueberries project** within its allocated budget and timeline	**Commission Evander Mines' solar PV renewable energy plant** and complete the 12MW expansion feasibility study for the plant
	Ensure adequate **liquidity** for operational and debt redemption requirements	Develop **Egoli** in a phased approach	**Use of technology to improve mine production, safety and efficiency**	Maintaining an **entrepreneurial and performance-driven culture**	**Curtail illegal mining** and theft of property	Commence with the construction of the **8MW solar PV renewable energy plant at Barberton Mines**
	Increase the **USA shareholder base** of the Company	Achieve **production guidance of 200,000oz**				
	Ensure appropriate **funding** for organic growth, exploration and acquisitive opportunities	Progress the following **organic growth** projects: • 24, 25 and 26 Level project at Evander Mines • Royal Sheba at Barberton Mines	**Evaluate organic and acquisitive growth opportunities** and exploration projects		Continue with our strategy of a **'beyond compliance'** approach in developing sustainable communities beyond mining and maintain our social licence to operate	Construct the **water retreatment plant at Evander Mines**
	Increase **returns** to shareholders through cash dividends and share buy-backs	**Reduce AISC**® at all operations in real terms, through optimisation and cost-reduction initiatives as well as increased ounce production	Investigate **potential exploration and mining opportunities outside South Africa** that meet the Group's stringent investment criteria			Progress the **implementation of TSF audit recommendations** and compliance with global standards

OUR PERFORMANCE AGAINST **OUR STRATEGIC OBJECTIVES**

Substantially achieved

Moderate progress

Not achieved

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

FINANCIAL CAPITAL

STRATEGIC INITIATIVE: Ensure adequate, competitively priced and well-controlled financial resources for the funding of our mines and disciplined capital allocation for sustainable long-term value creation

STRATEGIC OBJECTIVES – OUR PERFORMANCE:

- Net senior debt® decreased to **US$9.3 million** (2021: US$33.7 million)
- Net cash from operating activities increased to **US$110.0 million** (2021: US$75.8 million)
- Negotiated a new **ZAR1 billion** revolving credit facility (RCF), which became effective in November 2021
- The Group's USA shareholder base has increased to **5.5%** (2021: 1.7%)
- Finalised a **US$3.2 million** share buy-back in May 2022
- Final dividend of **ZAR402.2 million (US$25.0 million)** paid for the 2021 financial year in December 2021, and a final dividend of **ZAR400.1 million** (approximately **US$23.1 million)** is proposed for the 2022 financial year

MANUFACTURED CAPITAL

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

STRATEGIC OBJECTIVES – OUR PERFORMANCE:

- Capital spending increased to **US$82.8 million** (2021: US$49.1 million)

  Gold production increased to **205,688oz** (2021: 201,777oz)
- Commissioned the dewatering phase of the Egoli project

  Refer to **pages 12** and **13** for progress made on the Egoli project
- Produced **205,688oz** (production guidance 200,000oz)
- Refer to **pages 12** and **13** for the progress made on:
  - 24, 25 and 26 Level project at Evander Mines
  - Royal Sheba at Barberton Mines
- Group AISC® increased to **US$1,284/oz** from US$1,261/oz

INTELLECTUAL CAPITAL

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

STRATEGIC OBJECTIVES – OUR PERFORMANCE:

- Refer to **page 12** for optimisation initiatives undertaken at each of the operations
- **Satellite and thermal monitoring** of the active deposition TSFs is conducted to enhance early warning monitoring systems to enable timeous remedial action if and where required
- For progress on the **Mintails and Blyvoor acquisition** opportunities, refer to **page 13**
- Initiated a gold exploration programme in north-eastern **Sudan**. Refer to **page 13**

HUMAN CAPITAL

STRATEGIC INITIATIVE: Employ, retain and develop our people while creating and enabling a safe and secure working environment

STRATEGIC OBJECTIVES – OUR PERFORMANCE:

- **No fatalities** for the 2022 financial year (2021: one fatality)
- LTIFR improved to **1.04 per million man hours** (2021: 1.41 per million man hours)
- The Group has made progress in infusing an entrepreneurial and results-driven culture

SOCIAL AND RELATIONSHIP CAPITAL

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

STRATEGIC OBJECTIVES – OUR PERFORMANCE:

- The **Barberton Blueberries project** was commissioned in October 2021

  Refer to **page 50** for progress made on the Barberton Blueberries project
- **Curtailed illegal mining** through collaboration partnerships, increased surveillance and improved technology
- **Sponsorship** of a pre-tertiary school development programme by Barberton Mines

NATURAL CAPITAL

STRATEGIC INITIATIVE: Conduct our business operations in a climate-conscious way that results in minimal harm to the environment

STRATEGIC OBJECTIVES – OUR PERFORMANCE:

- Commissioned **Evander Mines' solar PV renewable energy plant** in May 2022 and subsequently completed the 12MW expansion feasibility study
- Completed a feasibility study for an 8MW **solar PV renewable energy plant at Barberton Mines** and commenced site establishment
- Construction of the **water retreatment plant at Evander Mines** commenced in June 2022
- Action plans and remedial activities are being implemented to mitigate high-risk safety and environmental issues

OUR VALUE-CREATING **BUSINESS MODEL**

Our business model utilises our inputs in a balanced manner to achieve the desired outputs and outcomes through sustainable trade-offs.

	FINANCIAL CAPITAL	MANUFACTURED CAPITAL	INTELLECTUAL CAPITAL
INPUTS Our capital resources	**Shareholders' equity** **US$294.6 million** (2021: US$283.6 million) **Available debt facilities** **US$42.4 million** (2021: US$42.0 million)	**Mineral Resources** **38.7Moz gold** (2021: 39.2Moz) **Mineral Reserves** **11.3Moz gold** (2021: 10.8Moz) **Investment in infrastructure** **US$82.7 million** (2021: US$44.4 million) **Production costs** **US$226.4 million** (2021: US$208.8 million)	• Mining and prospecting rights • Key personnel with requisite skills • Management and board expertise • Expansion and integration of technologies at our operations • 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	• Excellent safety performance • Cost-effectiveness • Moving pipeline of exploration and mining projects up the value curve • Freeing up land for rehabilitation	• Competitive advantage • Efficient extraction of gold from mined ore • Increased production portfolio • Initiated a gold exploration programme in north-eastern Sudan • Improved valuation and widening our shareholder base
OUTPUTS Results of our business operations and the value created for our stakeholders	**Revenue** **US$376.4 million** (2021: US$368.9 million) **Profit after taxation** **US$75.0 million** (2021: US$74.7 million) **Net cash from operating activities** **US$110.0 million** (2021: US$75.8 million)	**Gold produced** **205,688oz** (2021: 201,777oz) **AISC** **US$1,284/oz** (2021: US$1,261/oz)	• Maximised resource utilisation • Increased annual production ounces to improve ratings • Effective and efficient technology application at Elikhulu • Diversify the Group's resource base outside of South Africa in a value-enhancing manner
TRADE-OFFS MADE	We have no control over the US$ 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	• Investment in our mining assets enables long-term sustainability • Increased production profile through investment in organic and growth optimisation projects as well as value-enhancing acquisitions	• Investing in technology and efficiency improving processes • Growing tailings processing expertise

	HUMAN CAPITAL	SOCIAL AND RELATIONSHIP CAPITAL	NATURAL CAPITAL
INPUTS Our capital resources	**Employees and contractors** **5,118** (2021: 4,789) **Women employed** **331** (2021: 290) **Skills development and training** **US$0.8 million** (2021: US$1.1 million)	**Corporate social investment (CSI), local economic development (LED) projects and bursaries** **US$1.9 million** (2021: US$1.8 million) **Stakeholder engagement and relationship policy statement to guide and enable constructive stakeholder engagement**	**Electricity consumption** **1,377,068GJ** (2021: 1,404,383GJ) **Water consumption** **14,712,290m^3** (2021: 14,397,776m^3) **Tonnes milled and processed** **15,352,808t** (2021: 14,761,344t)
OUTCOMES What we ultimately wish to achieve	• A safer working environment built on operational excellence and innovation • Employment opportunities created through local supplier development initiatives, geotourism, renewable energy and large-scale agriculture projects	• Building trust with local communities and other stakeholders including through social media • Securing our social licence to operate through our Social and Labour Plan (SLP) and 'beyond compliance' initiatives	• Reducing our environmental footprint • Responsible extraction of ore and rehabilitation • Land being made available for housing and agriculture to sustain communities around our operations once surface remining is completed
OUTPUTS Results of our business operations and the value created for our stakeholders	**Fatalities** **None** (2021: one) **Total recordable injury frequency rate (TRIFR)** **8.95 per million man hours** (2021: 7.36 per million man hours) **Employee remuneration** **US$65.1 million** (2021: US$62.1 million)	**South African government taxes paid excluding VAT, but including employee taxes** **US$24.2 million** (2021: US$33.1 million) **Preferential procurement** **US$102.6 million** (2021: US$104.6 million) **Socio-economic development of host communities**	**Carbon emissions** **2.56CO_2e/t Au sold** (2021: 2.64CO_2e/t Au sold) **Independent rehabilitation closure cost assessments conducted at all operations** **Reduced TSF footprint through the combined Elikhulu and Kinross TSFs and the rehabilitation of the Leslie/Bracken and Winkelhaak TSFs**
TRADE-OFFS MADE	• Tailings retreatment lends itself to automation, is less labour-intensive and safer • Employee earnings stimulate the local community's income • Multi-year wage agreements concluded at Barberton Mines allow for human capital stability and containment of production costs	• Investing in socio-economic development secures our social licence to operate and contributes to stable long-term operations • Investment in LED projects establishes a local economy that does not rely on mining operations and contributes to sustainable communities beyond mining	• Our environmental footprint reduces as surface tailings remining operations are expanded • Rehabilitation programmes expand local supplier development and create job opportunities

OUR MATERIAL **MATTERS**

Our material matters are factors that have the potential to substantially impact our performance and ability to create, preserve or erode value in the short, medium and long term. Identifying these material matters constitutes a vital part of our strategic planning and integrated reporting activities.

HOW WE DEFINE OUR MATERIAL MATTERS

Review and analyse our business model, operating environment as well as risks and opportunities	**Engage with our key stakeholders** through various communication platforms	**Collate, analyse and categorise information** to identify and prioritise those matters that have the potential to most materially impact our business	The identified material matters are **presented annually to the board for review**	The identified material matters are addressed, to the extent possible, and **reported on** with the aim of providing all our stakeholders with a balanced view of our business

Our material matters are integrated into the Group's strategy and inform its strategic objectives

The Group's performance against its set strategic objectives is tracked through clearly identified key performance indicators (KPIs) as set by the remuneration committee (Remco) and monitored by the board

We classify our material matters according to our spheres of influence, which enable prioritisation and focus and, in so doing, enhance our ability to drive value creation.

OUR OPERATING ENVIRONMENT

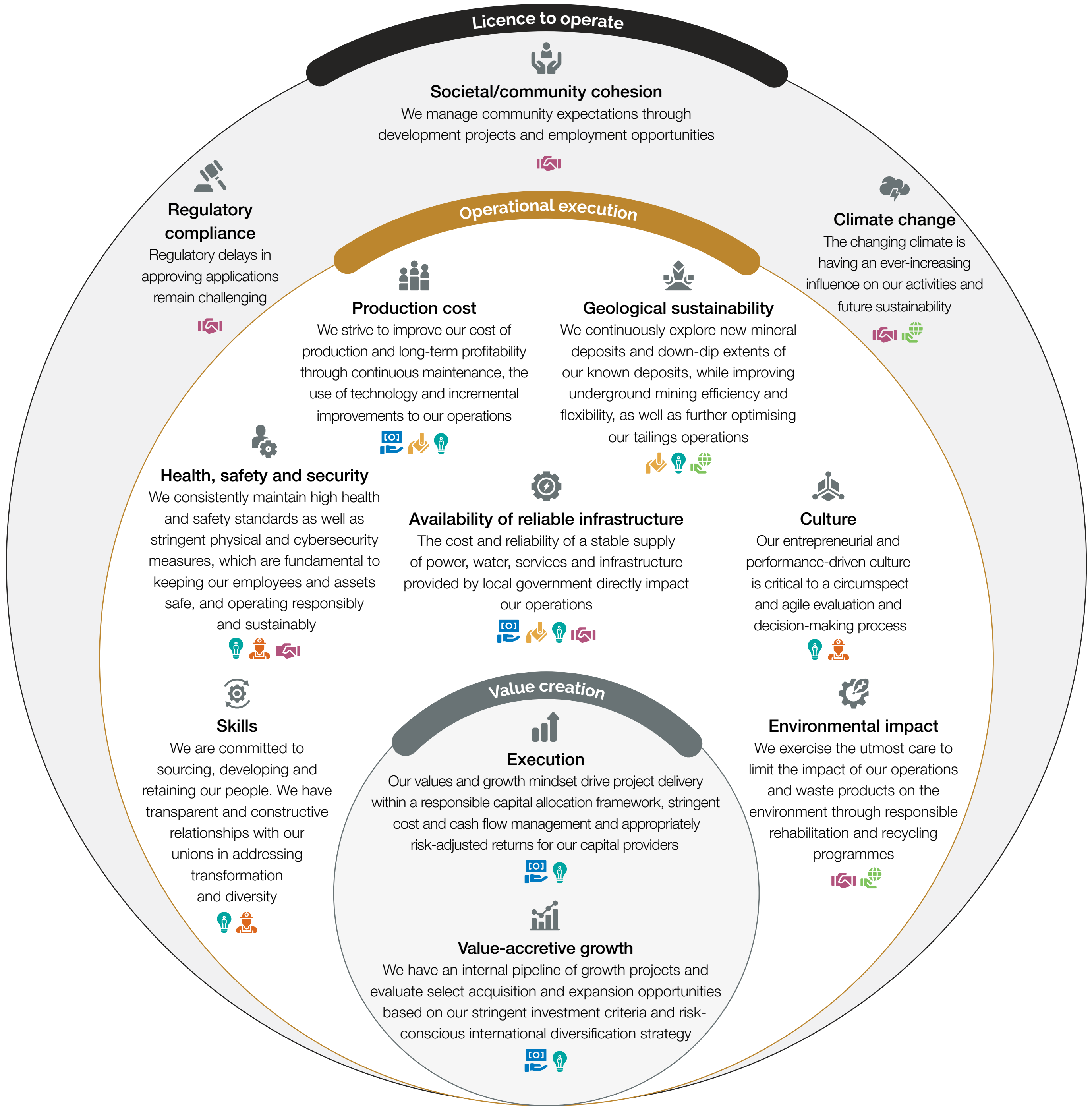
The operating environment presents factors which have the potential to materially impact our performance or future value. These items are almost entirely of an external nature outside of our control and are therefore not included in our list of material matters.

Geopolitical tension	The Russian invasion of Ukraine has sparked worldwide volatility in commodity prices, supply chain management and other macroeconomic variables
COVID-19 pandemic	The post-pandemic recovery is still showing the detrimental effect COVID-19 had on supply chains and business in general
Gold price	The US$ gold price directly impacts our profitability and guides the Group's 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
South African economic recovery	The South African economy's post-pandemic recovery is proving to be fragile in the face of ageing infrastructure, poor service delivery, civil disobedience, unemployment and inequality
Crime and corruption	The increased cost of security is reflective of the need to protect the Group's assets against illegal mining and theft
Activism, special interest groups and regulatory uncertainty	Given the unprecedented social pressures and expectations, we go beyond compliance while focusing on our core business and the matters within our control

For an in-depth discussion on our operating environment, refer to **pages 45** to **48**.

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 82** to **113**, where additional information is provided on our:

- 2022 achievements
- importance of the selected objectives in support of our strategy and value-creation process
- strategic objectives
- related risks
- long-term objectives.

OUR PRIMARY RISKS **AND OPPORTUNITIES**

Risk management is integrated into the business activities and culture of Pan African. The board assumes responsibility for the governance of risks and opportunities. The audit and risk committee is responsible for overseeing the Group's risk management process.

RISK MANAGEMENT PROCESS

Pan African's risk management process is fundamental to managing the uncertainties facing the Group. Effective risk management enables the Group to deliver on its strategic objectives while protecting stakeholder value and promoting the long-term sustainability of the Group. Our risk management is based on a structured and systematic process that takes into account risks that arise from strategic and operational matters or external 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 and knowledge of the business, 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

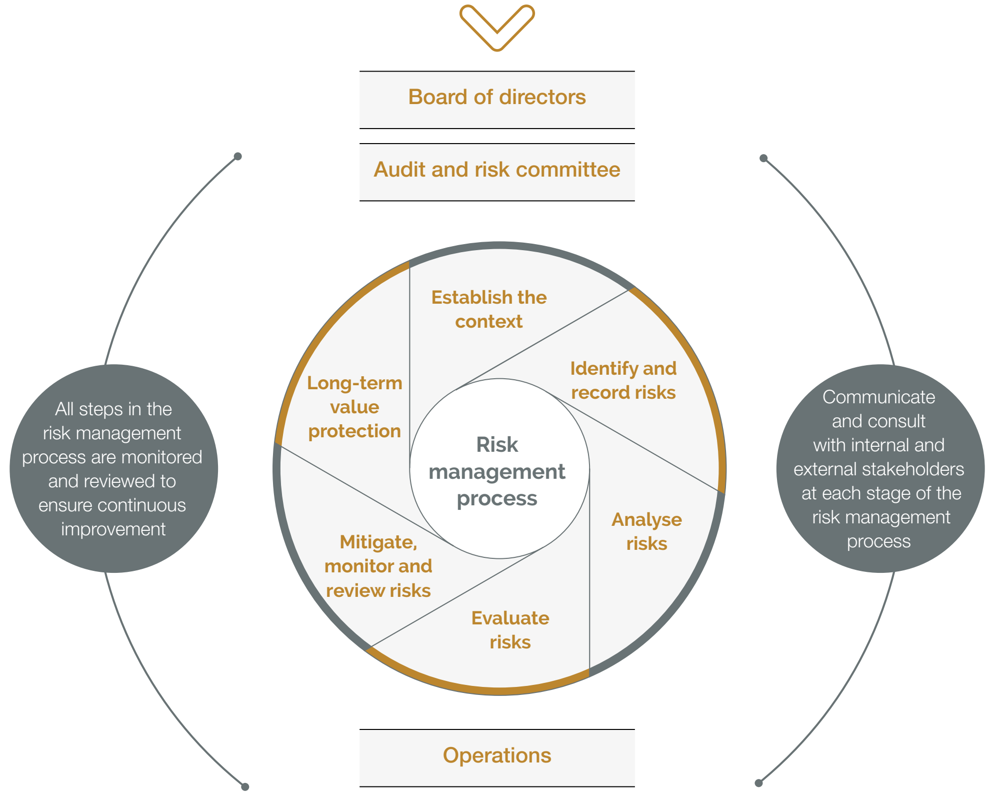
The audit and risk committee supports the board and is complemented by the safety, health, environment, quality and community (SHEQC) committee, the social and ethics committee and Remco which oversee activities and provide feedback to the board

Executive management

Management at operational levels implements and monitors 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



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

OUR TOP RISKS

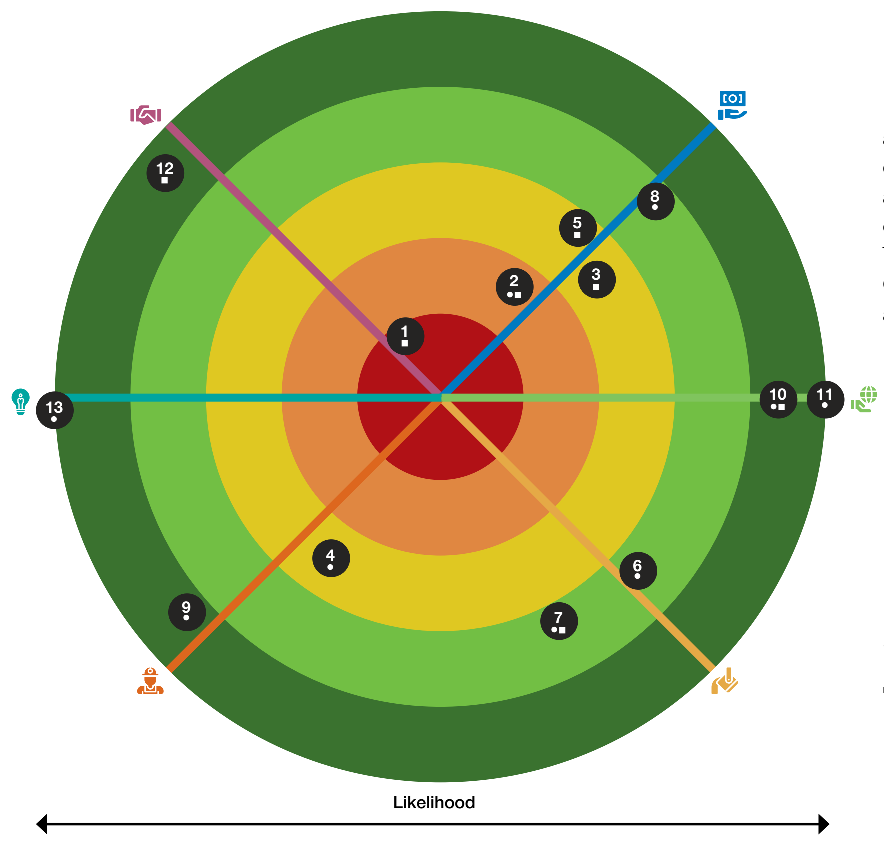
We identified the top risks that pose a potential threat to the execution of our business strategy and assessed these risks based on the likelihood of their occurrence, velocity and potential impact. We determined the residual risk after taking our mitigating actions into account.

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

RESIDUAL RISK RANKING

2022	2021	Key risks
1	1	Heightened social instability and political tension
2	New	Increasing mining costs and capital expenditure due to inflationary pressures (including increased cost related to ESG initiatives)
3	4	Constrained electricity supply, with increased costs and power disruptions
4	3	Safety incidents and accidents
5	7	Macroeconomic volatility – specifically the gold price and currency fluctuations
6	5	Infrastructure dependency and constraints due to the aged nature of the infrastructure in our underground mines
7	6	Inherent geological variability in the Mineral Resources and Mineral Reserves, especially at the greenstone belt mines
8	8	Strategic capital allocation
9	9	Shortage of adequate and appropriate skills
10	New	Climate change
11	11	Environmental impact of mining activities
12	10	Regulatory changes and complexity
13	New	Cybersecurity and IT risks

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



Pan African's management follows a risk assessment approach which 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.

• Internal

▪ External

OUR PRIMARY RISKS AND OPPORTUNITIES continued

THE IMPACT OF RISK ON OUR STRATEGY

Each of the risks described in the following pages may have an impact on the Group's material matters which form an integral part of the Group's strategic planning and objectives. Refer to **pages 18** to **21** for more on the Group's strategy.

For each of the top residual risks on **page 29**, we list below the mitigating and management actions we take and link them to the affected stakeholders (refer to **page 39**), the material matters (refer to **page 26**) and the capitals these risks may potentially impact.

1 (2021: 1) HEIGHTENED SOCIAL INSTABILITY AND POLITICAL TENSION

Strategic objectives
- Continue with our strategy of a 'beyond compliance' approach in developing sustainable communities beyond mining and maintain our social licence to operate
- Curtail illegal mining and theft of property

Stakeholders affected
- Providers of capital
- Customers
- Suppliers
- Employees and unions
- Communities
- Government and regulatory bodies

Material matters linked
- Execution
- Health, safety and security
- Societal/community cohesion

Capitals impacted

Financial capital, Human capital, Social and relationship capital

Governance responsibility
- Board
- SHEQC committee
- Social and ethics committee
- Executive committee (Exco)

Root causes and potential impact
- Low levels of economic growth in South Africa and poor socio-economic conditions have worsened the existing challenges of poverty, inequality and unemployment prevalent in host communities, culminating in increased:
  - social discord and unrest
  - criminal mining activities (which threaten the safety of employees and contractors and increase the risk of damage to assets)
  - expectations of employment and other socio-economic benefits from our operations
  - security-related costs
- Criminality and social instability have the potential to:
  - impact our social licence to operate
  - damage our reputation and stakeholder relationships
  - cause business disruptions and production losses and may result in the Group not achieving its strategic objectives

Mitigating actions taken
- Working to continually enhance our relationships with host communities through regular stakeholder engagement. Community liaison managers address community concerns, manage expectations and deal decisively with material issues where possible. SLP, CSI and 'beyond compliance' ESG initiatives contribute to local economic development with a focus on job creation, health, education, poverty alleviation, food security and women and youth development
- Improving the Company's ability to prevent and combat crime and other security-related incidents through the implementation of technology-driven prevention measures
- Increased cooperation and coordination with relevant government departments on criminal and other security-related matters. This includes the South African Police Service (SAPS) and the National Prosecuting Authority

Outlook

Geopolitical risk, particularly the conflict in Ukraine, is expected to adversely impact the South African economy through increased interest rates, inflation, commodity price volatility and unemployment, further compounding the poor socio-economic conditions prevailing in the country and escalating the economic challenges being experienced by our host communities. The weak economic climate compounded by the slow post-COVID-19 pandemic economic recovery in South Africa is expected to continue in the short to medium term, adversely impacting business and investor confidence

Opportunity
- Enhance our relationships with host communities and related stakeholders by managing expectations through communication, job creation and creating economic opportunities
- Actively protect and secure our business, employees and assets through focused security operations and initiatives

Evander Mines' 7 Shaft complex | Circle: Learners at one of the new classrooms constructed by Barberton Mines at the Ngwane Primary School

Residual risk

High | Medium to high | Medium | Low to medium | Low | • Internal | ▪ External

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

2 (2021: New) INCREASING MINING COSTS AND CAPITAL EXPENDITURE DUE TO INFLATIONARY PRESSURES (INCLUDING INCREASED COST RELATED TO ESG INITIATIVES)

Strategic objective
- Reduce AISC® at all operations in real terms, through optimisation and cost-reduction initiatives as well as increased ounce production

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

Material matters linked
- Execution
- Value-accretive growth
- Production cost
- Availability of reliable infrastructure

Capitals impacted

Financial capital, Manufactured capital

Governance responsibility
- Board
- Audit and risk committee
- Exco

Root causes and potential impact
- High fixed costs, above-inflationary price increases and commodity price volatility adversely impact the Group's profitability and cash flows as well as investor confidence and the long-term sustainability of our business

Mitigating actions taken
- Monthly operational and cost reviews ensure that actual production is aligned to planned production and that operational and capital costs remain within budget
- Identify and implement optimisation improvement and cost-reducing initiatives (refer to **page 12**) to increase production and reduce costs
- Cost and production guidance is provided to the market at the inception of each financial year
- Through investment in solar PV renewable energy plants at our operations, the Group is proactively managing its migration to renewable energy and contributing to the curtailment of its electricity costs and reduction of GHG emissions

Outlook

Work at increasing gold production and reducing the unit cost by pursuing optimisation, improvement and cost-reducing initiatives and maintaining strict operating and capital cost controls to reduce AISC® to approximately US$1,250/oz for the next financial year (assuming an exchange rate of US$/ZAR:16.50)

Opportunity

Reduce the Group's AISC® to achieve the Group's strategic objectives and meet investor expectations

3 (2021: 4) CONSTRAINED ELECTRICITY SUPPLY, WITH INCREASED COSTS AND POWER DISRUPTIONS

Strategic objectives
- Commission Evander Mines' solar PV renewable energy plant and complete the 12MW expansion feasibility study for the plant
- Commence with the construction of the 8MW solar PV renewable energy plant at Barberton Mines

Stakeholders affected
- Providers of capital
- Government and regulatory bodies
- Customers
- Suppliers
- Employees and unions

Material matters linked
- Execution
- Value-accretive growth
- Production cost
- Availability of reliable infrastructure
- Climate change

Capitals impacted

Financial capital, Manufactured capital, Natural capital

Governance responsibility
- Board
- SHEQC committee
- Social and ethics committee
- Exco

Root causes and potential impact
- Mining operations depend on electricity, water and services provided by central and local government. Over the past years, the country has experienced constrained electricity supply and multiple power disruptions. There is concern about whether future power supply will meet the demand
- Unstable electricity supply and increasing electricity rates may threaten:
  - the health and safety of our employees and contractors
  - the sustainability of our operations

Mitigating actions taken
- Through investment in solar PV renewable energy plants at our operations, the Group is proactively managing its migration to renewable energy and contributing to the curtailment of its electricity costs
- We continue to strengthen our relationship with Eskom (South African state-owned utility) through regular engagement which enables us to proactively manage power curtailments

Outlook

Continue strengthening the relationship with Eskom and expanding the Group's renewable energy capacity

Opportunity

Invest in renewable energy infrastructure to reduce our reliance on electricity provided by Eskom, improve the Group's energy efficiency and reduce carbon emissions

OUR PRIMARY RISKS AND OPPORTUNITIES continued

4 (2021: 3) SAFETY INCIDENTS AND ACCIDENTS

Strategic objective

- Unrelenting pursuit of a zero-harm working environment

Stakeholders affected

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

Material matters linked

- Health, safety and security
- Skills

Capitals impacted

Governance responsibility

- Board
- SHEQC committee
- Exco

Root causes and potential impact

- There are inherent safety risks associated with mining activities. A continually changing operating environment and mining conditions can heighten this risk
- Safety incidents or accidents have the potential to:
  - cause pain and suffering to individuals involved
  - stop production
  - damage our reputation and stakeholder relationships
  - decrease the Group's overall value

Mitigating actions taken

- Safety remains our number-one priority, with targeted safety campaigns and incentives to encourage and reward safe practices in pursuit of our ultimate goal of achieving a zero-harm working environment. Our safety awareness campaigns focus on:
  - fatalities in the South African mining industry
  - road safety and the prevention of road accidents
  - encouraging employees to avoid taking shortcuts in the workplace
  - prevention of fall of ground incidents
  - alcohol and substance abuse
  - fatigue prevention and management
  - implementation of COVID-19 safe practices and the importance and benefits of vaccination
- Safety standards and procedures are in place and are subject to independent compliance reviews by regulators and safety experts. Compliance with these standards and procedures is monitored by operational health and safety representatives
- Technical and engineering experts ensure compliance with operational safety standards

Outlook

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

Opportunity

Provide a safe working environment for our employees and contractors

5 (2021: 7) MACROECONOMIC VOLATILITY – SPECIFICALLY THE GOLD PRICE AND CURRENCY FLUCTUATIONS

Strategic objectives

- Ensure adequate liquidity for operational and debt redemption requirements
- Ensure appropriate funding for organic growth, exploration and acquisitive opportunities

Stakeholders affected

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

Material matter linked

- Execution

Capital impacted

Governance responsibility

- Board
- Audit and risk committee
- Exco

Root causes and potential impact

- Volatility in macroeconomic variables such as commodity prices and exchange rates affect cash flow generation
- Pan African is a South African gold producer and is a price taker. The price received for gold sold is determined in US$ on global markets and converted to rand. Commodity prices and exchange rates are affected by macroeconomic factors which are almost entirely outside of our control. A decline in the US$ gold price or the strengthening of the rand against the US$ will adversely affect revenue and reduce margins
- Refer to our operating environment on **page 46** for more on how we are affected by volatility in the gold price and the US$/ZAR exchange rate

Mitigating actions taken

- The Group's financial risk policy provides for the hedging of the gold price and/or the US$/ZAR exchange rate to mitigate transactional risk, protect and limit volatility in cash flows at times of significant capital expenditure and to comply with specific debt requirements. Hedge volumes and instruments are governed by the Group's financial risk management policy and are subject to board oversight
- Gold market trends are constantly monitored to provide robust market insights and support agile financial risk management and decision-making
- Continuous focus on cost management and production efficiency improvement initiatives to:
  - protect margins
  - make appropriate capital allocation decisions
- Capital expenditure scheduling is considered, when necessary, to improve cash flow
- Ensuring that the Group has sufficient funding facilities available for its operational and capital expenditure requirements

Outlook

Although the gold price remains within a reasonable range, a shift in macroeconomic variables or supply changes 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, global geopolitics and macroeconomic challenges in South Africa

Opportunity

Protect the Group's margins and cash flows while ensuring adequate liquidity for the Group's operations

Residual risk

High | Medium to high | Medium | Low to medium | Low

- Internal
- External

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

6 (2021: 5) INFRASTRUCTURE DEPENDENCY AND CONSTRAINTS DUE TO THE AGED NATURE OF THE INFRASTRUCTURE IN OUR UNDERGROUND MINES

Strategic objectives

- Unrelenting pursuit of a zero-harm working environment
- Successfully execute capital projects to sustain and increase gold production into the future
- Optimise the Group's existing operations to achieve its targeted operational objectives
- Progress the implementation of TSF audit recommendations and compliance with global standards

Stakeholders affected

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

Material matters linked

- Execution
- Value-accretive growth
- Production cost
- Health, safety and security

Capitals impacted

Governance responsibility

- Board
- SHEQC committee
- Exco

Root causes and potential impact

- 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, fire, explosion or flooding may result in loss of life and cause damage to property and the environment, may have adverse financial and reputational consequences and may threaten the safety of employees and surrounding communities
- As a result of the nature of underground workings at Evander Mines' 8 Shaft and the ageing infrastructure, limited insurance has been secured for the underground workings of this operation

Mitigating actions taken

- The Group's engineering risk management process is actively managed at its operations, and its planned maintenance programme and ongoing capital expenditure proactively address infrastructure concerns. The prioritisation and allocation of capital expenditure are based on an assessment of risk and the Group's investment criteria
- 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 at each of the Group's TSF sites are overseen by an appointed competent person to ensure compliance with legislation and with the Group's internal code of practice. Regular inspections and meetings are held between mine management, third-party TSF operators and competent persons. The Group is in the process of implementing the requirements of the Global Industry Standard on Tailings Management (GISTM)
- Standard operating procedures are in place for the prevention of fire and explosions at our operations, and our employees undergo mandatory emergency response training. The controls associated with fires and explosions are independently audited and verified. Fire prevention and suppression systems are in place and are serviced in accordance with planned maintenance schedules. The use of a self-contained safety pack is compulsory in our underground operations
- To deal with flooding, the operations' emergency response control rooms are equipped with technology and monitoring systems and have emergency response plans in place. Our mines have sufficient pumping equipment to handle any unplanned inflow of water. Monthly emergency response drills are held to improve the reaction time of emergency response teams
- A detailed internal engineering risk assessment of Evander Mines' underground operations has been undertaken and identified risks are being actively managed together with ongoing engagement with insurers on their risk assessment

Outlook

Focused capital expenditure on the expansion and maintenance of the Group's infrastructure with enhanced technology to improve the safety of our employees and contractors and reduce operating costs

Opportunity

Improve safety performance and productivity, reduce costs and create a working environment that enables the achievement of our strategic objectives through increased flexibility and reduced unplanned stoppages

7 (2021: 6) INHERENT GEOLOGICAL VARIABILITY IN THE MINERAL RESOURCES AND MINERAL RESERVES, ESPECIALLY AT THE GREENSTONE BELT MINES

Strategic objectives
- Achieve production guidance of 200,000oz
- Progress the following organic growth projects:
  - 24, 25 and 26 Level project at Evander Mines
  - Royal Sheba at Barberton Mines
- Develop Egoli in a phased approach
- Evaluate organic and acquisitive growth opportunities and exploration projects

Stakeholders affected
Providers of capital
Customers

Material matters linked
Value-accretive growth
Production cost
Geological sustainability
Culture

Capitals impacted

Governance responsibility
- Board
- Audit and risk committee
- Exco

Root causes and potential impact
- The inherent risk in the estimation of Mineral Resources and Mineral Reserves, compounded by the geological complexity of the orebodies at the Group's greenstone belt 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 which could adversely impact our financial results and investor confidence

Mitigating actions taken
- The Group's mine planning and forecast production are supported by modifying factors, as defined in the Mineral Resources conversion, which are based on actual modifying factors achieved over the preceding three years
- The Group's mining operations have consistently exploited the same orebodies with the same infrastructure over the past years providing confidence in its predictive ability, notwithstanding the geological complexity of these orebodies
- As part of the Group's geological risk mitigation strategy, an independent exploration Mineral Resources and Mineral Reserves 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

Opportunity
Maintain a pipeline of Mineral Resources and Mineral Reserves to ensure sustainable future production

Royal Sheba adit | Circle: Underground mine layouts being planned at Evander Mines

Residual risk
High | Medium to high | Medium | Low to medium | Low
• Internal ▪ External

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

8 (2021: 8) STRATEGIC CAPITAL ALLOCATION

Strategic objectives
- Evaluate organic and acquisitive growth opportunities and exploration projects
- Successfully execute capital projects to sustain and increase gold production into the future
- Investigate potential exploration and mining opportunities outside South Africa that meet the Group's stringent investment criteria

Stakeholder affected
Providers of capital

Material matters linked
Value-accretive growth
Execution
Production cost
Availability of reliable infrastructure
Culture

Capitals impacted

Governance responsibility
- Board
- Audit and risk committee
- Exco

Root cause and potential impact
- Poor capital allocation decisions result in suboptimal returns adversely impacting stakeholder value creation and investor confidence

Mitigating actions taken
- All significant capital allocation decisions are subject to rigorous analysis and predefined risk-adjusted return parameters to ensure disciplined capital allocation
- Potential new investments that fail to generate the requisite return on capital per annum, after adjusting for project-specific and sovereign risks on capital deployed, 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 the merits of our capital expenditure programmes to ensure optimal capital allocations and to maximise the value of our assets and shareholder returns

Opportunity
Protect, create and maximise stakeholder value, ensuring the continued sustainability of the mines and meeting investor expectations

9 (2021: 9) SHORTAGE OF ADEQUATE AND APPROPRIATE SKILLS

Strategic objective
- Maintaining an entrepreneurial and performance-driven culture

Stakeholders affected
Employees and unions
Providers of capital

Material matters linked
Health, safety and security
Skills
Culture

Capitals impacted

Governance responsibility
- Board
- Remco
- Exco

Root causes and potential impact
- Loss of key employees and a shortage of employees with specialised skills may impede our ability to meet production targets and contain production costs

Mitigating actions taken
- Career progression, succession planning and talent management are prioritised to ensure a consistent flow of talent with the current focus being on critical operational roles
- Competitive and incentive-focused remuneration packages are provided 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

Opportunity
Promote, attract, retain and develop our employees

OUR PRIMARY RISKS AND OPPORTUNITIES continued

10 (2021: New) CLIMATE CHANGE

Strategic objectives
- Commission Evander Mines' solar PV renewable energy plant and complete the 12MW expansion feasibility study for the plant
- Commence with the construction of the 8MW solar PV renewable energy plant at Barberton Mines
- Construct the water retreatment plant at Evander Mines

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

Material matters linked
- Climate change
- Environmental impact
- Execution
- Production cost
- Availability of reliable infrastructure

Capitals impacted

Governance responsibility
- Board
- Social and ethics committee
- SHEQC committee
- Exco

Root causes and potential impact
- There is increasing pressure on companies by investors and climate change activists to decarbonise and transition to green energy as well as to acknowledge, disclose and reduce their carbon emissions. Non-compliance with climate change policies and legislation may lead to:
  - litigation and penalties which may have adverse financial or reputational consequences
  - the possibility of being excluded from financial markets due to blacklisting by major asset managers and other investors
  - governments imposing cost impositions such as tariffs and other punitive levies
- Changes in the climate are unpredictable and the risk of severe weather events is increasing, which may result in operational disruption due to adverse weather conditions such as flooding and storms
- We expect the climate change risks to become relevant in the medium to long term as more severe weather patterns are experienced and climate change policies by regulatory bodies evolve
- For more on climate change-related risks and our way forward, refer to our TCFD discussion on **page 114**

Mitigating actions taken
- A TCFD maturity analysis and compliance roadmap have been completed
- An environmental compliance risk assessment has been conducted to proactively mitigate and manage identified risks
- Ongoing monitoring of GHG emissions
- Commissioned the solar PV renewable energy plant at Evander Mines in May 2022 and completed the 12MW expansion feasibility study
- Completed a feasibility study for an 8MW solar PV renewable energy plant at Barberton Mines and commenced site establishment
- Evander Mines commenced the construction of a water retreatment plant in June 2022

Outlook
- We expect the emphasis on climate change to intensify over the coming years
- We will continue to monitor and implement climate change, ESG and sustainability policies and regulations to ensure compliance and reduce our environmental impact
- Our governance structures are being improved to define responsibilities for executing and reporting on sustainability aspects through the development of a sustainability and climate change strategy and policy
- Refer to our TCFD discussion on **page 114** for more on our progress to date and our way forward

Opportunity

Continue to decarbonise and transition to green energy for long-term environmental sustainability while also reducing our dependency on external suppliers for potable water

Residual risk

High | Medium to high | Medium | Low to medium | Low | • Internal | ▪ External

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

11 (2021: 11) ENVIRONMENTAL IMPACT OF MINING ACTIVITIES

Strategic initiative
- Conduct our business operations in a climate-conscious way that results in minimal harm to the environment

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

Material matters linked
- Climate change
- Environmental impact
- Availability of reliable infrastructure

Capitals impacted

Governance responsibility
- Board
- Social and ethics committee
- SHEQC committee
- Exco

Root causes and potential impact
- 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
- The environmental impact of our mining operations is closely monitored and managed by environmental management plans, with annual reports submitted to the Department of Mineral Resources and Energy (DMRE) and ongoing rehabilitation carried out where possible
- Rehabilitation closure liabilities are fully funded, which enables the Group to rehabilitate all environmental damage caused by mining. The National Environmental Management Act is complied with in determining the rehabilitation closure liabilities
- Barberton Mines' cyanide detoxification plant and water retreatment 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
- Continuous monitoring using environmental damage detection systems
- The Group works with nature conservation authorities in Barberton to minimise any adverse biodiversity impact of its mining operations
- Regular environmental campaigns are hosted to reinforce environmental awareness
- Monitoring the rate of rise of active TSFs and the structural integrity of the TSFs by independent specialists
- TSF design provides for zones of influence in the event of an integrity breach
- Residue pipelines are patrolled to mitigate the risk of damage due to theft and vandalism. The pipelines' throughput and pressure are monitored to mitigate the risk and impact of ruptures and spillages
- Specific action plans are in place to deal with flooding and spillage incidents

Outlook

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

Opportunity

Demonstrate the conduct of our operations in a climate-conscious way

Left: Extractor fans at the Evander Mines complex | Right: TSF monitoring point at Elikhulu

Evander Mines' solar PV renewable energy plant, with the 7 Shaft complex and Elikhulu operations in the background | Circle: Sample preparation at the Fairview BIOX® metallurgical plant

Residual risk

High | Medium to high | Medium | Low to medium | Low | • Internal | ▪ External

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

12 REGULATORY CHANGES AND COMPLEXITY

(2021: 10)

Strategic initiative

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

Stakeholders affected

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

Material matters linked

- Regulatory compliance
- Societal/community cohesion
- Climate change
- Environmental impact

Capitals impacted

Governance responsibility

- Board
- Audit and risk committee
- Exco

Root causes and potential impact

- 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, climate sustainability and environmental performance
- Regulatory changes, which lead to an uncertain investment environment, adversely impact the Group's ability to raise capital for the Group's funding requirements and growth aspirations

Mitigating actions taken

- Regulatory developments are monitored to ensure the Group is ready 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

Opportunity

Fully licensed and regulatory-compliant operations increase the security of tenor and operational sustainability

13 CYBERSECURITY AND IT RISKS

(2021: New)

Strategic initiative

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

Stakeholders affected

- Providers of capital
- Government and regulatory bodies

Material matters linked

- Execution
- Culture
- Health, safety and security

Capitals impacted

Governance responsibility

- Board
- Audit and risk committee
- Exco

Root causes and potential impact

- As the Group becomes more dependent on technology to improve mining efficiencies, combat illegal mining and crime and enhance performance in financial and human resource systems, there are increased risks of cyberattacks, information leaks and network and infrastructure failure
- Automated processes may reduce costs and complexity but they may also increase the Group's exposure to IT-related risks. Cyberattacks, information leaks or network and infrastructure failures may lead to:
  - increased costs including fines or legal expenses
  - loss of information adversely impacting the Group's reputation

Mitigating actions taken

- Annual system penetration tests are performed by an independent service provider to ensure that IT controls are effective in their ability to prevent a cyber breach
- The Group also has firewalls, scheduled system backups and data recovery plans and testing in place

Outlook

Continue to use technology to improve mine production, safety and efficiency and to combat illegal mining and crime

Opportunity

Through new technology, we can improve:

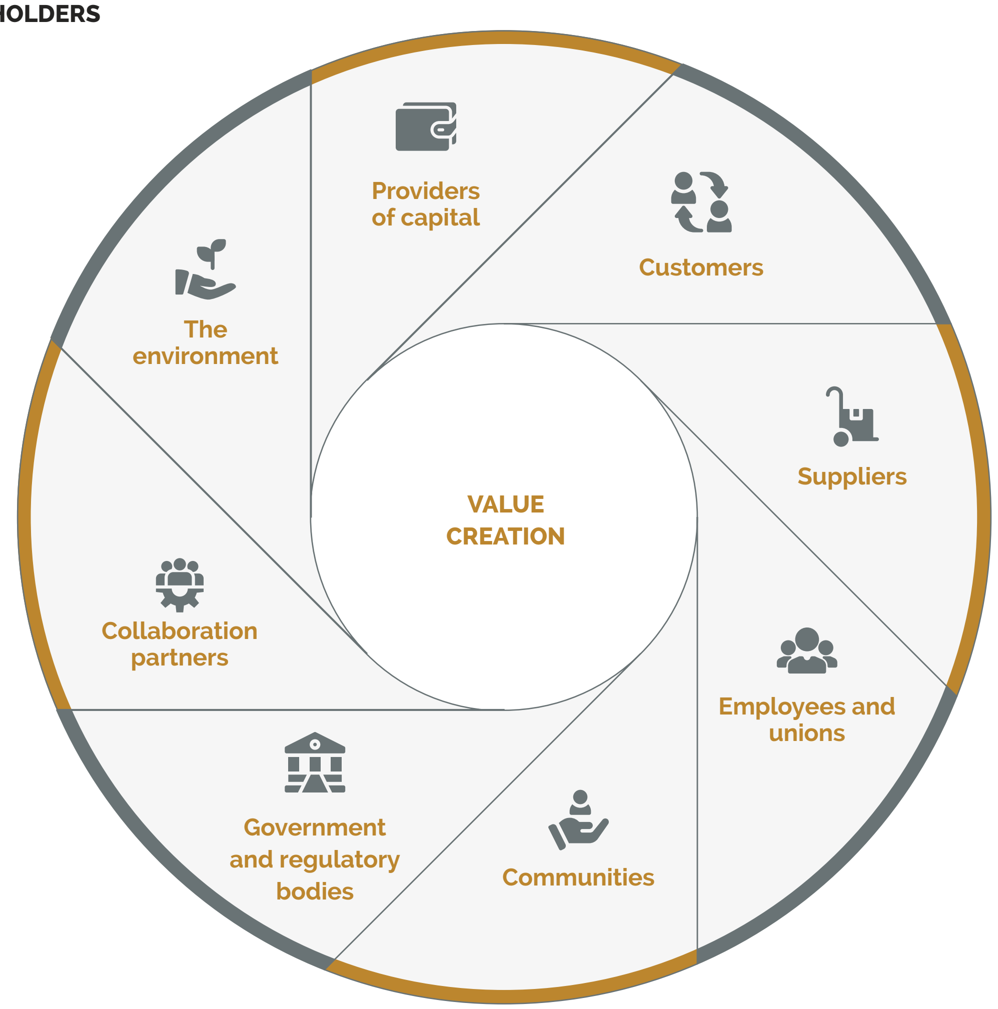
- the safety and security of our employees' and contractors' data
- productivity
- reduce the cost of our operations

OUR KEY STAKEHOLDER **RELATIONSHIPS**

Our key stakeholders are those that are impacted by or have an influence on 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, allowing for participative and informed decision-making to align the interests, needs and expectations of our stakeholders with those of the Group in the most compatible manner.

KEY STAKEHOLDERS



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 **page 4**). Authentic engagement 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

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 culture and skilled employees

Value created

Salaries, wages and benefits paid
US$65.1 million
(2021: US$62.1 million)

Skills and development training
US$0.8 million
(2021: US$1.1 million)

Number of employees (including contractors)
5,118
(2021: 4,789)

Women employees at our mines
331
(2021: 290)

98.1%
of our workforce are South African employees
(2021: 97.6%)

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 and an equal opportunity employment policy
- Potential employment of the Company's bursary students at its operations
- 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
- Maintain stringent policies and protocols to mitigate the adverse impact of COVID-19 on employees and our operations
- Continued discussions between unions and management
- Communicate across various channels including newsletters, adverts, social media and other smartphone applications
- Aim to enter into multi-year wage agreements
- Multi-year wage agreement concluded at Barberton Mines

Strategic objectives
- Unrelenting pursuit of a zero-harm working environment
- Maintaining an entrepreneurial and performance-driven culture

Related residual risks
- Heightened social instability and political tension
- Constrained electricity supply, with increased costs and power disruptions
- Infrastructure dependency and constraints due to the aged nature of the infrastructure in our underground mines
- Safety incidents and accidents
- Shortage of adequate and appropriate skills

Material matters
- Health, safety and security
- Skills
- Culture

One of Barberton Mines' female employees underground at Fairview Mine | Circle: Entrepreneurs undergoing training at Barberton Mines' small enterprise development programme

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 direction and financial information maintains trust and aligns expectations

Value created

Headline earnings
US$75.6 million
(2021: US$74.7 million)

Dividend paid
US$25.0 million
(2021: US$20.6 million)

Return on shareholders' funds
25.9%
(2021: 32.0%)

Interest paid to debt funders
US$4.0 million
(2021: US$6.1 million)

Net senior debt
US$9.3 million
(2021: US$33.7 million)

AISC
US$1,284/oz
(2021: US$1,261/oz)

Stakeholder concerns
- Disciplined capital allocation and excellence in project execution
- Cost management
- ESG strategic performance of investments
- Disruption to operations
- Punitive taxes
- Criminality
- Group's share price
- Shareholder value creation through dividend distribution
- Consistent operational performance
- Mines located in a single jurisdiction
- A single annual dividend payment

Actions to address stakeholder concerns
- Direct engagement with executive directors at the annual and interim results presentations, roadshows and via digital platforms
- Direct engagement with the board chairman at the annual general meeting (AGM)
- Debt and ESG strategies are 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, the Regulatory News Service, the OTCQX, media releases, social media platforms and on the Company's website
- Ongoing assessment of internal and external value-creating growth opportunities

Strategic objectives
- Further strengthen the Group's capital structure and funding flexibility
- Ensure adequate liquidity for operational and debt redemption requirements
- Increase the USA shareholder base of the Company
- Ensure appropriate funding for organic growth, exploration and acquisitive opportunities
- Increase returns to shareholders through cash dividends and share buy-backs
- Successfully execute capital projects to sustain and increase gold production into the future
- Reduce AISC at all operations in real terms, through optimisation and cost-reduction initiatives as well as increased ounce production
- Progress the Group's organic growth projects
- Progress the Mintails and Blyvoor acquisition opportunities to the extent viable
- Investigate potential exploration and mining opportunities outside South Africa that meet the Group's stringent investment criteria

Related residual risks
- Heightened social instability and political tension
- Increasing mining costs and capital expenditure due to inflationary pressures (including increased cost related to ESG initiatives)
- Safety incidents and accidents
- Constrained electricity supply, with increased costs and power disruptions
- Macroeconomic volatility – specifically the gold price and currency fluctuations
- Infrastructure dependency and constraints due to the aged nature of the infrastructure in our underground mines
- Inherent geological variability in Mineral Resources and Mineral Reserves, especially at the greenstone belt mines
- Shortage of adequate and appropriate skills
- Strategic capital allocation
- Environmental impact of mining activities
- Regulatory changes and complexity
- Cybersecurity and IT risk
- Climate change

Material matters
- Value-accretive growth
- Execution
- Availability of reliable infrastructure
- Production cost

OUR KEY STAKEHOLDER RELATIONSHIPS continued

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

GOVERNMENT AND REGULATORY BODIES

The South African government, the government of Sudan, the JSE, the LSE, the OTCQX, regulatory authorities

Their significance and why we engage

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

Value created

South African government taxes

US$24.2 million

(2021: US$33.1 million) paid excluding VAT, but including employee taxes

Electricity cost

US$33.8 million

(2021: US$31.2 million)

Electricity consumption

1,377,068GJ

(2021: 1,404,383GJ)

Evander Mines' five-year SLP submission for July 2018 to June 2023 was approved by the DMRE in February 2022

The Barberton Blueberries project created

26

permanent jobs and

400

seasonal jobs during the peak harvesting season

Stakeholder concerns

- Compliance with relevant legislation
- Operations which are safe and comply with the law
- Delivery of our SLP commitments
- Collaboration with local municipalities on community upliftment projects
- Energy supply and consumption

Actions to address stakeholder concerns

- Continuous monitoring of legislative changes 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
- Engagement through industry bodies such as the MCSA
- To find solutions to regulatory challenges, we work in partnership with industry bodies
- Reduce reliance on state energy supply through renewable energy initiatives
- Beyond compliance – large-scale community agriculture projects create sustainable employment opportunities outside of mining

Strategic objectives

- Unrelenting pursuit of a zero-harm working environment
- Commission the Barberton Blueberries project within its allocated budget
- Progress the implementation of TSF audit recommendations and compliance with global standards
- Curtail illegal mining and theft of property
- Commission Evander Mines' solar PV renewable energy plant and complete the 12MW expansion feasibility study
- Commence with the construction of the 8MW solar PV renewable energy plant at Barberton Mines

Related residual risks

- Heightened social instability and political tension
- Increasing mining costs and capital expenditure due to inflationary pressures (including increased cost related to ESG initiatives)
- Constrained electricity supply, with increased costs and power disruptions
- Safety incidents and accidents
- Macroeconomic volatility – specifically the gold price and currency fluctuations
- Regulatory changes and complexity
- Climate change
- Environmental impact of mining activities
- Cybersecurity and IT risk

Material matters

- Regulatory compliance
- Social/community cohesion
- Availability of reliable infrastructure
- Environmental impact
- Health, safety and security

COMMUNITIES

Their significance and why we engage

- Through investing in our host communities, we support initiatives that benefit these 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 maintaining our social licence to operate

Value created

CSI, LED programmes and bursaries

US$1.9 million

(2021: US$1.8 million)

The Group's contribution to communities through its transformation trusts

US$1.7 million

(2021: US$1.3 million)

Local procurement expenditure

US$207.2 million

(2021: US$182.5 million)

Instances of community unrest were experienced at Evander Mines although these did not adversely impact production at the operation

While a few community service delivery-related protests were experienced at Barberton Mines, we were able to transport employees via alternative access routes to reduce the impact of production loss

Stakeholder concerns

- Procurement opportunities for local communities
- CSI
- Job opportunities
- Investments by the Company which create sustainable employment in local communities
- LED projects

Actions to address stakeholder concerns

- Community development, stakeholder engagement and CSI policy in place
- Dedicated community stakeholder engagement teams at operations that engage with local government, business and community forums to discuss and resolve potential issues of concern and mitigate protest action
- 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 Barberton Blueberries project and the potential expansion of the project by an additional 30ha of land made available by Barberton Mines
- Partnerships with conservation and biodiversity specialists

Strategic objectives

- Commission the Barberton Blueberries project within its allocated budget and timeline
- Continue with our strategy of a 'beyond compliance' approach in developing sustainable communities beyond mining and maintain our social licence to operate
- Curtail illegal mining and theft of property

Related residual risks

- Heightened social instability and political tension
- Infrastructure dependency and constraints due to the aged nature of the infrastructure in our underground mines
- Environmental impact of mining activities
- Climate change

Material matters

- Societal/community cohesion
- Climate change

Organic pest control at the Barberton Blueberries project | Circle: Young patients waiting to be seen at the Cathyville Clinic, constructed by Barberton Mines

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

THE ENVIRONMENT

Its significance and why we engage

To demonstrate that the Group is proactively managing areas of environmental concern and minimising its environmental impact as far as possible

Value created

Carbon emissions decreased to

$2.56CO_2$ e/t Au sold

(2021: $2.64CO_2$ e/t Au sold)

Total water used for primary activities

14.7 million m^3

(2021: 14.4 million m^3)

Electricity consumption

1,377,068GJ

(2021: 1,404,383GJ)

Stakeholder concerns

- Compliance with relevant legislation
- Environmental conservation/ protection
- Climate change
- Water management
- ESG performance and ratings

Actions to address stakeholder concerns

- Continuous monitoring of legislative changes which directly impact the environment
- Internal and external compliance audits on carbon tax emissions, TSFs, SLP implementation and health and safety compliance
- Invest in, and fund, conservation initiatives which focus on biodiversity projects to preserve the area's fauna and flora and improve the status of the Barberton heritage site
- Entered into a collaboration agreement with the Care for Wild Rhino Sanctuary to fund the care of orphaned rhinos
- Compile a dedicated ESG annual report to demonstrate the Group's ESG initiatives and global compliance
- Conducting a feasibility study to further expand Evander Mines' 9.9MW solar PV renewable energy plant by an additional estimated 12MW

Strategic objectives

- Construct the water retreatment plant at Evander Mines
- Progress the implementation of TSF audit recommendations and compliance with global standards
- Commission Evander Mines' solar PV renewable energy plant and complete the 12MW expansion feasibility study for the plant
- Commence with the construction of the 8MW solar PV renewable energy plant at Barberton Mines

Related residual risks

- Climate change
- Environmental impact of mining activities
- Regulatory changes and complexity

Material matters

- Environmental impact
- Climate change

Care for Wild Rhino Sanctuary – care for orphaned baby rhinos | Circle: COVID-19 screening at Fairview Mine security checkpoint

OUR OPERATING ENVIRONMENT

Financial capital | Human capital | Social and relationship capital

Our operating environment and the external macroeconomic forces that influence it, despite these being almost entirely outside of our control, have the potential to materially impact our performance and ability to create or protect value.

GEOPOLITICAL TENSION

The Russian invasion of Ukraine will have a strong human, social and economic impact

The environment and how it affects us

The invasion of Ukraine in February 2022 is having a deep worldwide human, social and economic impact.

In June 2022, the World Bank cut its global gross domestic product (GDP) growth projection for 2022 from 4.1%, projected in January, to 2.9%. The decline in growth prospects is attributed to surging energy and food prices, the war's impact on supply and trade logistics and the tightening of monetary policy, resulting in increased interest rates with the intent of curtailing inflation.

Fuel and food prices have increased rapidly, with vulnerable populations – particularly in low-income countries – most affected. Consumer inflation in the USA reached an annual rate of 8.6% in May, the highest level in 40 years according to The Wall Street Journal.

The US Federal Reserve announced a policy rate hike of 0.75% in June 2022, its largest in decades. Both the Swiss National Bank and the Bank of England also announced policy rate increases.

The South African prime interest rate has increased from 7.25%, as announced by the South African Reserve Bank in November 2021, to 9% announced in July 2022.

The Ukrainian invasion has contributed to economic fragmentation as many countries sever commercial ties with Russia, which risks derailing the post-pandemic recovery and deglobalisation. The conflict also adds to the economic strain wrought by the COVID-19 pandemic and, at the G7 meeting in June 2022, leaders pledged further support for Kyiv and new economic sanctions against Russia.

Our response

We have approached the impact of the conflict proactively and responsibly.

We have ensured that our mines have adequate spare parts on hand to mitigate the risks brought on by anticipated supply chain disruptions.

To prevent delays on our upcoming capital projects, we have placed orders in advance to counter the longer lead times currently being experienced.

Our management is cost-conscious and has focused on cost-reducing initiatives wherever possible to ensure operational robustness.

COVID-19 PANDEMIC

The pandemic continues to influence economic activity

The environment and how it affects us

On 15 March 2020, President Ramaphosa declared a national state of disaster in response to the COVID-19 pandemic. This entailed measures such as a national lockdown and travel restrictions. From 1 May 2020, a gradual and phased easing of restrictions began. On 4 April 2022, the national state of disaster was terminated and on 22 June 2022, all the remaining COVID-19 health regulations were withdrawn.

On 17 February 2021, South Africa commenced with its national vaccination programme, prioritising healthcare and frontline workers followed by those over the age of 60. According to the Department of Health, South Africa had administered 36,852,929 vaccine doses as of 30 June 2022, with 46% of the adult population fully vaccinated.

Although many parts of the world appear to be moving past the acute phase of the COVID-19 crisis, fatalities continue, especially among the unvaccinated. Recent lockdowns in key manufacturing and trade hubs in China will likely compound supply disruptions to other markets.

Our response

Throughout the pandemic, we prioritised the lives and livelihoods of our employees and the communities around our mines.

We continue to assist our employees in getting vaccinated by having vaccination sites at our operations. More than 80% of our employees had been vaccinated by year-end.

We were deeply saddened by the loss of two more (2021: two) of our employees to COVID-19 during the financial year.

Financial capital | Human capital | Social and relationship capital

GOLD PRICE

The US$ gold price affects our profitability and value creation

The environment and how it affects us
Gold is considered a safe haven investment during economic or political uncertainty and has historically performed well amid high inflation.

Its flat year-to-date performance may seem dull, but it was nonetheless one of the best-performing assets during this time. Equity markets have been volatile as investors react to increasing interest rates and recession fears. Gold has actively helped investors to diversify their portfolios and mitigate risk during this volatile period.

The average gold price received by our mines during 2022 was US$1,824/oz, which is consistent with that received in 2021 (US$1,826/oz).

Global sentiment and gold supply and demand fundamentals should support a strong gold price for the foreseeable future.

Our response
Revenue from gold sales affects our profitability and value creation. We make a significant contribution to the economic activity in the regions where we operate through employment creation, local supplier development and socio-economic contributions as well as through tax paid to authorities and the return of equity to shareholders.

During the year, the Group paid US$24.2 million (2021: US$33.1 million) in taxes to the South African government excluding VAT, but including employee taxes.

We also invested US$82.7 million (2021: US$44.4 million) in infrastructure, which includes:

- US$0.9 million in the construction and development of the Barberton Blueberries project (2021: US$2.0 million)
- US$8.8 million in the construction of Evander Mines' solar PV renewable energy plant (2021: US$1.9 million).

US$/ZAR EXCHANGE RATE

The US$/ZAR exchange rate influences our revenue but also our costs

The environment and how it affects us
During the year, the rand lost 14.0% against the US$. The closing US$/ZAR exchange rate was US$/ZAR:16.28 (2021: US$/ZAR:14.28).

The US$ has strengthened substantially relative to other major global currencies in the past year, whereas the rand underperformed compared to some of its emerging market peers.

A strong US$ leads to inflationary pressures as fuel and most commodities are traded in US$.

Our response
The average rand gold price received decreased by 1.3% from ZAR903,849/kg to ZAR892,431/kg, adversely impacting our revenue.

During the 2022 financial year, the average US$/ZAR exchange rate was US$/ZAR:15.22 (2021: US$/ZAR:15.40).

Despite inflationary pressures, improved efficiencies have contributed to curtailing adverse cost increases in certain instances.

Gold bar poured at Fairview smelt house to be sent for further refining at Rand Refinery | Circle: Illegal mining on previously rehabilitated ground

SOUTH AFRICAN ECONOMIC RECOVERY

The post-pandemic recovery has experienced several setbacks

The environment and how it affects us
South African GDP expanded by 1.9% in the first quarter of 2022, representing a second consecutive quarter of increasing growth. The size of the economy is now at pre-pandemic levels, with real GDP slightly higher than what it was before the COVID-19 pandemic.

South Africa is in the throes of a dire electricity crisis, amid one of the worst periods of power curtailment by Eskom exacerbated by plant breakdowns, allegations of sabotage and striking staff. The power utility is contending with improperly maintained and ageing infrastructure that could take years to fully repair.

Eskom's inability to supply stable power is seeing companies move swiftly to self-generation. Mining companies are playing a leading role by investing approximately ZAR77 billion in 73 self-generation projects, according to the MCSA. Most of these projects involve solar power but also include hydrogen, wind, battery storage and gas. These projects are expected to generate a combined 101MW by the end of 2022, growing to 931MW by the end of 2023. By 2025, the mining sector is expected to have a self-generation capacity of 2,294MW.

The move to renewable energy is a way of meeting environmental targets and offsetting carbon emissions in line with the global ESG trend. This will go a long way to the sector achieving its net-zero carbon emissions target set for 2050. Self-generation also lowers pressure on the national grid, thereby reducing the risk of power curtailment.

In addition to power curtailment, high fuel prices and food inflation have contributed to pushing consumer confidence to its lowest level in more than three decades, signalling a notable slowdown in consumer spending going forward.

Record unemployment continues to pose serious risks to economic recovery and serves as a catalyst for social unrest such as the riots experienced in KwaZulu-Natal and Gauteng during 2021.

Our response
Pan African has created a sustainable mining business, with a solid platform for launching new projects and creating additional employment opportunities.

We continue to prioritise the development of our human capital. During the year, we invested US$0.8 million (2021: US$1.1 million) in the training and development of our employees. The Group's employees received US$65.1 million (2021: US$62.1 million) in salaries, wages and benefits.

Local procurement expenditure to suppliers increased to US$207.2 million (2021: US$182.5 million).

In May 2022, we commissioned Evander Mines' solar PV renewable energy plant and subsequently completed a 12MW expansion feasibility study.

A feasibility study for an 8MW solar PV renewable energy plant at Barberton Mines has also been completed and we have commenced with the establishment of the site. The Group plans to generate 30MW of solar PV renewable energy by 2024, with commensurate cost savings of approximately US$6.5 million per year, and a large reduction in carbon emissions. We are also investigating battery storage solutions to further enhance the operational benefits of this investment.

CRIME AND CORRUPTION

Adverse economic conditions have ignited criminal elements in the country and the mining industry

The environment and how it affects us
The 2021 Transparency International Corruption Perceptions Index assigned South Africa a score of 44 out of 100, ranking it 70 out of 180 countries. Countries with scores below 50 are believed to have serious corruption problems. South Africa has a robust anti-corruption framework, but laws are inadequately enforced and accountability in public sectors such as healthcare remains below par. In addition, internal sanctions have been instilled to discourage whistle-blowers from reporting corrupt activities. According to a 2021 Afrobarometer survey, 76.2% of South Africans believe that ordinary people risk retaliation and other negative consequences if they report incidents of corruption.

The Judicial Commission of Inquiry into Allegations of State Capture, Corruption and Fraud in the Public Sector including Organs of State, better known as the Zondo Commission or State Capture Commission, is a public inquiry established to investigate allegations of state capture, corruption and fraud in the public sector in South Africa. The commission found that multiple incidents of state capture took place within South African government departments and state-owned enterprises during the presidency of Jacob Zuma as senior officials routinely broke the law. Both the heads of the National Prosecuting Authority and the Directorate for Priority Crime Investigation (the Hawks) have vowed to work together to ensure that the architects and foot soldiers of state capture are brought to book and face the full might of the law.

Our response
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 for the well-being of our host communities. During the year, the Group invested US$1.9 million (2021: US$1.8 million) in CSI, LED projects and bursaries.

We continuously enhance our procurement processes, policies and procedures and strengthen the general control environment to reduce the risk of fraud.

Mining companies are spending in excess of ZAR2.5 billion a year on security measures to safeguard their assets and employees according to the MCSA.

The Group spent US$8.1 million (2021: US$7.8 million) during the year on security costs.

Refer to **page 106** for more detail on our security-related responses.

Financial capital | Human capital | Social and relationship capital

ACTIVISM, SPECIAL INTEREST GROUPS AND REGULATORY UNCERTAINTY

Adverse effect on investor confidence and capital allocation decisions

The environment and how it affects us

Gold plays a unique role in the global economy to protect the financial security of nations, investors, communities and families, and in enabling advances in medical, environmental and communication technologies. Public trust is fundamental to the many positive roles that gold plays in society.

We firmly believe that responsible gold mining supports sustained socio-economic development in the countries and communities where gold is mined. It creates well-paid jobs, valuable tax revenues for host governments and generates sustained benefits for local communities. In addition, there is a credible pathway for the gold mining industry to decarbonise and reach net zero by 2050, in alignment with the Paris Agreement.

Gold also plays an important role in supporting technologies that enable our daily lives, as well as supporting the transition to a low-carbon economy. There is increasing evidence that including gold can make investment portfolios more robust and resilient in light of general equity market volatility.

Our response

The mining industry has historically viewed sustainability as a tool to manage its reputation and stakeholder relationships.

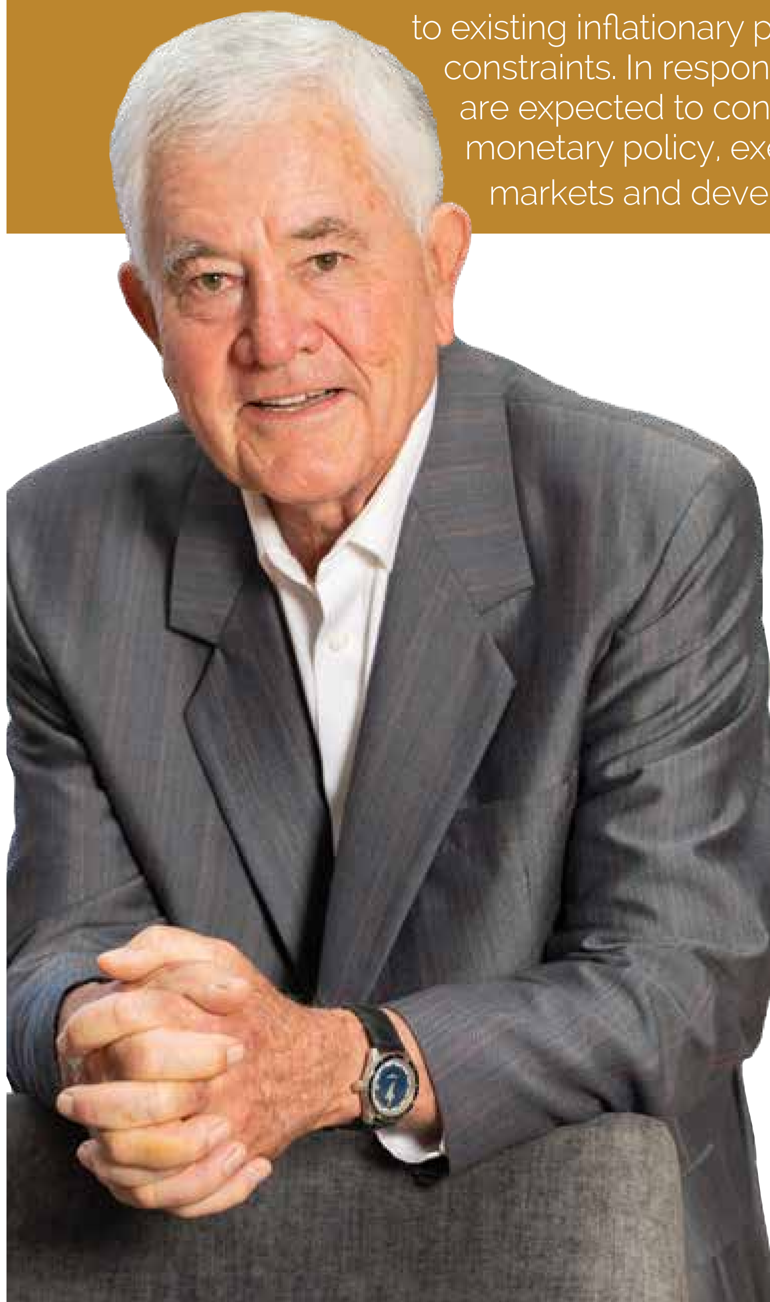
The prevailing interest in, and emphasis on, ESG has heightened the awareness that issues such as:

- climate change
- biodiversity
- community engagement and
- how companies respond to legitimate stakeholder concerns (their social licence to operate)

create enterprise-wide risks and opportunities that can significantly affect a company's performance.

CHAIRMAN'S STATEMENT

The Russian invasion of Ukraine has triggered a costly humanitarian crisis and continues to adversely impact international markets. Economic damage from the conflict is expected to contribute to a significant slowdown in global growth in 2022, with worldwide repercussions through commodity markets, trade and financial channels. As the war reduces economic growth, it also contributes to existing inflationary pressures and exacerbates supply chain constraints. In response to the inflationary fears, interest rates are expected to continue to rise as central banks tighten monetary policy, exerting pressure on both emerging markets and developing economies.



KEITH SPENCER
Chairman

OUR OPERATING ENVIRONMENT

South Africa continues to face its own challenges, including ongoing power curtailment, unemployment, lack of economic opportunities and crime. The violent riots at the start of the financial year also reminded us of the importance of a more inclusive society.

After a strong rebound in 2021, South Africa's GDP is projected to grow by 1.8% and 1.3% in 2022 and 2023, respectively, as forecast by the Organisation for Economic Co-operation and Development. Inflation approached 6% in early 2022 and is projected to increase further due to higher energy prices, before starting to decline next year.

Amid this economic turmoil, gold continues to demonstrate its value as a safe haven for investors. The yellow metal has performed better than any of the asset classes in the past year and we hope for this trend to continue.

Refer to **pages 45** to **48** for a more detailed analysis of our operating environment and how it has affected Pan African's operations.

OUR SOLID OPERATIONAL AND FINANCIAL PERFORMANCE

Pan African's excellent operational and financial performance for the year once again demonstrates the resilience and operational flexibility of our portfolio of producing assets. We achieved a 1.9% increase in gold production to 205,688oz (2021: 201,777oz), exceeding our upwardly revised production guidance of approximately 200,000oz, announced in February 2022.

Adjusted earnings before interest, income tax expense, depreciation and amortisation (EBITDA)® reduced by 4.0% to US$138.3 million (2021: US$144.1 million), generating a return on capital employed® of 32.6% (2021: 36.3%). Our operations generated cash flows of US$110.0 million (2021: US$75.8 million), enabling a further reduction in net senior debt® to US$9.3 million (2021: US$33.7 million).

Refer to the operational performance review on **page 70** for more detail.

RESULTS UNDERPINNED BY OUR SAFETY RECORD

Our full-year results are underpinned by our pursuit of zero harm – safety is our number-one priority, with targeted safety initiatives and incentives to encourage and reward safe practices by our employees.

The Group maintained its excellent, industry-leading safety record during the year, with improvements in both the Group's LTIFR and RIFR. In addition, more than 80% of our employees have been fully vaccinated against COVID-19. We continue to implement and maintain stringent policies and protocols to mitigate the adverse impact of COVID-19 on employees and our operations.

OUR ESG PERFORMANCE

Our 'beyond compliance' approach to ESG continues to evolve and is integral to Pan African's business. This is demonstrated by the Group's investments in renewable energy and water retreatment projects, land rehabilitation, biodiversity conservation, community development programmes and large-scale agriculture projects, which contribute to managing risks and impacts while exploiting opportunities that improve our ESG landscape.

Our flagship ESG initiatives are firmly on track:

- Evander Mines' 9.9MW solar PV renewable energy plant commenced the generation and supply of electricity to Elikhulu's surface remining operations in May 2022. The solar PV renewable energy plant will provide an estimated 30% of Elikhulu's total electricity requirement while materially reducing electricity costs.
- The feasibility study on the 12MW solar PV renewable energy expansion project to power Evander Mines' underground operations has been completed.
- An additional 8MW solar PV renewable energy plant will be constructed at Barberton Mines during the 2023 financial year, bringing the total solar-generating capacity in the Group to approximately 30MW by 2024. We are investigating battery storage solutions to further enhance the benefits of these investments.
- Construction of the water retreatment plant at Evander Mines commenced in June 2022; this plant will be operational and fully commissioned by the end of the 2022 calendar year. Barberton Mines will also be undertaking a feasibility study for a similar water retreatment plant.
- The partnership between Barberton Mines, the Barberton Nature Reserve and the Mpumalanga Tourism and Parks Agency is progressing well. Since May 2021, Pan African has sponsored three of the orphaned rhinos at the Care for Wild Rhino Sanctuary in Barberton to assist with their rehabilitation, which should lead to their eventual rewilding.
- The Group's environmental liabilities are fully funded at an estimated US$23.0 million with ongoing rehabilitation where possible.
- The Group is committed to being a good corporate citizen by supporting social development in our host communities as part of our social licence to operate. During the construction of Evander Mines' solar PV renewable energy plant, the services of 10 local contractor companies were used, which provided 202 temporary local job opportunities. The skills developed by this project will be retained for the expansion phase.
- The Barberton Blueberries project was commissioned in October 2021. The farm currently employs 26 permanent employees from the surrounding communities and approximately 400 seasonal jobs were created during the peak harvesting season, providing a much-needed economic boost to local small businesses in the area. The first commercial harvest was produced in June 2022.
- Construction of the Kaapvallei and Ngwane Primary Schools in Barberton is ongoing with phases 1 and 2 of these schools handed over to the Department of Education in July 2021 and April 2022, respectively.
- The construction of the Cathyville Clinic has been completed and the clinic was handed over to the Mpumalanga Department of Health in August 2021.

Read more in our online ESG report at:
https://www.panafricanresources.com/investors/gri-and-sustainability/

CORPORATE GOVERNANCE

Pan African is committed to the highest standards of corporate governance, ethics and integrity.

The board provides active oversight, thereby enabling management to effectively execute its strategy. 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. During the year, we welcomed Dawn Earp to the board as the lead independent director and the audit and risk committee chairperson. She replaced Hester Hickey who stepped down following a long tenure with the Group. Dawn has vast experience on the boards of listed companies and has already made a valuable contribution to Pan African.

We are pleased that the executive directors have agreed to extend their contracts of employment. Further detail of these arrangements can be found in the remuneration report on **page 139**.

STRATEGY AND OUTLOOK

The Group is committed to its purpose of optimally and consistently extracting gold from mineral deposits in a manner that creates sustainable value for its stakeholders. We will achieve this by positioning Pan African as a sustainable, safe, high-margin and long-life gold producer.

Refer to **pages 18** to **21** for more information about the Group's strategy.

OUTLOOK

Our key focus areas for the year include:

- the unrelenting pursuit of a zero-harm working environment
- delivering on our guided gold production of approximately 205,000oz for the 2023 financial year, a level similar to that achieved in the 2022 financial year
- managing unit production cost increases and implementing improvements where feasible
- advancing our ESG initiatives
- executing our capital and growth projects which should position the Group for increased gold production in the future
- evaluating potential acquisitions and projects against our stringent investment criteria and capital allocation priorities
- increasing returns to shareholders through dividends and other initiatives.

APPRECIATION

I appreciate the support and contributions from my fellow board members and thank the Group's executive management and employees for their commitment, dedication and a strong set of results, despite the challenging operating environment. A special word of thanks must go to Hester Hickey for her dedication to the board and audit and risk committee during her many years as a director.

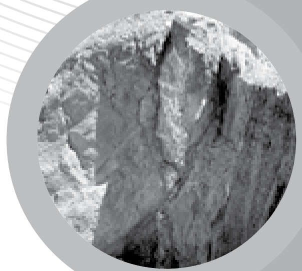
Keith Spencer
Chairman

14 September 2022

Left: Filterpress for plant slurry samples | Right: Elikhulu slurry agitator maintenance

Hydro-remining at Elikhulu | Circle: Ore tipping at Fairview Mine



02. PERFORMANCE **REVIEW**

IN THIS SECTION

The Group presented strong results for the 2022 financial year, driven by a record level of gold production.

DIVERSIFIED LOW-COST OPERATIONS

Pan African is one of the lowest-cost gold producers in South Africa.

Our operations are diversified into long-life, high-grade underground mining and low-cost surface remining.

PAN AFRICAN RESOURCES

FIVE-YEAR **OVERVIEW**

	Unit	2022	2021	2020	2019	2018
Operating performance						
Gold mining tonnes milled	t	**381,148**	376,118	285,016	311,606	509,955
Gold tailings and feedstock processed	t	**14,901,683**	14,315,881	14,339,922	13,035,165	3,041,325
Overall recovered grade	g/t	**0.4**	0.4	0.4	0.4	1.4
Gold produced	oz	**205,688**	201,777	179,457	172,442	160,444
Average gold price received	US$/oz	**1,824**	1,826	1,574	1,266	1,301
Total gold mining cash costs	US$/oz	**1,099**	1,035	911	891	1,162
Platinum group elements 6E sold	oz	**–**	–	–	–	2,541[1]

[1] *Platinum group elements sold up to the date of disposal of Phoenix Platinum (7 November 2017).*

US$ million	2022	2021	2020	2019	2018
Statement of profit or loss					
Revenue	**376.4**	368.9	274.1	217.7[2]	146.0
Cost of production	**(226.4)**	(208.8)	(158.5)	(153.0)[2]	(107.1)
Gross profit	**123.5**	128.0	94.1	48.5[2]	32.2
Adjusted EBITDA	**138.3**	144.1	86.5	56.8	32.4
Impairment (cost)/reversal	**(0.5)**	–	0.1	17.9	(140.3)
Profit/(loss) after tax	**75.0**	74.7	44.3	38.0	(122.8)
Headline earnings	**75.6**	74.7	44.2	22.9	17.8
Dividend paid	**(25.0)**	(20.6)	(3.4)	–	(13.2)
Statement of financial position					
Non-current assets	**401.1**	398.5	315.0	363.2	317.8
Current assets	**56.0**	84.6	53.6	30.0	26.5
Total equity	**294.6**	283.6	183.6	183.6	147.0
Non-current liabilities	**103.5**	93.5	106.3	145.7	152.9
Current liabilities	**59.0**	106.0	78.7	63.9	44.4
Statement of cash flows					
Net cash from operating activities	**110.0**	82.2	53.8	37.7	13.4
Capital expenditure on property, plant and equipment	**82.7**	44.4	34.6	55.1	124.7
Net (decrease)/increase in cash and cash equivalents	**(3.7)**	(6.4)	26.5	3.9	(10.7)

[2] *Represents the statement of profit or loss for continuing operations. In 2018, Evander Mines' large-scale underground operations were classified as a discontinued operation.*

	Unit	2022	2021	2020	2019	2018
Statistics						
Shares in issue	million	**2,222.9**	2,234.7	2,234.7	2,234.7	2,234.7
Weighted average number of shares in issue	million	**1,926.1**	1,928.3	1,928.3	1,928.3	1,809.7
Earnings per share	US cents	**3.90**	3.87	2.30	1.97	(6.79)
Headline earnings per share	US cents	**3.93**	3.87	2.29	1.19	0.99
Net asset value per share	US cents	**15.37**	14.71	9.52	9.52	7.62
Dividend paid per share	US cents	**1.27**	0.84	0.15	–	0.60

	2022		2021		2020		2019		2018	
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	**4,018.9**	**194.6**	5,294.3	164.5	1,742.7	50.6	680.9	19.7	1,702.8	70.6

		2022		2021		2020		2019		2018	
	Unit	JSE	AIM	JSE	AIM	JSE	AIM	JSE	AIM	JSE	AIM
Volume of shares traded	million	**1,056.3**	**1,015.7**	1,192.6	773.4	680.5	397.7	418.7	222.8	952.1	639.1
Volume traded as percentage of number in issue	%	**47.5**	**46.9**	53.4	34.6	30.5	17.8	18.7	10.0	42.6	28.6
Number of transactions	number	**99,368**	**97,950**	173,253	70,163	71,233	35,211	23,424	14,449	5,824	19,082
Price earnings	ratio	**6.6**	**7.0**	5.7	6.0	10.3	9.7	6.7	6.5	(1.6)	(1.4)
Dividend yield at the last traded share price	%	**4.6**	**4.3**	5.3	5.3	3.8	3.7	1.2	1.3	–	–

	2022		2021		2020		2019		2018	
	JSE cents	**AIM pence**	**JSE cents**	**AIM pence**	**JSE cents**	**AIM pence**	**JSE cents**	**AIM pence**	**JSE cents**	**AIM pence**
Last sale in year	**394.0**	**20.8**	341.0	17.2	370.0	17.6	186.0	10.0	135.0	7.1
High	**476.0**	**24.0**	642.0	27.1	398.0	18.0	215.0	10.8	285.0	15.8
Low	**295.0**	**15.1**	311.0	15.4	150.0	9.0	125.0	6.9	105.0	6.6
Average price per share traded	**374.6**	**19.2**	440.0	21.3	245.1	12.4	161.7	8.8	197.0	11.2

CHIEF EXECUTIVE OFFICER'S **REVIEW**

Over the past year, the Group again made meaningful progress with our operational performance and growth projects. Our teams achieved record gold production of 205,688oz from what is now a better-diversified portfolio of assets, while our organic growth projects are on schedule to start delivering within their anticipated production timelines.

COBUS LOOTS
Chief executive officer

Importantly, outstanding production performance was achieved without compromising our industry-leading safety performance. We have moved closer to our goal of a zero-harm working environment.

A key focus area in the year ahead will be the smaller underground operations at Barberton Mines, to ensure that these high-grade assets perform to their full potential.

We have further strengthened our statement of financial position relative to the previous financial year, notwithstanding the payment of a record dividend and incurring significant growth and sustaining capital expenditure.

FINANCIAL HIGHLIGHTS FOR THE YEAR

Overall

Gold produced and sold by the Group increased by
↑ 1.9% to 205,688oz
(2021: 201,777oz), a new record for the Group

Revenue increased by
↑ 2.0% to US$376.4 million
(2021: US$368.9 million)

AISC® increased by
↑ 1.8% to US$1,284/oz
(2021: US$1,261/oz)

Overall

Adjusted EBITDA® decreased by
↓ 4.0% to US$138.3 million
(2021: US$144.1 million)

Profit after tax increased by
↑ 0.4% to US$75.0 million
(2021: US$74.7 million)

Earnings per share increased by
↑ 0.8% to US 3.90 cents per share
(2021: US 3.87 cents per share)

Net debt® was reduced by
↓ 66.7% to US$13.0 million
(2021: US$39.0 million), notwithstanding payment of a record dividend and significant capital expenditure to sustain and grow operations

Net cash from operating activities increased by
↑ 45.1% to US$110.0 million
(2021: US$75.8 million)

First phase of the share buy-back programme completed for
↑ US$3.2 million
(2021: US$nil million)

A dividend of
↑ US 1.04046 cents per share
(2021: US 1.26671 cents per share) is proposed to shareholders for the 2022 financial year

Outstanding production performance was achieved without compromising our industry-leading safety performance. We have moved closer to our goal of a zero-harm working environment.

Environmental, social and governance

Projects
9.9MW solar PV renewable energy plant commissioned
at Evander Mines, the first of this scale in the South African mining industry. A feasibility study has been completed to expand Evander Mines' facility by a further 12MW. Site establishment commenced for Barberton Mines' 8MW solar PV renewable energy plant

First commercial harvest
at the Barberton Blueberries project, with up to 400 seasonal jobs created during peak harvesting season for workers from local communities

Commenced construction of the water retreatment plant
at Evander Mines, with a capacity to recycle 3ML per day, to substitute potable water from the local municipality

Evander Mines

Gold production from Evander Mines' underground mining operations and surface sources increased by
↑ 23.1% to 58,170oz
(2021: 47,253oz)

Production from Elikhulu increased by
↑ 1.5% to 52,220oz
(2021: 51,459oz)

Evander Mines' underground life-of-mine extended to
14 years
with increased expected gold production and development capital internally funded

Barberton Mines

Production from underground operations decreased by
↓ 10.7% to 75,738oz
(2021: 84,826oz)

BTRP's production increased by
↑ 7.2% to 19,560oz
(2021: 18,239oz)

Group safety

Excellent safety performance maintained:

Group LTIFR improved to

↓1.04 per million man hours

(2021: 1.41 per million man hours)

Group RIFR improved to

↓0.35 per million man hours

(2021: 0.63 per million man hours)

Barberton Mines achieved
2 million fatality-free shifts
in May 2022

Fairview Mine achieved
1 million fatality-free shifts
in January 2022

Sheba Mine has been operating for nine years without a fatality and achieved
2 million fatality-free shifts
in November 2021

Consort Mine has been operating for 20 years without a fatality and achieved
3 million fatality-free shifts
in May 2022

Evander Mines' underground operations achieved a **RIFR of zero** (2021: 1.32) per million man hours) despite the increased number of crews deployed underground. Together with Elikhulu, it achieved
2.5 million fatality-free shifts
in January 2022

HEALTH AND SAFETY AND COVID-19

The health and safety of our employees remains our number-one priority and we have again achieved an overall improvement in recordable injuries across the Group. All our operations achieved excellent safety rates during the current financial year. Improvements in safety protocols and operating procedures are ongoing, with the Group implementing innovative practices to continue to encourage safe behaviour.

Our COVID-19 precautions and safety measures remain in place and our vaccination drives and awareness programmes have resulted in over 80% of our employees being fully vaccinated, a far higher percentage than the country's overall vaccination rate.

OPERATIONAL AND GROWTH PROJECTS OVERVIEW

The Group's record gold production of 205,688oz (2021: 201,777oz) exceeded our revised production guidance of 200,000oz.

Barberton Mines sustained its improved flexibility at the **Fairview** operation during the past year through accelerated underground development programmes at the high-grade MRC and Rossiter orebodies. The **BTRP** produced 19,560oz (2021: 18,239oz) for the 2022 financial year at an AISC of only US$891/oz (2021: US$946/oz).

Elikhulu is one of the lowest-cost gold mining operations in Southern Africa, producing 52,220oz (2021: 51,459oz) at an AISC of US$1,003/oz (2021: US$846/oz), with a remaining operational life of 11 years. The plant processes approximately 1.2Mt of historical tailings per month from the three TSFs at Kinross, Leslie/Bracken and Winkelhaak. Reprocessing results in the residues being redeposited to a single TSF site, reducing our environmental footprint.

At the end of the 2022 financial year, **Evander Mines' 8 Shaft pillar** had a remaining life of approximately one year. Mining of the 8 Shaft pillar has been a great success, with simplified logistics, modern underground mining support and favourable working conditions.

The Group constantly evaluates opportunities to bring its large reserve base to account. The work at Evander Mines' 8 Shaft is a testament to these efforts. This operation has been given a new lease of life, transformed from a high-cost and marginal mine into a cash-generative and long-life asset with the inclusion of 24, 25 and 26 Levels, which extends its life-of-mine to 14 years.

Our work on the **Mogale Gold** assets that form part of Mintails SA has demonstrated a compelling project. We look forward to concluding the acquisition and progressing the development of the assets in the year ahead.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Our 'beyond compliance' approach to ESG continues with our projects making a meaningful and positive difference for many of our stakeholders.

In terms of ESG, we achieved significant milestones during the year, including the commissioning of the 9.9MW solar PV renewable energy plant at Evander Mines, the first of its scale in the South African mining industry. We have since completed a feasibility study on expanding this facility by a further 12MW, destined for our long-life underground projects. At Barberton Mines, site establishment has commenced on an 8MW solar PV renewable energy plant.

Commercial harvesting of blueberries has commenced at the Barberton Blueberries project and employment of seasonal labour is ramping up as planned. Seasonal workers from the surrounding communities now receive a steady income and the project is providing a much-needed economic opportunity to communities surrounding our Barberton operations.

We are investigating other LED projects at Barberton Mines, including initiatives that will preserve the biodiversity of the area while creating employment for local communities. Apart from our contribution to rhino conservation, we aim to further strengthen our collaborative approach to assist with the sustainability of the Barberton Mountain Land area.

Barberton Mines has been instrumental in protecting the Barberton Mountainlands from criminality, targeting illegal mining and wildlife poaching. We have invested approximately US$1.7 million in security interventions in the current financial year towards combating this social ill. In addition, we have invested approximately US$0.3 million to date in environmental projects aligned to biodiversity conservation in the Barberton Mountainlands. These contributions have also resulted in shielding our host communities from syndicated crime.

Our ESG report, containing details of our ESG initiatives and compliance, is available on our website at https://www.panafricanresources.com/investors/gri-and-sustainability/

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 estimated Mineral Resources and Mineral Reserves.

The Group's estimated Mineral Resources and Mineral Reserves at 30 June 2022, in compliance with the SAMREC Code, and independently audited by VBKom Proprietary Limited, are summarised as follows:

	Gold Mineral Resources			
	Tonnes Mt	Grade g/t	Gold t	Gold Moz
Barberton Mines hard rock	24.5	4.3	105.9	3.4
BTRP and stockpiles	22.2	1.2	26.4	0.8
Elikhulu	167.3	0.3	47.2	1.5
Evander Mines underground	113.9	9.0	1,022.8	32.9
Total – 2022	327.9	3.7	1,202.2	38.7
Total – 2021	341.3	3.6	1,220.7	39.2

	Gold Mineral Reserves			
	Tonnes Mt	Grade g/t	Gold t	Gold Moz
Barberton Mines hard rock	14.2	3.5	49.9	1.6
BTRP	6.1	1.6	9.6	0.3
Elikhulu	159.3	0.3	44.8	1.4
Evander Mines underground	30.1	8.2	247.6	8.0
Total – 2022	209.7	1.7	352.0	11.3
Total – 2021	210.4	1.6	335.9	10.8

The estimated Mineral Resources, Mineral Reserves and production targets for the Group are supported by the following assets:

- Fairview Mine, with a remaining life of 20 years
- Consort Mine and the BTRP with remaining lives of nine years and two years, respectively. At the end of its life, the BTRP is expected to be converted to process hard rock feedstock from Royal Sheba, with the project having an estimated life of 18 years
- The Group's flagship tailings retreatment operation, Elikhulu, has a remaining life of 11 years
- The life of Evander Mines' 8 Shaft operation has been extended to 14 years (8 Shaft pillar and 24, 25 and 26 Levels).

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 sound foundation for the estimated Mineral Resources and Mineral Reserves.

For a summary of Pan African's Mineral Resources and Mineral Reserves, refer to **pages 90** to **99**. The full report is available on our website at https://www.panafricanresources.com/operations-at-a-glance-2/mineral-resource-mineral-reserve-2/

UPDATE ON GROUP OPERATIONS AND PROJECTS

Barberton Mines

Fairview Mine's underground operation performed well during the year. This was mainly attributed to a focus on optimising ore extraction and the increased mining flexibility achieved at the high-grade MRC and Rossiter orebodies. Five large platforms (256, 257, 258, 259 and 358 Platforms) are currently available for mining in the MRC orebody and three within the Rossiter orebody.

Barberton Mines is sustaining its exploration focus on the down-dip extensions of its existing orebodies. During the 2021 financial year, Barberton Mines conducted underground diamond core drilling programmes in excess of 9,000m, with exploration metres drilled remaining at these levels in the 2022 financial year. Specific focus is being placed on near-mine infill drilling, as well as down-dip reserve delineation drilling of the underground Mineral Resources. Drilling into the down-dip extents of the orebodies yielded excellent results and improved the geological understanding of our Barberton operations, demonstrating the extent and quality of these world-class, long-life orebodies. The continued drilling has provided the opportunity for the grade control modelling protocols of the various operations to be upgraded, which is currently in progress. This is aimed at improving the mine design and extraction of the orebodies in conjunction with the roll-out of more advanced and interconnected mining-related software packages, further optimising run-of-mine (RoM) production. Broader-scale exploration drilling is focused on the Hope, MMR and Golden Quarry Reefs, with desktop studies being conducted on various known but unmined lower-grade blocks in all orebodies.

As part of the optimisation of the Fairview operation, a subvertical shaft is being considered. The design of the subvertical shaft project is progressing as planned and should be completed over a period of two years, after which construction of the shaft can commence. It is expected that the subvertical shaft could contribute additional production of up to 10,000oz per annum, through the increase in available hoisting capacity below 42 Level (3 Decline). During the evaluation phase of the subvertical shaft project, a 4 Decline will be developed to ensure effective down-dip production, by reducing equipment tramming distances and alleviating mechanised equipment congestion. Extension of the existing refrigeration infrastructure is also planned through the development of a pipe-raise to enable cooling as mining progresses at depth. Fairview Mine produced 48,097oz during the 2022 financial year (2021: 45,686oz).

Gold production has reduced at both Sheba Mine and Consort Mine. In order to improve future production from these operations, the Group has initiated a programme to define additional gold resources for mining as detailed below.

Sheba Mine continued to focus on the extraction of the MRC and ZK orebodies during the year while the high-grade Verster and Thomas Reefs supplemented the plant feed material, which assisted in maintaining Sheba's production tonnage profile for the 2022 financial year at 115,972t (2021: 118,439t). Specific attention has been given to the reserve definition drilling and development of the ZK orebody's down-dip extension on 37 Level and 38 Level in the unmined areas between the Sheba and Fairview Mines. The ZK orebody is typically a free-milling gold-carrying deposit. A total of 10 diamond core exploration boreholes have been drilled between the 37 Level and 38 Level elevations. The results from these drill holes were utilised to upgrade the existing Inferred Mineral Resource block to the Indicated and Measured categories, and it contains an estimated Mineral Resource of 3kt at an average grade of 5.2g/t. Additional platforms were developed on the free-milling Thomas orebody, where the mining method was optimised from long hole open stoping to up-dip mining in order to limit dilution. Sheba Mine's production for the current financial year reduced to 17,439oz (2021: 21,874oz).

During the year, **Consort Mine** developed towards the Consort Bar and MMR orebodies on 38 Level and 15 Level, respectively. Following the successful intersection of the high-grade, free-milling gold-yielding orebody at 42 Level PC Shaft, a reserve delineation drilling programme was implemented to explore the down-dip continuation of this high-grade orebody. These boreholes successfully intersected the high-grade free-milling gold-carrying structure at the 44 Level elevation, indicating the down-dip extent of the 42 Level orebody which continues for at least another two levels. The assay results from this intersection yielded 72.8g/t over 0.86m. Specific focus and studies were centred on equipping the PC Shaft's remnant blocks and extracting high-grade ore between 42 and 41 Levels. Geotechnical constraints impeded the timeous development towards the strike and up-dip continuation of this orebody.

Additionally, exploration drilling during the year focused on the MMR and PC horizons. High-resolution reserve definition drilling focused on the 15 Level MMR and deeper Consort Bar orebodies around 43 Level to 45 Level. The above-mentioned geotechnical constraints, which are being resolved, resulted in decreased production at Consort for the current financial year of 10,202oz (2021: 17,266oz).

The **BTRP** surface operation is located within Fairview Mine's mining right footprint and contributes high-margin ounces to the Group's production profile. Production at the BTRP improved to 19,560oz (2021: 18,239oz) with an AISC of US$891/oz (2021: US$946/oz). Mining of the Harper North, Harper South and Vantage dams is progressing as per the mine plan. It is envisaged that Royal Sheba will form part of the BTRP feed sources when this project is commissioned. This will be achieved through the construction of a RoM crusher circuit, allowing the BTRP plant to treat approximately 35,000tpm of RoM material from Royal Sheba, thereby extending the life of the operation by an additional 18 years and ensuring its sustained output in future.

Development at Barberton Mines' **Royal Sheba project** commenced in May 2021 at the already established surface adit, which is located approximately 1.2km east of the existing Sheba metallurgical plant. The main decline and associated cross-cut, developed into the adit, provides access for the extraction of the 10,000t bulk sample that was initiated during the 2022 financial year.

The Group commenced with preliminary mining activities at the Royal Sheba project to further define the grades and recoveries expected from this large-scale orebody. The preliminary mining activities are designed to extract the 10,000t bulk sample from historically unmined areas, located 26m below the 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 towards the down-dip and strike extents of the orebody.

The development progressed over the historically mined stopes, which were filled with waste rock and capped with steel beams and support sets, while aerated cement was used to stabilise the sidewalls and hanging walls of the workings.

Following the successful intersection of the orebody during the current financial year, mining of the ore for the bulk sample commenced in June 2022. The initial 5,000t were processed at the Consort metallurgical plant. An average feed grade of 0.9g/t and metallurgical recoveries of 87% were achieved, relative to the planned 0.7g/t and 85% metallurgical recoveries. The remaining 5,000t of the bulk sample were extracted in August 2022 and will be processed at the Sheba metallurgical plant in September 2022.

> Elikhulu remains one of the lowest-cost gold mining operations in Southern Africa.

Elikhulu

Elikhulu processed 13,732,147t (2021: 13,054,767t) with volumes and head grade both in excess of the mining plan, with improved gold production to 52,220oz (2021: 51,459oz). Notwithstanding the tonnage and head grade in excess of the mining plan, production levels were negatively impacted by adverse weather conditions, the failure of a slurry receiving tank and lower than anticipated recoveries.

Production is expected to improve as remining of the Leslie/Bracken TSF commences during the 2023 financial year. During the current financial year, earthworks commenced on the construction and installation of the pumping station for remining of the Leslie/Bracken TSF. The pump station will be commissioned in September 2022. This will allow for slurry from the Leslie/Bracken TSF to be pumped to the Elikhulu plant at a rate of approximately 1.2mtpm. Mining of the Leslie/Bracken TSF will continue for the following five years of the modelled 11-year life. From there, remining will move to the Winkelhaak TSF for the remaining six years.

Elikhulu remains one of the lowest-cost gold mining operations in Southern Africa and is expected to yield approximately 50,000oz of gold per annum over its 11-year remaining life-of-mine. These production estimates exclude an Inferred Resource of 74,000oz of gold delineated in the soil material beneath the existing tailings dumps.

Evander Mines

Evander Mines' **8 Shaft pillar** significantly outperformed its planned gold output during the current financial year, producing 48,850oz (2021: 36,016oz), with a remaining life of just over a year. During the current financial year, mining and development continued in the 2 Decline area.

Evander Mines' **24 Level** is currently in the construction phase, with all development and infrastructure placement for mining progressing according to plan. The construction of phase 1 of the underground refrigeration plant on 24 Level is complete, with phase 2 expected to be completed during the fourth quarter of the 2023 financial year. Phase 1 of the project will allow mining of both the 24 Level F raise line stopes and 24 Level B, C and D raise lines. Phase 2 will allow for additional mining crews to be placed on 24 Level as well as mining on 25 Level in subsequent years.

Mining of 24 Level will extend the production profile of the underground mining at 8 Shaft, post extraction of the 8 Shaft pillar, for an additional two and a half years and maintain annual production output, whereafter this will be replaced by 25 and 26 Levels in due course.

The board has approved the continued mining of the down-dip extent of this orebody on **25 and 26 Levels**, using the 24 Level infrastructure at Evander Mines' 8 Shaft. Development leading from the existing 24 Level footwall infrastructure will allow access to both 25 and 26 Levels, with an on-reef decline layout. The mining of 25 and 26 Levels demonstrates a compelling business case and extends Evander Mines' 8 Shaft production, post extraction of the 8 Shaft pillar and 24 Level, by an additional eight years, with an average annual production of approximately 65,000oz. Dewatering on 25 Level is in progress and blasting of development ends will commence in the 2023 financial year, with mining of the first stope planned for the 2025 financial year.

Preliminary work has also commenced at **Egoli**, where dewatering of the 3 Decline started in June 2022. This decline is anticipated to be dewatered to below 19 Level in the third quarter of the 2023 financial year. Reserve delineation drilling will then commence to accurately define the Egoli payshoot for early mining.

Gold exploration programme in Sudan

The Group was awarded five prospecting concessions in north-eastern Sudan, covering an area of almost 1,100km^2. The licences are valid for a period of three years, with the option to extend for a further two years.

Sudan produced some 90t of gold in 2021, making it the third largest gold producer in Africa after Ghana and South Africa, and the tenth largest producer in the world, with production in 2021 equivalent to Peru's gold production. Despite the recent political unrest in Sudan's capital city of Khartoum, mining producers and developers have generally been able to continue operating unhindered in the country. In the past year, our exploration activities in Sudan were not impacted by political instability in the region.

Anticipated activities for the 2023 financial year include:

- Commencement of regional exploration over all five exploration concessions
- Resource definition sampling of the Sataib and Wadi Dirut targets in Block 12A South
- Resource definition sampling of the Babaline, Mathab and Apalyum targets in Block 12K
- Extensive geochemistry on multiple targets in Block 12A North, Block 12E and Block 12D
- Reporting of maiden estimated Mineral Resources.

MINTAILS CONDITIONAL ACQUISITION

Shareholders are referred to the announcement of 30 June 2022, detailing the successful completion and results of the definitive feasibility study into the Mintails transaction and the announcement of 1 September 2022, whereby the date for the final conclusion of the transaction has been extended to 30 September 2022 in order to conclude the final aspects of the due diligence process.

The definitive feasibility study demonstrated that the project has the potential to significantly increase the Group's gold production by approximately 50,000oz of gold production per annum over the project's 13-year life-of-mine, equivalent to an increase of approximately 25% in current output.

The Group received a number of financing offers from financial institutions and third-party financiers for the project's funding. After due consideration, the Group has agreed to a credit-approved and underwritten term sheet with a leading South African financial institution for US$80.0 million of senior debt, as part funding of the Mintails project construction.

As part of the definitive feasibility study, the Company has already engaged extensively with community representatives and other interested and affected organisations based in the area, including regulatory authorities. The information obtained and the environmental management programme are being utilised to compile an action plan to remediate past environmental damage and restore the surface for productive land use, while at the same time investigating impactful socio-economic development projects intended to stimulate the local economy.

The Company will also conduct feasibility studies on the merits of renewable energy for the new tailings retreatment plant's energy requirements.

First production is estimated within 18 to 24 months from commencement of the project's construction.

BLYVOOR CONDITIONAL ACQUISITION

As announced on 15 December 2021, Pan African is proposing to acquire the Blyvoor's historical TSFs for a cash consideration of ZAR110 million. We are in the process of finalising a fatal flaw assessment and gap analysis as part of the initial due diligence and have extended the period for completion of the transaction.

DELIVERING ON OUR STRATEGY

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

Read a detailed review of **our strategy** on **pages 18** to **21** of this report.

We have formulated clear strategic objectives for the short, medium and long term to meet our strategic initiatives, as outlined on **pages 20** and **21** of this report.

In executing this strategy, we identify and manage the material risks and opportunities in our business and operations. Refer to **pages 28** to **38** of this report for more detail.

Our stakeholders are those directly influenced by the positive or negative impacts of 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 39** to **44** of this report.

DIVIDENDS

Proposed dividend for the financial year ended 30 June 2022

In proposing the final dividend, the board considers all capital allocation priorities, carefully balancing opportunities for increased production and diversification, with returning cash to shareholders.

The board has proposed a final dividend of ZAR400.1 million for the 2022 financial year (approximately US$23.1 million, at the prevailing exchange rate), equal to ZA 18.00000 cents per share or approximately US 1.04046 cents per share (0.90452 pence per share). The dividend is subject to approval by shareholders at the AGM, which is to be convened for Thursday, 24 November 2022.

In light of the robust current financial year results and the favourable financial prospects for the next financial year, the board has applied its discretion and has proposed a dividend in excess of the Company's dividend policy guidelines.

The total proposed dividend constitutes a payout ratio of 48.9% of the Group's discretionary cash flow, 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 2023 financial year. The proposed dividend equates to a dividend yield of 4.6% based on the 30 June 2022 closing share price of ZAR3.94 per share.

As part of returning capital to shareholders, the first phase of the share buy-back programme of US$3.2 million was finalised.

OUR LISTINGS

Pan African's ordinary shares started trading on the A2X Market on Monday, 13 December 2021, the A2X listing date.

The A2X is a licensed stock exchange authorised to provide a secondary listing venue for companies and is regulated by the Financial Sector Conduct Authority and the South African Reserve Bank's Prudential Authority, in terms of the Financial Markets Act, 19 of 2012.

Pan African will retain its primary listings on AIM and the JSE and its Level 1 ADR programme in the USA. Its issued share capital has been unaffected by the secondary listing on the A2X and its ordinary shares are available to be traded on the AIM, JSE, ADR and the A2X.

FUTURE GROWTH

Pan African continues to evaluate potential acquisitions and projects outside of South Africa together with our organic growth projects, applying the Group's stringent investment criteria.

OUTLOOK AND PROSPECTS FOR THE NEXT FINANCIAL YEAR

The Group expects its production for the 2023 financial year to be in line with production achieved in the 2022 financial year. We are positioned for further growth as we move closer to commissioning our organic projects and seek to imminently conclude the Mintails transaction.

We are committed to creating and enhancing stakeholder value by driving our sustainable mining operating model.

Key focus areas for the year ahead include the following:

- Proactive journey to 'zero harm' through innovative health and safety initiatives
- Maintaining the production run rate
- Successfully executing capital projects to sustain and increase future gold production
- Mitigate inflationary pressures through optimisation and other initiatives
- Progress the Mintails acquisition
- Advance the Sudanese exploration venture
- Continue with our ESG focus through programmes to support sustainable host communities, increased use of renewable energy and recycling initiatives
- Maintain focus on sustainable shareholder returns.

APPRECIATION

I would like to thank my fellow board members for their support and guidance during the past financial year. I also extend my gratitude to our management teams, dedicated staff and contractors at Pan African for their continued hard work and commitment to **Mining for a Future**.

Cobus Loots
Chief executive officer

14 September 2022

FINANCIAL DIRECTOR'S **REVIEW**

Pan African delivered another solid financial performance for the 2022 financial year, underpinned by exceptional operational performance. The Group achieved record annual gold production of 205,688oz (2021: 201,777oz), exceeding the upwardly revised production guidance of 200,000oz.

DEON LOUW
Financial director

FINANCIAL HIGHLIGHTS FOR THE YEAR

Revenue increased marginally by
↑ 2.0% to US$376.4 million
(2021: US$368.9 million)

Profit after tax increased to
↑ US$75.0 million
(2021: US$74.7 million)

Headline earnings® increased to
↑ US$75.6 million
(2021: US$74.7 million)

Basic earnings per share increased to
↑ US 3.90 cents per share
(2021: US 3.87 cents per share)

Net cash from operating activities increased by
↑ 45.8% to US$110.0 million
(2021: US$75.8 million)

Net debt® decreased by
↓ 66.7% to US$13.0 million
(2021: US$39.0 million)

Adjusted EBITDA® decreased by
↓ 4.0% to US$138.3 million
(2021: US$144.1 million)

A dividend of
→ US 1.04046 cents per share
(2021: US 1.26671 cents per share) is proposed to shareholders for the 2022 financial year

FINANCIAL PERFORMANCE

Pan African delivered another solid financial performance for the 2022 financial year, underpinned by exceptional operational performance. The Group achieved record annual gold production of 205,688oz (2021: 201,777oz), exceeding the upwardly revised production guidance of 200,000oz. The Group's robust cash flow generation resulted in a reduction in the Group's net debt by US$26.0 million to US$13.0 million (2021: US$39.0 million) despite the payment of a record dividend and incurring significant capital expenditure of US$82.8 million (2021: US$49.1 million).

A net dividend of US$21.6 million was paid for the 2021 financial year in December 2021, and a US$3.2 million share buy-back programme was finalised in May 2022.

Despite lower gold production at Sheba Mine and Consort Mine, above-inflation increases in electricity tariffs and the average appreciation of the rand, the Group's AISC has only increased marginally to US$1,284/oz (2021: US$1,261/oz), resulting in an AISC margin® of 29.6% (2021: 30.9%) on the average gold price of US$1,824/oz (2021: US$1,826/oz).

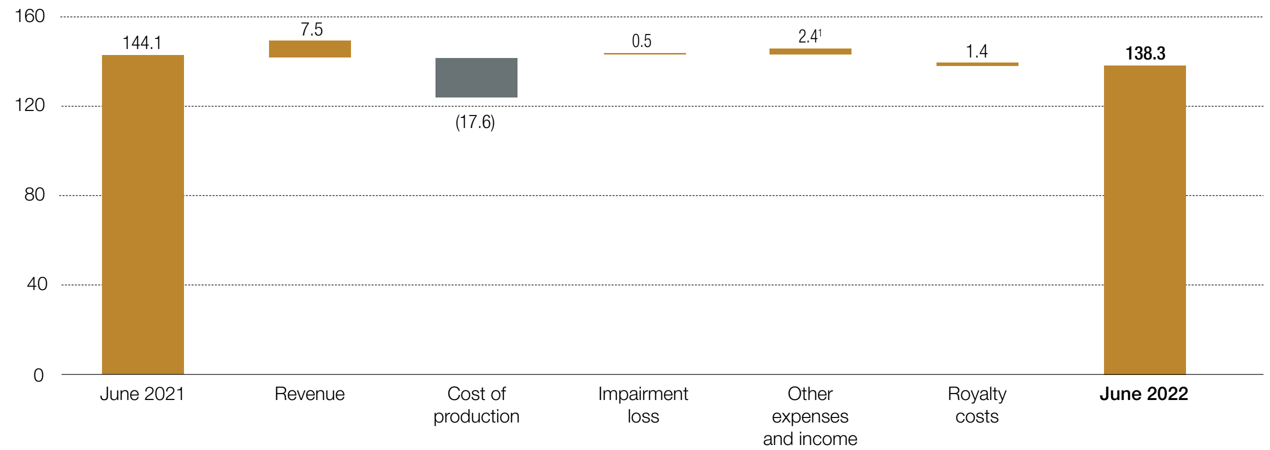
The Group's cash holdings decreased to US$27.0 million (2021: US$35.1 million).

> Our focus for the coming year is to successfully execute capital projects that will sustain and increase gold production into the future while continuing to ensure adequate funding, which is competitively priced and flexible, for our organic growth, exploration and acquisitive opportunities.

The Group's liquidity remains healthy with access to US$69.1 million (2021: US$77.0 million) of liquid resources, comprising:

US$ million	Year ended 30 June 2022	Year ended 30 June 2021
Cash and cash equivalents	27.0	35.1
Restricted cash	(0.3)	(0.1)
Available general banking facilities	8.6	9.8
Available RCF	33.8	32.2
Available Group liquidity	**69.1**	77.0

Adjusted EBITDA® for the year ended 30 June 2022 (US$ million)



[1] *The movement excludes non-mining depreciation and amortisation.*

The Group generated adjusted EBITDA® of US$138.3 million for the 2022 financial year, relative to US$144.1 million for 2021, representing a 4.0% year-on-year decrease, largely attributable to a US$7.5 million increase in revenue, offset by a US$17.6 million increase in the Group's production cost.

The Group's profit after tax increased to US$75.0 million (2021: US$74.7 million) but the adjusted EBITDA margin® decreased to 36.7% (2021: 39.1%), while headline earnings® increased to US$75.6 million (2021: US$74.7 million) relative to the prior financial year.

US$ thousand	30 June 2022	30 June 2021
Revenue	376,371	368,915
Cost of production	(226,445)	(208,815)
Depreciation and amortisation	(26,428)	(32,074)
Gross profit	123,498	128,026
Other expenses and income	(9,828)	(12,819)
Royalty costs	(2,096)	(3,454)
Impairment loss on plant and equipment	(467)	–
Net income before finance income and finance costs	111,107	111,753
Finance income	1,095	755
Finance costs	(5,326)	(7,675)
Profit before tax	106,876	104,833
Income tax expense	(31,924)	(30,141)
Profit after tax for the year	74,952	74,692

Revenue increased by 2.0% to US$376.4 million (2021: US$368.9 million) predominantly due to:
- gold sold increasing by 1.9% to 205,688oz (2021: 201,777oz)
- the average US$ gold price received remained relatively flat at US$1,824/oz (2021: US$1,826/oz).

The **gross profit** margin® decreased to 32.8% from 34.7% in the prior financial year following an 8.4% increase in the cost of production and a 17.8% decrease in depreciation and amortisation.

All **production costs** are incurred in rand, the functional currency of the Group's main operating entities, whereas US$ translations are impacted by fluctuations in the US$/ZAR exchange rate. The Group's cost of production increased by 8.4% to US$226.4 million (2021: US$208.8 million).

Cost of production mainly consists of:
- mining and processing costs (representing 42.5% of the total cost of production) increased by 9.1% to US$96.3 million (2021: US$88.2 million), primarily as a result of the following:
  - Evander Mines' costs increased by US$3.8 million in the 2022 financial year as a direct result of a 7.2% increase in tonnes milled from the mines' underground operations and an increase in the mining contractor's headcount to 1,432 employees (2021: 1,071 employees), coupled with an annual salary increase of approximately 5.0%. Evander Mines' underground operations gold production increased by 35.6%
  - Barberton Mines' costs increased by US$0.9 million mainly due to increased vamping costs and additional support installed in working areas at Sheba Mine and Consort Mine, as well as the additional operating costs associated with a cemented backfill grout plant, which was commissioned in the current financial year at Consort Mine, to assist with supporting the poor ground conditions associated with the highly altered and high-grade schistose orebody
  - Elikhulu's processing costs increased by US$3.2 million, mainly due to above-inflationary increases in reagent costs and additional costs associated with the treatment of the buttressing material
- salaries and wages (representing 25.1% of the total cost of production) increased by 5.8% to US$56.9 million (2021: US$53.8 million). Although the Group's average annual salary increase was approximately 5.0%, the following also contributed to elevated costs:
  - production bonuses paid in the current financial year for increased production at Evander Mines
  - the employee headcount at Evander Mines and Barberton Mines increasing by 6.6% and 2.4%, respectively
- electricity costs (representing 14.9% of the cost of production) increased by 8.3% to US$33.8 million (2021: US$31.2 million). The increase resulted from a 13% regulatory increase, offset by the capitalisation of electricity costs associated with the 24 Level development in the current financial year which led to a net decrease of 6.6% in Evander Mines' electricity costs
- engineering and technical costs (representing 9.5% of the cost of production) increased by 18.2% to US$21.4 million (2021: US$18.1 million), mainly due to an increase in these costs of US$2.9 million and US$1.1 million at Barberton Mines and Elikhulu, respectively, offset to some extent by the capitalisation of US$0.8 million associated with Evander Mines' 24 Level development
- the Group incurred US$0.3 million and US$0.4 million in solar and agricultural costs, respectively, following the commissioning of:
  - Evander Mines' 9.9MW solar PV renewable energy plant in May 2022, when power was fed into Elikhulu's grid
  - the Barberton Blueberries project in October 2021.

The 17.8% decrease in the Group's **depreciation and amortisation costs** to US$26.4 million (2021: US$32.1 million) is attributable to the increase in Evander Mines' life-of-mine, which increased from five years to 14 years, with the inclusion of the planned production from the 24, 25 and 26 Level mining areas (excluding production expected from Egoli), contributing to a US$4.8 million decline in this operation's depreciation charge.

Other expenses and income have decreased to US$9.8 million (2021: US$12.8 million) due to:
- mark-to-market fair value gains of US$0.5 million on an interest rate swap and gold price hedges (2021: US$3.8 million fair value gains on gold price hedges), entered into as part of the Group's financial risk management programme
- a decrease in costs incurred to US$5.6 million (2021: US$7.3 million) associated with the Group's employee incentive schemes
- a change in the estimate of the Group's rehabilitation obligation, as a result of an increase in the risk-free rate, resulting in a US$4.7 million decrease (2021: US$1.5 million increase) in the obligation.

Royalty costs decreased by 40.0% to US$2.1 million (2021: US$3.5 million), following a decrease in the royalty tax rate in line with the 18.0% decrease in Barberton Mines' earnings before interest and tax to US$52.3 million (2021: US$63.8 million).

Finance costs decreased to US$5.3 million (2021: US$7.7 million), largely due to a reduction in the Group's borrowings.

Finance costs consist mainly of:
- US$1.9 million (2021: US$0.9 million) associated with the unwinding of the environmental rehabilitation obligation
- US$3.9 million (2021: US$6.2 million) related to the Group's borrowings from financial institutions.

The income tax expense for the year increased to US$31.9 million (2021: US$30.1 million), resulting in an effective tax rate of 29.9% (2021: 28.8%).

FINANCIAL POSITION AT 30 JUNE 2022

Total assets decreased to US$457.1 million (2021: US$483.1 million) mainly due to a decrease in the loans receivable, cash and cash equivalents and trade and other receivables, offset by an US$8.9 million increase in property, plant and equipment and mineral rights.

The Group's **return on capital employed**® decreased from 36.3% in 2021 to 32.6%.

Capital expenditure on property, plant and equipment and mineral rights of US$82.8 million (2021: US$49.1 million) was offset by depreciation and amortisation charges of US$26.4 million (2021: US$32.1 million) and a net foreign currency reserve loss of US$46.2 million (2021: US$59.1 million gain). The Group's capital expenditure comprises:
- sustaining capital® expenditure of US$23.1 million (2021: US$16.7 million)
- expansion capital® expenditure of US$59.7 million (2021: US$32.4 million).

The decrease in **loans receivable** by US$12.9 million to US$0.3 million (2021: US$13.2 million) is largely attributable to the redemption of loans advanced in the prior financial year to beneficiaries in terms of the Group's employee share schemes.

Trade and other receivables have decreased by US$7.1 million to US$17.3 million (2021: US$24.4 million), due to the timely settlement of gold dispatches at year-end, compared to the prior financial year when gold dispatches were not fully settled by year-end.

The Group's **net assets** increased to US$294.6 million (2021: US$283.6 million) following:
- net profit for the year, which increased year-on-year to US$75.0 million (2021: US$74.7 million), offset by a dividend payment of US$21.6 million (net of reciprocal dividend) (2021: US$17.8 million) to the Company's shareholders
- other comprehensive loss for the year which decreased to US$39.2 million (2021: US$43.4 million) following a foreign currency translation loss of US$40.1 million (2021: US$44.9 million gain) associated with the depreciation of the closing US$/ZAR exchange rate from US$/ZAR:14.28 to US$/ZAR:16.28
- a US$3.2 million reduction in share capital and share premium due to the share buy-back finalised in May 2022.

The Group's **total liabilities** have decreased by US$37.0 million to US$162.5 million (2021: US$199.5 million) attributable to:
- borrowings having decreased by US$34.0 million to US$34.6 million (2021: US$68.6 million), largely due to the repayment of the Group's senior debt facilities
- share-based payment obligations have decreased by US$11.8 million to US$9.6 million (2021: US$21.4 million), primarily as a result of the settlement of amounts due to employees as vested benefits
- the Group's environmental rehabilitation obligation decreased by US$5.0 million to US$8.6 million (2021: US$13.6 million). The obligation decreased by US$4.7 million (2021: US$1.5 million increase) following an increase in the risk-free rate used in its calculation offset by a US$1.9 million (2021: US$0.9 million) finance charge increase associated with the unwinding of the obligation (included in the obligation's movement is a US$1.4 million foreign currency translation reserve gain (2021: US$2.1 million loss))
- the Group's deferred tax liabilities increased by US$19.3 million to US$53.8 million (2021: US$34.5 million), following an increase in the Group's deferred tax rate.

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 the 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.

	30 June 2022 US$ thousand	30 June 2021[1] US$ thousand
Cash flow from operating activities		
Net cash from operating activities before dividend, tax, royalties and net finance costs paid	**142,879**	118,154
Dividend paid	**(24,984)**	(20,607)
Reciprocal dividend received	**3,425**	2,825
Income tax paid	**(6,764)**	(15,402)
Royalties paid	**(1,756)**	(3,500)
Finance costs paid	**(4,042)**	(6,107)
Finance income received	**1,248**	484
Net cash from operating activities	**110,006**	75,847
Cash flow from investing activities		
Additions to property, plant and equipment	**(82,683)**	(44,396)
Additions to other intangible assets	**(2)**	(48)
Repayment of loans receivable	**583**	289
Environmental rehabilitation obligation funds withdrawal	**151**	146
Increase in investments	**–**	(142)
Proceeds from disposal of property, plant and equipment	**563**	3
Net cash used in investing activities	**(81,388)**	(44,148)
Cash flow from financing activities		
Proceeds from borrowings	**12,903**	15,963
Repayment of borrowings	**(41,422)**	(53,010)
Share buy-back	**(3,222)**	–
Repayment of lease liabilities	**(616)**	(1,027)
Net cash used in financing activities	**(32,357)**	(38,074)
Net decrease in cash and cash equivalents	**(3,739)**	(6,375)
Cash and cash equivalents at the beginning of the year	**35,133**	33,530
Effect of foreign exchange rate changes	**(4,401)**	7,978
Cash and cash equivalents at the end of the year	**26,993**	35,133

[1] *The net cash from operating activities and the net cash used in financing activities have been restated. Refer to note 42 of the annual financial statements on* ***page 229****.*

Net cash from operating activities improved to US$110.0 million (2021: US$75.8 million), supported by the Group's improved operational performance.

Net **cash used in investing activities** increased to US$81.4 million (2021: US$44.1 million) largely due to capital expenditure on property, plant and equipment of US$82.7 million (2021: US$44.4 million).

Net **cash used in financing activities** decreased to US$32.4 million (2021: US$38.1 million generated) largely due to a decrease in the repayment of senior debt facilities, offset by a decrease in borrowings and the cash outflow associated with the share buy-back programme.

Pan African aspires to pay an attractive and regular dividend to its shareholders.

DIVIDENDS

In balancing this cash return to shareholders with the Group's strategy of generic and acquisitive growth, Pan African believes a target payout ratio of between 40% to 50% of net cash from operating activities, after providing for the cash flow impact of capital expenditure (reduced by external funded capital), contractual debt repayments and the cash flow impact of once-off items (discretionary rand cash flow), 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 considered by the board to be deemed relevant at the time. The board, having applied its discretion, believes that a dividend slightly in excess of that derived by the policy, is justified for the 2022 financial year given the favourable gold price environment, robust 2022 cash flows and the encouraging prospects for the 2023 financial year.

Proposed dividend for the financial year

ZAR400.1 million for the 2022 financial year (approximately US$23.4 million, at the prevailing exchange rate), equal to ZA 18.00000 cents per share or approximately US 1.04046 cents per share (0.90452 pence per share). The dividend is subject to approval by shareholders at the AGM in November 2022.

The proposed dividend equates to a dividend yield of 4.6% based on the closing share price at 30 June 2022.

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 2023 financial year.

Shareholders' returns

	Unit	30 June 2022 US$ thousand	30 June 2021 US$ thousand
Attributable cash flow per share	US cents per share	**1.23**	0.79[1]
Dividend yield at the last traded price	%	**4.6**	5.3
Cash flow yield per share	%	**5.1**	3.3[1]
Return on shareholders' funds	%	**25.9**	32.0
Return on capital employed	%	**32.6**	36.3

[1] *The attributable cash, attributable cash flow per share and the cash flow yield per share have been restated following the restatement of net cash from operating activities. Refer to note 42 of the annual financial statements on* ***page 229****.*

Over the past financial year, the Group generated attributable cash flow of US$23.6 million (2021: US$15.2 million[1]) which contributed to the increased attributable cash flow per share. The Group's return on shareholders' funds and return on capital employed has decreased slightly year-on-year.

LOOKING AHEAD

Our focus for the 2023 financial year is on:

- strengthening the Group's capital structure to access optimal funding rates, flexibility and liquidity from capital markets. In anticipation of the Mintails transaction, a credit-approved term sheet has been obtained from a leading South African financial institution which will also underwrite US$80 million of the senior debt package for the Mintails' project development
- establishing adequate funding, which is competitively priced, to ensure the sustainability of funding for future capital projects
- accessing alternative sources of funding, such as the Group's Domestic Medium-term Note programme, to gain access to debt capital market funding as a complementary source of financing
- increasing returns to shareholders including cash dividends.

Deon Louw
Financial director

14 September 2022

OPERATIONAL PERFORMANCE **REVIEW**

The Group has again delivered an excellent operational performance for the current financial year, with record gold production of 205,688oz (2021: 201,777oz), thereby exceeding our production guidance of 200,000oz.

The Group's AISC has increased from the prior year by 1.8% to US$1,284/oz (2021: US$1,261/oz), which is in line with our target AISC of approximately US$1,250/oz[1] .

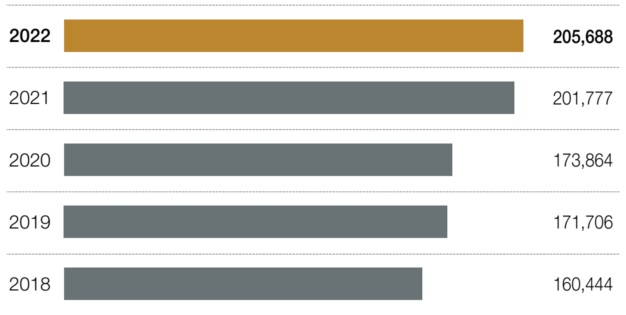
The life-of-mine for Evander Mines' underground operations has increased from five years to 14 years, with the inclusion of production planned from 24, 25 and 26 Levels (excluding expected production from Egoli).

Our employees and contractors are fundamental to the sustainability of our business and long-term value creation, in addition to being key enablers in the execution of our strategy, which makes it imperative that they are part of an organisational culture that prioritises safety. We continue to encourage and reward safe practices through targeted safety campaigns and incentives in pursuit of our ultimate goal of achieving zero harm. The Group maintained an industry-leading safety performance for the financial year with Barberton Mines achieving 2 million fatality-free shifts during May 2022 and Evander Mines (including Elikhulu) achieving 2.5 million fatality-free shifts in January 2022.

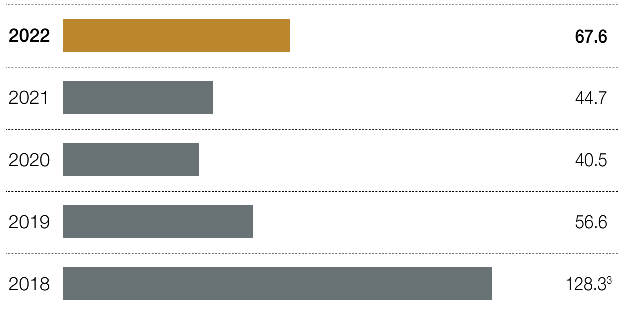
Barberton Mines and Evander Mines – employees and contractors

	2022	2021
Employees	**2,146**	2,086
Contractors	**2,920**	2,683

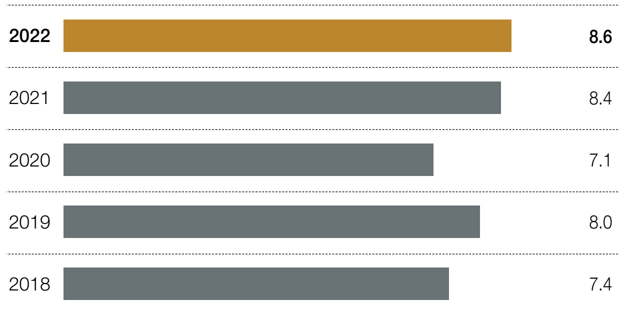
Gold sold – total operations
(oz)



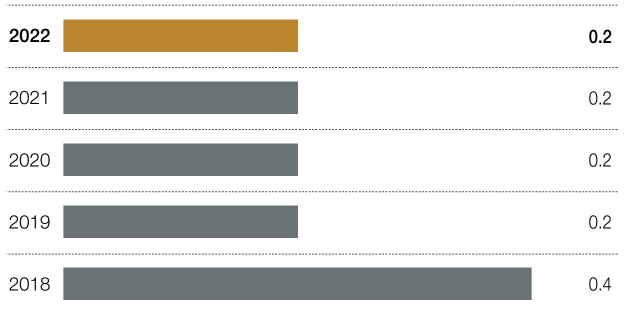
Capital expenditure[2] – total operations
(US$ million)



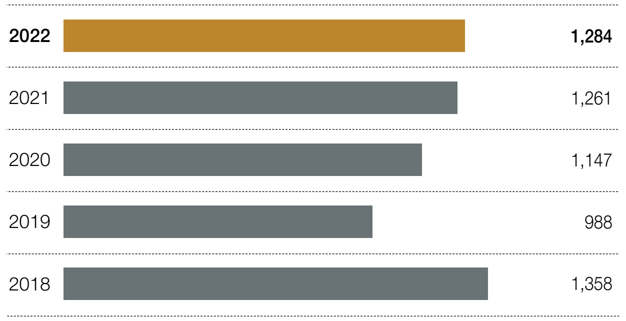
Overall recovered grade – mining operations
(g/t)



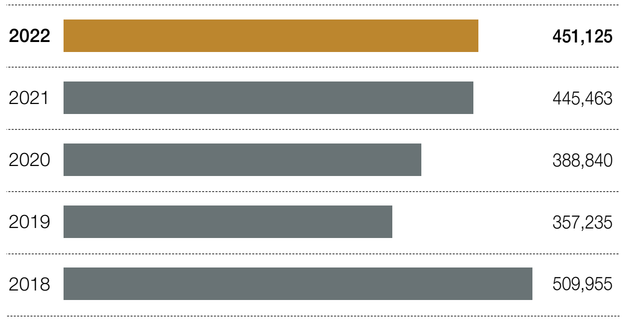
Total recovered grade – tailings operations
(g/t)



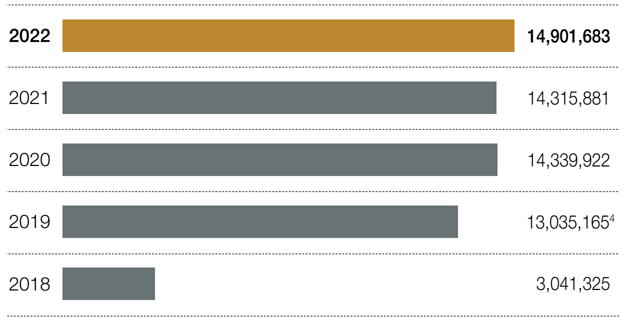
AISC – total operations
(US$/oz)



Tonnes milled and processed – mining operations
(tonnes)



Tonnes milled and processed – tailings operations
(tonnes)



[1] *Assuming an exchange rate of US$/ZAR:16.50.*
[2] *Converted to US$ at the average exchange rate prevailing for the respective period.*
[3] *The construction of Elikhulu resulted in increased capital expenditure.*
[4] *The commissioning of Elikhulu resulted in an increase in the tonnes milled and processed.*

JAN THIRION
General manager

Barberton Mines

- Three underground gold mines: Fairview Mine, Sheba Mine and Consort Mine
- One tailings retreatment operation: BTRP

HIGHLIGHTS

Safety

No fatalities were reported

LTIFR (per million man hours) improved to 1.03 (2021: 1.07)

TRIFR (per million man hours) regressed slightly to 7.10 (2021: 6.21)

Barberton Mines achieved **2 million fatality-free shifts** on 10 May 2022

321 **COVID-19 cumulative cases** were reported (2021: 180)

Sales and production

Gold sales and production decreased by 7.5% to 95,298oz (2021: 103,065oz)

Capital expenditure

Total capital expenditure increased by 4.8% to US$28.4 million (2021: US$27.1 million), comprising:

- **sustaining capital** expenditure of US$18.9 million (2021: US$14.6 million)
- **expansion capital** expenditure of US$9.5 million (2021: US$12.5 million)

Cost of production

AISC per ounce increased by 14.4% to US$1,490/oz (2021: US$1,303/oz)

Mining operations' AISC per ounce increased by 19.2% to US$1,645/oz (2021: US$1,380/oz). AISC was impacted by lower gold production at Sheba Mine and Consort Mine, which is being addressed by turnaround plans

BTRP's AISC per ounce decreased by 5.8% to US$891/oz (2021: US$946/oz) as a result of improved recoveries

Production costs increased by 6.4% to US$115.1 million (2021: US$108.2 million), including:

- **engineering and technical service costs** increased by 36.7% to US$10.8 million (2021: US$7.9 million)
- **electricity costs** increased by 18.3% to US$14.2 million (2021: US$12.0 million)
- **mining and processing costs** increased by 2.8% to US$33.2 million (2021: US$32.3 million)
- **salaries and wages** increased by 2.9% to US$46.2 million (2021: US$44.9 million)

OVERVIEW OF OPERATIONS

> The Fairview, Sheba and Consort underground operations constitute the Group's Barberton Mines complex which has been operating for over 130 years. Sheba Mine is recognised as one of the oldest working gold mines in the world and started its operations in 1885.

These flagship underground mines are high-grade operations that can produce approximately 80,000oz of gold per year, with an excellent long-term safety record.

Barberton Mines also includes the BTRP surface retreatment operation which is located within Fairview Mine's mining right footprint area. The BTRP was designed to treat 100,000t of tailings per month and adds low-cost and low-risk ounces to our production profile.

BARBERTON MINES' LIFE-OF-MINE IS ESTIMATED AT 20 YEARS PER THE REPORTED MINERAL RESERVES

Barberton Mines' mining rights for Fairview, Sheba and Consort Mines were renewed by the DMRE in June 2021 for a period of 30 years and are valid until June 2051.

Barberton Mines sustained its improved flexibility at the Fairview operation during the past year through accelerated underground development programmes at the high-grade MRC and Rossiter orebodies.

Five large high-grade platforms (256, 257, 258, 259 and 358 Platforms) are currently available for mining the MRC orebody and three platforms within the Rossiter orebody are also available. Fairview Mine produced 48,097oz (2021: 45,686oz) of gold.

The design of the subvertical shaft project at Fairview Mine is progressing as planned and this design should be completed over a period of two years, after which construction of the shaft can commence. It is expected that the subvertical shaft could contribute additional production of up to 10,000oz per annum through the increase in available hoisting capacity below 42 Level (3 Decline). During the evaluation phase of the subvertical shaft project, a 4 Decline will be developed to ensure effective down-dip production, by reducing equipment tramming distances and alleviating mechanised equipment congestion. Extension of the existing refrigeration infrastructure is also planned through the development of a pipe-raise to enable cooling as mining progresses at depth.

Fairview Mine is also the birthplace of BIOX®, an environmentally friendly process of releasing gold associated with sulphide (refractory) minerals, using micro-organisms that perform this process naturally and with excellent recoveries, consistently in the region of 98.8%. The BIOX® plant was commissioned in 1988 and is still used as the training facility for BIOX® plants globally.

At Consort Mine's PC Shaft 42 Level, the extraction of the first target block was successfully completed while access to the second block is currently underway. This project contributed significantly to Barberton Mines' underground production in the prior financial year. As a result of this performance and expected continuation of the orebody at depth, a cemented backfill grout plant was commissioned at Consort Mine to assist with supporting the poor ground conditions associated with this high-grade, highly altered schistose orebody. The grout plant will also enhance the volume to be extracted from the orebody. Secondary support on the strike and down-dip extensions of the orebody is being installed, while the final cuts of the 42 Level block are being extracted at a reduced rate due to the unfavourable ground conditions. It is envisaged that the down-dip extension of the orebody could be accessed during the first half of the 2023 financial year. Furthermore, additional high-grade mineralisation was also identified on the PC Shaft's 20 Level, where exploration and establishment activities for mining are underway.

Mining of the Thomas and Verster orebodies at Sheba Mine has assisted with maintaining Sheba Mine's production profile for the 2022 financial year. The focus has now shifted to accessing high-grade cross-fractures within the ZK orebody on 37 Level while developing down-dip to 38 Level.

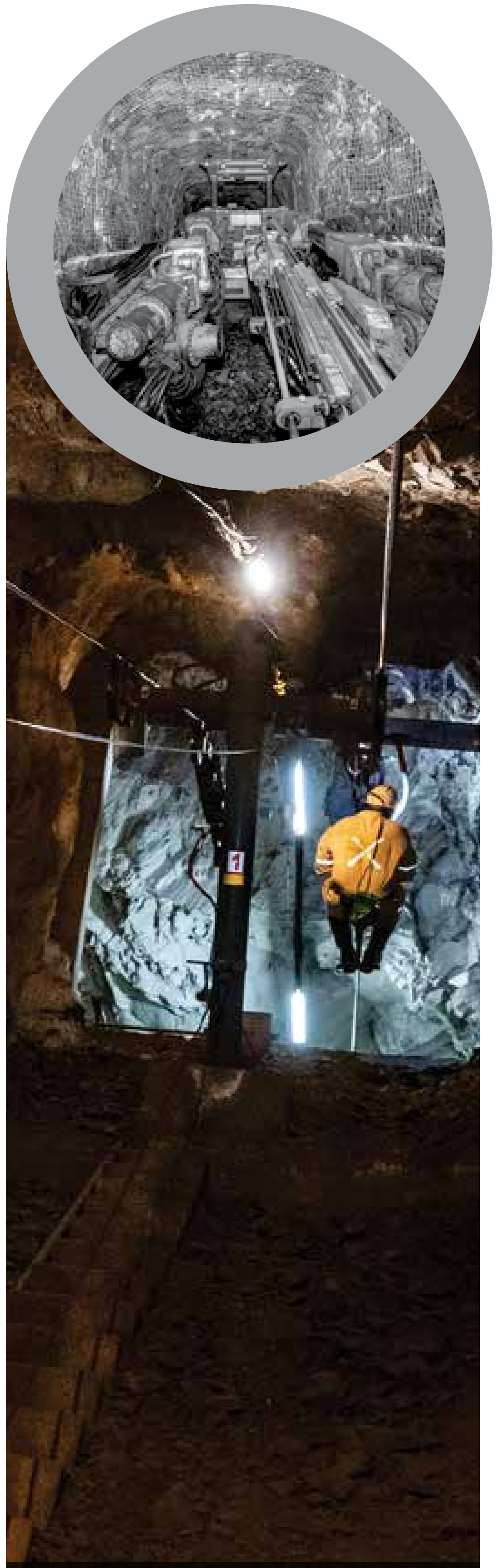
The BTRP has produced 19,560oz (2021: 18,239oz) for the 2022 financial year at an AISC of US$891/oz (2021: US$946/oz). The remaining life-of-mine from current tailings sources is estimated at two years. In the coming years, production at the BTRP is expected to be supplemented with ore from Barberton Mines' Royal Sheba orebody, where the extraction of a 10,000t bulk sample is currently in progress. Mining of the Royal Sheba orebody has the potential to increase the BTRP's life by an estimated additional 18 years.

CHALLENGES

The adverse impact on gold production from community unrest and illegal mining remains a challenge. Only six production shifts at Sheba Mine were adversely affected in the current financial year as a result of community protest activities, an improvement from prior years where up to three full production days had been lost. The improvement can be attributed to increased employment opportunities for the local communities created by the Barberton Blueberries project (commissioned in October 2021), enhanced security measures, sustained community engagement and awareness programmes through social media channels and community engagement forum meetings with representative groups.

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

Financial capital
Manufactured capital
Human capital


Chairlifts at Fairview Mine | Circle: Double boom drill rig at Royal Sheba

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

The geological variability and complexity of Barberton Mines' greenstone orogenic orebodies also present operational challenges. Greenstone belt orogenic 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 continued with its highly intensive exploration programmes to identify additional mining face length of the high-grade platforms in the Fairview MRC and Rossiter orebodies during the financial year. Along with the increase in the available minable faces and 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 at Fairview Mine. Refer to **page 12** for more information on Barberton Mines' optimisation initiatives.

A fifth high-grade platform (259) at Fairview Mine's MRC orebody was accessed in April 2022, and development towards the down-dip 260 Platform is progressing according to plan. The availability of these high-grade platforms greatly enhanced the mining flexibility at Fairview and resulted in improved production levels which are expected to be sustained in the coming years.

FOCUS FOR 2023

Our focus remains on the continued exemplary safety performance, delivering quality ounces consistent with our production guidance from Barberton Mines' complex 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 and Mineral Reserves through effective brownfield exploration and is looking at 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 2023 financial year are:

- reducing underground unit costs
- optimising the Consort and Sheba Mines
- improving Barberton Mines' infrastructure utilisation by advancing the Royal Sheba project and Project Dibanisa
- extending the Mineral Reserves definition drilling programmes
- identifying additional exploration targets using modern geophysical techniques and following up through exploration drilling
- commissioning the solar PV renewable energy plant that will result in reduced carbon emissions and operating costs, while also ensuring a reliable electricity supply at Barberton Mines.

LAZARUS MOTSHWAIWA
General manager

Evander Mines

- Underground mining and surface source operations
- Elikhulu

HIGHLIGHTS

Safety

No fatalities were reported

LTIFR (per million man hours) for underground operations improved to 0.93 (2021: 2.64)

TRIFR (per million man hours) for underground operations regressed to 14.82 (2021: 13.20)

154 **COVID-19 cumulative cases** were reported (2021: 58)

Sales and production[1]

Gold sales and production increased by 23.1% to 58,170oz (2021: 47,253oz)

[1] *Amounts include Evander Mines' underground mining operations and surface sources.*

Capital expenditure

Total capital expenditure for underground mining and surface source operations was US$28.2 million (2021: US$13.5 million), comprising:

- **sustaining capital**® expenditure of US$0.5 million (2021: US$1.5 million)
- **expansion capital**® expenditure of US$27.7 million (2021: US$12.0 million)

Cost of production

AISC® **per ounce for mining operations** decreased by 30.7% to US$1,112/oz (2021: US$1,604/oz). The improvement in AISC® is attributable to improved tonnages and higher mined grades

AISC® **per ounce for surface source operations** decreased by 1.8% to US$1,650/oz (2021: US$1,681/oz)

Cost of production for underground mining and surface source operations increased by 4.8% to US$65.4 million (2021: US$62.4 million), including:

- **salaries and wages** increased by 14.3% to US$4.8 million (2021: US$4.2 million)
- **mining and processing costs** increased by 10.7% to US$39.2 million (2021: US$35.4 million)
- **electricity costs** decreased by 6.6% to US$11.4 million (2021: US$12.2 million)
- **engineering and technical services costs** decreased by 10.8% to US$5.8 million (2021: US$6.5 million)

OVERVIEW OF OPERATIONS

Mining of the 8 Shaft pillar commenced in the second quarter of the 2020 financial year. Restrictions imposed by COVID-19 regulations resulted in steady-state production only being achieved during June 2020, some six months later than anticipated. The ramp up in production of the 8 Shaft pillar was also 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.

> Thereafter, following remedial action in the shaft lining and corrective actions on the support systems, the 8 Shaft pillar achieved steady-state production rates and outperformed the planned gold yield for the 2022 financial year, producing 48,850oz (2021: 36,016oz).

At the end of the 2022 financial year, the 8 Shaft pillar has a remaining life in excess of one year, with a low production rate tail extending for an additional year and is expected to produce approximately 35,000oz of gold during the 2023 financial 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 favourable working conditions, including reduced underground travelling distances.

The Group reassesses the respective merits of its growth opportunities and its capital allocation priorities on an ongoing basis. This process has resulted in the reprioritisation of the Egoli project's development scheduling and fast-tracking of mining at Evander Mines' 8 Shaft, and the development of 24, 25 and 26 Levels, with these areas being accessible from existing 8 Shaft infrastructure. The life-of-mine for Evander Mines' underground operations has extended from five years to 14 years, with the inclusion of production planned from 24, 25 and 26 Levels (excluding production expected from Egoli).

CHALLENGES

A seismic event, of magnitude 4.8 on the Richter Scale, was experienced at Evander Mines on 13 March 2022. The epicentre of this event was established to be some 20km from the mine, at a depth in excess of 20km below the surface. The seismic event resulted in a minor shakedown in the 8 Shaft pillar stopes, while a fall of ground on the 15 Level main line impeded the tramming of mined ore from 8 Shaft towards 7 Shaft over a period of two weeks. During this time, mining and ore generation continued unhampered but the hoisting of ore was, however, restricted. No damage was encountered in the shaft barrel and the floating tower operated as designed. The relatively minor damage to infrastructure within the underground mining areas is a testament to the effectiveness of the pseudo-pack support system being deployed. The mine's TSFs were not impacted by the seismic event.

Ventilation constraints, as a result of dewatering of the 25 Level workings and maintenance on the 18 Level booster fan, have delayed some development on 24 Level required for the commencement of large-scale stoping. This delay does not impact the 24 Level mine plan for the coming financial year. Blasting of the development ends at 25 Level will commence in the 2023 financial year with mining of the first stope planned for the 2025 financial year.

Increasing unemployment and poor economic conditions have given rise to more frequent incidents of illegal mining, community unrest and protest action and opportunistic theft of infrastructure, especially at shafts which are no longer in operation.

The improved integrated security strategy and law enforcement collaboration implemented at the Group's operations has, however, been increasingly effective in limiting the unauthorised access of illegal miners to underground mining areas and preventing theft of surface infrastructure.

FOCUS FOR 2023

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
- installing the underground refrigeration plant on 24 Level
- commencing stoping on 24 Level
- continuing dewatering for the Egoli project
- developing towards the 25 Level Mineral Reserves
- commencing with brownfield exploration programmes to delineate additional organic growth opportunities within the existing Evander Mines mining right.

ORIEL SHIKWAMBANA
General manager

Elikhulu

HIGHLIGHTS

Safety

No fatalities were reported

LTIFR (per million man hours) improved to 1.37 (2021: 1.71)

TRIFR (per million man hours) regressed to 8.23 (2021: 5.14)

Sales and production

Gold sales and production increased to 52,220oz (2021: 51,459oz)

Capital expenditure

Total capital expenditure was US$11.0 million (2021: US$4.1 million), comprising:

- **sustaining capital®** expenditure of US$3.1 million (2021: US$0.5 million)
- **expansion capital®** expenditure of US$7.9 million (2021: US$3.6 million)

Cost of production

AISC® per ounce increased by 18.6% to US$1,003/oz (2021: US$846/oz) adversely impacted by a reduction in recoveries to 35% (2021: 41%) together with an increase of 5.2% in tonnes treated and above-inflationary increase in the costs of reagents and electricity

Cost of production increased 19.1% to US$45.6 million (2021: US$38.3 million)

- **Processing costs** increased by 15.7% to US$23.6 million (2021: US$20.4 million)

Elikhulu metallurgical plant | Circle: Equipment inspection at the Elikhulu metallurgical plant

OVERVIEW OF OPERATIONS

Elikhulu is one of the lowest-cost gold mining operations in Southern Africa, producing 52,220oz (2021: 51,459oz) at an AISC® of US$1,003/oz (2021: US$846/oz), with a remaining operational life of 11 years. The plant processes approximately 1.2Mt of historical tailings per month from the three existing TSFs at Kinross, Leslie/Bracken and Winkelhaak. Reprocessing will result in the residues being redeposited to a single TSF site, reducing our ecological footprint. Elikhulu's 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 depositions. As the TSFs are located near residential areas, specialist independent contractors were appointed to build and operate the TSFs. 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 internal codes of practice. Recent high-profile incidents of TSF failures within the global mining industry demonstrate the potentially severe effects of tailings facility failures and have resulted in an increased demand 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. These standards place a strong emphasis on improving the safe management of tailings facilities, community engagement, governance and independent review requirements. The Group appointed a responsible TSF engineer in June 2022 for all its operations, as recommended by the GISTM.

As the majority of Pan African's TSFs were constructed before the introduction of the GISTM, the Group has been implementing ongoing assessments of its TSFs and is in the process of implementing the appropriate actions required to narrow any compliance gaps.

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 supplements recirculated process water with non-potable water from adjacent underground operations.

> The Group designs its tailings plants to incorporate a high oxygen mass transfer pre-oxidation step to improve gold extraction. The remining activities are also automated to some degree, with the latest in hydro-mining technology employed. These factors allow production costs to remain low.

Elikhulu is a testament to Pan African's ability to conceptualise, plan and complete substantial growth projects ahead of time and within budget. The Group has successfully delivered four such projects to date.

RENEWABLE ENERGY PROJECTS

The 9.9MW solar PV renewable energy plant at Evander Mines commenced the generation and supply of electricity to Elikhulu as part of its hot commissioning process in May 2022. Evander Mines' solar PV renewable energy plant is one of the first utility-scale solar PV renewable energy facilities to be commissioned in the South African mining industry and will provide approximately 30% of Elikhulu's power requirements during daylight hours. It will materially reduce electricity costs at this operation while also reducing its dependency on the national grid.

Pan African concluded the concept design and the bankable feasibility study for this solar PV renewable energy plant in 2019 and obtained municipal consent for its construction in December 2019. Engineering studies and other regulatory processes, including the water-use licence, environmental approvals and DMRE consent, were obtained in 2020. 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. The National Energy Regulator of South Africa (NERSA) generation licence was issued in August 2021. The plant was commissioned in May 2022 when power was fed into the grid for use at Elikhulu.

The total cost of Evander Mines' solar PV renewable energy plant is US$10.7 million[1], with a calculated payback on this investment of less than five years.

This solar PV renewable energy plant further reduces Elikhulu's environmental impact and is just one of several initiatives in the Group's commitment to producing high-margin ounces in a safe and efficient manner for the long term, while investing in local communities and minimising the environmental impact of its operations.

During construction, the services of 10 local contractor companies were used, which provided 202 temporary job opportunities for local community members. The jobs and skills developed during construction will be retained for the plant's 12MW extension that will be constructed to supply renewable energy for Evander Mines' expanding underground operations. Apart from using local contractors for cleaning and maintenance of the solar panels, the Company is investigating the development of agriculture projects at the facility, with the intention of creating sustainable local employment opportunities and maximising land utilisation.

CHALLENGES

Production in the second quarter of the financial year was impacted by remedial work required on the slurry receiving tank within the Elikhulu plant. This resulted in the Group having to install an interim substitute tank which was completed over a period of two weeks. Following the installation of the substitute tank and the subsequent replacement of the original vessel, production levels returned to planned capacity.

The unstable supply of electricity from the national grid has, at times, led to the disruption of operations and interrupted process flows, leading to delays in resuming production. Unplanned power cuts and the ongoing failure of the national grid's ageing electrical infrastructure exacerbate the situation, resulting in production losses that cannot be recouped immediately, potentially leading to missed production targets. The installation of the solar PV renewable energy plant at Evander Mines is expected to mitigate this challenge to a large extent.

While Elikhulu processed tonnages with volumes and head grade both in excess of the mining plan, which improved gold production levels when compared to the prior financial year, production levels were negatively impacted by adverse weather conditions and lower than anticipated recoveries. Inclement weather with higher than average rainfall also negatively hampered production between December and March. While the operation can cope with excessive rainwater, production is adversely impacted by severe lightning activity and the resultant electricity supply trips. These electricity supply disruptions impair pumping capacity which hampers the removal of excess water from the mining compartments. Once electricity is restored, flooded workings have to be drained over a period of approximately two hours before production can commence.

FOCUS FOR 2023

Our goal for the year ahead is to achieve an improved performance at our surface operations. Our focus areas for the year ahead include:

- continuing optimisation of the mining plan for low-risk, high-margin performance from Elikhulu
- commissioning the Leslie/Bracken pump station
- initiating remining activities on the Leslie/Bracken TSF
- progressing the expansion of the solar PV renewable energy plant with an additional 12MW
- continuing with the rehabilitation of historical TSF sites
- expanding the enlarged Kinross TSF extension over the Kinross dam 1 and 2 compartments
- commissioning the water retreatment plant at Evander Mines which will produce potable water from recycled underground mine water to be used for processing at Elikhulu, thereby alleviating the need to purchase municipal water
- investigating alternative land-use projects on the rehabilitated footprints of the Leslie/Bracken and Winkelhaak TSFs, post-mining, for socio-economic development.

[1] *Converted at the closing exchange rate of US$/ZAR:16.28.*

Hydro-remining activities at Elikhulu | Circle: Carbon measurements at Elikhulu plant carbon-in-leach tanks

Left: Refurbished pump being lowered for installation at Elikhulu | Right: Carbon-in-leach tanks at the Elikhulu metallurgical plant

PAN AFRICAN RESOURCES PLC
Integrated annual report 2022

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	2022	t	252,061	129,087	381,148	–	–	–	–	252,061	129,087	381,148
	2021	t	255,672	120,446	376,118	–	–	–	–	255,672	120,446	376,118
Tonnes milled – surface	2022	t	69,977	–	69,977	–	–	–	–	69,977	–	69,977
	2021	t	69,345	–	69,345	–	–	–	–	69,345	–	69,345
Tonnes milled – total underground and surface	2022	t	322,038	129,087	451,125	–	–	–	–	322,038	129,087	451,125
	2021	t	325,017	120,446	445,463	–	–	–	–	325,017	120,446	445,463
Tonnes processed – tailings	2022	t	–	–	–	908,198	–	13,732,147	14,640,345	908,198	13,732,147	14,640,345
	2021	t	–	–	–	946,293	–	13,054,767	14,001,060	946,293	13,054,767	14,001,060
Tonnes processed – surface feedstock	2022	t	–	–	–	–	261,338	–	261,338	–	261,338	261,338
	2021	t	–	–	–	–	314,821	–	314,821	–	314,821	314,821
Tonnes processed – total tailings and surface feedstock	2022	t	–	–	–	908,198	261,338	13,732,147	14,901,683	908,198	13,993,485	14,901,683
	2021	t	–	–	–	946,293	314,821	13,054,767	14,315,881	946,293	13,369,588	14,315,881
Tonnes milled and processed – total	2022	t	322,038	129,087	451,125	908,198	261,338	13,732,147	14,901,683	1,230,236	14,122,572	15,352,808
	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
Tonnes capacity	2022	t/annum	432,000	138,000	570,000	1,200,000	–	14,400,000	15,600,000	1,632,000	14,538,000	16,170,000
	2021	t/annum	432,000	138,000	570,000	1,200,000	–	14,400,000	15,600,000	1,632,000	14,538,000	16,170,000
Head grade – total	2022	g/t	7.9	12.0	9.1	1.6	1.4	0.3	1.5	3.2	0.5	0.7
	2021	g/t	8.7	9.7	9.0	2.2	1.8	0.3	2.1	3.9	0.4	0.7
Overall recovered grade	2022	g/t	7.3	11.8	8.6	0.7	1.1	0.1	0.2	2.4	0.2	0.4
	2021	g/t	8.1	9.3	8.4	0.6	1.1	0.1	0.2	2.5	0.2	0.4
Overall recovery – underground	2022	%	93	98	95	–	–	–	–	93	98	95
	2021	%	93	96	94	–	–	–	–	93	96	94
Overall recovery – tailings	2022	%	–	–	–	43	80	35	39	43	80	39
	2021	%	–	–	–	28	63	41	38	28	63	38
Gold produced – underground	2022	oz	74,065	48,850	122,915	–	–	–	–	74,065	48,850	122,915
	2021	oz	82,694	36,016	118,710	–	–	–	–	82,694	36,016	118,710
Gold production – surface operations	2022	oz	1,673	–	1,673	–	–	–	–	1,673	–	1,673
	2021	oz	2,132	–	2,132	–	–	–	–	2,132	–	2,132
Gold produced – tailings	2022	oz	–	–	–	19,560	–	52,220	71,780	19,560	52,220	71,780
	2021	oz	–	–	–	18,239	–	51,459	69,698	18,239	51,459	69,698
Gold produced – surface feedstock	2022	oz	–	–	–	–	9,320	–	9,320	–	9,320	9,320
	2021	oz	–	–	–	–	11,237	–	11,237	–	11,237	11,237
Gold produced – total	2022	oz	75,738	48,850	124,588	19,560	9,320	52,220	81,100	95,298	110,390	205,688
	2021	oz	84,826	36,016	120,842	18,239	11,237	51,459	80,935	103,065	98,712	201,777
Capacity	2022	oz/annum	110,000	40,000	150,000	25,000	Not reported	75,000	100,000	135,000	115,000	250,000
	2021	oz/annum	110,000	40,000	150,000	25,000	Not reported	75,000	100,000	135,000	115,000	250,000
Gold sold – total	2022	oz	75,738	48,850	124,588	19,560	9,320	52,220	81,100	95,298	110,390	205,688
	2021	oz	84,826	36,016	120,842	18,239	11,237	51,459	80,935	103,065	98,712	201,777

	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
Average ZAR gold price received	2022	ZAR/kg	895,953	889,168	893,293	896,149	894,844	888,552	891,107	895,993	889,356	892,431
	2021	ZAR/kg	909,122	896,612	905,393	918,572	896,689	896,569	901,544	910,794	896,598	903,849
Average US$ gold price received	2022	US$/oz	1,831	1,817	1,826	1,831	1,829	1,816	1,821	1,831	1,817	1,824
	2021	US$/oz	1,836	1,811	1,829	1,855	1,811	1,811	1,821	1,840	1,811	1,826
ZAR cash cost	2022	ZAR/kg	634,869	505,720	584,231	421,958	780,634	427,388	466,672	591,170	491,874	537,879
	2021	ZAR/kg	531,999	606,656	554,250	461,722	802,958	368,613	449,901	519,562	504,910	512,394
ZAR AISC	2022	ZAR/kg	804,795	544,262	702,642	435,879	807,566	490,982	514,073	729,076	541,287	628,292
	2021	ZAR/kg	683,203	794,068	716,245	468,383	832,505	419,041	487,566	645,187	602,940	624,519
ZAR all-in cost	2022	ZAR/kg	865,984	814,367	845,745	435,879	848,501	565,201	566,567	777,706	699,380	735,670
	2021	ZAR/kg	755,983	959,181	816,544	468,383	832,505	453,906	509,734	705,087	681,357	693,478
US$ cash cost	2022	US$/oz	1,297	1,033	1,194	862	1,595	873	954	1,208	1,005	1,099
	2021	US$/oz	1,074	1,225	1,119	933	1,622	744	909	1,049	1,020	1,035
US$ AISC	2022	US$/oz	1,645	1,112	1,436	891	1,650	1,003	1,051	1,490	1,106	1,284
	2021	US$/oz	1,380	1,604	1,447	946	1,681	846	985	1,303	1,218	1,261
US$ all-in cost	2022	US$/oz	1,770	1,664	1,728	891	1,734	1,155	1,158	1,589	1,429	1,503
	2021	US$/oz	1,527	1,937	1,649	946	1,681	917	1,030	1,424	1,376	1,401
ZAR cash cost	2022	ZAR/t	4,644	5,953	5,019	283	866	51	79	1,424	120	224
	2021	ZAR/t	4,319	5,642	4,676	277	891	45	79	1,310	115	218
Capital expenditure	2022	ZAR million	424.9	410.5	835.4	7.7	19.7	168.5	195.9	432.6	598.7	1,031.3
	2021	ZAR million	418.3	197.4	615.7	1.6	10.3	64.2	76.1	419.9	271.9	691.8
Revenue	2022	ZAR million	2,110.6	1,351.0	3,461.6	545.2	259.4	1,443.2	2,247.8	2,655.8	3,053.6	5,709.4
	2021	ZAR million	2,398.6	1,004.4	3,403.0	521.1	313.4	1,435.0	2,269.5	2,919.7	2,752.8	5,672.5
Cost of production	2022	ZAR million	1,495.6	768.4	2,264.0	256.7	226.3	694.2	1,177.2	1,752.3	1,688.9	3,441.2
	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
AISC	2022	ZAR million	1,895.9	827.0	2,722.9	265.2	234.1	797.5	1,296.8	2,161.1	1,858.6	4,019.7
	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
All-in cost	2022	ZAR million	2,040.0	1,237.4	3,277.4	265.2	246.0	918.0	1,429.2	2,305.2	2,401.4	4,706.6
	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
Adjusted EBITDA	2022	ZAR million	737.6	604.9	1,342.5	217.8	30.6	890.9	1,139.3	955.4	1,526.4	2,481.8
	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
Average exchange rate	2022	US$/ZAR	15.22	15.22	15.22	15.22	15.22	15.22	15.22	15.22	15.22	15.22
	2021	US$/ZAR	15.40	15.40	15.40	15.40	15.40	15.40	15.40	15.40	15.40	15.40
Employees	2022	number	1,817	39	1,910	72	17	147	236	1,889	257	2,146
	2021	number	1,767	82	1,866	78	17	142	220	1,845	241	2,086
Contractors	2022	number	1,229	1,432	2,661	61	–	198	259	1,290	1,630	2,920
	2021	number	1,068	1,071	2,139	270	–	274	544	1,338	1,345	2,683

FINANCIAL CAPITAL

Equity, debt and surplus cash from our operating activities

STRATEGIC INITIATIVE

Ensure adequate, competitively priced and well-structured financial resources for the funding of our operations and growth projects and disciplined capital allocation for sustainable long-term value creation

RELATED RISKS

• Heightened social instability and political tension	30
• Increasing mining costs and capital expenditure due to inflationary pressures (including increased cost related to ESG initiatives)	31
• Constrained electricity supply, with increased costs and power disruptions	31
• Macroeconomic volatility – specifically the gold price and currency fluctuations	32
• Infrastructure dependency and constraints due to the aged nature of the infrastructure in our underground mines	33
• Inherent geological variability in Mineral Resources and Mineral Reserves, especially at the greenstone belt mines	34
• Strategic capital allocation	35
• Climate change	36
• Cybersecurity and IT risks	38

KEY STATISTICS

	Unit	2022	2021	2020	2019	2018
Revenue	US$ million	376.4	368.9	274.1	217.7	146.0
Net cash from operating activities	US$ million	110.0	75.8	53.8	37.7	13.4
Net debt®	US$ million	13.0	39.0	76.4	129.9	118.0
Dividend paid	US$ million	25.0	20.6	3.4	–	13.2
Profit/(loss) after tax	US$ million	75.0	74.7	44.3	38.0	(122.8)
Return/(loss) on shareholders' funds®	%	25.9	32.0	24.1	23.0	(57.9)
Net debt-to-equity ratio®	ratio	0.04	0.1	0.4	0.7	0.8
Net debt-to-net adjusted EBITDA ratio®[1]	ratio	0.1	0.3	0.7	2.2	3.7
Interest cover ratio®	ratio	34.1	23.0	10.1	4.1	4.6
Debt service cover ratio®	ratio	7.3	3.0	3.4	1.4	4.1
Current ratio®	ratio	0.95	0.80	0.68	0.47	0.60

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

Execution

Our values and growth mindset drive project delivery within a responsible capital allocation framework, stringent cost and cash flow management and appropriately risk-adjusted returns for our capital providers.

2022 ACHIEVEMENTS

- Profit after tax increased to US$75.0 million (2021: US$74.7 million)
- Net senior debt decreased to US$9.3 million (2021: US$33.7 million) due to principal repayments on the Group's senior debt facilities
- Net cash from operating activities increased to US$110.0 million (2021: US$75.8 million), supported by improved operational performance by the Group, as detailed in the financial director's review
- Final dividend of ZAR402.2 million (US$25.0 million) paid for the 2021 financial year in December 2021, and a final dividend of ZAR400.1 million (approximately US$23.1 million[1]) is proposed for the 2022 financial year
- Established a JSE-registered Domestic Medium-term Note programme
- Negotiated a new ZAR1 billion RCF, which became effective in November 2021
- In anticipation of the Mintails transaction, a credit-approved term sheet has been obtained from a leading South African financial institution which will also underwrite US$80 million of the senior debt package for the Mintails project development
- The Group finalised a US$3.2 million share buy-back in May 2022
- Return on shareholders' funds increased to 25.9% (2021: 32.0%)
- Group AISC® increased to US$1,284/oz from US$1,261/oz
- Listed on the A2X Market in South Africa

STRATEGIC OBJECTIVES

- Ensure adequate liquidity for operational and debt redemption requirements
- Ensure appropriate funding for organic growth, exploration and acquisitive opportunities
- Further strengthen the Group's capital structure and funding flexibility
- Increase returns to shareholders through cash dividends and share buy-backs
- Increase the USA shareholder base of the Company
- Reduce AISC® at all operations in real terms, through optimisation and cost-reduction initiatives as well as increased ounce production

[1] *Assuming an exchange rate of US$/ZAR:17.30.*

Why these objectives are important

- The Group's capital structure needs to be robust to ensure that the Group can be sustainable through the commodity cycle and macroeconomic volatility, to appropriately fund its operations and access capital to fund organic and acquisitive growth opportunities
- Generating the requisite risk-adjusted returns on capital employed, and returning capital to shareholders in the form of dividends or share buy-backs is important to maintaining their support for future equity funding
- The USA markets have a broad investor base with access to large capital reserves. Establishing a meaningful shareholder base in this market will support future raising of equity capital and potentially contribute to the rerating of the Company's shares

Related risks

- Heightened social instability and political tension
- Increasing mining costs and capital expenditure due to inflationary pressures (including increased cost related to ESG initiatives)
- Constrained electricity supply, with increased costs and power disruptions
- Macroeconomic volatility – specifically the gold price and currency fluctuations
- Infrastructure dependency and constraints due to the aged nature of the infrastructure in our underground mines
- Strategic capital allocation
- Climate change
- Cybersecurity and IT risks

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 the capital invested
- 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 and risk-conscious international diversification strategy.

2022 ACHIEVEMENTS

- Gold produced increased by 1.9% to 205,688oz (2021: 201,777oz) and has exceeded our upwardly revised production guidance of 200,000oz
- Production significantly improved for Evander Mines' underground operations to 48,850oz (2021: 36,016oz)
- Evander Mines' Egoli project (for detail, refer to **pages 12** and **13**)
  - The dewatering of the 3 Decline commenced in June 2022
- Evander Mines' 24, 25 and 26 Level project (for detail, refer to **pages 12** and **13**)
  - Development blasting the 2 Decline for Evander Mines' 24 Level project has been completed
  - Construction of phase 1 of the underground refrigeration plant on Level 24 is complete, with phase 2 expected to be complete during the fourth quarter of the 2023 financial year.
  - Dewatering on 25 Level commenced in May 2022 and blasting of the development ends will commence in the 2023 financial year, with mining of the first stope planned for the 2025 financial year
- Barberton Mines' PC Shaft Level 43 project (for detail, refer to **page 12**)
  - Access has been gained to the down-dip extension of the high-grade 42 Level orebody mined in the prior financial year. Stoping of the 43 Level ore will commence in the 2023 financial year
- Barberton Mines' optimisation initiatives (for detail, refer to **page 12**)
  - Drilling into the down-dip extents of the orebodies has yielded excellent results and improved our geological understanding of our Barberton operations
  - Actively mining five high-grade platforms at Fairview Mine's MRC orebody
- Barberton Mines' Royal Sheba project (for detail, refer to **page 12**)
  - The orebody was intersected on schedule in June 2022, with the extraction of a 10,000t bulk sample in progress
- Mintails transaction (for detail, refer to **page 13**)
  - Successfully completed a definitive feasibility study on the Mogale Gold TSFs that form part of the Mintails SA Group
- Blyvoor transaction (for detail, refer to **page 13**)
  - The Group, together with independent consultants, is in the process of finalising a fatal flaw assessment and gap analysis as part of the initial due diligence and has extended the period for completion of the transaction
- Sudanese exploration concessions (for detail, refer to **page 13**)
  - During March 2022, five exploration concessions were awarded to the Group, covering approximately 1,100km^2 of highly prospective areas within the Arabian-Nubian Shield, more specifically the Nakasib Suture Zone, a structure that is host to the Hassai Gold Mine, which exploits a number of volcanogenic massive sulphide deposits and quartz veins
  - Construction of a high-tech multi-elemental assay laboratory, capable of analysing over 8,000 samples a month, was completed in March 2022
  - Multiple exploration targets have been identified within the concession areas

STRATEGIC OBJECTIVES

- Achieve production guidance of 200,000oz
- Successfully execute capital projects to sustain and increase gold production into the future
- Develop Egoli in a phased approach
- Progress the following organic growth projects:
  - 24, 25 and 26 Level project at Evander Mines
  - Royal Sheba at Barberton Mines
- Evaluate organic and acquisitive growth opportunities and exploration projects
- Investigate potential exploration and mining opportunities outside South Africa that meet the Group's stringent investment criteria

Left: BTRP carbon-in-leach tanks | Right: Development drilling at the Royal Sheba project

Why these objectives are important

- Delivering on annual production guidance enables the Group to produce gold profitably, generate the requisite cash to meet its capital requirements and debt obligations, improve investor confidence in the Group's sustainability and return capital to shareholders
- Successfully executing into capital and/or organic growth projects, which prove to be both viable and value enhancing, enables the Group to increase annual production and move up the ranks of mid-tier gold producers

Related risks

- Increasing mining costs and capital expenditure due to inflationary pressures (including increased cost related to ESG initiatives)
- Constrained electricity supply, with increased costs and power disruptions
- Infrastructure dependency and constraints due to the aged nature of the infrastructure in our underground mines
- Inherent geological variability in Mineral Resources and Mineral Resources, especially at the greenstone belt mines
- Strategic capital allocation

Long-term objectives

- Exploring organic growth opportunities within our mining rights and exploration concession areas with the intention of extending the life of our operations
- Diversify our Mineral Resources and production portfolio to move away from a single sovereign jurisdiction
- 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 potentially acquire similar surface tailings resources such as the Mogale Gold, MSC and Blyvoor TSFs
- The Group's experience in exploration and retreatment of surface tailings deposits can be applied in evaluating similar resources in other jurisdictions
- Increase the Group's annual production profile to more than 300,000oz of gold to attract institutional fund managers that invest in upper mid-tier gold mining companies
- Widen our investor base in the global markets

BTRP metallurgical plant | Circle: 7 Shaft winder driver room

MANUFACTURED CAPITAL

MATERIAL MATTERS

KEY STAKEHOLDERS

Infrastructure, orebodies 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

RELATED RISKS

Risk	Page
Increasing mining costs and capital expenditure due to inflationary pressures (including increased cost related to ESG initiatives)	31
Constrained electricity supply, with increased costs and power disruptions	31
Infrastructure dependency and constraints due to the aged nature of the infrastructure in our underground mines	33
Inherent geological variability in the Mineral Resources and Mineral Reserves, especially at the greenstone belt mines	34
Strategic capital allocation	35
Climate change	36
Environmental impact of mining activities	37

KEY STATISTICS

	Unit	2022	2021	2020	2019	2018
Mineral Resources	Moz Au	**38.7**	39.2	37.6	36.0	33.3
Mineral Reserves	Moz Au	**11.3**	10.8	10.9	10.9	11.2
Investment in infrastructure	US$ million	**82.7**	44.4	34.6	55.1	124.7
Gold mining tonnes milled	t	**381,148**	376,118	285,016	311,606	509,955
Gold tailings processed	t	**14,901,683**	14,315,881	14,339,922	13,035,165	3,041,325
Gold production	oz	**205,688**	201,777	179,457	172,442	160,444
Average gold price received	US$/oz	**1,824**	1,826	1,574	1,266	1,301
AISC	US$/oz	**1,284**	1,261	1,147	988	1,358

Production cost

We strive to improve our cost of production and long-term profitability through continuous maintenance, the use of technology and incremental improvements to our operations.

2022 ACHIEVEMENTS

- Barberton Mines' underground operations have benefited from improved flexibility at its Fairview operation through accelerated underground development programmes at the high-grade MRC and Rossiter orebodies
- Five large high-grade platforms (256, 257, 258, 259 and 358 Platforms) are currently available for mining in the MRC orebody, with three platforms within the Rossiter orebody also being available
- The benefit of having an increased mining footprint and improved mining flexibility, through the availability of multiple platforms, resulted in Barberton Mines' Fairview Mine achieving a 5.3% increase in production for the year to 48,097oz (2021: 45,686oz)
- Production from Evander Mines' underground operations increased to 48,850oz (2021: 36,016oz), benefiting from the 8 Shaft pillar which achieved steady-state production rates and outperformed the planned gold yield for the 2022 financial year
- The Group's production increased by 1.9% to 205,688oz (2021: 201,777oz) and was also 2.8% higher than guided production of approximately 200,000oz
- Evander Mines' total operations AISC decreased by 9.2% to US$1,106/oz (2021: US$1,218/oz)
- An 8% increase in the Group's cost of production to US$226.4 million (2021: US$208.8 million)
- Group AISC increased to US$1,284/oz from US$1,261/oz following lower gold production from Sheba and Consort Mines
- AISC for the Group's low-cost operations comprising all operations, excluding Sheba Mine and Consort Mine, was US$1,145/oz for the financial year
- Total capital expenditure increased by 68.6% to US$82.8 million (2021: US$49.1 million) comprising:
  - sustaining capital expenditure of US$23.1 million (2021: US$16.7 million)
  - expansion capital expenditure of US$59.7 million (2021: US$32.4 million)
- Commissioned Evander Mines' solar PV renewable energy plant in May 2022, which will assist in managing future production costs resulting from above-inflationary increases in electricity rates

STRATEGIC OBJECTIVES

- Successfully execute capital projects to sustain and increase gold production into the future
- Progress the following organic growth projects:
  - 24, 25 and 26 Level project at Evander Mines
  - Royal Sheba at Barberton Mines
- Achieve production guidance of 200,000oz
- Reduce AISC at all operations in real terms, through optimisation and cost-reduction initiatives as well as increased ounce production
- Commission Evander Mines' solar PV renewable energy plant and complete the 12MW expansion feasibility study for the plant
- Construct the water retreatment plant at Evander Mines

Why these objectives are important

- Delivering on annual production guidance enables the Group to produce gold profitably, generate the requisite cash to meet its capital requirements and debt obligations, improve investor confidence in the Group's sustainability and return capital to shareholders
- Solar energy and water recycling projects, together with other initiatives to increase the Group's future gold production, are also expected to contribute to future AISC reductions
- Effectively managing and reducing production costs underpins the Group's profitability and sustainability in the longer term

Related risks

- Increasing mining costs and capital expenditure due to inflationary pressures (including increased cost related to ESG initiatives)
- Constrained electricity supply, with increased costs and power disruptions
- Infrastructure dependency and constraints due to the aged nature of the infrastructure in our underground mines
- Inherent geological variability in the Mineral Resources and Mineral Reserves, especially at the greenstone belt mines
- Strategic capital allocation
- Climate change

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 with modern exploration techniques and reserve delineation drilling of our orebodies
- Seek acquisition opportunities that meet our stringent investment criteria

Geological sustainability

We continuously explore new mineral deposits and down-dip extents of our known deposits, while improving underground mining efficiency and flexibility, as well as further optimising our tailings operations.

2022 ACHIEVEMENTS

- Mineral Resources of 38.7Moz (2021: 39.2Moz) and Mineral Reserves of 11.3Moz (2021: 10.8Moz)
- A 4.8% year-on-year increase in the Mineral Reserve base of 209.7Mt at 1.68g/t for 11.3Moz (2021: 210.4Mt at 1.60g/t for 10.8Moz)
- Drilling into the down-dip extents of the existing orebodies has yielded excellent results and improved our geological understanding of Barberton Mines' operations. Refer to Barberton Mines' optimisation initiatives on **page 12** for more detail on the results of the diamond holes drilled
- Intersected the high-grade 259 Platform within the MRC orebody
- The Group's gold production increased by 1.9% to 205,688oz (2021: 201,777oz), exceeding the Group's production guidance of 200,000oz for the 2022 financial year
- Surface feed material at the BTRP has been supplemented with rehabilitation material from Fairview Mine
- Executed Evander Mines' 24, 25 and 26 Level project
- The life-of-mine for Evander Mines' underground operations has extended from five years to 14 years with the inclusion of production planned from the 24, 25 and 26 Levels (excluding production expected from Egoli)
- Reserve delineation drilling, sampling and surveying of the Leslie/Bracken TSF increased the confidence of Elikhulu's 2023 production forecast
- De-risking the BTRP's vulnerability to a future feedstock deficit through the treatment of historically stockpiled low-grade material and identifying appropriate third-party material in the region

STRATEGIC OBJECTIVES

- Achieve production guidance of 200,000oz
- Progress the following organic growth projects:
  - 24, 25 and 26 Level project at Evander Mines
  - Royal Sheba at Barberton Mines
- Successfully execute capital projects to sustain and increase gold production into the future
- Reduce AISC® at all operations in real terms, through optimisation and cost-reduction initiatives as well as increased ounce production

Why these objectives are important

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

Related risk

- Inherent geological variability in the Mineral Resources and Mineral Reserves, especially at the greenstone belt mines

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 manner
- Increase technical skills by developing an internal pipeline of qualified successors for critical roles

Availability of reliable infrastructure

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

2022 ACHIEVEMENTS

- Electricity consumption for the Group decreased by 1.9% to 1,377,068GJ (2021: 1,404,383GJ) despite increased production
- The Group's electricity costs increased by 8.3% to US$33.8 million (2021: US$31.2 million)
- Water consumption by the Group increased by 2.2% to 14.7 million m^3 (2021: 14.4 million m^3)
- Commissioned Evander Mines' solar PV renewable energy plant in May 2022 and subsequently completed the 12MW expansion feasibility study
- Completed a feasibility study for an 8MW solar PV renewable energy plant at Barberton Mines and commenced site establishment
- Construction of the water retreatment plant at Evander Mines commenced in June 2022

STRATEGIC OBJECTIVES

- Commission Evander Mines' solar PV renewable energy plant and complete the 12MW expansion feasibility study for the plant
- Commence with the construction of the 8MW solar PV renewable energy plant at Barberton Mines
- Construct the water retreatment plant at Evander Mines

Why these objectives are important

- Solar energy and water recycling projects, together with other initiatives, contribute to the sustainability of the Group's future gold production and are also expected to contribute to future AISC® reductions
- Through the investment in solar PV renewable energy plants at our operations, the Group is proactively managing its migration to renewable energy and contributing to the curtailment of its electricity costs
- The water retreatment plant is designed to treat approximately 3ML of mine water a day, using reverse osmosis technology that will produce potable water from recycled underground mine water to be used for processing at Elikhulu, thereby alleviating the need to purchase municipal water. Reduced water usage will have a positive environmental impact and will result in cost savings

Related risks

- Increasing mining costs and capital expenditure due to inflationary pressures (including increased cost related to ESG initiatives)
- Constrained electricity supply, with increased costs and power disruptions
- Strategic capital allocation
- Climate change
- Environmental impact of mining activities

Long-term objectives

- Investigate a storage solution to extend the period of available power supply from the solar PV renewable energy plant
- As part of the Mintails SA project's development, the merits of a solar PV renewable energy plant will also be evaluated. The envisaged solar PV renewable energy plant is expected to be similar in size to Evander Mines' phase 1 facility

ABRIDGED MINERAL RESOURCES
AND MINERAL RESERVES REPORT

The Group's strategic and growth plans lead to a considered evaluation of all the operations and projects. During this process, all available Mineral Resources and targets are measured against the strategic plan and developed, where possible and required, to deliver into the plan.

HENDRIK PRETORIUS
Group technical services manager

AIM OF THIS REPORT

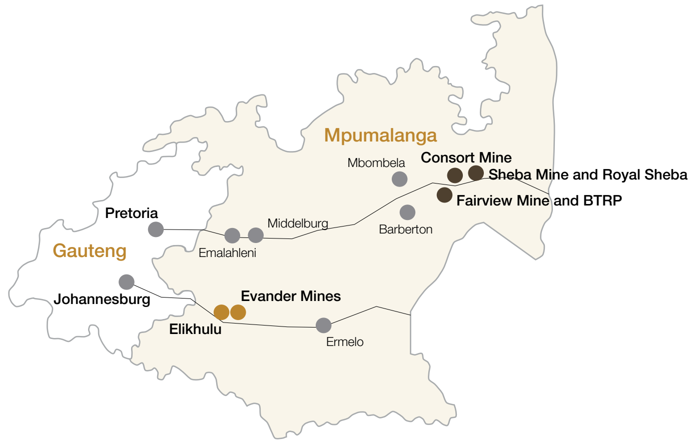
Pan African's Mineral Resources and Mineral Reserves report 2022 conforms to the standards determined by the SAMREC Code and reports the Group's position on Mineral Resources and Mineral Reserves at 30 June 2022.

This report must be read in conjunction with Pan African's full Mineral Resources and Mineral Reserves report for the year ended 30 June 2022 which is available on our website at www.panafricanresources.com

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

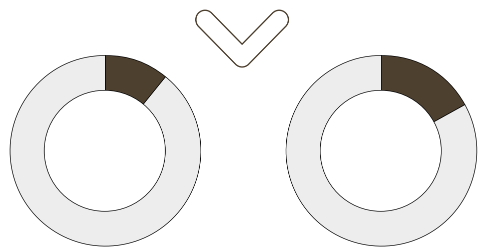
Rounding of numbers may result in minor computational discrepancies.

PAN AFRICAN'S OPERATIONAL FOOTPRINT
South Africa



Our operations
- *Evander Mines*
- *Elikhulu*
- *Sheba Mine and Royal Sheba*
- *Fairview Mine and BTRP*
- *Consort Mine*

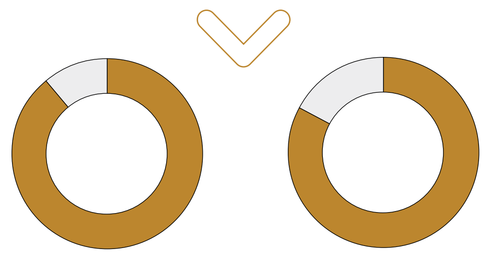
BARBERTON REGION
Barberton Mines consists of three underground mines and a tailings retreatment operation
Fairview Mine
Consort Mine
Sheba Mine and Royal Sheba
Barberton Tailings Retreatment Plant



Contribution to the Group's Mineral Resources
11%

Contribution to the Group's Mineral Reserves
17%

EVANDER REGION
Evander Mines consists of one underground mine, a tailings retreatment operation and a number of projects
8 Shaft
Elikhulu Tailings Retreatment Plant
Egoli project
Rolspruit project

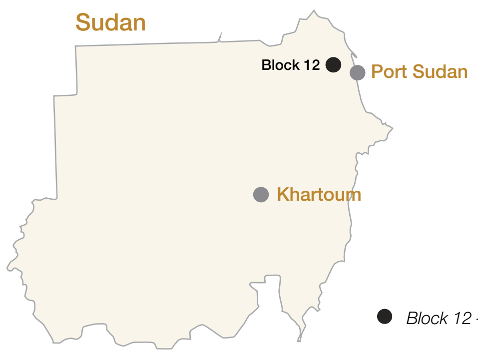


Contribution to the Group's Mineral Resources
89%

Contribution to the Group's Mineral Reserves
83%

SUDAN REGION
The Sudan region consists of five exploration concessions totalling 1,088km²
Block 12

Sudan



- *Block 12 – Sudan*

GROUP OVERVIEW

The estimated 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 2022. Estimated Mineral Resources and Mineral Reserves exclude any exploration targets and represent the attributable constituent for Pan African. All estimated Mineral Resources include that portion of the estimated Mineral Resources that was converted to estimate the Mineral Reserves by applying modifying factors and a mine plan to the Mineral Reserve blocks.

The total Mineral Resources for the Group decreased marginally from 39.2Moz (341.3Mt at 3.58g/t) in June 2021 to 38.7Moz (327.9Mt at 3.67g/t) in June 2022 – a gross annual decrease of 0.6Moz, or 1.5%.

	Estimated Mineral Resources							
	At 30 June 2022				At 30 June 2021			
		Contained gold				Contained gold		
Category	Tonnes million	Grade g/t	Tonnes gold	Moz	Tonnes million	Grade g/t	Tonnes gold	Moz
Measured	70.5	1.63	115.0	3.70	38.0	2.77	105.1	3.38
Indicated	178.2	3.53	629.3	20.23	219.9	2.92	641.5	20.62
Inferred	79.3	5.78	457.9	14.72	83.5	5.68	474.2	15.25
Total	327.9	3.67	1,202.2	38.65	341.3	3.58	1,220.7	39.25

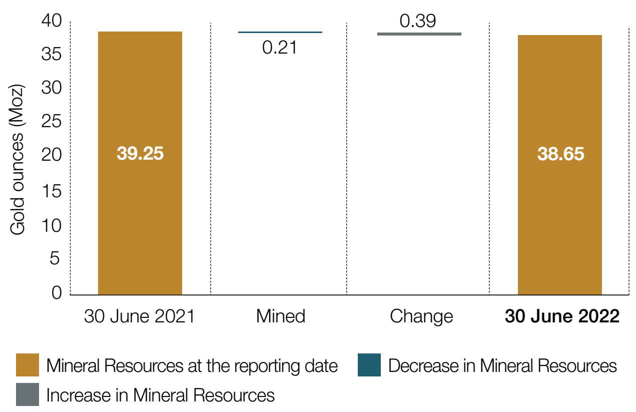
Estimated Mineral Resources decreased marginally as a result of changes in the cut-off grade applied at Evander Mines' 8 Shaft and the Barberton Mines areas, as well as due to mining depletion at the BTRP and Elikhulu. Additional Mineral Resource blocks were reported at Barberton Mines' Consort operation. 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 2022: ZAR950,000/kg Au – June 2021: ZAR900,000/kg Au).

Pan African's estimated Mineral Reserves increased to 11.3Moz (209.7Mt at 1.68g/t) at 30 June 2022 post mining depletion of 0.21Moz relative to 10.8Moz (210.4Mt at 1.60g/t) at 30 June 2021 – a gross annual increase of 0.51Moz, or 4.8%. Mineral Reserves are reported inclusive of diluting and contaminating material delivered to the relevant metallurgical plant for treatment and beneficiation.

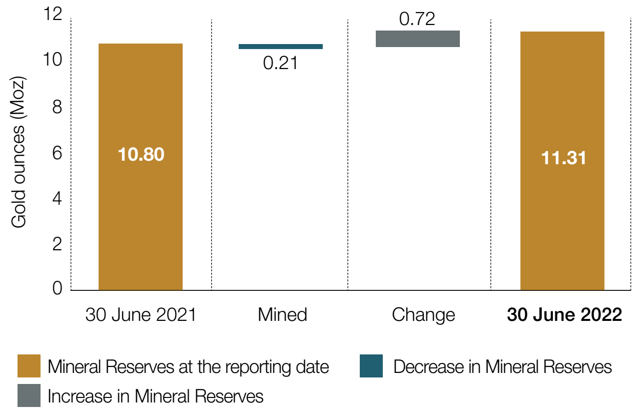
	Estimated Mineral Reserves							
	At 30 June 2022				At 30 June 2021			
		Contained gold				Contained gold		
Category	Tonnes million	Grade g/t	Tonnes gold	Moz	Tonnes million	Grade g/t	Tonnes gold	Moz
Proved	58.2	0.86	50.1	1.61	25.4	1.50	38.1	1.22
Probable	151.5	1.99	301.9	9.70	185.0	1.61	297.8	9.57
Total	209.7	1.68	352.0	11.31	210.4	1.60	335.9	10.80

Increases in the Mineral Reserves were observed for Barberton Mines' Royal Sheba project and Evander Mines' 8 Shaft operations. Marginal decreases, mainly due to mining depletion, are evident at the BTRP, Fairview, Consort and Sheba operations at Barberton Mines as well as at Elikhulu.

Estimated Mineral Resources reconciliation



Estimated Mineral Reserves reconciliation



COMPETENT PERSON

The competent person for Pan African, Hendrik Pretorius, the Group technical services manager, signs off on the estimated Mineral Resources and Mineral Reserves report for the Group.

Hendrik is a member of the South African Council for Natural Scientific Professions (SACNASP No. 400051/11 – Management Enterprise Building, Mark Shuttleworth Street, Innovation Hub, Pretoria, South Africa), as well as a member in good standing of the Geological Society of South Africa (GSSA No. 965978 – CSIR Mining Precinct, corner Rustenburg and Carlow Roads, Melville, South Africa). Hendrik has 19 years' experience in economic geology, mineral resource management and mining (surface mining and shallow to ultra-deep underground mining).

He is based at The Firs Building, 2nd Floor, Office 204, corner Cradock and Biermann Avenues, Rosebank, Johannesburg, South Africa. He holds a BSc (Hons) degree in Geology from the University of Johannesburg as well as a Graduate Diploma in Mining Engineering (GDE) from the University of the Witwatersrand. Hendrik has reviewed and approved the information contained in this document as it pertains to Mineral Resources and Mineral Reserves and has provided written confirmation to Pan African that the information is compliant with the SAMREC Code and, where applicable, the relevant requirements of section 12 of the JSE Listings Requirements and Table 1 of the SAMREC Code, and may be published in the form and context in which it appears.

GEOLOGICAL/RESOURCE ESTIMATION METHODOLOGY

Geological modelling

The grade and the structure of the orebodies exploited by the Group are highly erratic in nature, and most of the data for evaluating resource blocks is derived from development adjacent to the mining blocks and from the position of the present and historical mining areas along with diamond drill hole information. The data is continuously evaluated for representivity and accuracy. During the year, no discrepancies in data accuracy were noted. The continuity of grade values within the ore shoots is derived primarily from short-range statistical projections, based on historical mining measurements of the orebody, the study of its tectonic structure and continuity modelling such as variography and trend analyses.

The tectonic structure and orebody geometry have been modelled using the Lynx orebody modelling system (StopeCAD) and Datamine Studio RM®. These systems allow for the three-dimensional (3D) structure of the mineralised volume to be modelled, modified and viewed graphically. Additionally, these 3D models can be adjusted as new data becomes available. Furthermore, these systems are employed as a tool for visualising grade continuity and are an aid for mine planning.

Resource estimation

During grade control, both diamond-cored drill holes and underground channel/chip sampling results are utilised. A minimum sampling width of 230cm is used in the case of mechanical mining and 20cm for conventional scraper-type stoping. Where the reef width is narrower, hanging wall and footwall samples are included. Exploration diamond drill holes and sampling are conducted over a sample width of 50cm within the mineralised or lithological contacts. Drilling is also conducted on the tailings material that is re-treated at the BTRP and Elikhulu. In these cases, the samples from either auger drilling, dual drilling or sonic drilling are sampled at 150cm intervals.

All the samples are transported from site to the SGS Barberton assay laboratory (SGS Barberton). SGS Barberton is an independent South African National Accreditation System-accredited assay laboratory (T0565) and is certified to conduct the relevant gold analyses. During transportation and submission, the samples are accompanied by a representative from Barberton Mines (either a geologist or sampler) and a sample dispatch note. Sample preparation and assaying are conducted by SGS Barberton. Preparation of the samples includes the drying of the sample at 110°C, followed by crushing to 85% passing 2.36mm. Between 0.5kg and 0.75kg of crushed material is subsampled and pulverised using Rocklabs LM2 and RM2000 pulverisers to 85% passing 75µm. A 25g (grade control) or 50g (exploration) aliquot is blended with a premix flux for fire assay purposes. Low-grade orebodies are analysed using atomic absorption spectrometry while high-grade orebodies employ a parted gravimetric finish.

An in-house quality assurance and quality control (QA/QC) system is implemented, where certified reference material is employed to indicate the accuracy of the assaying procedure. For exploration, up to 10% of the samples are reassayed for precision tests and are accompanied by certified reference material at a 10% frequency rate. A two-times standard deviation from the expected certified reference material is employed as a failing criterion in the QA/QC system and triggers a reassaying procedure. All exploration samples retrieving grades in excess of 10g/t are immediately reassayed to validate the grades.

Mineral Resources estimation (MRE) at Fairview, Sheba and Consort Mines uses an inverse distance weighted grade and orebody width estimate within a limited search ellipse defined for each orebody specifically. At Royal Sheba (located within the Sheba mining right), an ordinary kriging MRE is conducted for the various resource classification criteria. The MRE method employed for generating local grade estimates at Evander Mines is ordinary kriging. The search ellipse employed during the kriging process is in line with the orebody dimension and modelled variogram ranges. In all cases, historical data is employed during the MRE due to the rich history of mining and exploration in the area. All historical data is continuously evaluated relative to newly acquired data for representivity. During the financial year, no inconsistencies were noted in the historical or new data.

Extreme high-grade samples are evaluated per orebody and capped to an acceptable maximum grade for each orebody and operation specifically. These high grades are identified by sample statistics, histograms and capping curves. The capped high-grade samples are employed for the MRE of each orebody.

Mineral Resources classification

Blocks of Measured Resources are generally 20m on strike and 10m in the dip direction of actual mining. Where blocks are defined adjacent to a development end only, the grade and true width of the reef in the block are estimated by calculating the arithmetic mean or 'stretch average' of the samples along the development end. If the sample spacing is at the standard stope sampling grid of 3m, the block value is derived by calculating the inverse weighted estimated value of all available samples. During an ordinary kriging MRE, a Measured Resource block is defined as a block estimated within the modelled variogram range with a slope of regression not less than 70% into parent cells not larger than 30m by 30m. This effectively reports a Measured Resource within 50m of sufficient representative sampling.

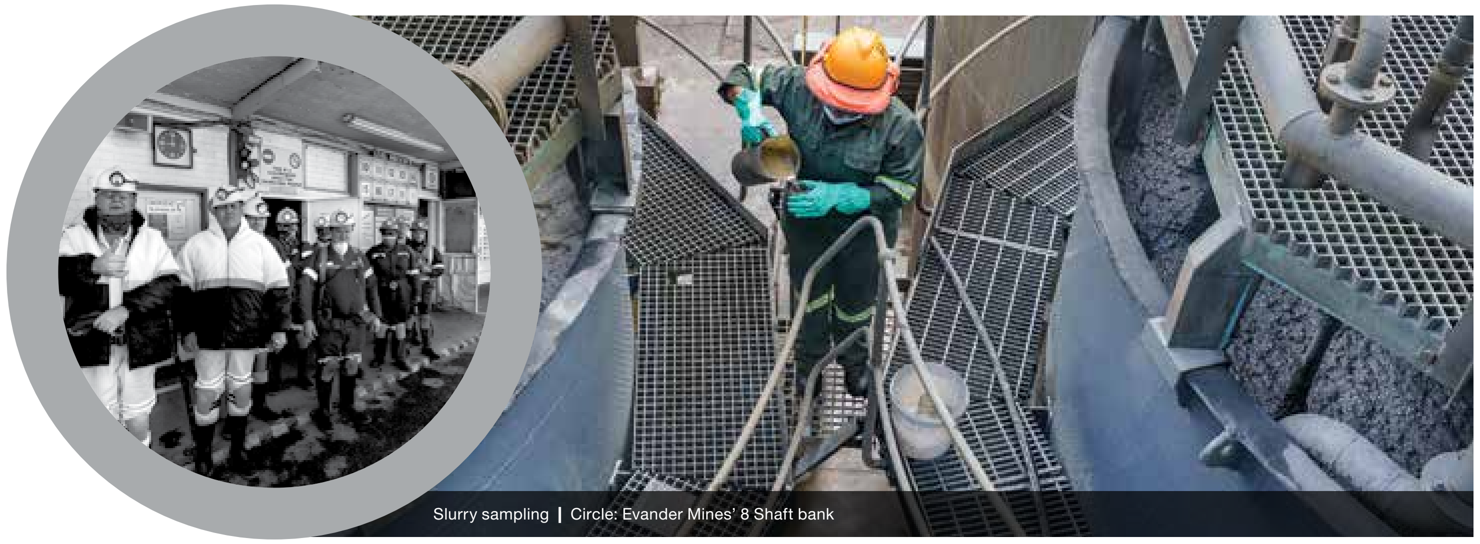
Blocks of Indicated Resources are defined where only diamond drill hole samples and local geological information are available. Both the grades and orebody widths are either estimated by means of an inverse weighted estimate or ordinary kriging. The Indicated Resource extends up to the modelled variogram ranges of a sufficiently sampled area with a slope of regression not less than 50%. Grades and widths are mostly interpolated into the Indicated Resource blocks which are 60m by 60m in size.

The Inferred Resource blocks are characterised by a regional grade and width obtained from arithmetic means, Sichel's t-estimates and macro ordinary kriging. Inferred Resource blocks are extrapolated to double the modelled variogram range or grade continuity for each orebody into parent cells of 120m by 120m in size.

Mineral Reserves conversion

Indicated Mineral Resources are converted to Probable Mineral Reserves due to the lower confidence mainly in grade continuity relative to that of Measured Mineral Resources. In most instances, Measured Mineral Resources are converted to Proved Mineral Reserves. Certain Measured Mineral Resources are not immediately accessible for mining and require development or equipping. Under these circumstances, Measured Mineral Resources have been converted to Probable Mineral Reserves. Mineral Reserves are reported inclusive of diluting and contaminating material delivered to the relevant metallurgical plant for treatment and beneficiation.

Inferred Mineral Resources are not converted to Mineral Reserves, nor are Inferred Mineral Resources utilised in feasibility studies.



Slurry sampling | Circle: Evander Mines' 8 Shaft bank

ASSESSMENT AND REPORTING IN COMPLIANCE WITH THE SAMREC CODE

To meet the requirements of the SAMREC Code, the material reported as Mineral Resources should have 'reasonable and realistic prospects for eventual economic extraction'.

Pan African has determined an appropriate cut-off grade, which has been applied to the quantified mineralised orebody. In determining the Mineral Resources and Mineral Reserves cut-off grades, Pan African uses the following metal price deck. Mineral Reserves represent the portion of the Measured and Indicated Mineral Resources above an economic cut-off grade within the life-of-mine plan. These Mineral Reserves have been estimated after considering all modifying factors affecting extraction. A range of disciplines is involved at each mine in the life-of-mine planning process, including geology, surveying, planning, mining design and engineering, rock engineering, metallurgy, financial management, human resources management and environmental management.

Category	Unit	2022	2021
Mineral Resources gold price	US$/oz	**1,906**	1,866
	ZAR/kg	**950,000**	900,000
Mineral Reserves gold price	US$/oz	**1,706**	1,659
	ZAR/kg	**850,000**	800,000
Exchange rate	US$/ZAR	**15.50**	15.00

The Group's Mineral Resources and Mineral Reserves achievements include:

MINERAL RESOURCES

- The Group's estimated Mineral Resources base decreased marginally by 1.5% year-on-year
- Successful exploration drilling programme at the Fairview, Consort and Sheba Mines 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

- The Group's estimated Mineral Reserves base increased by 4.8% year-on-year
- Advancement in the reserve delineation drilling at the Barberton region
- 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 and rehabilitation sources

ORGANIC GROWTH

Pan African's pipeline of growth opportunities spans the full spectrum from exploration to full production.

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 growth 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, Consort Mine's PC Shaft remnant blocks and the Royal Sheba project. The schematic on **page 11** illustrates the progress of near-mine growth projects that contributed ounces to the increased Mineral Resources for the year.

	BARBERTON REGION	Estimated Mineral Resources	Affected by	Estimated Mineral Reserves	Affected by	Modelled life-of-mine
FAIRVIEW MINE	Additional mining flexibility was achieved during the financial year by establishing a fifth 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 180m for production activities. These two sections of the Fairview Mine produce some 90kg of recovered gold from the 120kg call per month, representing 75% of the gold	Decreased by 125Koz, with the tonnage decreasing by 194kt, a 7% decrease in gold content year-on-year	• Depletion through mining activities • Geological boundary and structural updates • Mineral Resource block updates (tonnes and grade) • Cut-off grade decreased from 1.94g/t for the prior financial year to 1.75g/t for the current financial year	Decreased by 251kt at 2.16g/t for 17Koz, a 2.3% decrease year-on-year	• 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 92.79%	20 years
SHEBA MINE	Steady-state production continued at the Thomas section, Edwin Bray adit as well as at the Verster Reef in the Southwall adit. These orebodies are characterised by high-grade visible gold mineralisation and have therefore significantly aided in sustaining the gold production 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 structures	Decreased by 101.5kt at 7.37g/t for 24Koz, a 7% decrease year-on-year	• Depletion through mining activities • Geological boundary and structural updates • Mineral Resource block updates (tonnes and grade) • Cut-off grade decreased slightly to 2.05g/t for the current financial year, relative to 2.26g/t for the prior financial year	Decreased by 107.6kt at 1.32g/t for 4.6Koz, a 3% decrease year-on-year	• Depletion through mining activities • Impact of updated geological structures and boundaries • Update of grades in Mineral Resource blocks • The mine call factor improved from 89.63% in the prior financial year to 103.07% in the current financial year	8 years
CONSORT MINE	Development progressed towards the Consort Bar and MMR orebodies at 38 and 15 Levels, respectively. Specific focus and studies were centred on equipping the PC Shaft remnant blocks and extracting high-grade ore between 42 and 41 Levels. Geotechnical constraints impeded the timeous development towards the strike and up-dip continuation of this orebody. Additionally, exploration drilling during the year focused on the MMR and PC horizons. High-resolution reserve definition drilling focused on the 15 Level MMR and deeper Consort Bar orebodies around 43 to 45 Levels	Increased by 41.1kt at 11.38g/t for 15.0Koz, a 6% increase year-on-year	• Depletion through mining activities • Geological boundary and structural updates • Mineral Resource block updates (tonnes and grade) • Cut-off grade decreased from 3.18g/t for the prior financial year to 2.75g/t for the current financial year	Decreased by 37.9kt at 0.22g/t for 0.3Koz, a 0.2% decrease year-on-year	• Depletion through mining activities • Impact of updated geological structures and boundaries • Update of grades in Mineral Resource blocks • The mine call factor improved year-on-year from 100% to 110.4%, while the plant recovery factor declined from 92.03% to 91.05% for the current financial year	9 years

	BARBERTON REGION continued	Estimated Mineral Resources	Affected by	Estimated Mineral Reserves	Affected by	Modelled life-of-mine
BARBERTON TAILINGS RETREATMENT PLANT	Mining of the Harper North, Harper South and Vantage dams progressed 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. This will be enabled through the construction of a RoM crusher circuit. This will allow the BTRP plant 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	Increased by 548kt at 3.73g/t for 65.8Koz, an 8% increase year-on-year	• Depletion through mining activities • Inclusion of screened low-grade stockpile material • The cut-off grade remained constant year-on-year	Decreased by 422.8kt at 2.19g/t for 29.8Koz, a 9% decrease year-on-year	• Depletion through mining activities • The plant recovery factor improved to 34.1% from 26.3% for the prior financial year	2 years, excluding the treatment of material from Royal Sheba
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. These activities include the extraction of a 10,000t bulk sample from historically unmined areas located 26m below the surface, between 6 Level and 7 Level. The design of the bulk sample will enable mining to continue on those levels. The mining area is accessed from the existing Royal Sheba adit, from where a slightly up-dipping (+1°) haulage is developed towards a location 70m in the footwall of the reef horizon, and then accessing the position of the life-of-mine decline	Remained constant year-on-year	• Proposed mining method optimisation to long hole open stoping • Cut-off grade remained constant year-on-year at 0.8g/t	Increased by 139kt at 1.74g/t for 7.8Koz, an increase of 1% year-on-year	• Long hole open stoping mining method adopted • Modifying factors remained constant year-on-year	19 years

EVANDER REGION		Estimated Mineral Resources	Affected by	Estimated Mineral Reserves	Affected by	Modelled life-of-mine
EVANDER MINES' 8 SHAFT	All underground development and infrastructure placement for the mining of 24 Level progressed according to plan. Contractor Bluhm Burton Engineering Projects also progressed with the construction of the underground refrigeration plant on 24 Level within the mined excavations created during the financial year. Commissioning of phase 1 of this refrigeration plant is expected during the first quarter of the 2023 financial year, while that of phase 2 is expected in quarter four. Phase 1 of the project will enable mining of both the 24 Level F line stopes and mining of the 24 Level B, C and D raise lines. Phase 2 will allow for additional mining crews to be placed on 24 Level as well as for subsequent mining on 25 Level	Decreased by 2,366kt at 4.73g/t for 359Koz, a 4% decrease year-on-year	• Depletion through mining activities • Geological boundary and structural updates • Mineral Resource block updates • Contractor mining model, utilising less infrastructure • Cut-off grade increased marginally from 657cmg/t in the prior financial year to 660cmg/t currently	Increased by 2,742kt at 6.50g/t for 573Koz, a 297% increase year-on-year	• 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 and 25 to 26 Level mining areas • Contractor mining model, utilising less infrastructure • Modifying factors affected positively due to pillar mining and higher gold price	14 years
ELIKHULU	Elikhulu is expected to yield an average of approximately 50Koz of gold per annum over its 11-year remaining life-of-mine. These production estimates exclude an Inferred Resource of 74Koz of gold delineated in the soil material beneath the existing tailings dumps	Decreased by 10,960kt at 0.26g/t for 90Koz, a 6% decrease year-on-year	• Depletion through remining activities • Updated TSF boundaries for Leslie/Bracken and Winkelhaak TSFs • Mineral Resource block updates on the Kinross and Leslie/Bracken TSFs • Cut-off grade impacted due to higher gold price	Decreased by 2,733kt at 0.15g/t for 14Koz, a 1% decrease year-on-year	• Depletion through remining activities • Impact of updated TSF limits for Leslie/Bracken and Winkelhaak TSFs • Revised grades in Mineral Resource blocks in both the Kinross and Leslie/Bracken TSFs • Modifying factors employed as per actual results since the commissioning of Elikhulu	11 years
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 allows extraction of lock-up of mineralisation in pillars at the end of the operation's economic life. This is made possible using newly developed backfill and support technology that is currently successfully utilised at the Group's 8 Shaft pillar mining operation	Remained consistent year-on-year	• Cut-off grade decreased due to lower-cost mining method and increased gold price	Remained constant year-on-year	• Modifying factors impacted positively due to lower mining costs, higher gold price and proximity of mining activities to shaft and plant infrastructure	9 years (on Measured and Indicated Mineral Resources, per independent feasibility study)

EVANDER REGION continued		Estimated Mineral Resources	Affected by	Estimated Mineral Reserves	Affected by	Modelled life-of-mine
ROLSPRUIT PROJECT	This orebody is a down-dip extension of the same Kinross payshoot currently being exploited at 8 Shaft. The project is located immediately west-north-west of the 8 Shaft. Exploration on the Rolspruit project commenced in 1955. By 1988, a total of 53 boreholes with accompanying reef deflections had been completed by various companies. The Group regularly reviews its portfolio of exploration projects and applies the latest available economic data to assess their feasibility	Remained consistent year-on-year	• Cut-off grade remained consistent year-on-year	Remained consistent year-on-year	• 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	>29 years
POPLAR PROJECT	Exploration on the Poplar project commenced in the mid-1950s and has been the subject of several studies. A total of 104 mother holes were drilled in the project area, with an additional 146 intersections obtained through deflection drill holes	Remained consistent year-on-year	• Cut-off grade remained stable year-on-year due to inflationary increase in mining costs assumed and higher gold price	Decreased by 107.6kt at 1.32g/t for 4.6Koz, a 3% decrease year-on-year	None reported	None reported
EVANDER SOUTH PROJECT	This project is located directly west of Evander Mines' 9 Shaft and is south of the Poplar project. A total of 116 mother holes were drilled in the project area, with 475 deflections	Remained consistent year-on-year	• Cut-off grade remained consistent year-on-year due to inflationary increase in mining costs assumed and higher gold price	Decreased by 37.9kt at 0.22g/t for 0.3Koz, a 0.2% decrease year-on-year	None reported	None reported

03. ENVIRONMENTAL, SOCIAL AND **CORPORATE GOVERNANCE**

IN THIS SECTION

We aspire to do minimal harm to the environment.

We are guided by our robust safety culture and 'beyond compliance' attitude to corporate governance, ethics and integrity.

LOW CARBON FOOTPRINT, RESPONSIBLE AND SUSTAINABLE WATER USE
Pan African is the first mine in South Africa to commission a large-scale solar PV renewable energy plant. Through water retreatment, the Group is moving towards using no potable water.

HEALTH AND SAFETY
Our proactive and effective safety culture and low employee complement at our surface remining operations contribute to our proud health and safety record.

PAN AFRICAN RESOURCES

INTELLECTUAL CAPITAL

More than 130 years of mining the unique Barberton Greenstone Belt orebodies and an established track record in surface tailings remining

STRATEGIC INITIATIVE

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

RELATED RISKS

Heightened social instability and political tension	30
Safety incidents and accidents	32
Inherent geological variability in the Mineral Resources and Mineral Reserves, especially at the greenstone belt mines	34
Shortage of adequate and appropriate skills	35
Strategic capital allocation	35
Cybersecurity and IT risks	38

Culture

Our entrepreneurial and performance-driven culture is critical to a circumspect and agile evaluation and decision-making process.

2022 ACHIEVEMENTS

- Pan African won the Chartered Governance Institute of Southern Africa's Integrated Reporting Award for the Small Capital category in November 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
- Improved the Company's ability to prevent and combat illegal mining, crime and other security-related incidents through the implementation of an integrated security plan and various technology-driven prevention methods, including:
  - the installation of additional high-risk perimeter fences, early detection systems, CCTV networks and other modern surveillance technologies
  - improved the utilisation of information and monitoring by the Company's security structures
  - increased the utilisation of specialised law enforcement resources such as trained detection dogs and specialised operational security personnel
- Increased collaboration with government national security structures to combat illegal mining and criminality such as SAPS and the National Prosecuting Authority and international anti-crime and corruption organisations such as the Global Initiative against Transnational Organized Crime
- The use of modern exploration techniques and interpretive software to increase the Mineral Resource base including the new targets identified at Barberton Mines (refer to **page 12** for more detail). The new techniques used, and those planned to be used in the future, include ground-based induced polarisation geophysics for local target definition which is anticipated to be completed in the 2023 financial year. Drone-based hyperspectral imagery and thermal fluorescence are also planned to further explore inaccessible areas
- Through an increased social media presence, the Company has improved communication with employees, communities and other stakeholder groups
- A learning management and communications application, available to employees through their smart devices/phones, has enabled the Company to develop a platform to promote awareness campaigns targeting various topics such as safety, illegal mining, family values and ethics. On successful completion of educational programmes, employees can earn rewards such as vouchers and electronic tablets
- Announced an exploration programme in Sudan, which is a highly prospective country being the third largest gold producer in Africa and tenth in the world

STRATEGIC OBJECTIVES

- Use of technology to improve mine production, safety and efficiency
- Curtail illegal mining and theft of property

Why these objectives are important

- An entrepreneurial and performance-driven culture is a competitive advantage, leading to superior decision-making, improved employee retention, loyalty, productivity and sustainability
- Technology can be used as a tool to engage with employees on education and to promote self-development and enhance the work environment to enable improved communication, productivity and safety

Related risks

- Heightened social instability and political tension
- Safety incidents and accidents
- Shortage of adequate and appropriate skills
- Inherent geological variability in the Mineral Resources and Mineral Reserves, especially at the greenstone belt mines
- Strategic capital allocation
- Cybersecurity and IT risks

Long-term objectives

- The Group will continue its journey to instil an 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 zero harm for all stakeholders and the environment

Clean-up at Kinross metallurgical plant | Circle: Survey plan library at Barberton Mines

CODE OF ETHICS

As leaders and employees of Pan African, we have committed ourselves to the highest standard of ethical conduct and have agreed to:

- Respect the laws of the Republic of South Africa, the UK and any other country in which we may operate or visit
- Live the principle of integrity in all of our activities and refrain from any behaviour, overt or otherwise, that may damage the organisation's image, brand and/or performance of whatever nature
- Respect human rights and value equality and diversity
- Treat our employees and any other stakeholder groups with dignity, respect and in a just manner, irrespective of race, religious belief, gender, disability, age, marital status, sexual orientation, nationality or any other personal characteristic
- Be honest in all our dealings and undertake to refrain from any activity that has the potential of being regarded as being inconsistent with what is expected of a responsible company and employee
- Communicate about our business in a transparent, honest and responsible way, while protecting confidential information
- Avoid any potential conflict of interest and, when it may exist, disclose it to affected parties without any delay
- Reject any form of bribery and corruption and act against any non-compliance as strongly as possible
- Be aware of health and safety risks in the workplace and comply with all the relevant health and safety standards
- Accept full responsibility and accountability when we make decisions that may impact the health and safety of our employees, the environment, human rights and the well-being of host communities
- Comply with, or exceed, relevant environmental legislation, regulations and standards and continually seek ways to improve our environmental performance
- Assist in developing our people to become worthy team players and responsible citizens of the Republic of South Africa

HUMAN CAPITAL

Employees and contractors who are knowledgeable, competent and adequately skilled, supported by a robust safety culture in pursuit of a zero-harm working environment

STRATEGIC INITIATIVE

Employ, retain and develop our people while creating and enabling a safe and secure working environment

RELATED RISKS

KEY STATISTICS

	Unit	2022	2021	2020	2019	2018
Employees	Number	2,198	2,104	2,126	2,148	2,069
Employee remuneration	US$ million	65.1	62.1	52.5	59.7	44.3
Skills development and training	US$ million	0.8	1.1	1.7	1.0	1.8
TRIFR	Per million man hours	8.95	7.36	9.12	10.71	12.71
RIFR	Per million man hours	0.35	0.63	0.8	0.51	1.08
LTIFR	Per million man hours	1.04	1.41	1.70	1.62	3.73
Fatalities	Number	–	1	–	–	–

Health, safety and security

We consistently maintain high health and safety standards as well as stringent physical and cybersecurity measures, which are fundamental to keeping our employees and assets safe, and operating responsibly and sustainably.

2022 ACHIEVEMENTS

- The Group experienced no fatalities during the 2022 financial year (2021: one fatality)
- Barberton Mines achieved 2 million fatality-free shifts on 10 May 2022
- Evander Mines (including Elikhulu) achieved 2.5 million fatality-free shifts on 28 January 2022
- The Group's LTIFR improved to 1.04 (2021: 1.41) per million man hours
- The Group's RIFR improved to 0.35 (2021: 0.63) per million man hours
- Safety programmes, regular motivational talks, safety dialogue sessions and new safety initiatives with crews, along with incentives for safe behavioural practices, have been well received by all our employees at our operations
- 82% COVID-19 vaccination rate achieved by the Group
- Tuberculosis cases reported in the 2022 financial year have increased by 29.4% to 22 cases (2021: 17 cases)
- Through engagement with the Group's corporate office, SAPS deployed specialised police resources to our mines in May 2022 as part of a special intervention project to assist in combating illegal mining and other forms of transnational organised crime
- We have established a security operational base in the Barberton Nature Reserve as part of our specialised tactical and operational security model
- We have improved Barberton Mines' K9 unit through the acquisition of specialist law enforcement dogs as well as the building of a dedicated K9 training facility

STRATEGIC OBJECTIVES

- Unrelenting pursuit of a zero-harm working environment
- Maintaining an entrepreneurial and performance-driven culture
- Curtail illegal mining and theft of property

Why these objectives 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

- Heightened social instability and political tension
- Safety incidents and accidents
- Shortage of adequate and appropriate skills

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

We are committed to sourcing, developing and retaining our people. We have transparent and constructive relationships with our unions in addressing transformation and diversity.

2022 ACHIEVEMENTS

- Employee turnover has decreased to 8.5% (2021: 12.3%)
- The Group contributed US$122 thousand (2021: US$90 thousand) towards full-time bursaries for 23 university students (2021: 21 university students)
- On average, each employee received approximately 29 (2021: 29) training hours
- As part of its skills development strategy, Barberton Mines has:
  - prioritised the competence of frontline supervisors by equipping them with technical training and people management skills through a supervisory training and development programme. Twenty-four employees registered for this programme in the 2022 financial year
  - implemented a talent management and succession planning programme for identified graduates and employees
  - provided adult education and training to 16 (2021: two) learners
- As part of Evander Mines' skills development strategy it has:
  - implemented a six-month-long adult education and training programme, facilitated by an external accredited service provider. Seventeen learners are currently registered for this programme
  - provided an engineering learnership programme to its employees and community members. Six (2021: six) employees and three (2021: three) community members are part of this programme
  - implemented a formal mentorship programme whereby mentors are paired with mentees within the disciplines of engineering, metallurgy, administration and support as well as instrumentation. Sixteen mentorships have been formally signed to date
  - provided 13 (2021: six) interns with workplace exposure in both technical and support functions through its intern programme

STRATEGIC OBJECTIVE

- Maintaining an entrepreneurial and performance-driven culture

Why this objective is important

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

Related risks

- Safety incidents and accidents
- Shortage of adequate and appropriate skills

Long-term objective

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

SOCIAL AND RELATIONSHIP CAPITAL

The quality of our stakeholder relationships and the initiatives we have implemented to improve the well-being of our employees and our host communities

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 instability and political tension 30
- Regulatory changes and complexity 38

KEY STATISTICS

	Unit	2022	2021	2020	2019	2018
CSI and LED initiatives and bursaries	US$ million	1.9	1.8	1.3	1.9	1.1
South African government taxes paid[1]	US$ million	24.2	33.1	16.1	14.1	17.4

[1] *Excluding VAT, but including employee taxes.*

Regulatory compliance

Regulatory delays in approving applications remain challenging.

2022 ACHIEVEMENTS

- Barberton Mines has approved SLPs in place
- Evander Mines' five-year SLP submission for July 2018 to June 2023 was approved by the DMRE in February 2022
- Action plans and remedial activities are being implemented to mitigate high-risk safety and environmental issues associated with the Group's TSFs
- The Group appointed a responsible TSF engineer in June 2022 as recommended by the GISTM
- The Group established operational and strategic partnerships with:
  - SAPS and the National Prosecuting Authority to assist in combating and preventing illegal mining as a form of organised crime. This partnership includes engagement at local, provincial and national level
  - the MCSA's Standing Committee on Security, which focuses on security matters related to the mining industry in South Africa
- The generation licence for Evander Mines' 9.9MW solar PV renewable energy plant was granted to the Group in August 2021 by NERSA, and the plant was commissioned in May 2022 when power was fed to the grid for use at Elikhulu
- Obtained authorisation from the DMRE in June 2022 for the development and operation of the water retreatment plant at Evander Mines
- Obtained the water-use licence for Barberton Mines' solar PV renewable energy plant in June 2022
- The social and ethics committee work plan has been formalised and is based on guidelines from the Social and Ethics Committee Handbook, second edition, by Professor Dean Rossouw

STRATEGIC OBJECTIVES

- Progress the implementation of TSF audit recommendations and compliance with global standards
- Continue with our strategy of a 'beyond compliance' approach in developing sustainable communities beyond mining and maintain our social licence to operate

Why these objectives are important

- Being committed to and focused on regulatory compliance within the Group enables and supports the long-term sustainability of the Group

Related risk

- Regulatory changes and complexity

Long-term objective

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

Societal/ community cohesion

We manage community expectations through development projects and employment opportunities.

2022 ACHIEVEMENTS

- Invested US$1.9 million (2021: US$1.8 million) in CSI and LED initiatives
- Construction of the Kaapvallei and Ngwane Primary Schools in Barberton is ongoing with phases 1 and 2 of these schools handed over to the Department of Education in July 2021 and April 2022, respectively. Both schools are expected to be completed during the 2023 financial year
- The community lighting infrastructure project was completed in Evander as part of the Group's SLP. Two school laboratories are planned for construction in the next year as part of the final SLP commitment for the period
- Construction and completion of the Cathyville Clinic at Emjindini in Barberton, which is now operational
- During construction of the 9.9MW solar PV renewable energy plant at Evander Mines, 10 local contractor companies were utilised and 202 temporary local job opportunities were created
- Twenty-six permanent employment positions and up to 400 seasonal jobs have been created through the Barberton Blueberries project
- Commenced the construction of the on-site Barberton Blueberries packhouse in May 2022
- The Barberton Blueberries project's first commercial harvest was in June 2022
- Twenty-five scholars are receiving full boarding, school fees, stationery and a monthly allowance through Barberton Mines' sponsorship of a pre-tertiary development programme
- April 2022 marked the first anniversary of the establishment of the office of Barberton Mines' enterprise supplier development programme. The programme offers a nine-month-long business incubation programme (37 local entrepreneurs have been enrolled to date of which 18 entrepreneurs have already graduated) and an 18-month-long mentorship programme (13 local entrepreneurs have been enrolled to date)
- Barberton Mines is one of the co-sponsors of Morentho Institute South Africa (MISA). MISA is a private institution that provides accredited learnerships and mentorship programmes in furniture design and manufacturing. It opened its doors in Barberton on 1 July 2021 and has enrolled 52 unemployed young people from Barberton and Matsulu
- Contributed US$12.3 thousand to the Adopt-a-School Foundation

STRATEGIC OBJECTIVES

- Continue with our strategy of a 'beyond compliance' approach in developing sustainable communities beyond mining and maintain our social licence to operate
- Commission the Barberton Blueberries project within its allocated budget and timeline

Why these objectives are important

- Most of our employees are employed from local communities and the success of the Group's SLP initiatives and 'beyond compliance' community projects will lead to more prosperous and sustainable communities and contribute to a more stable operating environment
- 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
- Creating a sustainable economy outside of mining prevents ghost towns once mining activities have ceased

Related risks

- Heightened social instability and political tension
- Regulatory changes and complexity

Long-term objectives

- Focus on the 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, we aim to contribute to improving infrastructure and facilities in our host communities

NATURAL CAPITAL

The responsible use of fuel, energy, water, air and land resources while aspiring to do minimal harm to the environment

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KEY STAKEHOLDERS	
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STRATEGIC INITIATIVE

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

RELATED RISKS

- Increasing mining costs and capital expenditure due to inflationary pressures (including increased cost related to ESG initiatives) 31
- Constrained electricity supply, with increased cost and power disruptions 31
- Inherent geological variability in the Mineral Resources and Mineral Reserves, especially at the greenstone belt mines 34
- Climate change 36
- Environmental impact of mining activities 37
- Regulatory changes and complexity 38

KEY STATISTICS

	Unit	2022	2021	2020	2019	2018
Energy consumption	GJ	**1,449,807**	1,495,022	1,417,094	1,432,701	1,456,124
Water consumption	thousand m³	**14,712**	14,398	13,417	13,369	16,672
Direct GHG emissions	tCO_2e	**5,117**	4,709	6,907	5,475	4,314
Indirect GHG emissions	tCO_2e	**159,920**	156,475	430,081	356,962	404,318
Environmental rehabilitation obligation	US$ million	**8.6**	13.6	9.2	15.8	20.2

		Barberton Mines		Evander Mines		Group	
GHG emissions	**Unit**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Direct GHG emissions	tCO_2e	**3,710**	4,182	**1,407**	527	**5,117**	4,709
Indirect GHG emissions	tCO_2e	**142,568**	137,892	**219,256**	234,100	**361,824**	371,992
Scope 3 emissions	tCO_2e	**62,526**	59,654	**97,394**	96,821	**159,920**	156,475
Emissions per unit of production	CO_2 e/oz Au sold	**2.19**	1.96	**2.88**	3.36	**2.56**	2.64

Climate change

The changing climate is having an ever-increasing influence on our activities and future sustainability.

2022 ACHIEVEMENTS

- The TCFD maturity assessment and roadmap have been completed to better understand the Group's position with respect to the TCFD recommendations and to inform the Group's implementation of the recommendations (refer to **page 114**)
- Electricity consumption for the Group decreased by 1.9% to 1,377,068GJ (2021: 1,404,383GJ)
- Carbon emissions decreased to 2.56CO_2 e/t Au sold (2021: 2.64CO_2 e/t Au sold)
- Commissioned Evander Mines' solar PV renewable energy plant in May 2022 and subsequently completed the 12MW expansion feasibility study
- Evander Mines' solar PV renewable energy plant is expected to reduce the use of fossil fuel-generated power consumption at Elikhulu by an estimated 30%, with an expected reduction in CO_2 emissions of an estimated 26,000t/annum
- The Group is finalising its roadmap to decarbonisation with an additional 8MW solar PV renewable energy plant at Barberton Mines. The feasibility study has been completed and site establishment has commenced
- Construction of the water retreatment plant at Evander Mines commenced in June 2022 and is expected to produce potable water from recycled underground mine water to be used for processing at Elikhulu

STRATEGIC OBJECTIVES

- Commission Evander Mines' solar PV renewable energy plant and complete the 12MW expansion feasibility study for the plant
- Commence with the construction of the 8MW solar PV renewable energy plant at Barberton Mines
- Construct the water retreatment plant at Evander Mines

Why these objectives are important

- Reducing the Group's carbon emissions is one of the ways Pan African is 'mining for a future' and forms part of our integrated 'beyond compliance' approach in support of our ESG objectives

Related risks

- Increasing mining costs and capital expenditure due to inflationary pressures (including increased cost related to ESG initiatives)
- Constrained electricity supply, with increased costs and power disruptions
- Climate change
- Environmental impact of mining activities
- Regulatory changes and complexity

Long-term objectives

- Implement the Group's TCFD roadmap as part of the Group's journey to align with the recommendations of the TCFD
- 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, fuel, plants and animals through biodiversity protection initiatives
- Strive, through the use of technology, to prevent the future adverse environmental impact associated with mining
- 30MW of solar capacity is expected to be in operation by 2024 across the Group's assets
- Investigate storage solutions that extend the power supply period of our solar PV renewable energy plants

Environmental impact

We exercise the utmost care to limit the impact of our operations and waste products on the environment through responsible rehabilitation and recycling programmes.

2022 ACHIEVEMENTS

- Conservation Outcomes, a non-profit environmental organisation specialising in managing protected areas, has been appointed to manage the partnership between Barberton Mines, the Mpumalanga Tourism and Parks Agency and the Barberton Nature Reserve to create a self-sustainable entity in the long term
  - A management plan has been formulated for the nature reserve, including coexisting nature conservation and mining activities
  - Some of the key objectives include the recognised degradation and preservation of biodiversity, ecological management, alien vegetation eradication, research and education as well as promoting social and historical mining tourism (geoheritage tourism) initiatives in the area
  - Conservation Outcomes conducted a management effectiveness review of the Barberton Nature Reserve on behalf of Pan African, which forms a baseline to determine progress in improving the effective management of the reserve
- Barberton Mines continues to partner with the Care for Wild Rhino Sanctuary where the mine sponsored the care and rehabilitation of three orphaned rhino calves for the 2022 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
- Construction of the water retreatment plant at Evander Mines commenced in June 2022 with the capacity to recycle 3ML per day and produce potable water, replacing potable water demand from the local municipality
- 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 Elikhulu and resulted in the overflow of slurry into the public road, which leads to the Embalenhle settlement. The spillage was contained before it reached the Groot Spruit River. Remedial action was immediately initiated by repairing the pipe and cleaning the spillage area
- No environmental fines were incurred in the 2022 financial year
- Action plans and remedial activities are being implemented to mitigate high-risk safety and environmental issues associated with the Group's TSFs

STRATEGIC OBJECTIVES

- Construct the water retreatment plant at Evander Mines
- Progress the implementation of TSF audit recommendations and compliance with global standards

Why these objectives are important

- Demonstration of our commitment to conducting our operations in a manner that results in minimal harm to the environment and enables and supports the long-term sustainability of the Group and the environment in which we operate

Related risks

- Climate change
- Environmental impact of mining activities
- Regulatory changes and complexity

Long-term objectives

- Consolidate 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

Task Force on Climate-related Financial Disclosures

In line with our ambition to voluntarily comply with the recommendations of the TCFD, we undertook a maturity assessment. Several strengths of our existing structures and processes were identified, while areas where additional steps can be taken were highlighted.

GOVERNANCE

Pan African is committed to the highest standards of corporate governance and recognises that an effective corporate governance culture is critical for its long-term performance and sustainability. The board is responsible for overseeing the management of Pan African and providing strategic direction. The board has established committees to assist in the execution of its functions. More information on Pan African's corporate governance is available on **page 116**

Our progress to date

Climate change has been identified as a material matter to our business and is one of our top risks.

The board has designated that climate change matters will be addressed by the social and ethics committee and the SHEQC committee.

Climate change matters are primarily discussed at quarterly meetings of the social and ethics committee. Our performance on various climate change-related metrics, such as energy use, GHG emissions and water consumption, is included in these quarterly meetings.

Responsibility for climate change-related matters is held by the Group ESG manager, who is supported by the Group SHEQC manager.

Our way forward

We are updating our board committee charters to designate climate change as a material matter for the social and ethics and SHEQC committees which will also be responsible for the governance of climate-related risks and opportunities.

Management will be engaging the board on our plans to implement the TCFD recommendations.

Furthermore, we will develop a training and capacity-building plan to ensure sufficient expertise is developed within Pan African to understand and manage climate change and its impacts.

We will take steps to formalise our structures and processes for dealing with climate change.

STRATEGY

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

Our progress to date

We recognise the importance of addressing mitigation and adaptation strategies as we advance.

In the development and design of our projects, we are already considering international best practices, aligned with building resilience in consideration of the food, energy and water nexus.

We are making progress in reducing our most significant source of GHG emissions – scope 2 GHG emissions related to electricity consumption – by pursuing renewable energy projects for our operations. More information on our renewable energy project achievements can be found on **page 78**.

Our tailings rehabilitation projects, removal of alien vegetation and replanting of indigenous trees as well as our partnership with the Barberton Nature Reserve and the Makhonjwa Mountainlands UNESCO World Heritage site are designed to be natural carbon sinks impacting positively on climate change.

Our way forward

While we have already taken important steps to reduce our long-term climate impact and improve our resilience, we will be refining our actions by developing specific climate change-related targets, including energy and water performance, as well as mitigation of GHG emissions. This will be included in a more formalised statement of our ambition regarding climate change.

Further, we are continuing to investigate the scope for performing climate change scenario analyses and developing a more comprehensive understanding of physical and transition climate change risks.

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. Our approach to defining and managing climate risks is maturing

Our progress to date

This year, climate change has been included as one of our top risks, which can be found on **page 29**.

Going forward, Pan African will continue to monitor and develop a more profound understanding of climate change-related risks.

Our way forward

While we have developed processes for evaluating and managing some risks related to physical climate change, we will be fully assessing climate change transition risks in the coming year.

We aim to integrate climate change risk management into our core risk management processes.

METRICS AND TARGETS

As its primary platforms to reach its stakeholders, Pan African has over the years disclosed its ESG performance consistently in its integrated annual report with more detailed information included in its ESG report

The extent of our disclosure has broadened over time

Our progress to date

We monitor our performance through indicators related to climate change, including our energy use, water consumption and other GHG-producing activities.

We appointed a third-party service provider to assist with quantifying and accurately reporting our GHG emissions and meeting our mandatory GHG emissions reporting requirements under the National Greenhouse Gas Emissions Reporting Regulations and the Carbon Tax Act.

In addition to scope 1 and 2 GHG emissions, we are reporting on our upstream scope 3 GHG emissions for the first time this year. These GHG emissions cover categories 1 to 9 of the GHG Protocol, including the impact of purchased goods and services, the activities of our contractors and suppliers and business travel.

Our way forward

We are presently evaluating potential short-term energy, water and GHG emissions targets.

In the medium term, we aim to begin evaluating the potential to set longer-term mitigation and adaptation targets and linking these to organisational KPIs.

With regard to metrics, we will evaluate our value chain to identify additional sources of material GHG emissions, especially those related to downstream activities, for monitoring and reporting.

For the longer term, we are considering tracking and disclosing additional metrics, including the internal carbon price, climate considerations in senior management remuneration and capital expenditure on climate change risks and opportunities.

Evander Mines' 8 Shaft headgear | Circle: Tipping ore into ore passes for hoisting to surface

CORPORATE GOVERNANCE **OVERVIEW**

The board of Pan African assumes ultimate responsibility for the Group's adherence to sound corporate governance standards and integrates responsible corporate citizenship into the Group's strategy. It ensures that all business decisions are made with reasonable care, skill and focus to maximise sustainable value for stakeholders.

Our 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 continually changing social and political dynamics, 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 the purposes of both the JSE and the AIM. The Group's compliance with King IV™ is detailed in our King IV™ corporate governance compliance report on **page 94** of the Group's ESG report.

STAKEHOLDER CONCERNS, STRATEGIC AREAS OF FOCUS AND ISSUES DISCUSSED AND ACTIONED

Stakeholder engagement plays a vital role in the governance of the Group. The Group's stakeholder and relationship engagement policy is available on our website at www.panafricanresources.com/about/corporate-governance/. Our directors are aware of their responsibilities to act in a manner which 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 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 with the Group's purpose and values as set out on **page 4**. The board meets at least four times a year but more often should circumstances warrant this. In 2022, the board met on eight occasions.

The board receives regular updates from the chief executive officer on the Group's performance and other related matters.

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

Key strategic focus areas and issues discussed and actioned by the board are set out below.

Governance responsibility
Board
SHEQC committee
Social and ethics committee
Exco
Remco

EMPLOYEES AND UNIONS

Strategic initiative
Employ, retain and develop our people while creating and enabling a safe and secure working environment

Strategic objectives
- Unrelenting pursuit of a zero-harm working environment
- Maintaining an entrepreneurial and performance-driven culture

Strategic outcomes
- Succession plans and remuneration schemes that are appropriate and effectively align management and stakeholder objectives
- COVID-19 vaccination rate of 82% at 30 June 2022
- Industry-leading safety performance

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

Governance activities to 30 June 2022
- 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 processes related to the Group's TSFs
- The board, assisted by the social and ethics committee and SHEQC committee, monitored the Group's COVID-19 vaccination status, employee awareness campaigns and measures implemented to prevent the further spread of COVID-19
- The board, assisted by Remco, discussed succession plans, retention and remuneration schemes and identified future leaders within the Group and plans for the development of these leaders
- The board monitored engagement with unions and employees

Looking ahead
- Continue driving improvements in the Group's safety performance through the implementation of new and improved safety initiatives at all operations, increased mechanisation and other measures
- Continue implementing COVID-19 awareness campaigns and monitoring safety measures in place
- Continue to maintain a strong focus on talent management and succession planning

Financial capital
Human capital
Social and relationship capital
Natural capital

PROVIDERS OF CAPITAL

Investors, shareholders, fund managers, analysts and financial institutions

Governance responsibility
Board
Audit and risk committee
Exco

Strategic initiative

Ensure adequate, competitively priced and well-controlled financial resources for the funding of our operations and growth projects and disciplined capital allocation for sustainable long-term value creation

Strategic objectives

- Further strengthen the Group's capital structure and funding flexibility
- Ensure adequate liquidity for operational and debt repayment requirements
- Increase the USA shareholder base of the Company
- Ensure appropriate funding for organic growth, exploration and acquisitive opportunities
- Increase returns to shareholders through cash dividends and share buy-backs
- Successfully execute capital projects to sustain and increase gold production into the future
- Reduce AISC® at all operations in real terms, through optimisation and cost-reduction initiatives as well as increased ounce production
- Progress the Group's organic growth projects
- Progress the Mintails and Blyvoor acquisition opportunities to the extent viable
- Investigate potential exploration and mining opportunities outside South Africa that meet the Group's stringent investment criteria

Strategic outcomes

- Reduced Group senior debt and improved liquidity and funding flexibility through repayment of the Group's senior debt facilities
- Net cash from operating activities of US$110.0 million (2021: US$75.8 million)
- Negotiated a new ZAR1 billion RCF, which became effective in November 2021
- Final dividend of ZAR402.2 million (US$25.0 million) paid for the 2021 financial year in December 2021 and a final dividend of ZAR400.1 million (approximately US$23.1 million, at the prevailing exchange rate), is proposed for the 2022 financial year
- Finalised a US$3.2 million share buy-back in May 2022
- Produced 205,688oz (2021: 201,777oz)
- Group AISC® increased to US$1,284/oz from US$1,261/oz

Stakeholder concerns

- Disciplined capital allocation and excellence in project execution
- Cost management
- ESG strategic performance of investments
- Disruption to operations
- Punitive taxes
- Criminality
- Group's share price
- Shareholder value creation through dividend distribution
- Consistent operational performance
- Mines located in a single jurisdiction
- A single annual dividend payment

Governance activities to 30 June 2022

- The board monitored:
  - the Group's capital structure, cash flow performance and projections and debt covenant compliance
  - the Group's ongoing performance relative to the budget
  - the progress of new projects
  - the status of securing the new RCF and considered the Group's debt-to-equity ratio and appropriate debt tenures

Looking ahead

- Successfully execute into capital projects that will sustain and increase gold production into the future
- Ensure adequate and well-controlled spending on ESG initiatives
- Access new capital markets through effective marketing channels to broaden Pan African's investor base
- Increase returns to shareholders, including cash dividends
- Advance organic growth projects within our mining right areas and progress the exploration programme in north-eastern Sudan
- Investigate potential exploration and mining opportunities outside South Africa that meet the Group's stringent acquisition criteria

GOVERNMENT AND REGULATORY BODIES

The South African government, the government of Sudan, the JSE, the LSE, the OTCQX and regulatory authorities

Governance responsibility
Board
Audit and risk committee
Social and ethics committee

Strategic initiative

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

Strategic objectives

- Unrelenting pursuit of a zero-harm working environment
- Commission Evander Mines' solar PV renewable energy plant and complete the 12MW expansion feasibility study
- Commence with the construction of the 8MW solar PV renewable energy plant at Barberton Mines
- Commission the Barberton Blueberries project within its allocated budget and timeline
- Progress the implementation of TSF audit recommendations and compliance with global standards
- Curtail illegal mining and theft of property

Strategic outcomes

- The Barberton Blueberries project was commissioned in October 2021 within its allocated budget and created 400 seasonal jobs during the peak harvesting season and 26 permanent jobs, with further expansion in progress with the construction of the on-site packhouse
- Action plans and remedial activities are being implemented to mitigate safety and environmental risks associated with the Group's TSFs
- Curtailed illegal mining through collaboration partnerships, increased surveillance and improved technology
- Implemented the small enterprise development training programme at Barberton Mines and Evander Mines
- The Group established operational and strategic partnerships with:
  - the SAPS and the National Prosecuting Authority to assist in combating and preventing illegal mining as a form of organised crime. This partnership includes engagement at local, provincial and national level
  - the MCSA Standing Committee on Security, which focuses on security matters related to the mining industry in South Africa

Stakeholder concerns

- Compliance with relevant legislation
- Operations which are safe and comply with the law
- Delivery of our SLP commitments
- Collaboration with local municipalities on community upliftment projects
- Energy supply and consumption

Governance activities to 30 June 2022

- The board, through the audit and risk committee:
  - reviewed ongoing compliance with King IV™, the listings requirements (JSE and AIM) and other relevant regulations applicable to the Group
  - monitored investigations emanating from the Group's whistle-blowing and tip-off hotline
- The board, through the social and ethics committee and SHEQC committee, monitored:
  - compliance with SLP commitments
  - the progress of renewable energy projects – the generation licence for Evander Mines' 9.9MW solar PV renewable energy plant was granted to the Group in August 2021 by NERSA and the plant was commissioned in May 2022
  - the progress of large-scale agriculture projects
- The board, through the SHEQC committee, monitored the progress of the business incubation programme at Evander Mines which was launched in May 2022
- The board monitored the Group's mining licence requirements and related regulatory compliance
- The compliance management policy was reviewed by the audit and risk committee in February 2022
- The Group's health and safety policy was reviewed by the SHEQC committee to ensure alignment with ESG requirements

Looking ahead

- Continued compliance with the Group's SLPs
- Continued compliance with all applicable material environmental regulatory requirements, water-use licences and environmental management programmes
- Continue with our strategy of a 'beyond compliance' approach in developing sustainable communities beyond mining and maintain our social licence to operate
- Progress the implementation of the TSF audit recommendations and compliance with global standards to ensure that the Group's TSFs are compliant with internationally recognised standards in the coming years

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

COMMUNITIES

Governance responsibility
Board
Social and ethics committee
SHEQC committee

Strategic initiative

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

Strategic objectives
- Commission the Barberton Blueberries project within its allocated budget and timeline
- Continue with our strategy of a 'beyond compliance' approach to contribute to developing sustainable communities beyond mining and to maintain our social licence to operate
- Curtail illegal mining and theft of property

Strategic outcomes
- Successfully managing and meeting stakeholders' reasonable expectations
- The Barberton Blueberries project was commissioned in October 2021 within its allocated budget and created 400 seasonal jobs during the peak harvesting season and 26 permanent jobs
- Action plans and remedial activities are being implemented to mitigate safety and environmental risks associated with the Group's TSFs
- Curtailed illegal mining through collaboration partnerships, increased surveillance and improved technology

Stakeholder concerns
- Procurement opportunities for local communities
- CSI
- Job opportunities
- Investments by the Company which create sustainable employment in local communities
- LED projects

Governance activities to 30 June 2022
- The executive directors managed stakeholder relationships on behalf of the board
- The chief executive officer updated the board on stakeholder engagements
- Feedback and expectations from external stakeholders such as host communities, bankers, the 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 general manager, human resources manager and ESG manager at each of the operations
- Yvonne Themba (non-executive director) attended the handover of the Cathyville Clinic to the Mpumalanga Department of Health in August 2021. South African Mineral Resources and Energy Minister, Gwede Mantashe, also attended the event
- The chief executive officer attended the launch of the pre-tertiary development programme for qualifying previously disadvantaged students in January 2022

Looking ahead
- Establish a forum in conjunction with local government to drive high-impact projects for the benefit of local communities. A memorandum of agreement has been drafted and is currently being reviewed by the Mpumalanga Department of Economic Development and Tourism, prior to its finalisation
- Continue engaging with communities and stakeholders surrounding our operations and assist them in terms of our SLPs
- Continue creating awareness of our contribution to local communities through increased regular social media campaigns and community LED newsletters
- Continue with awareness campaigns against illegal mining
- Continue investing in socio-economic development projects in local communities through Barberton Mines' and Evander Mines' SLP, CSI and 'beyond compliance' ESG projects
- Continue with small enterprise development assistance for local historically disadvantaged South African (HDSA) companies through business incubation centres that provide training, mentoring and support infrastructure

THE ENVIRONMENT

Governance responsibility
Board
SHEQC committee
Social and ethics committee
Exco

Strategic initiative

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

Strategic objectives
- Construct the water retreatment plant at Evander Mines
- Progress the implementation of TSF audit recommendations and compliance with global standards
- Commission Evander Mines' solar PV renewable energy plant and complete the 12MW expansion feasibility study for the plant
- Commence with the construction of the 8MW solar PV renewable energy plant at Barberton Mines

Strategic outcomes
- Instilling a culture of environmental care and positive behaviour when dealing with environmental issues
- Action plans and remedial activities are being implemented to mitigate safety and environmental risks associated with the Group's TSFs
- Commissioned Evander Mines' solar PV renewable energy plant in May 2022 and completed the 12MW expansion feasibility study
- Completed a feasibility study for an 8MW solar PV renewable energy plant at Barberton Mines. Construction is expected to commence once permitting is completed
- Construction of the water retreatment plant at Evander Mines commenced in June 2022

Stakeholder concerns
- Compliance with relevant legislation
- Environmental conservation/protection
- Climate change
- Water management
- ESG performance, disclosure and ratings

Governance activities to 30 June 2022
- The board, through the social and ethics committee and Exco, monitored the progress of the construction of Evander Mines' solar PV renewable energy plant and approved the 12MW expansion feasibility study
- The board, through the SHEQC committee, monitored the progress of the Group's rehabilitation initiatives
- The board, through the social and ethics committee, monitored the progress of the feasibility study for the 8MW solar PV renewable energy plant at Barberton Mines
- The board deliberated initiatives to enhance the safety and risk management of the Group's TSFs
- Reportable environmental incidents were investigated and corrective actions were monitored by the SHEQC committee and discussed by the board
- The board, through the SHEQC committee monitored:
  - the Group's carbon footprint and GHG emissions and reviewed initiatives to reduce baseline GHG emissions
  - the biodiversity/conservation collaboration partnership between the Barberton Nature Reserve and Barberton Mines
  - the sponsorship of the Care for Wild Rhino Sanctuary
  - the progress of the Barberton Blueberries project

Looking ahead
- Continue monitoring and improving regulatory compliance
- Advance the Group's compliance with the recommendations of the TCFD
- Continue assessing and responding to any negative impacts the Group's operations may have had on communities and the environment surrounding its operations
- Barberton Mines will be undertaking a feasibility study for a water retreatment plant similar to that of Evander Mines

BOARD OF DIRECTORS

Audit and risk committee
Social and ethics committee
Remuneration committee
Nomination committee
SHEQC committee

NON-EXECUTIVE DIRECTORS

KEITH SPENCER (72)

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 at 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

DAWN EARP (60)

Non-executive lead independent director

Independent

BCompt (Hons), CA(SA)

Date of appointment
21 September 2021

Significant directorships
Arcelor Mittal South Africa, Impala Platinum Holdings, Truworths International Limited and South African Guide-dogs Association non-profit organisation

Skills and experience
Dawn previously held the position of financial director, both at Implats and Rand Refineries. She has served as a non-executive director of various private and listed companies

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 (53)

Non-executive

Independent

BCom (Hons), CA(SA)

Date of appointment
9 December 2013

Significant directorships
MFT Investment Holdings, Truworths International Limited, New Season Investment Fund, MalaMala Game Reserve and Roadgrass Investments

Skills and experience
Thabo brings a wealth of experience in financial management, corporate governance and audit to the board. He 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
- Taxation
- Environmental and sustainability

Committee membership
Chairman of the social and ethics committee

YVONNE THEMBA (57)

Non-executive

Independent

BA, MBA

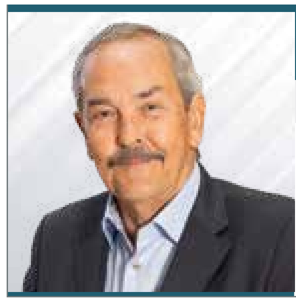
Date of appointment
17 July 2019

Significant directorships
Adopt-a-School Foundation non-profit organisation, Canadoce Investments Close Corporation, Bo Themba Projects Proprietary Limited, eLogistics Portal Proprietary Limited, Pfortner Holdings Proprietary Limited, Pfortner Solutions Proprietary Limited, Xerosystems Proprietary Limited and Energy Mobility Education Trust

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



CHARLES NEEDHAM (68)

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, METPROP Proprietary Limited, MetQuip Proprietary Limited, Orpheus Property Holdings Proprietary Limited, Unit 8 Tradewinds Proprietary Limited (company is dormant) 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. He 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

EXECUTIVE DIRECTORS

COBUS LOOTS (44)

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 (60)

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
- Environmental and sustainability

Committee membership

THE BOARD AND ITS COMMITTEES (AT 30 JUNE 2022)

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 and sustainability of the business.

The board is supported by several 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 executive management.

AUDIT AND RISK COMMITTEE
Meets at least four times a year

DAWN EARP
Chairperson

Members
Charles Needham, Thabo Mosololi

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
Dawn Earp, Cobus Loots

The SHEQC 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 social and ethics 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 at least twice a year

KEITH SPENCER
Chairman

Members
Dawn Earp, 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 take 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

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
Exco meets on a regular basis to review the Company's performance against set objectives and manages the Group's operations, develops the Group's strategy and implements the board's directives. Exco is not a subcommittee of the board. Members of Exco include the chief executive officer, financial director, chief operating officer, the executive: shared services and the Group technical services manager.

BOARD COMPOSITION

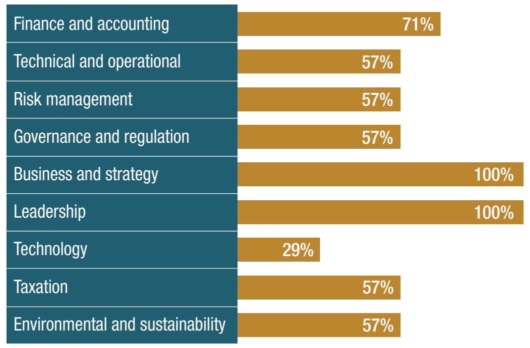
Hester Hickey stepped down as a director on 16 September 2021. Dawn Earp joined the board as the lead independent director and as the audit and risk committee chairperson on 21 September 2021.

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.

Under 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. Accordingly, Charles Needham, Yvonne Themba and Keith Spencer retire by rotation. Keith Spencer also retires by virtue of the length of his tenure, having served as a director for more than nine years. Each director has made themselves available for re-election at the November 2022 AGM.

DIVERSITY OF EXPERIENCE[1]

Our board reflects a considerable amount of experience in mining, business and related activities and collectively has a wealth of industry knowledge.



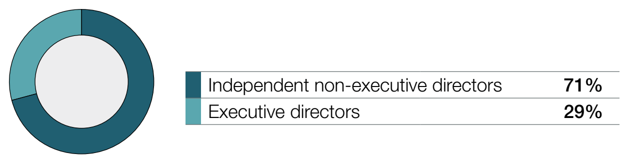
[1] *Percentage of directors with requisite skills.*

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.

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).

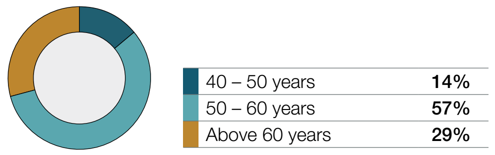
Director independence



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

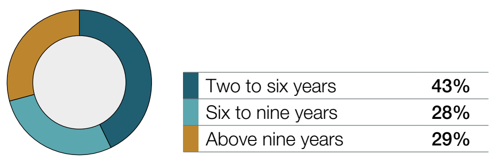


DIVERSITY OF TENURE

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. Non-executive directors who have served more than nine years are subject to annual re-election and an annual assessment of their independence.

Keith Spencer, an independent non-executive director, has served on the board for more than nine years. An assessment of his independence was conducted. The board satisfied itself that Keith displays independence of thought, mindset and judgement in his role as chairman of the board. Cobus Loots, the Group's chief executive officer, has also served on the board for more than nine years. Remco, in conjunction with the board, has negotiated a new employment contract with him and he has now been appointed on a permanent basis effective 1 July 2022 (previously on a rolling basis).

Diversity of tenure



TIME COMMITMENT AND EXTERNAL APPOINTMENTS

The board acknowledges that non-executive directors have business interests other than those of the Company. Before 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 significant additional commitments that might affect the time they have available to perform their role as non-executive directors. The board's conflict of interest policy was reviewed and updated in February 2022. Currently, four of the five non-executive directors 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 the individual board members' ability to discharge their responsibilities fully and effectively in respect of their roles in the Company.

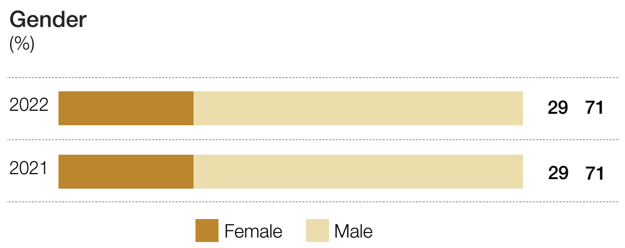
Elikhulu carbon-in-leach tanks | Circle: Ore transport at Fairview Mine's 11 Level adit

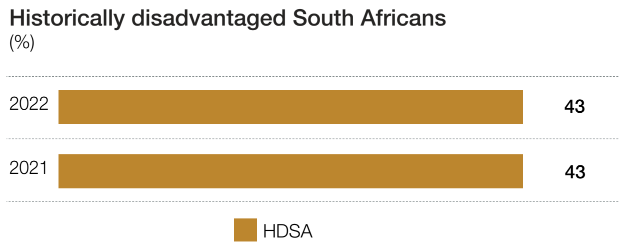
As evidenced in the table on **page 47** of the ESG report, in 2022, directors attended 98.5% of board and committee meetings.

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 any 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.





The board has exceeded the following targets set for its director representation:

- **25%** female
- **40%** HDSAs

For more detailed information on the Group's corporate governance please refer to the corporate governance report on **pages 30** to **49** of the Group's ESG report.

REMUNERATION **REPORT**

On behalf of Remco and the board, I am pleased to present the 2022 financial year's remuneration report. This report presents a brief overview of 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
- Part three details how we have implemented our remuneration policy during the 2022 financial year. Directors' and prescribed officers' emoluments and incentives are disclosed in note 37 of the annual financial statements on **pages 219** to **223**.

Part one: Background statement

REMUNERATION GOVERNANCE

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. The committee 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. The membership and meeting attendance of Remco is shown in the Group's ESG report on **page 47**.

The chief executive officer, financial director and the executive: shared services attend Remco meetings as invitees, but are not present when their remuneration is discussed.

Some of the key focus areas discussed during the financial year were:

Focus area	Discussion
Setting appropriate short-term incentive (STI) parameters for the 2023 financial year	Ensuring appropriate parameters are set for the upcoming financial year
Remuneration adjustments and benchmarking	Ensuring that remuneration levels were in line with the Group's remuneration philosophy and aligned with industry peer benchmarks provided by REMchannel® market analysis and by other independent sources
Value creation	Identifying key strategic value drivers for the Group and incorporating these into managerial long-term incentive (LTI) and STI 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	Ratification of annual salary increases for non-unionised operational employees
Other areas of focus	Internal and external matters considered by Remco during the current financial year include: • reviewing corporate office staffing and corporate costs • approval of 2021 financial year STI incentives which were paid during the 2022 financial year • reviewing non-executive directors' remuneration • together with the board, reviewing and monitoring the performance of senior executives • extending the employment contracts for the executive directors

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. Remco is satisfied that it acted objectively and independently to pursue a remuneration policy and philosophy that underpin 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.

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 its guidance for the year.

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. The Group's performance over the past years is testament to the efforts and acumen of our senior management team and the Group's employees, who performed exceptionally well.

The Group's production guidance and outlook for the year ahead once again affirms that its 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

Remco engages with key shareholders on the Group's remuneration structures on a regular basis. Furthermore, Remco commits to engage with major shareholders in the event that either the remuneration policy or the implementation report are disapproved by 25% or more of the votes exercised at the AGM.

The levels of support for our remuneration policy and implementation thereof improved during 2021, with 71.78% (2020: 64.28%) of votes cast being in favour of our remuneration report, and 69.06% (2020: 61.72%) of votes cast being in favour of our implementation report.

As required by King IV™, Pan African invited those dissenting shareholders who rejected the remuneration resolutions to engage with the Company on their concerns pertaining to the remuneration policy and/or implementation report. The Company undertook to respond in writing and, if required, engage further with these shareholders.

No material shareholder engaged with us in the past year on the remuneration resolutions. Remco does, however, believe that only one large shareholder voted against the remuneration policy and implementation report. Remco has in the past engaged with large institutional shareholders on any concerns and will continue to do so in the future. These engagements include meetings with the chairperson of 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.

ACCESS TO INFORMATION AND ADVISERS

Remco has unrestricted access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities.

Remuneration is reviewed annually and independently benchmarked against a competitor and peer group, which includes South African mining and national sectors, as well as international peers, so as to provide Remco with the requisite insights into the current executive remuneration environment.

The board reviews and ratifies remuneration proposals from Remco, whereafter they are submitted to shareholders for a non-binding vote of approval at the AGM.

LOOKING FORWARD

In the coming year, Remco's emphasis will include:

- ongoing review of operational production incentives and bonuses and their alignment with the Group's performance
- improved efficiency and effectiveness and better alignment with shareholders' requirements for LTI schemes
- review of the relevant peer group for comparative purposes
- continuous review of the Group's compliance with regulatory requirements for executive compensation.

IN SUMMARY

Executive remuneration remains a complex and sensitive field, and the committee therefore regularly benchmarks and improves the Group's practices and policies, to entrench a culture of high performance and accountability. We firmly believe that remuneration should drive sustainable value-creating growth, aligned with our business strategies and stakeholder aspirations.

I thank my fellow committee members for their valuable contributions and thank management for their commitment and special effort during the past financial year, amid significant challenges.

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.

On behalf of Remco

Yvonne Themba
Chairperson of the remuneration committee

14 September 2022

Part two: Remuneration policy

REMUNERATION OBJECTIVES

The Group's remuneration framework is structured to support our strategic pillars:

OUR STRATEGIC PILLARS

Profitability	Sustainability	Stakeholders	Growth
We strive to be one of the lowest AISC® producers of gold in Southern Africa	We focus on sustainable gold production in a socially responsible manner and strive towards minimal environmental harm	We adopt an integrated approach for all stakeholders and prioritise the health and well-being of our employees and that of our host communities	We grow our business by prioritising organic growth projects within our portfolio as well as production-enhancing and value-accretive projects

Within this framework, we have developed reward policies and systems which are equitable, transparent and aligned to the achievement of our strategic objectives as custodians of the Group's resources over the short, medium and long term:

	FINANCIAL CAPITAL	MANUFACTURED CAPITAL	INTELLECTUAL CAPITAL
STRATEGIC INITIATIVE	Ensure adequate, competitively priced and well-structured financial resources for the funding of our operations and growth projects, and disciplined capital allocation for sustainable long-term value creation	Optimally extract and process latent value intrinsic in our Mineral Resources and Mineral Reserves for a sustainable future	Use technology in a meaningful and relevant way to improve our operational efficiency and sustainability
KPIs	• Profitability • Managing senior debt and credit facilities • Cash generated by operating activities • Dividends paid	• Gold production • Capital spend • Sustaining organic production and developing expansion projects • Evander Mines' 24, 25 and 26 Level project • Group AISC	• Optimisation initiatives • Monitoring TSFs • Mintails and Blyvoor acquisitions • Exploration programme in north-eastern Sudan

	HUMAN CAPITAL	SOCIAL AND RELATIONSHIP CAPITAL	NATURAL CAPITAL
STRATEGIC INITIATIVE	Employ, retain and develop our people while creating and enabling a safe and secure working environment	Be a responsible corporate citizen and manage our business in a manner which creates sustainable value for our stakeholders	Conduct our business operations in a climate-conscious way that results in minimal harm to the environment
KPIs	• Zero fatalities • Injury frequency rates • COVID-19 vaccination rate • Entrepreneurial and results-driven culture	• Barberton Blueberries project • Community clinics and schools • Sponsorships • Curtailed illegal mining	Progress on: • Evander Mines' solar PV renewable energy plant • Evander Mines' 12MW expansion study • Barberton Mines' 8MW solar PV renewable energy plant • Water retreatment plant at Evander Mines • Mitigating high-risk safety and environmental issues • Conservation initiatives

ALIGNING REMUNERATION TO STRATEGY

Remco assists the board in aligning remuneration with the Group's overall business strategy, while attracting, incentivising, developing and retaining people capable of creating long-term value for all our stakeholders, as detailed below.

Strategic business objectives

	Safety	Investment	Production	Sustainability	Compelling returns
Incentive criteria	Benchmarked safety parameters to industry standards and the requirement for continuous improvement	Disciplined capital allocation to ensure sustaining and expansion capital expenditure that meets the Group's investment criteria	Optimal extraction combined with cost control, benchmarked against relevant standards	Management of the Group's operations in a manner which is aligned to current ESG requirements and trends	Generating value consistent with shareholder and other stakeholder expectations

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. 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 with 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 organisation's strategic objectives within its risk tolerance 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, and excludes 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	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

To achieve its remuneration objectives, Remco, in consultation with and through oversight from the board, retains flexibility and a degree of discretion in the manner in which it incentivises and rewards performance. Remco took note of previous concerns raised by shareholders and undertook, from the 2020 financial year, not to pay incentives or discretionary bonuses to employees for successfully concluding transactions, with the exception of a change in control of Pan African. However, the committee further retains discretion to implement incentives to ensure the successful execution of large-scale capital projects that materially increase Group production and margins.

EQUITABLE AND RESPONSIBLE REMUNERATION

Remco remains committed to ensuring fair remuneration across all levels in the Group – employees, irrespective of their gender or race, are paid equally for comparable peer positions. Remuneration is based solely on the employee's qualifications, experience, appointment level, scarcity of skill and performance levels, with no other differentiating factors being relevant.

Senior executives' remuneration is structured in a manner to disincentivise undue risk-taking and is formulated by Remco, comprising only independent non-executive directors, with an emphasis on value creation.

Remco reviews compensation levels and incentive schemes regularly to ensure these remain market-related and aligned with best practice in executive compensation by using REMchannel® market analysis and other independent benchmarking sources. The REMchannel® analysis is an independent report compiled from extensive and detailed participant-provided information and is customised for the differences in various sectors and the complexities of remuneration practices.

Remco strives to fairly remunerate the Group's employees at a level which approximates market-related benchmarks, ensuring the retention of key skills and to enable the Group to attract and retain top candidates for senior management positions.

REMUNERATION FRAMEWORK

Employee remuneration components

Although remuneration is disclosed in US$, 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, with the exception of employees deployed in foreign countries.

GUARANTEED PACKAGE

	Executive and senior management	Collective bargaining unit
Eligibility	• Exco • Operations committee (Opsco) • Management committee (Manco) • Heads of department (HODs)	Collective bargaining employees
Pay structure	Total guaranteed pay (TGP)	Cost plus benefits
Key features	• Pensionable salary • Leave • Pension/provident fund contributions (including life and disability cover) • Medical contributions • Travel allowance These items are included in each eligible employee's total TGP	• Pensionable salary • Leave • Pension/provident fund contributions (including life and disability cover) • Medical contributions • Overtime/housing or living-out allowance • Other fixed allowances
Policy	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	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
How guaranteed pay is determined	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	All relevant factors in the industry such as annual or multi-year wage agreements

VARIABLE REMUNERATION CONDITIONS

Short-term incentives

Framework

	Executive and senior management	Collective bargaining unit
Purpose	To drive and reward short- and medium-term results, reflecting the level and time horizon of risk	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	Financial and non-financial parameters and metrics at a Group, 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 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 granted	• Eligibility to participate in the scheme • The maximum variable remuneration as a percentage of total TGP 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 KPI percentage is increased from the maximum of 100% to 140%, with a pro rata increase between 100% and 105% specific to the gold production KPI Executives are encouraged to accumulate a long-term and material shareholding in the Group	The maximum variable remuneration as a percentage of total TGP of an individual
STI gatekeepers	To protect the Company from incentive payments that are unaffordable or inappropriate in the specific circumstances: • If the Group makes operational losses • Unacceptable or unprofessional personal behaviour, resulting in a disciplinary judgement • 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 provisions	Not applicable

STI performance measures and maximum opportunity

KPIs relate to predetermined value drivers designed to enhance shareholder value and are reviewed on a regular basis. See the remuneration framework on **page 132** for details.

Position	Maximum STI[1]	Group-based KPIs			Individual KPIs	
		Weight	Weight	Parameters	Weight	Determined by
Chief executive officer	**110%**	60%	50% 30% 20%	Total Group gold sold (ounces) Total Group cost per kilogramme of gold produced Group safety record *Stretch targets on production*	40%	Remco and the board
Financial director	**80%**	60%	50% 30% 20%	Total Group gold sold (ounces) Total Group cost per kilogramme of gold produced Group safety record *Stretch targets on production*	40%	Remco and the board
Senior managers at corporate level	**50%**	60%	50% 30% 20%	Total Group gold sold (ounces) Total Group cost per kilogramme of gold produced Group safety record *Stretch targets on production*	40%	Chief executive officer in consultation with Remco
Senior managers at operational level	**50%**	80%	50% 30% 20%	Total Group gold sold (ounces) Total Group cost per kilogramme of gold produced Group safety record *Stretch targets on production*	20%	Chief executive officer in consultation with Remco

[1] *2022 maximum variable remuneration as a percentage of TGP – qualification criteria at 100% achievement.*

Long-term incentives

The Group has in recent years simplified its LTI schemes and currently has two LTI schemes for Group employees; the PAR Gold Long-term Incentive Plan (PGLIP) for senior corporate management and the Pan African Share Appreciation Bonus Plan (PASABP) for senior operational management.

The PGLIP is a conditional share plan that is performance-linked with allocations 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), with each annual allocation being a new class of share, as calculated by the allocation formula, at a nominal value.

On measurement date, participants may receive dividends from PAR Gold, based on their shareholding, as per the predetermined dividend formula.

In terms of the PASABP, select senior employees of the Group are allocated notional shares in Pan African Resource PLC. These notional shares will confer a conditional right to the participant, entitling the employee to be paid a cash bonus equal to the appreciation in the Company's share price, from the date of allocation to the date of surrender or deemed surrender of the participant's notional shares (share appreciation bonus).

The Company also has an employee share ownership programme at both Barberton Mines and Evander Mines.

Summary of current LTIs

Details	PASABP	PGLIP
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 • link incentives to share price performance • provide objective measurement against the Group's performance and/or personal contribution Discretionary incentives are designed to drive and reward long-term corporate growth, within the context of sustaining Company values, and to align the interests of shareholders and participants. These include share incentive or similar schemes It is the intention to structure any form of LTI in such a way, to attract and retain the requisite Group skills and to ensure that it is market-related and promotes appropriate actions and behaviour	
Instrument	A conditional share incentive plan where select senior Group employees are allocated notional shares in Pan African. These notional shares will confer a conditional right to a participant, entitling the participant to a cash bonus equal to the appreciation in the Company's share price from the date of allocation to the date of surrender or deemed surrender of the participant's notional shares (share appreciation bonus)	A conditional share incentive plan where participants qualify to acquire actual PAR Gold shares of a special class, based on an allocation formula, at a nominal value. At the end of the measurement period, subject to dividend formula conditions being fulfilled, employees receive a dividend per share, provided the employee is still in employment of Pan African and in good standing
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 of value in this scheme and unless the share price appreciates, there is no benefit for the participant	• The PGLIP dividend payment is performance-linked with allocations based on a percentage of TGP, in line with current market benchmarks • Employees qualify to purchase a number of shares in PAR Gold, as calculated by the allocation formula, at a nominal value. These shares may qualify for dividends in accordance with a dividend formula at the end of the measurement period • Return on shareholders' funds (ROSF), total shareholder returns (TSR) and ESG criteria are used as part of the dividend qualifying formula • Once dividends have been declared and paid on these shares, PAR Gold may reacquire them from the participants at a nominal value
Allocation criteria	Minimum notional shareholding formula: Current TGP multiplied by a Paterson Grading factor, divided by the Pan African Resources PLC's 30-day volume-weighted average price (VWAP) share price Paterson Grading factors applied: • E-Upper – 3 times • E-Lower – 2 times • D-Upper – Once	Annual share allocation formula: Current TGP multiplied by the applicable industry benchmark percentage, divided by Pan African's 90-day VWAP share price and multiplied by a factor of 95% Current industry benchmarked percentages used: • Chief executive officer – 130% • Financial director – 120% • Senior management – 40% to 80%, depending on seniority
Measurement criteria	30-day Pan African's VWAP share price	In accordance with dividend formula
Strike price	Pan African's 30-day VWAP share price, applicable to each allocation	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 or defer unvested shares (due to underperformance) • Malfeasance/malice and clawback clauses are included consistent with current market practice

Details	PASABP	PGLIP
Settlement	Cash, based on Pan African's share price appreciation between date of award and date of exercise	Dividend based on the Pan African's 90-day VWAP share price on measurement date
Dilution limit	Non-dilutive scheme	Non-dilutive scheme

PGLIP C shares dividend criteria

- **ROSF – 50% weighting (calculated as average ROSF over a three-year period)**

Annual ROSF 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 Group's cost of equity by more than 5% over the three-year period)
- **TSR – 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

- **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 PV renewable energy plant, with operational performance in line with the feasibility study
  - – Successful completion of Evander Mines' solar PV renewable energy plant expansion study
  - – Successful completion of Barberton Mines' solar PV 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

PGLIP D shares dividend criteria

- **ROSF – 50% weighting (calculated as average ROSF over a three-year period)**

Annual ROSF 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% (ROSF equal to or higher than the Group's cost of equity)
- **TSR – 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

- **ESG criteria – 30% weighting**

Predetermined ESG performance criteria will be set for each measurement period.

- **ESG criteria for the 2023 financial year – possible vesting of PGLIP D shares:**
  - – Successful commissioning of Evander Mines' water retreatment plant, with operational performance in line with the feasibility study – **Environmental**
  - – Commence construction of Barberton Mines' solar PV renewable energy plant by June 2023 – **Environmental**
  - – Feasibility study on agri-solar project for Evander Mines' and Barberton Mines' solar PV renewable energy plants – **Social**
  - – Successful handover of the Ngwane and Kaapvallei schools to the Department of Education by Barberton Mines – **Social**
  - – Addressing gaps identified in the PwC ESG readiness review report 2022 – **Governance**
  - – Issuing of initial TCFD report 2023 – **Governance**
  - – Climate change targets for 2030 as per the Rand Merchant Bank, a division of FirstRand Bank Limited, Sustainability Bond Performance Targets – **Governance/Environmental**
  - – Appoint an independent tailings review board consisting of members from independent credible tailings companies as per the GISTM requirements – **Environmental/Governance**
  - – Commission a formal compliance audit to gauge compliance of the TSFs, in relation to the GISTM, taking into consideration the individual ages of the TSFs and the legal framework at the time of construction and periods of operation – **Environmental/Governance**

Example of PGLIP scheme – share awards and dividend formula application

Information used for calculation

- Participant TGP: ZAR2,000,000
- Participant multiple based on Paterson Grading: 70%
- Pan African's 90-day VWAP share price on date of issue: ZAR3.50
- Pan African's 90-day VWAP share price on vesting date: ZAR4.50
- 100% of dividend qualifying criteria fulfilled after the three-year measurement period

PAR Gold shares qualified for

Formula
(TGP x multiple based on Paterson Grading) ÷ Pan African's 90-day VWAP x 95%[1]
= Number of PAR Gold shares available for purchase

Calculated 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 Pan African Resources Senior Management Share Scheme (PARSMSS) to the PGLIP scheme, to ensure tax parity between the two schemes*

PAR Gold dividend

The number of shares calculated above will qualify for a dividend, based on the above-mentioned dividend qualifying criteria, equal to the Pan African's 90-day VWAP share price on measurement date, calculated as follows:

(PAR Gold shares x Pan African's 90-day VWAP on measurement date) x percentage of dividend criteria achieved = possible dividend
That is: **380,000 shares x ZAR4.50 x 100% = ZAR1,710,000**

The participant will therefore be entitled to a dividend of ZAR1,710,000, before dividend taxation, at the end of the three-year measurement period, assuming all vesting criteria are fulfilled

Under the terms of the PGLIP B shares (replaced Pan African Corporate Option Scheme (PACOS)), participants were afforded the opportunity to borrow against the intrinsic value of the vested shares at market-related rates from PAR Gold, given the extended term of the PGLIP B share scheme and other retention considerations. Refer to note 19 of the annual financial statements for loans advanced to participants during the previous financial year. Subsequent PGLIP (C, D and E shares etc.) share issues do not include such a loan provision.

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 promote the desired behaviour and to avoid exposing the Group to intolerable risks levels. The Group's remuneration philosophy reinforces the need for 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 personal 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 with the Group's strategic or other critical objectives.

NON-EXECUTIVE DIRECTORS' REMUNERATION

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, 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, 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

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 as a basis to determine a fair market-related remuneration package.

Individual KPIs are agreed annually and contain the performance elements disclosed on **page 141**.

Remuneration comprises fixed and variable (STI and LTI) remuneration components. STIs have certain parameters, disclosed on **page 135**, to ensure a performance-based culture.

The board and Exco retain a level of discretion to determine which parameters apply, their respective weighting taking cognisance of immediate and evolving priorities and alignment of employee behaviour to shareholder aspirations.

EXECUTIVE DIRECTOR SERVICE CONTRACTS

Remco, in conjunction with the board, negotiated new employment contracts with the two executive directors in 2022. Cobus Loots, chief executive officer, has now been appointed on a permanent basis effective 1 July 2022 (previously on a rolling contractual basis).

In anticipation of retirement, Deon Louw, the financial director, entered into a fixed-term contract for 24 months ending on 30 June 2024 with the option to extend this period for another 12 months, post 30 June 2024, by mutual agreement.

Both executive directors are remunerated in rand for services performed according to their new employment contracts. In terms of these contracts, both Cobus and Deon qualified for a retention payment upon entering into their new employment contracts.

For other employment contract conditions, refer to **page 143**.

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 objectives.

Key elements considered by 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 with the intent to further 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:

Name	Position held
Niel Symington	Executive: shared services
Hendrik Pretorius	Group technical services manager

Part three: Remuneration implementation report

The detailed remuneration of the Group's non-executive directors, executive directors and prescribed officers is disclosed in note 37 of the annual financial statements on **pages 219** to **223**.

EXECUTIVE DIRECTORS' OPERATIONAL AND PERSONAL KPI ANALYSIS

Executive directors' remuneration

	Basic remuneration US$	Allowance US$	Leave payout US$	Total US$	Incentives[1] US$	Loan[4] repayment US$	PGLIP[4] LTI US$	PGLIP[4] LTI net payment received US$	Total single figure remuneration US$
2022									
Cobus Loots	443,412	12,698	12,255	468,365	456,972	(4,042,203)	4,537,421	495,218	1,420,555
Deon Louw	404,343	121	–	404,464	295,363	(2,712,906)	3,124,250	411,344	1,111,171
Total	847,755	12,819	12,255	872,829	752,335	(6,755,109)	7,661,671	906,562	2,531,726

	Basic remuneration US$	Allowance US$	Leave payout US$	Total US$	Incentives[2,3] US$	Loan[4] advances US$	Total single future remuneration US$
2021							
Cobus Loots	416,804	12,993	11,535	441,332	370,577	4,042,203	4,854,112
Deon Louw	380,587	577	–	381,164	239,312	2,712,906	3,333,382
Total	797,391	13,570	11,535	822,496	609,889	6,755,109	8,187,494

[1] *These incentives, paid in the 2022 financial year, relate to the 2021 financial year annual STI, as per the approved qualifying criteria.*
[2] *These incentives, paid in the 2021 financial year, relate to the 2020 financial year annual STI, as per the approved qualifying criteria.*
[3] *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:

By	*Date*	*Number of shares*	*Purchase price*	*Total post-tax value*
Cobus Loots	*19 February 2020*	*150,000*	*US 16.6 cents per share*	*US$24,923*
Cobus Loots	*20 February 2020*	*100,000*	*US 16.4 cents per share*	*US$16,390*
Cobus Loots	*21 February 2020*	*150,000*	*US 16.2 cents per share*	*US$24,366*
Cobus Loots	*9 March 2020*	*80,072*	*US 16.1 cents per share*	*US$12,852*
Deon Louw	*20 February 2020*	*104,012*	*US 16.5 cents per share*	*US$17,164*
Deon Louw	*10 November 2020*	*76,650*	*US 29.5 cents per share*	*US$22,627*

[4] *These loan advances from PAR Gold relate to the restructuring of the Group's LTI as disclosed in note 19 of the annual financial statements.*

In terms of the rules of the PACOS restructured scheme (PGLIP B shares), participants were entitled to an advance, on market-related terms (South African repo rate plus a margin of 1%) once a monetary value has vested and 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 were made to scheme participants in the 2021 financial year, and are included in the current portion of long-term receivables for that financial year in the Group's statement of financial position. These advances were offset against dividends when 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 complied with in the restructure of these incentive schemes and loans advanced to scheme participants. With the inception of PACOS (converted to PGLIP B shares), the Pan African's 30-day VWAP share price was ZAR1.21 and at the measurement date for the PGLIP B shares, the Pan African's 30-day VWAP share price was ZAR5.65.

Chief executive officer's performance for incentive purposes

2022

Production parameters

Production parameters, per operation, are weighted on the basis of budgeted profit contribution:

- Barberton Mines' production and safety weighting of 42% was 7.75% (max. 27.91%)
- Evander Mines' production and safety weighting of 58% was 33.6% (max. 38.09%)
- Production stretch parameter was 4.4% (max. 13.20%)

Personal KPIs

Personal KPIs approved by Remco and fulfilled for the 2022 financial year were:

- Complete the definitive feasibility study on the Mintails acquisition and progressing of the transaction, as communicated to the market, taking cognisance of legal impediments
- Complete the establishment of the Sudanese exploration venture and initiated the exploration programme
- Board approval of Evander Mines' underground development plan
- Complete the USA/Europe marketing drive, with a view of increasing trade in the ADR and enhancing new shareholders traction

2021

Production parameters

Production parameters, per operation, are weighted on the basis of budgeted profit contribution:

- Barberton Mines' production and safety weighting of 43% was 27.23% (max. 28.14%)
- Evander Mines' production and safety weighting of 57% was 26.14% (max. 37.86%)
- Production stretch parameter was 8.0% (max. 13.20%)

Personal KPIs

Personal KPIs approved by Remco and fulfilled for the 2021 financial year were:

- Continued management of the COVID-19 pandemic's impact on the Group and its operations
- Tangible progress with ESG initiatives, including securing approvals and commencement of the construction of a 9.9MW solar PV renewable energy plant and the 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 sampling initiated
- Evaluation of acquisitive growth opportunities, including Mintails
- Providing strategic direction for the development of Evander Mines' underground operations

Financial director's performance for incentive purposes

2022

Production parameters

Production parameters, per operation, are weighted on the basis of budgeted profit contribution:

- Barberton Mines' production and safety weighting of 42% was 5.64% (max. 20.30%)
- Evander Mines' production and safety weighting of 58% was 24.42% (max. 27.70%)
- Production stretch parameter was 3.2% (max. 9.60%)

Personal KPIs

Personal KPIs, approved by Remco and fulfilled for the 2022 financial year were:

- Complete the definitive feasibility study on the Mintails acquisition and progressing the transaction, as communicated to the market
- Tangible progress made with funding sources for the Mintails development
- Complete the establishment of the Sudanese corporate structure and establishment of the exploration programme
- Complete the share buy-back programme
- Complete the USA/Europe marketing drive, with a view of increasing trade in the ADR and enhancing new shareholder traction

2021

Production parameters

Production parameters, per operation, are weighted on the basis of budgeted profit contribution:

- Barberton Mines' production and safety weighting of 43% was 19.81% (max. 20.48%)
- Evander Mines' production and safety weighting of 57% was 18.99% (max. 27.52%)
- Production stretch parameter was 5.90% (max. 9.60%)

Personal KPIs

Personal KPIs approved, by Remco and fulfilled for the 2021 financial year were:

- Successfully establish the Domestic Medium-term Note programme
- Successful implementation of Evander Mines' solar funding structure
- Successfully negotiate a new Group RCF

EXECUTIVE DIRECTORS' LTI SCHEME ANALYSIS

The executive directors' LTI schemes are cash-settled. These option costs are accrued annually, based on independent actuarial valuations. Payment occurs when qualification criteria are fulfilled and vested options are exercised, subject to Remco approval.

	Number of shares/options				
Executive directors	**Opening balance**	**Issued**	**Exercised**	**Forfeited**	**Closing balance**
2022					
Cobus Loots					
PGLIP[2]					
– PAR Gold B shares	**17,107,580**	**–**	**–**	**–**	**17,107,580[3]**
– PAR Gold C shares	**4,434,380**	**–**	**–**	**–**	**4,434,380[3]**
– PAR Gold D shares	**2,848,556**	**–**	**–**	**–**	**2,848,556**
– PAR Gold E shares	**–**	**2,337,972**	**–**	**–**	**2,337,972**
Deon Louw					
PGLIP[2]					
– PAR Gold B shares	**11,523,153**	**–**	**–**	**–**	**11,523,153[3]**
– PAR Gold C shares	**3,635,648**	**–**	**–**	**–**	**3,635,648[3]**
– PAR Gold D shares	**2,335,468**	**–**	**–**	**–**	**2,335,468**
– PAR Gold E shares	**–**	**1,916,851**	**–**	**–**	**1,916,851**
2021					
Cobus 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	–
PGLIP[2]					
– PAR Gold B shares	–	17,107,580	–	–	17,107,580
– PAR Gold C shares	–	4,434,380	–	–	4,434,380
– PAR Gold D shares	–	2,848,556	–	–	2,848,556
Deon 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	–
PGLIP[2]					
– PAR Gold B shares	–	11,523,153	–	–	11,523,153
– PAR Gold C shares	–	3,635,648	–	–	3,635,648
– PAR Gold D shares	–	2,335,468	–	–	2,335,468

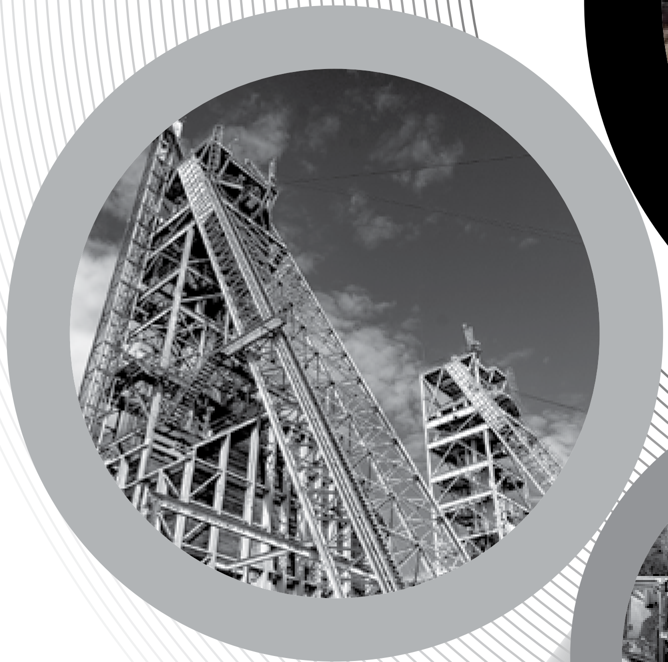
[1] These are equity-settled share options issued under the PARSMSS scheme. These options only vest if the specified vesting criteria are fulfilled at the end of a three-year vesting period.

[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 a three-year vesting period.

[3] Shares to be repurchased and cancelled by PAR Gold during the 2023 financial year to ensure participants only receive one dividend payment on these shares as per the rules of the PGLIP scheme.

SUMMARY OF KEY CONTRACTUAL ARRANGEMENTS FOR THE CHIEF EXECUTIVE OFFICER AND FINANCIAL DIRECTOR

Term	Chief executive officer	Financial director
Contract duration	Employed on a permanent basis from 1 July 2022	Current contract extended to 30 June 2024, with an option to extend by an additional 12 months, by mutual agreement
Retention payment	• 120% x 50% of TGP payable at inception, 120% x 50% of TGP payable at the end of three years (30 June 2025) • Employee is not allowed to resign within the first 12 months from the inception of his employment contract	• 120% x 50% of TGP payable at inception of contract and the amount payable at the end of the two-year employment contract will be based on the following formula: ((employee's TGP on 30 June 2024 x 120% x 50%) x 1/3) • Should the contract be extended for a third year, the amount payable at the end of the three-year employment contract will be based on the following formula: ((employee's TGP on 30 June 2024 x 120% x 50%) x 3/3) • Employee is not allowed to resign within the first 12 months from the inception of his employment contract
STI	A maximum of 110% of annual TGP	A maximum of 80% of annual TGP
LTI – PGLIP	Acquires PAR Gold shares	Acquires PAR Gold shares
Minimum shareholding in Pan African	• Previous requirement of ZAR2 million to be held for a minimum of two years. No increased requirement as Remco reviewed the employee shareholding during the current financial year and concluded that the employee held sufficient shares on 30 June 2022, comprising: – 5,048,504 indirect beneficial shares – 1,673,982 direct beneficial shares – 114,280 contracts for difference	• Initial requirement of ZAR0.5 million to be held for a minimum of two years. No increased requirement as Remco reviewed the employee shareholding during the current financial year and concluded that the employee held sufficient shares on 30 June 2022, comprising: – 3,122,349 indirect beneficial shares – 758,112 direct beneficial shares



04. ANNUAL FINANCIAL STATEMENTS

IN THIS SECTION

Our independent external auditors have provided assurance on the fair presentation of our annual financial statements which were prepared in terms of International Financial Reporting Standards.

SUSTAINABLE STAKEHOLDER VALUE CREATION

Pan African's established long-life mines have contributed to our strategy of adopting a 'beyond compliance' approach to promote sustainable communities beyond mining. This is supported by our renewable energy and agricultural projects.

PAN AFRICAN RESOURCES

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 Company annual financial statements in accordance with United Kingdom (UK)-adopted International Accounting Standards.

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 Company and of the profit or loss of the Group and 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 UK-adopted International Accounting Standards 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 a going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for safeguarding the assets of the Group and 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the annual financial statements comply with the UK Companies Act 2006 (Companies Act 2006).

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

Keith Spencer
Chairman

Cobus Loots
Chief executive officer

Deon Louw
Financial director

14 September 2022

We have removed all signatures from this document to protect the security and privacy of all our signatories.

CHIEF EXECUTIVE OFFICER'S AND FINANCIAL **DIRECTOR'S RESPONSIBILITY STATEMENT**

RESPONSIBILITY STATEMENT

Each of 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 documents
- the annual financial statements, set out on **pages 146** to **231** prepared in accordance with International Financial Reporting Standards (IFRS), give a true and fair view of the assets, liabilities, financial position, profit or loss and cash flows of the Group and the Company
- to the best of our knowledge and belief, 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
- the internal controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls
- Where we are not satisfied, we have disclosed to the audit and risk committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have remediated the deficiencies
- We are not aware of any fraud involving directors.

Cobus Loots
Chief executive officer

Deon Louw
Financial director

14 September 2022

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
Company secretary

14 September 2022

PAN AFRICAN RESOURCES PLC
Integrated annual report 2022

DIRECTORS' REPORT

The directors present the integrated annual report and the audited annual financial statements for the year ended 30 June 2022.

PRINCIPAL ACTIVITIES

Pan African is incorporated in the UK 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 JSE Limited (JSE) and the London Stock Exchange (LSE) Alternative Investment Market (AIM). The Company also has a sponsored Level 1 American Depository Receipt (ADR) programme in the United States of America (USA) through the Bank of New York Mellon and a secondary listing on the A2X Market (A2X) exchange. 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 and an exploration project in Sudan.

A full review of the activities of the business and its prospects is contained in the chairman's statement (**page 49**) and chief executive officer's review (**page 56**) that accompany these annual financial statements, with financial and non-financial key performance indicators shown on **pages 54** and **55**.

FINANCIAL RESULTS

The results for the 2022 financial year are disclosed in the Group statement of profit or loss and other comprehensive income on **page 161**. The key features of these results can be found in the financial director's review on **page 64**. Pan African has elected earnings per share and headline earnings per share as its key performance metrics for trading statement purposes.

OPERATIONAL REVIEW

The operations are reviewed in detail in the operational performance review on **page 70**.

HISTORICAL DIVIDENDS

At the annual general meeting (AGM) of the shareholders held on 25 November 2021, a final dividend of ZA 18.00000 cents per share equating to 0.84954 pence per share (US 1.13924 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 primary risks and opportunities section on **page 28**.

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 on 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 Group policies.

The board has reviewed the operation and effectiveness of the Group's system of internal controls for the 2022 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 operations. The Group had US$42.4 million (2021: US$42.0 million) of available debt facilities and US$26.7 million (2021: US$35.1 million) of cash and cash equivalents at 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 ZAR869,000/kg (US$1,776/oz converted at a prevailing exchange rate of US$/ZAR:R15.22), and reduced production volumes, also potentially impacted by future outbreaks of COVID-19, 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 the 12 months from the authorisation date of the annual financial statements.

The Group will continue to implement stringent preventative and precautionary measures to limit incidences of infection of COVID-19 among our employees and in our host communities and minimise the potential adverse impact on the Group's production. The Group has achieved a vaccination rate in excess of 80%, a far higher percentage than the country's overall vaccination rate.

In evaluating the potential adverse impact of COVID-19 as well as other factors that could potentially negatively impact Group production, a range of 5% to 20% possible production loss was considered.

Reasons considered in determining the potential adverse impact on Group production 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
- 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, ensuring that the Group has sufficient liquidity to withstand possible interruptions to operations over the short term.

The board has a reasonable expectation that the Group has adequate resources to continue in operational existence in the foreseeable future. Accordingly, the Group continues to adopt the going concern basis of accounting in the preparation of the 30 June 2022 annual financial statements.

DIRECTORS

Hester Hickey stepped down as a director and Dawn Earp joined the board as the lead independent director and the audit and risk committee chairperson with effect from 21 September 2021.

The directors for the current financial year 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 16 September 2021)
Mrs D Earp	Independent non-executive director (appointment effective 21 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 37 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**.

LITIGATION AND CLAIMS

The Group has no current, pending or threatened legal or arbitration proceedings.

EVENTS AFTER THE REPORTING PERIOD

There were no events that could have a material impact on the financial results of the Group after 30 June 2022 up to the date on which the Group financial statements for the year ended 30 June 2022 were authorised for issue.

AUDITORS

PricewaterhouseCoopers LLP's (PwC) appointment as external auditors was approved by shareholders at the Company's AGM on 25 November 2021. Tim McAllister was the designated audit partner for the financial year ended 30 June 2022.

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 hereby approves the integrated annual report, strategic report and annual financial statements.

By order of the board

Cobus Loots
Chief executive officer

14 September 2022

PAN AFRICAN RESOURCES PLC
Integrated annual report 2022

AUDIT AND RISK COMMITTEE REPORT

INTRODUCTION

The principal purpose of the audit and risk committee is to assist the board in fulfilling 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 the King IV Report on Corporate Governance for South Africa, 2016™ (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 directors were appointed to the committee at the AGM on 25 November 2021. In terms of King IV™ all three members of the audit and risk committee are independent non-executive directors.

At 30 June 2022, the audit and risk committee comprised 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:

- Dawn Earp (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 47** of the environmental, social and governance report (ESG 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 and includes all relevant operational, financial and other non-financial information, risks and other relevant factors culminating in a recommendation to the board for approval
- reviewing the ESG and Mineral Resources and Mineral Reserves reports for consistency with information in the integrated annual report
- 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, specifying guidelines for, and authorising if applicable, 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 listing requirements 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 including IT governance
- reviewing the chief executive officer's and financial director's responsibility statement in terms of paragraph 3.84(K) of the JSE Listings Requirements
- dealing with concerns relating to accounting and tax practices, significant accounting transactions including impairments, internal audit, the audit or content of annual financial statements and internal financial controls
- evaluating 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 adequacy of the Group's insurance cover
- reviewing the governance of information and technology and the effectiveness of the Group's information systems
- reviewing the Group's going concern status to determine the appropriateness of the Group's annual financial statements being presented on a going concern basis, together with the solvency and liquidity assessment as part of the dividend recommendation to the board.

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 was the designated audit partner for the 2022 financial year.

PwC's appointment as external auditors for the 2022 financial year was approved by the shareholders at the Company's AGM held on 25 November 2021. PwC will be recommended for reappointment as auditors for the fifth year for the 2023 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 auditor, their quality process, their JSE accreditation and the regulator's inspection letters. The audit and risk committee concluded that 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 two 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 2022 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 auditors' performance and the effectiveness of the audit process as provided in the terms of engagement and in respect of audit scope and approach. The committee reviewed and approved the annual audit plan at its meeting in June 2022 including the proposed scope, materiality levels and significant risk areas.

It was established that the approach was appropriate to be responsive to regulatory changes and 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 auditors' independence is impacted by non-audit services that are provided to the client.

Pan African has put measures in place 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$26 thousand (2021: US$3.1 thousand) of the 2022 audit fee of US$408 thousand (2021: US$322 thousand) which does not affect the auditor's independence as it equates to 6,4% of the total fee. Refer to note 11 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, the financial results announcements and other publications to ensure statutory and regulatory compliance.

The committee has evaluated the Group and Company annual financial statements for the year ended 30 June 2022 and, based on the information provided to the committee, considers that the Group and Company annual financial statements comply, in all material respects, with the requirements of the Companies Act 2006 and IFRS. The Group and 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 with King IV™ requirements is continuously being assessed and improved on.

The committee has 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 Group and 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 and impairment reversal of assets In accordance with IAS 36: *Impairment of Assets*, 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 and inputs used in the valuation, together with the 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 2022 to 30 June 2024, and considered a range of downside sensitivities, including the impact of lower commodity prices 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 tax	The committee has reviewed management's judgement applied in the determination of the future expected deferred tax rate for the Group's gold mining entities based on the approved budget for the Group The committee considered the key assumptions applied in the determination of the future expected deferred tax rate to be reasonable
Rehabilitation and decommissioning obligation	The committee reviewed the estimate for the environmental and decommissioning obligation, which was based on the work of external consultants and internal experts The committee considered the disclosure of the rehabilitation and decommissioning obligation in the annual financial statements and the changes in assumptions and other drivers of the movement in the obligation and concluded that the recognised obligation was appropriate

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 2022 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 relation 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 220** 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 primary risks and opportunities section on **page 28** where the risk management approach and process are discussed further.

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 review 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.

I would like to extend my appreciation to my fellow committee members, management and the external and internal auditors for their work and support throughout the year.

On behalf of the audit and risk committee

Dawn Earp
Chairperson of the audit and risk committee

14 September 2022

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 Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 30 June 2022 and of the Group's and the Company's profit and the Group's and the Company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 Group and the Company statements of financial position as at 30 June 2022; the Group and the Company statements of profit or loss and other comprehensive income, the Group and the Company statements of cash flows, and the Group and the Company statements of changes in equity 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 other listed entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 11 to the financial statements, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

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 three significant components of the Group, namely Barberton Mines Proprietary Limited, Evander Gold Mining Proprietary Limited and Pan African Resources PLC. In addition, we performed specified procedures over seven other components in the Group.
- Financial reporting is undertaken for the consolidated Group at the head office in Johannesburg, South Africa. Our scope enabled us to obtain 100% coverage of consolidated revenue, 88% of the Group's absolute profit before tax and 89% of consolidated total assets.

Key audit matters

- Goodwill impairment assessment and impairment trigger assessment of property, plant and equipment and mineral rights (Group).
- Carrying value of investments in subsidiaries and Receivables from Group companies (Company).

Materiality

- Overall Group materiality: US$5.3 million (2021: US$5.1 million) based on 5% of profit before tax.
- Overall Company materiality: US$1.8 million (2021: US$2.1 million) based on 1% of total assets.
- Performance materiality: US$4.0 million (2021: $3.8 million) (Group) and US$1.4 million (2021: $1.6 million) (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 carrying value of investments in subsidiaries and Receivables from Group companies is a new key audit matter this year. The impact of COVID-19, which was a key audit matter last year, is no longer included because of the relatively insignificant financial and operational impact of COVID-19 on the Group and the Company for the year under audit. We have addressed the continuing impact of COVID-19 on the financial statements, but do not consider COVID-19 itself to constitute a key audit matter. Otherwise, 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 notes 16 and 17 to the 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$18.6 million and property, plant and equipment and mineral rights of US$355.8 million as at 30 June 2022, contained in seven cash generating units ("CGUs"). The Barberton Mines' underground operations CGU has the total goodwill balance allocated to it and, as a result, the CGU was tested for impairment. The Barberton Mines' underground operations CGU has been assessed for impairment using a fair value less costs of disposal model which is based on future cash flow forecasts using the life of mine reserves estimate, approved by the internal competent person, production estimates and other factors such as long-term gold prices, and foreign exchange, inflation and interest rates. Management has concluded that the recoverable amount of the Barberton Mines' underground operations CGU is greater than the carrying amount of the associated net assets, therefore no impairment charge has been recognised. In addition, management has performed an impairment trigger and impairment reversal trigger assessment for the other CGUs. Management has determined that there were no triggers for impairment or impairment reversal in any of the other CGUs, having considered factors such as long-term gold prices, foreign exchange, inflation and interest rates, life of mine reserves and production.	In assessing the carrying value of the Barberton Mines' underground operations 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, the latest approved reserves and resources statement and the life of mine production plan. 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 the reserves and resources 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 within management's estimate of future cash flows, including the capital expenditure in relation to the construction of its solar photovoltaic (PV) renewable energy plants. 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. With respect to the other CGUs in the Group, 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 16 and 17 of the annual financial statements, including the sensitivities provided with respect to the Barberton Mines' underground operations CGU. 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 of the other CGUs to be reasonable.

Key audit matter	How our audit addressed the key audit matter
Carrying value of investments in subsidiaries and Receivables from Group companies (Company) As at 30 June 2022, the Company holds investments in subsidiaries amounting to $96.6 million, comprising shares and long-term funding balances for which the directors do not intend to demand repayment in the foreseeable future, as well as Receivables from Group companies of $79.6 million. In assessing the carrying value of the assets, management has considered whether the underlying net assets of the investment support the carrying amount, the nature of the underlying assets and whether other facts and circumstances, including impairments recorded in the Group financial statements, could also be indicative of impairment. Management has also performed an assessment of the expected credit losses of the Receivables from Group companies. Management concluded that no impairment is required in relation to the carrying value of investments in subsidiaries and Receivables from Group companies, and has also concluded that no expected credit losses against the Receivables from Group companies are required. The carrying value of investments in subsidiaries and Receivables from Group companies was included as a key audit matter given that this is an area of focus for the audit of the Company due to the size of the balances.	In respect of the Company's investments in subsidiaries and Receivables from Group companies, we evaluated and challenged management's assessment of the carrying values. We independently performed an assessment of internal and external factors, including considering the market capitalisation of the Group with reference to the carrying value of the Company's investments in subsidiaries and Receivables from Group companies. As a result of our work, we are satisfied that the carrying value of the Company's investments in subsidiaries and Receivables from Group companies is appropriate as at 30 June 2022.

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 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 three 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 two main operating subsidiaries in South Africa, as well as the Company. In addition, we performed specified procedures over seven other components in the Group. 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 part of our year-end audit, the Group audit team's involvement comprised of site visits to the South African mining operations, working with our component audit team in-person in Johannesburg (including the review of component auditor work papers), and various other procedures performed remotely, including conference calls and attendance at component audit clearance meetings and other forms of communication as considered necessary. Further specific audit procedures over the Group consolidation and review procedures over the Annual Report were directly performed by the Group audit team.

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:

	Financial statements – Group	Financial statements – Company
Overall materiality	US$5.3 million (2021: US$5.1 million).	US$1.8 million (2021: US$2.1 million).
How we determined it	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 financial position is 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$1.8 million and US$5.2 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% (2021: 75%) of overall materiality, amounting to US$4.0 million (2021: $3.8 million) for the Group financial statements and US$1.4 million (2021: $1.6 million) for the 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 $260,000 (Group audit) (2021: $255,000) and $96,000 (Company audit) (2021: $103,000) 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 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 going concern period, 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 discussions with management and reviewing the key assumptions in the forecast model, such as the gold price and exchange rates, 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, and its ability to comply with debt covenants, over the going concern period; and
- Reviewing the disclosure provided in the Directors' Report and note 41 to the 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 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 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, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. 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 2022 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 the 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 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 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 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/. 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 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 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 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

14 September 2022

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2022

US$ thousand	Notes	Group 30 June 2022	Group 30 June 2021	Company 30 June 2022	Company 30 June 2021
ASSETS					
Non-current assets					
Property, plant and equipment	16	**355,802**	346,922	**–**	–
Goodwill	17	**18,642**	21,253	**–**	–
Intangible assets – excluding goodwill	18	**281**	505	**–**	–
Deferred tax asset	33	**2,074**	2,217	**1,774**	1,904
Long-term inventory	23	**189**	333	**–**	–
Loans receivable	19	**–**	429	**–**	–
Investments in subsidiaries	20	**–**	–	**96,630**	110,150
Investments – other	21	**1,127**	1,064	**1,127**	1,064
Environmental rehabilitation obligation fund	22	**23,024**	25,810	**–**	–
Total non-current assets		**401,139**	398,533	**99,531**	113,118
Current assets					
Inventory	23	**9,977**	11,356	**–**	–
Trade and other receivables	24	**17,275**	24,394	**53**	1,251
Current tax asset	33	**751**	678	**–**	–
Receivables from Group companies		**–**	–	**79,594**	96,538
Loans receivable	19	**271**	12,817	**–**	–
Derivative financial asset	36	**686**	180	**–**	–
Cash and cash equivalents	25	**26,993**	35,133	**2,457**	2,963
Total current assets		**55,953**	84,558	**82,104**	100,752
Total assets		**457,092**	483,091	**181,635**	213,870
EQUITY AND LIABILITIES					
Share capital	26	**38,002**	38,151	**38,002**	38,151
Share premium		**235,063**	235,063	**235,063**	235,063
Retained earnings		**264,840**	211,254	**57,578**	58,579
Reserves	27	**(243,125)**	(200,837)	**(151,043)**	(121,090)
Equity attributable to owners of the Company		**294,780**	283,631	**179,600**	210,703
Non-controlling interests	20	**(171)**	–	**–**	–
Total equity		**294,609**	283,631	**179,600**	210,703
Non-current liabilities					
Environmental rehabilitation obligation	28	**8,603**	13,609	**–**	–
Borrowings[1]	29	**33,293**	37,484	**–**	–
Lease liabilities[1]	30	**3,795**	4,828	**–**	–
Share-based payment obligations[1]	31	**4,022**	3,046	**–**	205
Deferred tax liability	33	**53,781**	34,515	**–**	–
Total non-current liabilities		**103,494**	93,482	**–**	205
Current liabilities					
Trade and other payables	32	**50,224**	54,709	**1,669**	2,738
Borrowings[1]	29	**1,319**	31,123	**–**	–
Lease liabilities[1]	30	**553**	649	**–**	–
Share-based payment obligations[1]	31	**5,559**	18,372	**–**	–
Current tax liability	33	**1,334**	1,125	**366**	224
Total current liabilities		**58,989**	105,978	**2,035**	2,962
Total equity and liabilities		**457,092**	483,091	**181,635**	**213,870**

[1] *In the previous financial year, borrowings, lease liabilities and share-based payment obligations were presented as long-term liabilities (financial institutions and other). These items have been disaggregated in the current financial year to enhance disclosures, with comparatives aligned accordingly as disclosed in note 43.*

The above statements of financial position should be read in conjunction with the accompanying notes.

The annual financial statements on **pages 146** to **231** were approved by the board of directors and authorised for issue on 14 September 2022 and were signed on its behalf by:

Cobus Loots
Chief executive officer

Deon Louw
Financial director

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2022

US$ thousand	Notes	Group 30 June 2022	Group 30 June 2021	Company 30 June 2022	Company Restated[1] 30 June 2021
Revenue	9	**376,371**	368,915	**32,116**	22,451
Cost of production	10	**(226,445)**	(208,815)	**–**	–
Depreciation and amortisation	16	**(26,428)**	(32,074)	**–**	–
Gross profit		**123,498**	128,026	**32,116**	22,451
Other expenses and income	11	**(9,828)**	(12,819)	**(6,980)**	(8,278)
Royalty costs		**(2,096)**	(3,454)	**–**	–
Impairment loss on plant and equipment	16	**(467)**	–	**–**	–
Net income before finance income and finance costs		**111,107**	111,753	**25,136**	14,173
Finance income	13	**1,095**	755	**28**	18
Finance costs	13	**(5,326)**	(7,675)	**(28)**	–
Profit before tax		**106,876**	104,833	**25,136**	14,191
Income tax expense	33	**(31,924)**	(30,141)	**(1,153)**	(2,269)
Profit after tax for the year		**74,952**	74,692	**23,983**	11,922
Other comprehensive (loss)/income					
Items that may be reclassified to profit or loss					
Foreign currency translation reserve movement		**(40,125)**	44,950	**(27,809)**	39,440
Items that may not be reclassified to profit or loss					
Investment measured at fair value through other comprehensive income movement	27	**975**	(1,603)	**975**	(1,603)
Tax thereon		**(46)**	27	**(46)**	27
Other comprehensive (loss)/income for the year, net of tax		**(39,196)**	43,374	**(26,880)**	37,864
Total comprehensive income/(loss) for the year		**35,756**	118,066	**(2,897)**	49,786
Profit/(loss) attributable to:		**74,952**	74,692		
Owners of the Company		**75,137**	74,692		
Non-controlling interests		**(185)**	–		
Total comprehensive income/(loss) attributable to:		**35,756**	118,066		
Owners of the Company		**35,930**	118,066		
Non-controlling interests		**(174)**	–		
Basic and diluted earnings per share (US cents)	14	**3.90**	3.87		

[1] *Dividend received from the subsidiary has been reclassified from other income to revenue, as disclosed in note 42.2.*

The above statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2022

		Group		Company	
US$ thousand	Notes	30 June 2022	Restated[1] 30 June 2021	30 June 2022	Restated[1] 30 June 2021
Cash flows from operating activities					
Net cash from operating activities before dividend, tax, royalties and net finance costs and income	35.1	**142,879**	118,154	**28,442**	9,195
Dividend paid	15	**(24,984)**	(20,607)	**(24,984)**	(20,607)
Reciprocal dividend received		**3,425**	2,825	**–**	–
Income tax paid	35.2	**(6,764)**	(15,402)	**(1,108)**	(1,770)
Royalties paid	35.3	**(1,756)**	(3,500)	**–**	–
Finance costs paid		**(4,042)**	(6,107)	**(12)**	–
Finance income received		**1,248**	484	**28**	18
Net cash from/(used in) operating activities		**110,006**	75,847	**2,366**	(13,164)
Cash flows from investing activities					
Additions to property, plant and equipment	16	**(82,683)**	(44,396)	**–**	–
Additions to intangible assets	18	**(2)**	(48)	**–**	–
Repayment of loans receivable		**583**	289	**–**	–
Receipts from the environmental rehabilitation obligation fund	22	**151**	146	**–**	–
Increase in investments – other	21	**–**	(142)	**–**	(142)
Increase in investments in subsidiaries	20	**–**	–	**(13)**	(70)
Advances of loans to subsidiaries		**–**	–	**(38,214)**	(24,536)
Repayment of loans to subsidiaries		**–**	–	**40,486**	40,407
Proceeds on disposal of property, plant and equipment		**563**	3	**–**	–
Net cash (used in)/from investing activities		**(81,388)**	(44,148)	**2,259**	15,659
Cash flows from financing activities					
Proceeds from borrowings	35.4	**12,903**	15,963	**–**	–
Repayment of borrowings	35.4	**(41,422)**	(53,010)	**–**	–
Share buy-back		**(3,222)**	–	**(3,222)**	–
Repayment of lease liabilities	35.4	**(616)**	(1,027)	**–**	–
Net cash used in financing activities		**(32,357)**	(38,074)	**(3,222)**	–
Net (decrease)/increase in cash and cash equivalents		**(3,739)**	(6,375)	**1,403**	2,495
Cash and cash equivalents at the beginning of the year		**35,133**	33,530	**2,963**	208
Effect of foreign exchange rate changes		**(4,401)**	7,978	**(1,909)**	260
Cash and cash equivalents at the end of the year	25	**26,993**	35,133	**2,457**	2,963

[1] The net cash from/(used in) operating and financing activities has been restated in the previous financial year. Refer to note 42.

The above statements of cash flows should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2022

	Group						
US$ thousand	Share capital	Share premium	Reserves[1]	Retained earnings	Equity attributable to the owners of the Company	Non-controlling interests	Total equity
Balance as at 1 July 2020	38,151	235,063	(243,940)	154,344	183,618	–	183,618
Total comprehensive income	–	–	43,374	74,692	118,066	–	118,066
Profit for the year	–	–	–	74,692	74,692	–	74,692
Other comprehensive income	–	–	43,374	–	43,374	–	43,374
Dividend paid	–	–	–	(20,607)	(20,607)	–	(20,607)
Reciprocal dividend – PAR Gold[2]	–	–		2,825	2,825	–	2,825
Share scheme cancellation	–	–	(551)	–	(551)	–	(551)
Equity-settled share-based payment	–	–	280	–	280	–	280
Balance as at 30 June 2021	**38,151**	**235,063**	**(200,837)**	**211,254**	**283,631**	**–**	**283,631**
Total comprehensive (loss)/income	**–**	**–**	**(39,207)**	**75,137**	**35,930**	**(174)**	**35,756**
Profit for the year	**–**	**–**	**–**	**75,137**	**75,137**	**(185)**	**74,952**
Other comprehensive (loss)/income	**–**	**–**	**(39,207)**	**–**	**(39,207)**	**11**	**(39,196)**
Dividend paid	**–**	**–**	**–**	**(24,984)**	**(24,984)**	**–**	**(24,984)**
Reciprocal dividend – PAR Gold[2]	**–**	**–**	**–**	**3,425**	**3,425**	**–**	**3,425**
Recognition of non-controlling interests	**–**	**–**	**–**	**–**	**–**	**3**	**3**
Share buy-back[3]	**(149)**	**–**	**(3,073)**	**–**	**(3,222)**	**–**	**(3,222)**
Unwinding of broad-based black economic empowerment (B-BBEE) structure: share-based payment	**–**	**–**	**(8)**	**8**	**–**	**–**	**–**
Balance as at 30 June 2022	**38,002**	**235,063**	**(243,125)**	**264,840**	**294,780**	**(171)**	**294,609**

	Company				
US$ thousand	Share capital	Share premium	Reserves[1]	Retained earnings	Total equity
Balance as at 1 July 2020	38,151	235,063	(158,818)	67,264	181,660
Total comprehensive income	–	–	37,864	11,922	49,786
Profit for the year	–	–	–	11,922	11,922
Other comprehensive income	–	–	37,864	–	37,864
Dividend paid	–	–	–	(20,607)	(20,607)
Share scheme cancellation	–	–	(270)	–	(270)
Equity-settled share-based payment	–	–	134	–	134
Balance as at 30 June 2021	**38,151**	**235,063**	**(121,090)**	**58,579**	**210,703**
Total comprehensive loss	**–**	**–**	**(26,880)**	**23,983**	**(2,897)**
Profit for the year	**–**	**–**	**–**	**23,983**	**23,983**
Other comprehensive loss	**–**	**–**	**(26,880)**	**–**	**(26,880)**
Dividend paid	**–**	**–**	**–**	**(24,984)**	**(24,984)**
Share buy-back[3]	**(149)**	**–**	**(3,073)**	**–**	**(3,222)**
Balance as at 30 June 2022	**38,002**	**235,063**	**(151,043)**	**57,578**	**179,600**

[1] Reserves comprise all reserve balances. Refer to note 27 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 PAR Gold in the Company. PAR Gold holds 13.8% (2021: 13,7%) of the issued share capital of the Company. Refer to note 38 in respect of the related party transaction.
[3] The Company completed a share buy-back programme which resulted in the total issued shares of the Company decreasing by 11,825,491 shares during the current financial year.

The above statements of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022

1. GENERAL INFORMATION

Pan African Resources PLC (the Company) is incorporated in the UK 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. The Company's shares can be traded on its Level 1 ADR programme in the US and on the A2X Market exchange as a secondary exchange in South Africa. The Group annual financial statements comprise the Company and its subsidiaries (together referred to as the Group). The nature of the Group's operations and its principal activities relate to commodity mining and exploration activities.

2. STATEMENT OF COMPLIANCE

The annual financial statements of the Pan African Group have been prepared in accordance with UK-adopted International Accounting Standards as well as the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the Companies Act 2006.

On 31 December 2020, IFRS, as adopted by the European Union at that date, was brought into UK law and became the UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to the UK-adopted International Accounting Standards in its annual financial statements on 1 July 2021. This change constitutes a change in the accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in the framework.

The principal accounting policies applied in the preparation of these annual financial statements inclusive of judgements and estimates are consistent with those applied in the previous financial year.

3. BASIS OF PREPARATION

The annual financial statements have been prepared as a going concern (refer to note 41) on the historical basis, except for financial assets at fair value through other comprehensive income or fair value through profit or loss and derivative financial instruments, which are stated at fair value. The accounting policies, inclusive of judgements and estimates, have been consistently applied for the reporting periods presented and comply with IFRS.

The annual financial statements are presented in US$ and all amounts are rounded to the nearest thousand (US$'000), except where otherwise indicated.

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 each company operates. The Company and its South African subsidiaries have determined their functional currency as the South African rand. The subsidiary in Sudan has determined its functional currency as the Sudanese pound.

Comparative information

During the current financial year, the reference 'Consolidated' was changed to 'Group' and 'Parent Company' was changed to 'Company'.

For the financial year ended 30 June 2022, the Group changed the level of rounding to only reflect the nearest thousand. Immaterial rounding adjustments were made to comparative information as a result of this change.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Group annual financial statements from the date on which control commences until the date on which control ceases.

Inter-company eliminations

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred assets.

Non-controlling interests

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Subsequently the carrying amount of the non-controlling interest is the amount of the interest at initial recognition plus its share of subsequent changes in equity.

4.2 Foreign currency

Functional and presentation currency

Items included in the annual financial statements of each of the Group companies are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Group annual financial statements are presented in US$, which is the Group's presentation currency.

Foreign transactions

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 profit or loss.

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 transaction or the average rate for the period. The exchange differences arising on translation are recognised in other comprehensive income as movement in the foreign currency translation reserve.

Foreign operations

The results and the financial position of all the Group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date
- Income and expenses are translated at exchange rates at the dates of a significant transaction or the average for the period
- All resultant exchange differences are recognised in other comprehensive income and presented as a separate component of equity (in the foreign currency translation reserve).

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of the net investment in a foreign operation and are recognised in other comprehensive income and presented in the foreign currency translation reserve.

4.3 Impairment of non-financial assets

At each reporting date, the Group assesses 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. An asset with an indefinite useful life, for example goodwill, is not subject to amortisation and is tested at the reporting date for impairment.

Impairment losses are immediately recognised as an expense in profit or loss whenever the carrying amount of an asset or its CGU exceeds its recoverable amount.

A reversal of an impairment loss is recognised in profit or loss. 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.

4.4 Financial assets

Recognition

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 and measured at amortised cost only if the asset is held within a business model whose objective is to collect the contractual cash flows and contractual terms of the asset give rise to cash flows that are solely payments of principal and interest.

The Group has elected to measure equity instruments 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.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss including all derivative financial assets and the environmental rehabilitation obligation funds.

Financial assets at amortised cost are subsequently measured using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss.

Equity investments at fair value through other comprehensive income are subsequently measured at fair value. Other net gains and losses are recognised in other comprehensive income and never reclassified to profit or loss.

Financial assets at fair value through profit or loss are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Impairment

The Group recognises loss allowances for expected credit losses (ECL) on a financial asset measured at amortised cost. The Group recognises 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 assessment and includes 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.

Derecognition

Financial assets are derecognised when the right to receive cash flows from the asset has expired, or the right to receive cash flows has been transferred together with substantially all the risks and rewards of ownership, or the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

4.5 Financial liabilities

Recognition

Financial liabilities are classified and accounted for as debt according to the substance of the contractual arrangements entered into.

Financial liabilities are classified and measured at amortised cost or fair value through profit or loss. A financial liability is classified at fair value through profit or loss if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and/or losses are recognised in profit or loss. Any gain on derecognition is also recognised in profit or loss.

Derecognition

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 by at least 10% from the present value of the financial liability's cash flows using the original effective interest rate and term.

The gains or losses on non-substantial modifications are recognised as part of finance costs or income. 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.

4.6 Offsetting

Financial assets and financial liabilities are offset and the net amount presented on the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability.

5. FAIR VALUE MEASUREMENT

Fair value is determined based on observable market data (in the case of listed investments, the market share price) 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.

6. JUDGEMENTS AND ESTIMATES

The preparation of the annual financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that may materially affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses.

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 annual financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the annual financial statements is included in the following notes:

- Note 16: Property, plant and equipment.

Significant assumptions and estimates

Information about other assumptions and estimation uncertainties at 30 June 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next reporting period is included in the following notes:

- Note 17: Goodwill
- Note 33: Tax expense.

Information about other assumptions and estimation uncertainties are included in the following notes:

- Note 16: Property, plant and equipment
- Note 28: Environmental rehabilitation obligation
- Note 29: Guarantees
- Note 30: Leases
- Note 31: Share-based payment obligation
- Note 34: ESOP transactions
- Note 39: Commitments
- Note 40: Contingent liabilities.

7. RECENT ACCOUNTING DEVELOPMENTS

7.1 New standards, interpretations and amendments effective for the first time as at 30 June 2022

The following standards became effective during the current financial year:

Title	Impact	Annual period beginning on or after
IFRS 16: *Leases* COVID-19-related Rent Concessions Amendment	The International Accounting Standard Board has issued amendments to IFRS 16: *Leases* to allow lessees not to account for rent concessions as a lease modification if they were a direct result of COVID-19, provided that certain conditions were met. The Group did not receive any material rent concessions as a direct result of COVID-19.	1 April 2021

7.2 New standards, interpretations and amendments issued but not yet effective as at 30 June 2022

The following standards and interpretations applicable to the Group, which were in issue and not yet effective as at 30 June 2022, have not been early adopted by the Group:

Title	Impact	Annual period beginning on or after
Annual Improvements Cycle 2018 – 2020[1]	IFRS 9: *Financial Instruments* has been amended to only include costs or fees between the borrower and the lender in the calculation of the '10% test' for derecognition of a financial liability. Fees paid to third parties are excluded from the calculation.	1 January 2022
Amendment to IAS 16: *Property, Plant and Equipment* – Proceeds before Intended Use[2]	The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.	1 January 2022
Amendment to IAS 1: *Presentation of Financial Statements* on Classification of Liabilities as Current or Non-current[1]	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. A number of requirements are required to be met in conjunction with this amendment.	1 January 2023
Amendments to IAS 12: *Income Taxes* – Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]	The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.	1 January 2023
Narrow scope amendments to IAS 1: *Presentation of Financial Statements*, Practice Statement 2 and IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors*[1]	The amendments aim to improve accounting policy disclosures and help users of the annual financial statements to distinguish changes in accounting policies from changes in accounting estimates.	1 January 2023

[1] None of the above interpretations and amendments are expected to have a material impact on the Group.
[2] The impact of the amendment will be assessed and applied in the future.

8. SEGMENT REPORT

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 the 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 Exco. 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.

To enhance reporting, a sub-total for mining operations has been included in the segment report in the current financial year.

The reported segments are all located in South Africa except for the exploration assets located in Sudan and comprise the following:

- Barberton Mines including the Barberton Tailings Retreatment Plant (BTRP) located in Barberton
- Evander Mines (the Elikhulu Tailings Retreatment Plant (Elikhulu), underground 8 Shaft pillar, 24, 25 and 26 Project Level, Egoli project and surface sources) located in Evander.

The above segments derive their revenue from mining, extraction, production and the sale of gold.

8. SEGMENT REPORT continued

- Solar projects currently consist of the solar PV renewable energy plant located at Evander Mines and the planned development of a solar PV renewable energy plant at Barberton Mines and the extension of Evander Mines' solar PV renewable energy plant
- Exploration assets consist of five prospecting concessions (or exploration licences) in north-eastern Sudan (the Block 12 concessions), covering an area of almost 1,100km² and located approximately 70km north-west of Port Sudan
- Agricultural 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 Barberton Mines' host community areas
- Corporate consists mainly of the Group's holding companies and management services company which renders services to the Group and is located in Johannesburg
- Funding Company is the centralised treasury function of the Group which is located in Johannesburg.

The segment results have been presented based on Exco's reporting format, in accordance with the disclosures presented as follows:

	30 June 2022				30 June 2022				
US$ thousand	Barberton Mines	Evander Mines	Solar projects	Mining operations	Exploration assets	Agricultural ESG projects	Corporate	Funding Company	Group total
Revenue	174,596	201,775	–	376,371	–	–	–	–	376,371
Cost of production	(115,129)	(110,654)	(257)	(226,040)	–	(405)	–	–	(226,445)
Depreciation and amortisation	(10,460)	(15,836)	(90)	(26,386)	–	(42)	–	–	(26,428)
Gross profit/(loss)	49,007	75,285	(347)	123,945	–	(447)	–	–	123,498
Other expenses and income[1]	(727)	3,504	–	2,777	(42)	(195)	(13,384)	1,016	(9,828)
Royalty costs	(1,581)	(515)	–	(2,096)	–	–	–	–	(2,096)
Impairment (loss) on property, plant and equipment	–	(467)	–	(467)	–	–	–	–	(467)
Net income/(loss) before finance income and finance costs	46,699	77,807	(347)	124,159	(42)	(642)	(13,384)	1,016	111,107
Finance income	141	2	1	144	–	1	384	566	1,095
Finance costs	(708)	(1,732)	(119)	(2,559)	–	–	(49)	(2,718)	(5,326)
Profit/(loss) before tax	46,132	76,077	(465)	121,744	(42)	(641)	(13,049)	(1,136)	106,876
Income tax (expense)/benefit	(12,281)	(18,157)	103	(30,335)	–	–	(1,245)	(344)	(31,924)
Profit/(loss) for the year excluding inter-company transactions	33,851	57,920	(362)	91,409	(42)	(641)	(14,294)	(1,480)	74,952
Inter-company transactions									
Revenue	–	–	308	308	–	–	28,665	279	29,252
Cost of production	–	(308)	–	(308)	–	–	–	–	(308)
Elimination of dividends received from/(paid to) fellow Group companies	–	–	–	–	–	–	(28,665)	(279)	(28,944)
Management fees	(5,700)	(6,240)	(197)	(12,137)	–	(118)	12,386	(131)	–
Finance income/(costs)	1,718	(3,430)	(26)	(1,738)	–	(349)	(1,544)	3,631	–
Profit/(loss) after tax including inter-company transactions	29,869	47,942	(277)	77,534	(42)	(1,108)	(3,452)	2,020	74,952
Segment assets (total assets excluding goodwill)	139,985	246,549	12,018	398,552	3,345	3,592	8,619	24,342	438,450
Segment liabilities	50,584	68,013	8,477	127,074	1	97	9,104	26,207	162,483
Net assets (excluding goodwill)[2]	89,401	178,536	3,541	271,478	3,344	3,495	(485)	(1,865)	275,967
Goodwill	18,642	–	–	18,642	–	–	–	–	18,642
Capital expenditure[3]	28,419	39,327	8,828	76,574	3,639	1,000	1,597	–	82,810
Reconciliation of adjusted EBITDA[4]									
Net income/(loss) before tax, finance income and finance costs	46,699	77,807	(347)	124,159	(42)	(642)	(13,384)	1,016	111,107
Excluding: depreciation and amortisation included in gross profit	10,460	15,836	90	26,386	–	42	–	–	26,428
Excluding: other depreciation and amortisation	–	–	–	–	–	14	252	–	266
EBITDA[4]	57,159	93,643	(257)	150,545	(42)	(586)	(13,132)	1,016	137,801
Excluding: impairment loss on plant and equipment	–	467	–	467	–	–	–	–	467
Adjusted EBITDA[4]	57,159	94,110	(257)	151,012	(42)	(586)	(13,132)	1,016	138,268

[1] *Other expenses and income exclude inter-company management fees. Finance income and finance costs exclude inter-company interest.*
[2] *The segment assets and liabilities above exclude inter-company balances.*
[3] *Capital expenditure comprises additions to property, plant and equipment, mineral rights, exploration and intangible assets.*
[4] *Adjusted EBITDA comprises earnings before interest, tax, depreciation and amortisation, and impairment losses.*

8. SEGMENT REPORT continued

	30 June 2021				30 June 2021			
US$ thousand	**Barberton Mines**	**Evander Mines**	**Solar projects**	**Mining operations**	**Agricultural ESG projects**	**Corporate**	**Funding Company**	**Group total**
Revenue	189,697	179,218	–	368,915	–	–	–	368,915
Cost of production	(108,152)	(100,663)	–	(208,815)	–	–	–	(208,815)
Depreciation and amortisation	(11,405)	(20,668)	–	(32,073)	(1)	–	–	(32,074)
Gross profit/(loss)	70,140	57,887	–	128,027	(1)	–	–	128,026
Other expenses and income[2]	(3,299)	79	(8)	(3,228)	–	(8,926)	(665)	(12,819)
Royalty costs	(3,071)	(383)	–	(3,454)	–	–	–	(3,454)
Net income/(loss) before finance income and finance costs	63,770	57,583	(8)	121,345	(1)	(8,926)	(665)	111,753
Finance income[2]	6	4	–	10	–	376	369	755
Finance costs[2]	(301)	(1,292)	–	(1,593)	–	(11)	(6,071)	(7,675)
Profit/(loss) before tax	63,475	56,295	(8)	119,762	(1)	(8,561)	(6,367)	104,833
Income tax (expense)/benefit	(13,400)	(11,999)	–	(25,399)	–	(4,628)	(114)	(30,141)
Profit/(loss) for the year excluding inter-company transactions	50,075	44,296	(8)	94,363	(1)	(13,189)	(6,481)	74,692
Inter-company transactions								–
Revenue	–	–	–	–	–	17,401	163	17,564
Elimination of dividends received from/(paid to) fellow Group companies	–	–	–	–	–	(17,401)	(163)	(17,564)
Management fees	(5,766)	(5,412)	–	(11,178)	–	11,308	(130)	–
Finance income/(costs)	1,556	(7,421)	–	(5,865)	(103)	(1,059)	7,027	–
Profit/(loss) after tax including inter-company transactions	45,865	31,463	(8)	77,320	(104)	(2,940)	416	74,692
Segment assets (total assets excluding goodwill)	143,440	257,151	2,036	402,627	3,325	24,254	31,632	461,838
Segment liabilities	49,799	53,171	9,921	112,891	39	22,955	63,574	199,459
Net assets[3] (excluding goodwill)	93,641	203,980	(7,885)	289,736	3,286	1,299	(31,942)	262,379
Goodwill	21,253	–	–	21,253	–	–	–	21,253
Capital expenditure[4]	27,075	17,654	1,666	46,395	2,576	142	–	49,113
Reconciliation of adjusted EBITDA								–
Net income/(loss) before tax, finance income and finance costs	63,770	57,583	(8)	121,345	(1)	(8,926)	(665)	111,753
Excluding: depreciation and amortisation included in gross profit	11,405	20,668	–	32,073	1	–	–	32,074
Excluding: other depreciation and amortisation	–	–	–	–	–	315	–	315
Adjusted EBITDA[5]	75,175	78,251	(8)	153,418	–	(8,611)	(665)	144,142

[1] *As disclosed in note 42.2, the dividend received from subsidiary has been reclassified from other income to revenue.*
[2] *Other expenses and income exclude inter-company management fees. Finance income and finance costs exclude inter-company interest.*
[3] *The segment assets and liabilities above exclude inter-company balances.*
[4] *Capital expenditure comprises additions to property, plant and equipment, mineral rights and intangible assets.*
[5] *Adjusted EBITDA comprises earnings before interest, tax, depreciation and amortisation.*

9. 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 when risk and title to the metals pass to the customer, being the date of delivery of the precious metals to Rand Refinery Proprietary Limited (Rand Refinery) at a point in time.

Revenue is recognised based on the current prevailing gold price and the ounces delivered to Rand Refinery. There is no element of financing as payment is received shortly after delivery of the gold to Rand Refinery.

Revenue from the sale of material by-products is recognised at a point in time when the by-products are delivered to the customer at the prevailing rate at the transaction date.

The Group does not have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year and, therefore, the Group has not adjusted 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 profit or loss as revenue when the services are rendered.

Dividend received

Dividend from the subsidiary is recognised as revenue of the Company at a point in time which is when the Company's right, as shareholder, to receive payment has been established.

	Group		Company	
US$ thousand	30 June 2022	30 June 2021	30 June 2022	Restated* 30 June 2021
Gold revenue	375,673	368,339	–	–
Silver revenue	698	576	–	–
Management fees	–	–	7,355	8,245
Dividend received from subsidiary*	–	–	24,761	14,206
Total revenue	376,371	368,915	32,116	22,451

* *As disclosed in note 42.2, the dividend received from the subsidiary has been reclassified from other income to revenue.*

10. COST OF PRODUCTION

Cost of production is summarised by the nature of its components and consists of the following:

	Group		Company	
US$ thousand	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Salaries and wages	(56,864)	(53,795)	–	–
Electricity	(33,844)	(31,216)	–	–
Mining	(40,280)	(33,146)	–	–
Processing and metallurgy	(55,978)	(55,069)	–	–
Engineering and technical services	(21,423)	(18,069)	–	–
Administration and other	(8,852)	(8,662)	–	–
Realisation costs	(1,085)	(1,097)	–	–
Security	(8,119)	(7,761)	–	–
Total cost of production	(226,445)	(208,815)	–	–

11. OTHER EXPENSES AND INCOME

		Group		Company	
US$ thousand	Notes	30 June 2022	30 June 2021	30 June 2022	Restated* 30 June 2021
Gain/(loss) on foreign exchange		782	(2,508)	209	(126)
Expenses relating to short-term leases		(742)	(330)	–	–
Expenses relating to low-value leases		(104)	(103)	–	–
Non-mining depreciation and amortisation		(266)	(315)	–	–
Non-executive directors' emoluments		(357)	(335)	(356)	(335)
Executive directors' emoluments		(1,625)	(666)	(1,625)	(666)
Cash-settled share-based payment expense	31	(5,617)	(7,272)	(3,078)	(4,566)
Equity-settled share-based payment expense		–	369	–	136
Auditors' remuneration[1]		(408)	(322)	(279)	(160)
– Audit fee		(323)	(340)	(244)	(172)
– (Under)/over provision of audit fee		(59)	21	(35)	12
– Non-audit fees for other services rendered		(26)	(3)	–	–
Salaries corporate office		(3,275)	(2,071)	(835)	(519)
Investor and public realisation costs		(171)	(163)	(122)	(49)
Travel costs		(212)	(126)	(4)	(1)
Office costs		(120)	(97)	–	–
Business development costs		(208)	(426)	(17)	(392)
Consulting fees		(734)	(590)	(16)	(97)
Legal fees		(352)	(118)	(149)	(22)
Corporate social expenditure		(1,771)	(2,013)	–	–
Gain arising from unrealised derivatives	36	565	11,014	–	–
Loss arising from realised derivatives	36	(18)	(7,206)	–	–
Change in estimate on environmental rehabilitation obligation	28	4,712	(1,479)	–	–
Fair value gain on environmental rehabilitation obligation funds	22	563	1,419	–	–
Net other expenses and income		(470)	519	(708)	(1,481)
Total other expenses and income		(9,828)	(12,819)	(6,980)	(8,278)

[1] *All audit fees are paid locally in South Africa with the exception of the PwC UK audit fee of US$0,3 million (2021: US$0.1 million). Details of the Company's policy on the use of statutory auditors' for non-audit services and the safeguards to ensure their independence and objectivity are disclosed in the audit and risk committee report on* ***pages 150*** *to* ***153****.*

* *As disclosed in note 42.2, the dividend received from subsidiary has been reclassified to revenue.*

12. EMPLOYEE COSTS AND COMPLEMENT

Accounting policy

Defined contribution plans

Payments to the Group's defined contribution retirement benefit plans are recognised as an expense as they fall due. Payments made to state-managed schemes are accounted for 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 recognised as an expense as they fall due.

	Group		Company	
US$ thousand	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Salaries and wages	61,764	56,532	2,460	2,218
Salaries and wages capitalised to property, plant and equipment	3,347	5,607	–	1,033
Included in employee costs above are contributions to defined contribution plans	2,132	2,312	18	16

	Group			
	30 June 2022		30 June 2021	
Number of employees	Average	Closing	Average	Closing
Corporate	23	26	18	18
Barberton Blue	24	26	–	–
Evander Mines	250	257	231	241
Barberton Mines	1,860	1,889	1,906	1,845
Total number of employees	2,157	2,198	2,155	2,104

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 which are registered under and governed by the South African Pension Act of 1956 as amended. The assets of the schemes are held separately from those of the Group in independent funds and they are under the control of the fund trustees. This cost represents the employer's contributions payable to the respective schemes by the Group and Company at rates specified in the rules of each scheme.

13. FINANCE (COSTS)/INCOME

Accounting policy

Finance income comprises interest income received on cash deposits, loans receivable and South African Revenue Services (SARS).

Finance costs comprise interest on borrowings, lease liabilities, instalment sale obligation, environmental rehabilitation obligation and SARS.

Finance income and costs are recognised using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset
- the amortised cost of the financial liability.

In calculating finance income and costs, the effective interest rate is applied to the gross carrying amount of the asset or to the amortised cost of the liability.

	Group		Company	
US$ thousand	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Finance income				
Finance income in respect of:				
– Cash and cash equivalents	601	394	28	18
– Loans receivable	352	356	–	–
– SARS	139	–	–	–
– Other	3	5	–	–
Total finance income	1,095	755	28	18
Finance costs				
Finance costs in respect of:				
– Borrowings	(3,885)	(6,164)	–	–
– Modification gain on borrowings	956	–	–	–
– Lease liabilities	(478)	(495)	–	–
– Environmental rehabilitation obligation	(1,878)	(992)	–	–
– SARS	(17)	–	(16)	–
– Instalment sale obligation	(9)	(24)	–	–
– Other	(15)	–	(12)	–
Total finance costs	(5,326)	(7,675)	(28)	–
Net finance (costs)/income	(4,231)	(6,920)	–	18

14. 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 Company, divided by the weighted average number of shares outstanding during the year. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding 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 or previous financial year.

Reconciliation of weighted average number of ordinary shares

	Group	
Number of shares in thousands	**30 June 2022**	**30 June 2021**
Ordinary shares in issue	2,222,862	2,234,687
Treasury shares	(306,358)	(306,358)
Ordinary shares outstanding	1,916,504	1,928,329
Adjustment for weighting of ordinary shares outstanding as a result of the share buy-back	9,562	–
Weighted average number of ordinary shares outstanding at the end of the financial year	1,926,066	1,928,329

Basic earnings per share

The calculation of basic and diluted earnings per ordinary share is based on the following:

	Group	
US$ thousand	**30 June 2022**	**30 June 2021**
Profit attributable to owners of the Company	75,137	74,692
Basic and diluted earnings per share (US cents)	3.90	3.87

Headline earnings per share

Headline earnings per share is based on the Group's headline earnings, determined in accordance with SAICA Circular 2021/1, which forms part of the JSE Listings Requirements, divided by the weighted average number of shares outstanding during the year.

The reconciliation between earnings and headline earnings is as follows:

		Group	
US$ thousand	**Notes**	**30 June 2022**	**30 June 2021**
Profit attributable to owners of the Company		75,137	74,692
Adjusted for:			
Profit on disposal of plant and equipment		–	(1)
Tax on profit on disposal of plant and equipment		–	–
Impairment loss on plant and equipment	16	467	–
Tax on impairment loss on plant and equipment		–	–
Headline earnings		75,604	74,691
Headline and diluted headline earnings per share (US cents)		3.93	3.87

Net asset and tangible net asset value

	Group	
US cents	**30 June 2022**	**30 June 2021**
Net asset value per share[1]	15.37	14.71
Tangible net asset value per share[2]	11.60	10.46

[1] *Net assets equates to the total assets less total liabilities.*
[2] *Tangible net assets represent total assets less total liabilities, mineral rights, goodwill, mining properties, exploration assets and intangible assets.*

The net asset and tangible net asset value per share is calculated by dividing the net asset and tangible net asset value by the number of ordinary shares outstanding at the end of the financial year.

15. DIVIDENDS

Accounting policy

Final dividends are recognised as a liability on the date on which such dividends are declared.

Dividends withholding tax is a tax withheld on dividends paid to shareholders that are subject to dividend withholding tax at a rate applicable in terms of legislative requirements. The Group withholds dividend tax on behalf of its shareholders at the applicable rate on dividends paid. Amounts withheld are not recognised as part of the Group's tax expense but rather as part of the dividend paid, recognised in equity.

Cash flows from dividends paid are classified under operating activities in the statement of cash flows.

Dividends declared and paid

The board has proposed a final dividend of ZAR400.1 million for the 2022 financial year (approximately US$23.1 million), equal to ZA 18.00 cents per share or approximately US 0.104046 cents per share (0.90452 pence per share). The dividend is subject to approval by shareholders at the AGM, which is convened for 24 November 2022.

The pound sterling (GBP) and US$ proposed final dividend were calculated based on a total of 2,222,862,046 shares in issue and an illustrative exchange rate of US$/ZAR:17.30 and GBP/ZAR:19.90, respectively.

In light of the robust results for the current financial year and the favourable financial prospects for the operations in the 2023 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 free cash flow.

A final dividend of ZA 18.00000 cents per share equating to US 1.13924 cents per share (0.84954 pence per share) was approved for the 2021 financial year at the AGM held on 25 November 2021.

16. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Property, plant and equipment comprise all properties, plant and equipment, mineral rights and mining properties, exploration assets, right-of-use assets (refer below), capital under construction and bearer plants. These assets (excluding exploration assets and capital under construction) are initially measured at cost whereafter they are measured at cost less accumulated depreciation and accumulated impairment losses. Exploration assets and capital under construction are initially measured at cost, whereafter they are measured at cost less accumulated impairment losses.

Costs include expenditure that is directly attributable to the acquisition or construction of the asset, borrowing costs capitalised, as well as the costs of dismantling and removing an asset and restoring the site on which it is located. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. 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 and can demonstrate that the projects will generate future economic benefits.

Exploration assets consist of the costs of acquiring rights and activities associated with converting a Mineral Resource to a Mineral Reserve. The process thereof includes drilling, sampling and other processes necessary to evaluate the technical feasibility and commercial viability of a Mineral Resource to prove whether a Mineral Reserve exists. Exploration assets also include geological, geochemical and geophysical studies associated with prospective projects and tangible assets which comprise property, plant and equipment used for exploratory activities. Costs are capitalised to the extent that they are a directly attributable exploration expenditure and classified as a separate class of assets on a project-by-project basis. Once a Mineral Reserve is determined, or the project is ready for development, the asset attributable to the Mineral Reserve or project is tested for impairment and then reclassified to the appropriate class of assets. Depreciation commences when the assets are available for use.

The blueberry plants are recognised as bearer plants as they are used in the supply of agricultural produce (blueberries) and are expected to bear produce for more than one period and have a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. The plants were recognised as capital under construction in the previous financial year, but as they have reached maturity, they have been transferred to bearer plants.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using appropriate methods over their estimated useful lives, and is generally recognised in profit or loss. Land and capital under construction are not depreciated.

Mining rights and mining property, plant and machinery, shafts 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 machinery for which consumption is 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 lives may vary between five and 20 years.

16. PROPERTY, PLANT AND EQUIPMENT continued

Accounting policy continued

Depreciation continued

Other non-mining assets are depreciated on the straight-line basis over their expected useful lives which may vary between three and 10 years.

Right-of-use assets are depreciated 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.

Bearer plants are depreciated on a straight-line basis over their estimated useful lives, being 10 years.

When capital under construction assets are capable of operating in the manner intended by management, they are transferred to the appropriate asset class and depreciated in line with their respective asset class.

Depreciation methods, residual values and estimated useful lives are reviewed at each reporting date and adjusted if appropriate.

Right-of-use assets

The Group recognises a right-of-use asset and a corresponding lease liability at each lease commencement date with respect to all lease arrangements in which it is the lessee. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The Group depreciates 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 assesses right-of-use assets for impairment when such indicators exist and right-of-use assets are adjusted for certain remeasurements of the lease liability.

Derecognition

Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on the derecognition of an item of property, plant and equipment (calculated as the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Significant 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 are therefore an indication of an impairment or an impairment reversal.

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 previous financial year, the Group's CGUs have been determined as follows:

- **Barberton Mines' underground operations:** Underground operations (Fairview, Sheba and Consort) are reliant on the Fairview BIOX® plant for processing and these operations have been grouped together 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 representing a single CGU
- **Egoli project:** A drilling programme and feasibility study were completed in September and November 2017, respectively. Dewatering in accordance with the phased development approach has commenced
- **Elikhulu:** The surface mining operation has been constructed in such a manner that it is independent of Evander Mines' underground operations resulting in Elikhulu being determined as a single CGU
- **Evander Mines' underground operations:** This CGU 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 representing a single CGU
- **Agricultural ESG projects:** This CGU comprises Barberton Blue as well as other small-scale agricultural projects in Barberton Mines' host community areas
- **Solar projects:** This CGU currently consists of the solar PV renewable energy plant located at Evander Mines.

16. PROPERTY, PLANT AND EQUIPMENT continued

Significant judgements continued

Depreciation – units-of-production method

The calculation of the units-of-production rate of depreciation could be affected if actual production in the future varies significantly from current forecast production. This would generally arise when there are significant changes in any of the factors or assumptions used in estimating Mineral Reserves and Mineral Resources. These factors could include:

- changes in Mineral Reserves and Mineral Resources
- the grade of Mineral Reserves and Mineral Resources
- differences between actual commodity prices and commodity price assumptions
- unforeseen operational issues at mine sites including planned extraction efficiencies
- changes in capital, operating, mining processing and reclamation costs, discount rates and foreign exchange rates.

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 prices and discount rates and estimates of production costs and future capital expenditure.

Cash flow projections are based on financial forecasts and life-of-mine plans incorporating key assumptions (refer to **page 183**) as detailed below:

- **Mineral Resources and Mineral Reserves:** Mineral Resources and, where considered appropriate, Mineral Reserves, are reflected within projected cash flows, based on Mineral Resources and Mineral Reserves statements (in accordance with the SAMREC Code 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 Reserves. Refer to the abridged Mineral Resources and Mineral Reserves report on **pages 90** to **99** for further disclosure of the Group's Mineral Resources and Mineral Reserves and life-of-mine plans
- **Commodity prices:** Commodity prices are based on the 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).

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.

16. PROPERTY, PLANT AND EQUIPMENT continued

US$ thousand	Land[1]	Mineral rights and mining property	Exploration assets – other[2]	Exploration assets – Sudan	Leasehold improvements	Buildings and infrastructure – owned	Buildings and infrastructure – right-of-use asset	Plant and machinery – owned	Plant and machinery – right-of-use asset	Capital under construction[3]	Shafts and exploration	Bearer plants	Other[4]	Total
Group														
Cost														
Balance as at 1 July 2020	2,117	35,966	27,171	–	–	62,769	237	237,911	4,450	5,886	83,650	–	439	460,596
Recognition of new right-of-use asset	–	–	–	–	–	–	295	–	–	–	–	–	–	295
Transfers	–	–	–	–	–	2,303	–	4,557	–	(7,532)	466	–	–	(206)
Additions	–	1,479	–	–	–	6,686	–	7,983	–	21,071	11,958	–	94	49,271
Disposals	–	–	–	–	–	–	–	(12)	–	–	–	–	(1)	(13)
Borrowing costs capitalised	–	–	–	–	–	–	–	–	–	222	–	–	–	222
Foreign currency translation reserve movement	452	7,798	5,803	–	–	14,111	74	51,830	951	2,337	18,875	–	101	102,332
Balance as at 30 June 2021	**2,569**	**45,243**	**32,974**	**–**	**–**	**85,869**	**606**	**302,269**	**5,401**	**21,984**	**114,949**	**–**	**633**	**612,497**
Transfers to intangible assets	–	–	–	–	–	–	–	(53)	–	–	–	–	–	(53)
Additions	–	–	–	1,500	600	6,158	–	11,244	127	50,688	12,442	–	51	82,810
Disposals	–	–	–	–	–	1,640	–	17,093	–	(22,005)	42	1,292	(2)	(1,940)
Borrowing costs capitalised	–	–	–	–	–	–	–	–	–	558	–	–	–	558
Decrease in environmental rehabilitation obligation asset[5]	–	–	–	–	–	(812)	–	–	–	–	–	–	–	(812)
Foreign currency translation reserve movement	(316)	(5,558)	(4,051)	(98)	(39)	(11,004)	(74)	(38,975)	(672)	(4,605)	(14,934)	(84)	(81)	(80,491)
Closing balance as at 30 June 2022	**2,253**	**39,685**	**28,923**	**1,402**	**561**	**81,851**	**532**	**291,578**	**4,856**	**46,620**	**112,499**	**1,208**	**601**	**612,569**
Accumulated depreciation and impairment losses														
Balance as at 1 July 2020	–	(15,793)	–	–	–	(21,581)	(135)	(113,460)	(504)	–	(38,451)	–	(386)	(190,310)
Transfers	–	–	–	–	–	–	–	206	–	–	–	–	–	206
Depreciation charge for the year	–	(1,658)	–	–	–	(7,519)	(139)	(17,150)	(567)	–	(5,061)	–	(161)	(32,255)
Disposals	–	–	–	–	–	–	–	11	–	–	–	–	1	12
Foreign currency translation reserve movement	–	(3,503)	–	–	–	(5,199)	(40)	(25,595)	(152)	–	(8,644)	–	(95)	(43,228)
Balance as at 30 June 2021	**–**	**(20,954)**	**–**	**–**	**–**	**(34,299)**	**(314)**	**(155,988)**	**(1,223)**	**–**	**(52,156)**	**–**	**(641)**	**(265,575)**
Transfers to intangible assets	–	–	–	–	–	–	–	–	–	–	–	–	99	99
Depreciation charge for the year	–	(804)	–	–	–	(5,291)	(99)	(17,519)	(407)	–	(2,347)	(22)	(77)	(26,566)
Impairment loss[6]	–	–	–	–	–	–	–	(467)	–	–	–	–	–	(467)
Disposals	–	–	–	–	–	–	–	1,377	–	–	–	–	–	1,377
Decrease in environmental rehabilitation obligation asset[5]	–	–	–	–	–	81	–	–	–	–	–	–	–	81
Foreign currency translation reserve movement	–	2,627	–	–	–	4,553	45	20,245	177	–	6,560	1	76	34,284
Closing balance as at 30 June 2022	**–**	**(19,131)**	**–**	**–**	**–**	**(34,956)**	**(368)**	**(152,352)**	**(1,453)**	**–**	**(47,943)**	**(21)**	**(543)**	**(256,767)**
Carrying amount														
As at 30 June 2021	2,569	24,289	32,974	–	–	51,570	292	146,281	4,178	21,984	62,793	–	(8)	346,922
As at 30 June 2022	**2,253**	**20,554**	**28,923**	**1,402**	**561**	**46,895**	**164**	**139,226**	**3,403**	**46,620**	**64,556**	**1,187**	**58**	**355,802**

[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 represents ongoing capital projects within the Group.*
[4] *Other assets represent computer equipment and furniture and fittings.*
[5] *Refer to note 28.*
[6] *The impairment loss relates to a slurry tank that failed.*

Refer to note 29 for property, plant and equipment pledged as security for the Group's senior debt.

16. PROPERTY, PLANT AND EQUIPMENT continued

Reconciliation of depreciation recognised as cost of production

	Group	
US$ thousand	30 June 2022	30 June 2021
Depreciation of property, plant and equipment	**(26,566)**	(32,255)
Amortisation of intangible assets (note 18)	**(128)**	(134)
Add back: other depreciation and amortisation – corporate	**266**	315
Total cost of production depreciation and amortisation	**(26,428)**	(32,074)

17. GOODWILL

Accounting policy

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Impairment

The Group tests its goodwill at each reporting date for impairment or more frequently if events or circumstances indicate a potential impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated firstly to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed.

	Group		Company	
US$ thousand	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Goodwill[1]	**18,642**	21,253	**–**	–

[1] *The movement is due to the translation at the closing rate of ZAR16.28 (2021: ZAR14.28).*

The Group's goodwill was historically recognised on the acquisition of Barberton Mines in July 2007 and was allocated to Barberton Mines' underground mining operations CGU from which the expected benefit of the business combination will arise.

Barberton Mines' impairment assessment was performed in accordance with the Group's accounting policies and no indication of impairment of the goodwill was identified.

The recoverable amount of Barberton Mines' CGU is determined from a discounted life-of-mine cash flow model 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 and direct costs expected over the life-of-mine.

17. GOODWILL continued

Impairment assessment assumptions

The Group determines the recoverable amounts of goodwill by calculating the fair value less cost to sell from discounted life-of-mine model cash flows of the respective CGU. The fair value was categorised as Level 3 as the valuation technique depends to a significant extent on unobservable valuation inputs. The Group prepares cash flow projections derived from the most recent financial forecasts approved by management. Fair value less cost to sell is derived by discounting future cash flows of the CGU on a nominal basis using the following key assumptions.

	30 June 2022	30 June 2021
Nominal discount rate (post-tax) (%)	**15.5**	14.9
Gold price (ZAR/kg) – initial year[1]	**953,003**	804,174
Long-term cost inflation (%)	**5.1**	5.1
Life-of-mine (years)	**20**	20

[1] *The forecasted nominal gold price used in the discounted life-of-mine cash flow model for impairment testing purposes, is determined for each year by management's best estimate of future gold prices, based on historical and market data from both internal and external sources. In determining the forecasted gold price for each year, management used consensus forecast prices and forward US$/ZAR exchange rates from various market sources.*

There is a degree of uncertainty associated with the estimation of the long-term gold price forecast and to provide for this risk, management has estimated a reasonable downside scenario by considering a possible decline in the normal gold price to ZAR869,000/kg (June 2021: ZAR760,000/kg) with a 4.55% annual growth rate over the life-of-mine, assuming all other variables remain constant. The outcome of this sensitivity analysis would result in an impairment loss on goodwill of approximately US$18.6 million (2021: US$21.3 million).

The following table addresses additional sensitivities in respect of the impairment of goodwill:

	Unit	Sensitivity	Adjusted inputs	(Decrease)/ increase in recoverable amount US$ thousand	Potential goodwill impairment US$ thousand
June 2022					
Gold price – initial year	ZAR/kg	5% decrease in US$ gold price[1]	**905,353**	**(44,310)**	**18,642**
Nominal post-tax discount rate	%	1% point increase in discount rate[1]	**16.5**	**(8,041)**	**–**
South African rand	US$/ZAR	5% stronger	**16.06**	**(44,310)**	**18,642**
South African rand	US$/ZAR	3% weaker[1]	**17.41**	**25,328**	**–**
June 2021					
Gold price – initial year	ZAR/kg	5% decrease in US$ gold price[1]	763,966	(60,484)	21,253
Nominal post-tax discount rate	%	1% point increase in discount rate[1]	15.90	(5,962)	–
South African rand	US$/ZAR	5% stronger	13.78	(60,484)	21,253
South African rand	US$/ZAR	3% weaker[1]	14.94	8,260	–

[1] *The annual inputs in the life-of-mine cash flow model for impairment testing purposes were adjusted to reflect the change as per the sensitivities.*

18. INTANGIBLE ASSETS – EXCLUDING GOODWILL

Accounting policy

Intangible assets comprise software costs and are measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred. These intangible assets are amortised over their estimated useful lives, usually between three and five years, or over the duration of the licences. Amortisation methods, residual values and estimated useful lives are reviewed at each reporting date.

	Group		Company	
US$ thousand	**30 June 2022**	**30 June 2021**	**30 June 2022**	**30 June 2021**
Software costs				
Opening balance	**505**	493	**–**	–
Gross carrying amount	**1,403**	1,113	**–**	–
Accumulated amortisation	**(866)**	(594)	**–**	–
Accumulated impairment losses	**(32)**	(26)	**–**	–
Transfer from property, plant and equipment	**(46)**	–	**–**	–
Additions	**2**	48	**–**	–
Amortisation	**(128)**	(134)	**–**	–
Foreign currency translation reserve movement	**(52)**	98	**–**	–
Closing balance	**281**	505	**–**	–
Gross carrying amount	**1,282**	1,403	**–**	–
Accumulated amortisation	**(973)**	(866)	**–**	–
Accumulated impairment losses	**(28)**	(32)	**–**	–

No changes were made to the useful lives of the intangible assets based on the review in the current and previous financial year.

No indicators of impairment were present in the current or previous financial year and therefore no impairment loss was recognised.

19. LOANS RECEIVABLE

Accounting policy

Refer to note 4.4 for the policy addressing financial assets at amortised cost.

	Group		Company	
US$ thousand	**30 June 2022**	**30 June 2021**	**30 June 2022**	**30 June 2021**
Loans advanced in terms of Group share schemes	**–**	12,316	**–**	–
Other loans receivable[1]	**271**	930	**–**	–
Total loans receivable	**271**	13,246	**–**	–
Non-current portion	**–**	429	**–**	–
Current portion	**271**	12,817	**–**	–
Total loans receivable	**271**	13,246	**–**	–

[1] *Other loans receivable accrue interest at the prevailing prime rate with a 2% margin, with repayment terms of up to 24 months. The final repayment date is 31 December 2022.*

The Group's Pan African Corporate Option Scheme (PACOS) and the Pan African Resources Senior Management Share Scheme (PARSMSS) long-term incentive (LTI) schemes were restructured during the previous financial year, as announced on the Stock Exchange News Service (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, E and future share issues) do not allow for any advances to participants. Advances from PAR Gold amounting to US$nil (2021: US$12.3 million) were made to scheme participants and are included in the current portion of loans receivable. The advances were offset against dividends declared by PAR Gold, as per the rules of the restructured scheme in the current financial year. As detailed in the 17 September 2020 and 30 June 2021 SENS announcements, all listings and regulatory requirements were complied with in the restructure of these incentive schemes and loans advanced to scheme participants. Refer to note 31.

20. INVESTMENTS IN SUBSIDIARIES

Accounting policy

The Company, in its separate annual financial statements, measures investments in subsidiaries at cost less accumulated impairment losses, if any.

The subsidiaries listed below are incorporated in South Africa, which is also their principal place of business except for Pan African Resources Minerals DMCC which is registered in Dubai and Pan African Resources Minerals Co Limited which is registered in Sudan.

The registered address of the Company is 2nd Floor, 107 Cheapside, London, EC2V 6DN. The registered address of the Company's subsidiaries is The Firs Building, 2nd Floor, Office 204, corner Biermann and Cradock Avenues, Rosebank, Johannesburg, 2196.

The Company has investments in the following subsidiaries:

					Company	
	Principal activity	30 June 2022 Statutory holding %	30 June 2021 Statutory holding %	Effective holding of the Company %	Carrying amount 30 June 2022 US$ thousand	Carrying amount 30 June 2021 US$ thousand
South Africa						
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	**100.00**	95.00	100.00	**–**	–
Mogale Tailings Retreatment Proprietary Limited (Mogale)	Gold mining	**100.00**	–	100.00	**–**	–
Pan African Resources Funding Company Proprietary Limited (Funding Company)[2]	Treasury services	**100.00**	100.00	100.00	**–**	–
Pan African Resources SA Holding Company Proprietary Limited (PAR SA Holdings)[3]	Holding company	**100.00**	89.00	100.00	**95,324**	108,675
Pan African Resources Management Services Company Proprietary Limited (PAR Management Services)[4]	Administration services company	**100.00**	100.00	100.00	**1,229**	1,401
Concrete Rose Proprietary Limited (Concrete Rose)[5]	B-BBEE	**100.00**	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 ESOP Trust[8]	ESOP arrangement	**100.00**	100.00	100.00	**–**	–
Evander Solar Solutions Proprietary Limited (Evander Solar Solutions)[9]	Solar PV renewable energy plant	**100.00**	100.00	100.00	**–**	–
Barberton Blue Proprietary Limited (Barberton Blue)	Agricultural ESG project	**80.00**	80.00	80.00	**–**	–
Barberton Green Proprietary Limited (Barberton Green)	Agricultural ESG project	**100.00**	100.00	100.00	**–**	–
Pan African Resources Properties Proprietary Limited (PAR Properties), previously Rapid Pearl Proprietary Limited (Rapid Pearl)[10]	Property holding company	**100.00**	100.00	100.00	**64**	74
Other						
Pan African Resources Minerals DMCC[11]	Holding company of the operations in Sudan	**80.00**	–	80.00	**11**	–
Pan African Resources Minerals Co Limited[11]	Exploration – Sudan	**100.00**	–	100.00	**2**	–
Total investments in subsidiaries					**96,630**	110,150

20. INVESTMENTS IN SUBSIDIARIES continued

	Company	
US$ thousand	**30 June 2022**	**30 June 2021**
Movement in investments in subsidiaries		
Opening balance	**110,150**	90,703
Investment in Pan African Resources Minerals Co Limited	**2**	–
Investment in Pan African Resources Minerals DMCC	**11**	–
Investment in PAR Properties	**–**	70
Foreign currency translation reserve movement	**(13,533)**	19,377
Total investments in subsidiaries	**96,630**	110,150

[1] *Employees own 5% of the issued share capital 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 ESOP at Evander Mines is being reviewed to ensure compliance with B-BBEE share ownership programme requirements. Refer to note 34.*

[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] *The Group's B-BBEE transaction was unwound during the current financial year resulting in the changes to shareholding as follows:*

Shareholding %	*30 June 2022*	***30 June 2021***
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*
Total shareholding	–	*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 the Company on 30 May 2018, resulting in its shareholding in the Company reducing to 13.8% (2021: 137.%). Refer to note 27.*

[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 share capital in Barberton Mines and the Barberton Mines ESOP Trust which holds all the issued share capital in Barberton Mines BEE Company. Barberton Mines' employees are beneficiaries of the ESOP Trust. The Barberton Mines ESOP Trust and B-BBEE company are consolidated into the Group. Refer to note 34.*

[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 share capital in Evander Mines and the Evander Mines ESOP Trust which holds all the issued share capital in Evander Mines BEE Company. Evander Mines' employees are beneficiaries of the ESOP Trust. The Evander Mines ESOP Trust and B-BBEE company are consolidated into the Group. The ESOP at Evander Mines is being reviewed to ensure compliance with B-BBEE share ownership programme requirements. Evander Mines BEE Company was deregistered in the previous 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 PV renewable energy plant in order to provide electricity to the Evander Mines' operations.*

[10] *During the current financial year, Rapid Pearl changed its name to Pan African Resources Properties Proprietary Limited. PAR Properties owns a historical building in Barberton.*

[11] *Pan African Resources Minerals DMCC is the holding company of Pan African Resources Minerals Company Limited (Pan African Minerals). The Group, through Pan African Minerals, secured five prospecting concessions (or exploration licences) in Port Sudan during the current financial year.*

21. INVESTMENTS – OTHER

Accounting policy

The investment in equity interests is measured at fair value through other comprehensive income. Refer to note 4.4 for the policy addressing financial assets measured at fair value through other comprehensive income.

		Group		Company	
US$ thousand	**Principal activity**	**30 June 2022**	**30 June 2021**	**30 June 2022**	**30 June 2021**
MC Mining Limited (MC Mining)[1]	Coal mining	**1,127**	1,064	**1,127**	1,064

The registered address of the investment company is Suite 8, 7 The Esplanade, Mt Pleasant WA 6153, Australia.

	Group		Company	
US$ thousand	**30 June 2022**	**30 June 2021**	**30 June 2022**	**30 June 2021**
Movement in investment				
Opening balance	**1,064**	1,216	**1,064**	1,216
Additional investment in MC Mining	**–**	142	**–**	142
Fair value adjustment through other comprehensive income	**208**	(544)	**208**	(544)
Foreign currency translation reserve movement	**(145)**	250	**(145)**	250
Total investments – other	**1,127**	1,064	**1,127**	1,064

[1] *The Company holds 15,432,581 of MC Mining's issued share capital representing a 9.3% shareholding. MC Mining is an emerging coal exploration, development and mining company operating in South Africa.*

22. ENVIRONMENTAL REHABILITATION OBLIGATION FUND

Accounting policy

These investments are classified as financial assets at fair value through profit or loss. Refer to note 4.4 for the policy addressing financial assets measured at fair value through profit or loss.

Funds held in insurance investment products

US$ thousand	**Barberton Mines**	**Evander Mines**	**Total**
Balance as at 1 July 2020	3,357	16,649	20,006
Drawdowns	(29)	(117)	(146)
Fair value gain recognised in profit or loss (note 11)	233	1,186	1,419
Foreign currency translation reserve movement	765	3,766	4,531
Balance as at 30 June 2021	**4,326**	**21,484**	**25,810**
Drawdowns	**(30)**	**(121)**	**(151)**
Fair value gain recognised in profit or loss (note 11)	**94**	**469**	**563**
Foreign currency translation reserve movement	**(536)**	**(2,662)**	**(3,198)**
Balance as at 30 June 2022	**3,854**	**19,170**	**23,024**

The Group invests in an insurance investment product held by Cenviro Solutions Proprietary Limited (Cenviro Solutions) underwritten by Centriq Insurance Company Limited. Contributions are made in the form of premiums paid to Cenviro Solutions and funds are held in insurance investment products. The insurance policies are held 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 rehabilitation obligation. The Group's environmental rehabilitation obligation are fully funded by the investments held in the investment products.

Refer to note 28 for details of the environmental rehabilitation obligation.

23. INVENTORY

Accounting policy

Inventory is measured 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 written down to net realisable value.

	Group		Company	
US$ thousand	**30 June 2022**	**30 June 2021**	**30 June 2022**	**30 June 2021**
Consumables stores	**10,585**	12,049	**–**	–
Current portion of long-term inventory	**113**	141	**–**	–
Allowance for obsolete stock	**(721)**	(834)	**–**	–
	9,977	11,356	**–**	–
Non-current portion of long-term inventory	**189**	333	**–**	–
Total inventory	**10,166**	11,689	**–**	–
Inventory recognised in cost of production	**22,303**	28,860	**–**	–

There was no write-down of inventory to net realisable value or any reversal of write-downs of inventory in the current or previous financial year.

24. TRADE AND OTHER RECEIVABLES

Accounting policy

Trade and other receivables without a significant financing component are initially measured at their transaction price. They are subsequently measured at amortised cost, less an allowance for ECLs. Refer to note 4.4 for the policy addressing financial assets measured at amortised cost.

	Group		Company	
US$ thousand	**30 June 2022**	**30 June 2021**	**30 June 2022**	**30 June 2021**
Trade receivables	**8,020**	14,762	**–**	–
Net other receivables	**2,870**	1,686	**–**	–
– Other receivables	**2,930**	1,757	**–**	–
– Loss allowance – other receivables	**(60)**	(71)	**–**	–
Total financial assets	**10,890**	16,448	**–**	–
Prepayments	**1,150**	2,149	**53**	1,251
Value-added tax (VAT) receivable	**5,235**	5,797	**–**	–
Total non-financial assets	**6,385**	7,946	**53**	1,251
Total trade and other receivables	**17,275**	24,394	**53**	1,251

It is the Group policy to only sell gold to and transact its foreign exchange with reputable 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 recognised 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, namely Barberton Mines and Evander Mines.

The loss allowance on other receivables is estimated by management based on the current economic environment and individual debtor's circumstances.

Trade receivables have been pledged as security in terms of the Group's senior debt as disclosed in note 29.

25. 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 measured at amortised cost. Refer to note 4.4 for the policy addressing financial assets measured at amortised cost.

	Group		Company	
US$ thousand	**30 June 2022**	**30 June 2021**	**30 June 2022**	**30 June 2021**
Cash and cash equivalents	**26,993**	35,133	**2,457**	2,963
Restricted cash[1]	**(277)**	(90)	**–**	–
Total cash and cash equivalents net of restricted cash	**26,716**	35,043	**2,457**	2,963

[1] *Restricted cash relates to funds placed in an attorney's trust account, funds withdrawn from the environmental rehabilitation obligation fund and COVID-19 Temporary Employee Relief Scheme funds.*

26. SHARE CAPITAL

Accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue or repurchase of ordinary shares are recognised as a deduction from equity, net of tax.

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased and cancelled shares are presented as a reduction in share capital and the share buy-back reserve.

Authorised and issued share capital

	Group		Company	
Number of shares	**30 June 2022**	**30 June 2021**	**30 June 2022**	**30 June 2021**
Issued number of ordinary shares	**2,222,862,046**	2,234,687,537	**2,222,862,046**	2,234,687,537
Reconciliation of the number of shares				
Number of ordinary shares in issue at the beginning of the year	**2,234,687,537**	2,234,687,537	**2,234,687,537**	2,234,687,537
Shares delisted (share buy-back)[1]	**(11,825,491)**	–	**(11,825,491)**	–
Total number of shares in issue	**2,222,862,046**	2,234,687,537	**2,222,862,046**	2,234,687,537
Treasury shares	**(306,358,058)**	(306,358,058)	**(306,358,058)**	(306,358,058)
Number of ordinary shares outstanding and fully paid	**1,916,503,988**	1,928,329,479	**1,916,503,988**	1,928,329,479

[1] *The Company completed a share buy-back programme which resulted in the total issued shares of the Company decreasing by 11,825,491 shares during the current financial year.*

The movement in share capital for the year is as follows:

	Group		Company	
US$ thousand	**30 June 2022**	**30 June 2021**	**30 June 2022**	**30 June 2021**
Opening balance	**38,151**	38,151	**38,151**	38,151
Shares delisted (share buy-back)	**(149)**	–	**(149)**	–
Closing balance	**38,002**	38,151	**38,002**	38,151

Repurchase of shares

As announced on SENS on 12 May 2022, the Company completed its share buy-back programme (the programme) during the current financial year. During the period 1 April to 9 May 2022, the Company repurchased an aggregate of 11,825,491 ordinary shares at 0.01 pence each for a total consideration of ZAR50.3 million (US$3.2 million), inclusive of transaction costs. A total number of 7,568,744 ordinary shares were bought back on the LSE at a volume-weighted average price (VWAP) of 21.67 pence per share. A total number of 4,256,747 ordinary shares were bought back on the JSE at a VWAP of ZA 418.21 cents per share. All shares purchased under the programme were paid for in cash and have been cancelled.

27. RESERVES

	Group							
US$ thousand	Foreign currency translation reserve[1]	Share-based payment reserve[2]	Realisation of equity reserve[3]	Treasury share reserve[4]	Merger reserve[5]	Share buy-back reserve[6]	Fair value reserve[7]	Total reserves
Balance as at 1 July 2020	(177,430)	2,891	(18,122)	(24,872)	(21,638)	–	(4,769)	(243,940)
Share scheme cancellation	–	(551)	–	–	–	–	–	(551)
Equity-settled share-based payment	–	280	–	–	–	–	–	280
Fair value adjustment of investments – other	–	–	–	–	–	–	(1,576)	(1,576)
Foreign currency translation reserve movement	44,950	–	–	–	–	–	–	44,950
Balance as at 30 June 2021	**(132,480)**	**2,620**	**(18,122)**	**(24,872)**	**(21,638)**	**–**	**(6,345)**	**(200,837)**
Share buy-back	**–**	**–**	**–**	**–**	**–**	**(3,073)**	**–**	**(3,073)**
Unwinding of B-BBEE structure: share-based payment	**–**	**(8)**	**–**	**–**	**–**	**–**	**–**	**(8)**
Fair value adjustment of investments – other	**–**	**–**	**–**	**–**	**–**	**–**	**162**	**162**
Foreign currency translation reserve movement	**(40,136)**	**–**	**–**	**–**	**–**	**–**	**767**	**(39,369)**
Balance as at 30 June 2022	**(172,616)**	**2,612**	**(18,122)**	**(24,872)**	**(21,638)**	**(3,073)**	**(5,416)**	**(243,125)**

[1] The translation reserve comprises all foreign exchange differences arising from the translation of the Group's annual financial statements to its presentation currency of US$ and the translation of the financial statements of foreign operations.

[2] The share-based payment reserve consists of historical costs relating to the equity-settled share-based payment arrangement 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 20). Concrete Rose's issued share capital 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 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%. The Group's B-BBEE transaction was unwound during the current financial year.

[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 the Company to PAR Gold.

[4] The treasury share 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 similar to that of a share buy-back as the Group acquired shares in a company that held an investment in the Company. On 30 May 2018, PAR Gold publicly disposed of 130 million shares in the Company resulting in its shareholding reducing to 13.8% (2021: 13.7%).

[5] The merger reserve was created through the historical reserve acquisition of Barberton Mines in July 2007.

[6] As announced on SENS on 12 May 2022, the Company completed its share buy-back programme. All shares purchased under the programme have been cancelled.

[7] The fair value reserve comprises unrealised gains and losses recognised on financial assets measured at fair value through other comprehensive income.

27. RESERVES continued

	Company					
US$ thousand	Foreign currency translation reserve[1]	Share-based payment reserve[2]	Merger reserve[3]	Share buy-back reserve[4]	Fair value reserve[5]	Total reserves
Balance as at 1 July 2020	(158,952)	1,750	3,153	–	(4,769)	(158,818)
Share scheme cancellation	–	(270)	–	–	–	(270)
Equity-settled share-based payment	–	134	–	–	–	134
Fair value adjustment of investments – other	–	–	–	–	(1,576)	(1,576)
Foreign currency translation reserve movement	39,573	(133)	–	–	–	39,440
Balance as at 30 June 2021	**(119,379)**	**1,481**	**3,153**	**–**	**(6,345)**	**(121,090)**
Share buy-back	**–**	**–**	**–**	**(3,073)**	**–**	**(3,073)**
Fair value adjustment of investments – other	**–**	**–**	**–**	**–**	**162**	**162**
Foreign currency translation reserve movement	**(27,809)**	**–**	**–**	**–**	**767**	**(27,042)**
Balance as at 30 June 2022	**(147,188)**	**1,481**	**3,153**	**(3,073)**	**(5,416)**	**(151,043)**

[1] The translation reserve comprises all foreign exchange differences arising from the translation of the Group's annual financial statements to its presentation currency of US$ and the translation of the financial statements of foreign operations.

[2] The share-based payment reserve consists of historical costs relating to the equity-settled share-based payment arrangement 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 20). Concrete Rose's issued share capital 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 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%. The Group's B-BBEE transaction was unwound during the current financial year.

[3] The merger reserve was created through the historical reserve acquisition of Barberton Mines in July 2007.

[4] As announced on SENS on 12 May 2022, the Company completed its share buy-back programme. All shares purchased under the programme have been cancelled.

[5] The fair value reserve comprises unrealised gains and losses recognised on financial assets measured at fair value through other comprehensive income.

28. ENVIRONMENTAL REHABILITATION OBLIGATION

Accounting policy

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.

These obligations are based on the mining operations' environmental plans, in compliance with current environmental and regulatory requirements. The obligation is based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date.

These costs are initially capitalised in property, plant and equipment and are subsequently recognised in profit or loss over the life of the operation through depreciation of the asset and the unwinding of the discount on the obligation.

Annual changes in the obligation consist of finance costs relating to the change in the present value and change 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.

Significant assumptions and estimates

The amount recognised as an obligation 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 environmental rehabilitation obligation. There is judgement in the assumptions used in determining the estimated obligation which includes:

- 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 90** to **99**.

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 the amendments to the Financial Closure Provision Regulations promulgated in terms of the National Environmental Management Act, the Group will have to include an obligation for all latent and residual environmental liabilities including water pollution, as part of the obligation for environmental rehabilitation and decommissioning costs, from September 2023. The Group has undertaken several detailed assessments, including a geohydrological study at Barberton Mines, to ascertain the latent and residual environmental liability as a result of the amendments and to quantify the impact of the amendments. Based on the current scheduled closure cost estimate, the amendments will result in an increase to the current obligation of approximately US$3 million for environmental and decommissioning costs in real terms, once the amendments become effective.

The movement in the Group's environmental rehabilitation obligation is as follows:

		Group		Company	
US$ thousand	**Notes**	**30 June 2022**	**30 June 2021**	**30 June 2022**	**30 June 2021**
Opening balance		**13,609**	9,201	**–**	–
Rehabilitation cost incurred		**–**	(205)	**–**	–
Change in estimate – recognised through profit or loss	11	**(4,712)**	1,479	**–**	–
Change in estimate – rehabilitation asset write off	16	**(731)**	–	**–**	–
Finance costs – unwinding charge	13	**1,878**	992	**–**	–
Foreign currency translation reserve movement		**(1,441)**	2,142	**–**	–
Closing balance		**8,603**	13,609	**–**	–

28. ENVIRONMENTAL REHABILITATION OBLIGATION continued

The movement in the Group's environmental rehabilitation obligation has been impacted by changes noted in the table below, relative to the previous financial year.

	30 June 2022		30 June 2021	
	Period to rehabilitation (years)	**Risk-free rate (nominal) %**	**Period to rehabilitation (years)**	**Risk-free rate (nominal) %**
Barberton Mines (Fairview)	**20.00**	**12.23**	20.00	10.76
Barberton Mines (Sheba)	**20.00**	**12.23**	20.00	10.76
Barberton Mines (Consort)	**9.00**	**14.28**	8.00	7.47
Barberton Mines (BTRP)	**2.00**	**8.28**	3.00	5.16
Evander Mines (8 Shaft and Kinross plant)	**14.00**	**12.58**	5.00	7.47
Evander Mines (Elikhulu)	**11.00**	**14.10**	12.00	8.97

29. BORROWINGS

		Group		Company	
US$ thousand	**Notes**	**30 June 2022**	**30 June 2021**	**30 June 2022**	**30 June 2021**
Revolving credit facility (RCF)	29.1	**26,192**	16,669	**–**	–
Term loan facility	29.2	**–**	42,017	**–**	–
Redink Rentals (RF) Limited loan (Redink facility)	29.3	**8,420**	9,921	**–**	–
		34,612	68,607	**–**	–
Non-current portion		**33,293**	37,484	**–**	–
Current portion		**1,319**	31,123	**–**	–
Total borrowings		**34,612**	68,607	**–**	–

29.1 Revolving credit facility

The terms of the RCF were renegotiated during the current financial year and the restructured facility came into effect on 17 November 2021. The movement on the RCF was as follows:

		Group		Company	
US$ thousand	**Notes**	**30 June 2022**	**30 June 2021**	**30 June 2022**	**30 June 2021**
Opening balance		**16,669**	43,086	**–**	–
Drawdowns		**12,903**	6,673	**–**	–
Finance costs incurred		**1,999**	2,329	**–**	–
Non-refundable fees – unwind		**337**	313	**–**	–
Modification gain[1]		**(956)**	(177)	**–**	–
Restructure of the facility	29.2	**34,835**	–	**–**	–
Repayments of capital		**(37,810)**	(39,726)	**–**	–
Repayments of finance costs		**(1,802)**	(2,370)	**–**	–
Foreign currency translation reserve movement		**17**	6,541	**–**	–
Closing balance		**26,192**	16,669	**–**	–
Less: current portion		**(17)**	(16,669)	**–**	–
Non-current portion		**26,175**	–	**–**	–

[1] *The terms of the RCF were renegotiated on 17 November 2021 (refer to terms as follows). The restructure of the RCF resulted in a modification gain being recognised. The modification gain included in finance costs was calculated as the difference between the original carrying amount at the date of the renegotiation and the present value of the renegotiated term.*

29. BORROWINGS continued

29.1 Revolving credit facility continued

The terms of the facility are as follows:

<table>
<tr><th></th><th>Restructured RCF – 30 June 2022</th><th>Previous RCF – 30 June 2021</th></tr>
<tr><td>Facility amount</td><td>ZAR1 billion</td><td>ZAR1 billion</td></tr>
<tr><td>Lenders</td><td>Rand Merchant Bank (a division of FirstRand Bank Limited) and Nedbank Limited</td><td>Rand Merchant Bank (a division of FirstRand Bank Limited), Absa Bank Limited and Nedbank Limited</td></tr>
<tr><td>Borrower</td><td>Funding Company</td><td>Funding Company</td></tr>
<tr><td>Interest rate</td><td>Depending on the rollover period, based on one-month, three-month or six-month Johannesburg Interbank Average Rate (JIBAR)</td><td>One-month JIBAR</td></tr>
<tr><td>Interest rate margin</td><td>2.75%</td><td>3.3%</td></tr>
<tr><td>Commitment fee</td><td>0.9625% of the aggregate of the available commitment, payable quarterly in arrears</td><td>1% of the aggregate of the available commitment, payable semi-annually</td></tr>
<tr><td>Term of loan</td><td>32 months effective 17 November 2021</td><td>Seven years effective 17 June 2015</td></tr>
<tr><td>Commitment reduction dates/ repayment period</td><td>The commitment on the facility reduces as follows:
ZAR850 million on 31 December 2022
ZAR700 million on 31 December 2023</td><td>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</td></tr>
<tr><td>Final maturity date</td><td>30 June 2024</td><td>30 June 2022</td></tr>
<tr><td>Financial covenants</td><td>The net debt-to-equity ratio must be less than 1:1
The interest cover ratio must be greater than the ratios below:
<table><tr><th>Measurement date</th><th>Ratio</th></tr><tr><td>30 June 2022</td><td>4:1</td></tr><tr><td>30 June 2023</td><td>4:1</td></tr><tr><td>30 June 2024</td><td>4:1</td></tr></table>
The net debt-to-EBITDA ratio must be less than the ratios below:
<table><tr><th>Measurement date</th><th>Ratio</th></tr><tr><td>30 June 2022</td><td>2:1</td></tr><tr><td>30 June 2023</td><td>2:1</td></tr><tr><td>30 June 2024</td><td>2:1</td></tr></table>
The debt service cover ratio, measured semi-annually, must be more than 1.3 times</td>
<td>The net debt-to-equity ratio must be less than 1:1
The interest cover ratio must be greater than the ratios below:
<table><tr><th>Measurement date</th><th>Ratio</th></tr><tr><td>30 June 2021</td><td>4.5:1</td></tr><tr><td>30 June 2022</td><td>5.1:1</td></tr></table>
The net debt-to-EBITDA ratio must be less than the ratios below:
<table><tr><th>Measurement date</th><th>Ratio</th></tr><tr><td>30 June 2021</td><td>2:1</td></tr><tr><td>30 June 2022</td><td>1.5:1</td></tr></table>
The debt service cover ratio, measured semi-annually, must be more than 1.3 times</td></tr>
</table>

29. BORROWINGS continued

29.1 Revolving credit facility continued

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
- General notarial bond BN20757/2017 – Evander Gold Mining/Bowwood on Main No. 40 (RF) Proprietary Limited
- General notarial bond BN20755/2017 – Barberton Mines/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
- Special notarial bond BN20758/2017 – Evander Gold Mining/Bowwood on Main No. 40 (RF) Proprietary Limited
- Special notarial bond BN20756/2017 – Barberton Mines/Bowwood on Main No. 40 (RF) Proprietary Limited
- Special notarial bond BN12838/2018 – Evander Gold Mining/Bowwood on Main No. 40 (RF) Proprietary Limited.

Ceded rights to the lenders as security

The following assets of the Group have been ceded to the lenders as security for the facility:

- Bank accounts
- Trade debtors
- Insurance proceeds
- Immovable property
- Shares held in subsidiaries.

29.2 Term loan facility

The term facility was settled during the year as part of the restructure referred to in note 29.1.

		Group		Company	
US$ thousand	**Notes**	**30 June 2022**	**30 June 2021**	**30 June 2022**	**30 June 2021**
Opening balance		**42,017**	46,163	**–**	–
Finance costs incurred		**1,159**	3,508	**–**	–
Repayments of capital		**(3,312)**	(13,274)	**–**	–
Repayments of finance costs		**(751)**	(3,566)	**–**	–
Settlement due to restructuring of RCF facility	29.1	**(34,835)**	–	**–**	–
Foreign currency translation reserve movement		**(4,278)**	9,186	**–**	–
Closing balance		**–**	42,017	**–**	–
Less: current portion		**–**	(14,006)	**–**	–
Non-current portion		**–**	28,011	**–**	–

29. BORROWINGS continued

29.2 Term loan facility continued

The terms of the facility were as follows:

	Previous Term loan facility – 30 June 2021
Facility amount	ZAR1 billion
Lenders	Rand Merchant Bank (a division of FirstRand Bank Limited), Absa Bank Limited, Nedbank Limited and Ashburton Investments
Borrower	Funding Company
Interest rate	Three-month JIBAR
Interest rate margin	3.8%
Commitment fee	0,95% calculated on a day-to-day basis on the aggregate of the available commitment. Payable quarterly
Term of loan	Seven years effective 15 September 2017
Repayment period	Fully amortising facility over a repayment term of five years, commencing in September 2019
Final maturity date	15 September 2024
Financial covenants	See below

Financial covenants

- The net debt-to-equity ratio must be less than 1:1
- The interest cover ratio must be greater than the ratios below:

Measurement date	Ratio
30 June 2021	4.5:1
30 June 2022	5.1:1
30 June 2023	5.1:1
30 June 2024	5.1:1

- The net debt-to-EBITDA ratio must be less than the ratios below:

Measurement date	Ratio
30 June 2021	2:1
30 June 2022	1.5:1
30 June 2024	1.5:1

- The debt service cover ratio, measured semi-annually, must be more than 1.3 times

29. BORROWINGS continued

29.3 Redink facility

	Group		Company	
US$ thousand	**30 June 2022**	**30 June 2021**	**30 June 2022**	**30 June 2021**
Opening balance	**9,921**	–	**–**	–
Advance	**–**	9,290	**–**	–
Interest capitalised	**679**	222	**–**	–
Repayments – capital	**(300)**	–	**–**	–
Repayments – interest	**(671)**	(123)	**–**	–
Foreign currency translation reserve movement	**1,209**	532	**–**	–
Closing balance	**8,420**	9,921	**–**	–
Less: current portion	**(1,302)**	(448)	**–**	–
Non-current portion	**7,118**	9,473	**–**	–

In the previous financial year, the Group entered into a loan with Redink Rentals (RF) Limited to fund the solar PV renewable energy plant located at Evander Mines. The loan is a rand facility and bears interest at three-month JIBAR plus a margin of 3.5%. Interest repayments are settled quarterly. 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$8.6 million (2021: US$9.8 million).

29.4 Credit facilities

The Group has the following credit facilities in place:

	Group		Company	
US$ thousand	**30 June 2022**	**30 June 2021**	**30 June 2022**	**30 June 2021**
RCF	**61,425**	49,020	**–**	–
Term loan facility	**–**	42,017	**–**	–
Redink facility	**8,308**	9,921	**–**	–
Guarantees[1]				
Eskom Holdings SOC Limited	**1,428**	1,628	**–**	–
DMRE – Cenviro Solutions insurance investment product	**23,893**	27,173	**–**	–
General banking facility[2]	**8,600**	9,804	**–**	–
Pre-settlement splits				
Forward exchange contract limit facility	**2,764**	3,151	**–**	–
Precious metals hedging facility	**2,457**	2,801	**–**	–
Gold hedging facility	**16,585**	18,907	**–**	–
US$ gold and derivatives trading facilities[3]	**38,164**	43,509	**–**	–
Gold loan facility	**17,813**	20,308	**–**	–
Credit cards	**146**	166	**–**	–
Other	**307**	350	**307**	350
Total credit facilities	**181,890**	228,755	**307**	350

[1] *The guarantees issued to Eskom Holdings SOC Limited relate to the supply of electricity. The guarantees issued to the DMRE relate to the Group's environmental rehabilitation obligation.*

[2] *The Nedbank Limited and Rand Merchant Bank general banking facilities are unsecured and were unutilised in the current and previous financial 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 Limited and Investec Bank Limited.*

29. BORROWINGS continued

29.4 Credit facilities continued

	Group		Company	
US$ thousand	30 June 2022	30 June 2021	30 June 2022	30 June 2021
General banking facilities	8,600	9,804	–	–
Utilisation of the general banking facilities	–	–	–	–
RCF	61,425	49,020	–	–
Utilisation of the RCF[4]	(27,607)	(16,807)	–	–
Term loan facility	–	42,017	–	–
Utilisation of the term loan facility[4]	–	(42,017)	–	–
Redink facility	8,308	9,921	–	–
Utilisation of the Redink facility[4]	(8,308)	(9,921)	–	–
Available debt facilities	**42,418**	42,017	–	–

[4] *Excludes accrued interest on the facility as at 30 June.*

30. LEASES

Accounting policy

The Group as a lessee

At inception of a contract, the Group assesses whether the 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.

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 and leases of low-value assets. For these leases, the Group recognises the lease payments as an expense on a straight-line basis over the term of the lease.

Measurement and recognition of leases as a lessee

The right-of-use asset is measured at cost, which includes the initial measurement of the corresponding lease liability. Refer to note 16 for the policy on right-of-use assets.

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.

Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate and payments arising from options reasonably certain to be exercised.

Lease payments to be made under reasonably certain extension options have been included in the measurement of the lease liability.

The lease liability is subsequently measured at amortised cost (using the effective interest method). 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 reduced to zero.

Right-of-use assets have been included in property, plant and equipment (note 16).

Contracts may contain both lease and non-lease components. The Group has elected not to separate non-lease components, and instead account for any lease and non-lease components as a single lease component in respect of office buildings as a class of assets.

Leased assets may not be used as security for borrowing purposes.

30. LEASES continued

Judgements and estimates

Management applies judgement in assessing 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 past practice and any cost that will be incurred to change the asset if an option to extend is not exercised, to assist in determining the lease term. All extension options available have been assessed as reasonably certain to be exercised and 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, and that is within the control of the lessee. No revisions were made to the lease terms determined at inception of the leases.

Management used the incremental borrowing rate for all leases. Incremental borrowing rates are determined monthly and are based on the aggregate of JIBAR and the margin applicable to the RCF.

	Group		Company	
US$ thousand	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Lease liabilities	4,348	5,303	–	–
Instalment sale obligation	–	174	–	–
Closing balance	**4,348**	5,477	–	–

The movement in the lease liabilities is as follows:

	Group		Company	
US$ thousand	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Opening balance	5,303	4,429	–	–
Additions	127	295	–	–
Repayments	(931)	(857)	–	–
Finance costs	478	495	–	–
Foreign currency translation reserve movement	(629)	941	–	–
Closing balance	**4,348**	5,303	–	–
Less: current portion	(553)	(475)	–	–
Non-current portion	3,795	4,828	–	–

The total cash outflow for leases, including low-value and short-term leases, was US$1.8 million (2021: US$1.3 million).

The movement in the instalment sale obligation is as follows:

	Group		Company	
US$ thousand	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Opening balance	174	272	–	–
Repayments	(172)	(170)	–	–
Finance costs	9	24	–	–
Foreign currency translation reserve movement	(11)	48	–	–
Closing balance	–	174	–	–
Less: current portion	–	(174)	–	–
Non-current portion	–	–	–	–

31. SHARE-BASED PAYMENT OBLIGATIONS

Accounting policy

Equity-settled share-based payment arrangements

All 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 reporting 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 profit or loss such that the cumulative expense reflects the revised estimate, with corresponding adjustments to the equity-settled share-based payment reserve (refer to note 27).

Cash-settled share-based payment arrangements

The fair value of the amount payable to employees in respect of cash-settled share-based payments, which are settled in cash, is recognised as an expense with a corresponding increase in the liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at the settlement date based on the fair value of the cash-settled share-based payment liabilities. Any changes in the liability are recognised in profit or loss.

Significant assumptions and estimates

The determination of the fair value of cash-settled share-based payment obligation is subject to management applying key assumptions and estimates. The fair value is calculated using actuarial valuations. The following tables provide details regarding the cash-settled share-based payment liabilities and the inputs used in the models.

	Group		Company	
US$ thousand	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Cash-settled share-based payment obligation	9,563	21,389	–	205
Post-retirement benefits[1]	18	29	–	–
Closing balance	9,563	21,418	–	205

[1] *All post-retirement benefits are classified as non-current liabilities.*

Reconciliation of the cash-settled share-based payment obligation is as follows:

	Group		Company	
US$ thousand	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Opening balance	21,389	12,529	205	4,159
Expense for the year	5,617	7,272	3,078	4,566
Payments made	(15,456)	(5,047)	(105)	(126)
PAR Gold loan	–	–	(3,166)	(8,930)
Share-based payment expense capitalised to plant and equipment	–	3,395	–	–
Foreign currency translation reserve movement	(1,987)	3,240	(12)	536
Closing balance	9,563	21,389	–	205
Less: Current portion	5,559	18,372	–	–
Non-current portion	4,004	3,017	–	205

31. SHARE-BASED PAYMENT OBLIGATIONS continued

The Group recognised cash-settled share-based payment expenses on each scheme discussed below, as follows during the year:

	Group		Company	
US$ thousand	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Group cash-settled share options – Pan African Share Appreciation Bonus Plan (PASABP)	1,019	3,579	(88)	185
ESOP transactions	–	701	–	–
Pan African Corporate Option Scheme (PACOS)	–	(578)	–	–
Scheme cancellation	–	(8,589)	–	(4,549)
– Executive scheme cancellation	–	(1,134)	–	(1,134)
– PACOS cancellation	–	(7,455)	–	(3,415)
PAR Gold LTI share scheme				
– PAR Gold B shares	–	11,090	–	7,982
– PAR Gold C shares	2,992	737	2,163	713
– PAR Gold D shares	990	332	604	235
– PAR Gold E shares	616	–	399	–
Total expense recognised in profit or loss	5,617	7,272	3,078	4,566

Group cash-settled share options – PASABP

Details of the share options outstanding are as follows:

	30 June 2022		30 June 2021	
	Weighted average exercise price ZAR	Number of options	Weighted average exercise price ZAR	Number of options
Outstanding at the beginning of the year		32,120,675		50,271,901
Granted during the year	3.19	18,747,805	3.12	3,112,909
Exercised during the year	4.03	(8,245,146)	5.32	(18,019,602)
Forfeited due to PACOS	2.57	(4,614,196)	2.09	(3,244,533)
Outstanding at the end of the year		38,009,138		32,120,675
Exercisable at the end of the year		5,395,730		1,840,707

Fair values were calculated using the binomial pricing model using the following key inputs:

	Group	
	30 June 2022	30 June 2021
Weighted average share price (ZAR)	1.21	1.21
Weighted average exercise/strike price (ZAR)	1.73	1.83
Exercise price (ZAR)	1.36 – 4.42	1.36 – 4.42
Expected volatility (%)	44 – 66	50 – 74
Expected life (years)	3 – 6	3 – 6
Weighted average remaining life (years)	3.09	3.51
Risk-free rate (%)	7.0 – 9.6	4.7 – 7.4
Expected dividend yield (%)	3	3

Refer to **page 136** of the remuneration report for further details on the Group's cash-settled share-based payment arrangements.

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 LTI schemes is restricted to employees as described in the remuneration report. The Group has introduced ESOPs at Barberton Mines and Evander Mines which have been recognised as cash-settled share-based payment arrangements. Refer to note 34.

31. SHARE-BASED PAYMENT OBLIGATIONS continued

PAR Gold LTI share scheme – PGLIP LTI

To incentivise and retain the Group's executive directors and senior management, and to align their interests with those of the Group's stakeholders, a LTI was introduced and was in issue as at 30 June 2022. Refer to the remuneration report on **pages 136** to **138** for further details of this scheme.

Details of the shares outstanding at the end of the current year are as follows:

	Group	
Number of PAR Gold shares	**30 June 2022**	**30 June 2021**
PAR Gold B shares[1]		
Outstanding at the beginning of the year	**52,159,310**	–
Shares acquired by participants during the year	**–**	52,159,310
Shares repurchased by PAR Gold during the year	**(3,458,691)**	–
Shares in issue at the end of the year	**48,700,619**	52,159,310
PAR Gold C shares		
Outstanding at the beginning of the year	**16,160,564**	–
Shares acquired by participants during the year	**–**	16,160,564
Shares in issue at the end of the year	**16,160,564**	16,160,564
PAR Gold D shares		
Outstanding at the beginning of the year	**11,259,168**	–
Shares acquired by participants during the year	**–**	11,259,168
Shares in issue at the end of the year	**11,259,168**	11,259,168
PAR Gold E shares		
Outstanding at the beginning of the year	**–**	–
Shares acquired by participants during the year	**9,785,729**	–
Shares in issue at the end of the year	**9,785,729**	–

[1] *Dividends declared during the current financial year amounted to US$13.5 million.*

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	PAR Gold E shares
Number of shares	52,159,310	16,160,564	11,259,168	9,785,729
Grant date	1 July 2020	1 July 2019	1 July 2020	1 July 2021
Vesting date	31 December 2021	1 July 2022	1 July 2023	1 July 2024
Share price at grant date (based on 90-day VWAP (ZAR)	1.21	1.80	2.86	3.67
90-day VWAP as at 30 June 2022 (ZAR)	**n/a**	**4.18**	**4.19**	**4.19**
90-day VWAP as at 30 June 2021 (ZAR)	5.36	3.67	3.67	n/a
Probability of vesting as at 30 June 2022 (%)	**n/a**	**100**	**67**	**69**
Probability of vesting as at 30 June 2021 (%)	n/a	42	43	n/a
Fair value per option as at 30 June 2022 (ZAR)	**n/a**	**4.18**	**2.80**	**2.88**
Fair value per option as at 30 June 2021 (ZAR)	n/a	1.54	1.58	n/a

Post-employment medical aid 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 several years. The net present value of estimated future costs of each company's contributions towards medical aid schemes for these retirees is recognised as a liability. The calculation of the liability for post-retirement medical benefits is performed internally by management using SARSs' life expectancy tables as the benefits payable are a fixed amount per pensioner. The liability is reviewed annually with movements therein recognised in profit or loss.

32. TRADE AND OTHER PAYABLES

	Group		Company	
US$ thousand	**30 June 2022**	**30 June 2021**	**30 June 2022**	**30 June 2021**
Financial liabilities	**43,757**	44,920	**528**	259
Trade payables	**30,003**	29,626	**281**	49
Other payables	**13,754**	15,294	**247**	210
Non-financial liabilities	**6,467**	9,789	**1,141**	2,479
Accrual for employee benefits and leave pay liability	**6,218**	7,205	**897**	1,224
VAT payable	**249**	2,584	**244**	1,255
Total trade and other payables	**50,224**	54,709	**1,669**	2,738

No interest is charged on trade and other payables and the fair value approximates the carrying amount given their short-term nature.

33. INCOME TAX

Accounting policy

Income tax expense comprises current and deferred tax. It is recognised in profit or loss or 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 tax rates that have been enacted or substantively enacted at the reporting date.

The current tax asset/liability comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax 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 tax purposes. Deferred tax liabilities are recognised for taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary 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.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items recognised directly to equity, in which case, the deferred tax is also recorded within equity.

The carrying amount of deferred tax assets is reviewed at each reporting 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.

Capital expenditure not deductible is carried forward, to be deducted from future taxable income.

Significant assumptions and estimates

Deferred tax

South African income tax 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 determining the future expected deferred tax rates of the Group's mining entities. The Group prepares nominal cash flow models to calculate the expected average income tax 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 17.

33. INCOME TAX continued

Income tax

	Group		Company	
US$ thousand	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Income tax expense				
South African normal tax	6,964	14,283	1,311	891
– Current year	6,563	14,364	977	1,126
– Prior year	401	(81)	334	(235)
Deferred tax	24,960	15,858	(158)	1,378
– Current year	24,882	15,858	(228)	1,378
– Rate change[1]	78	–	70	–
Total income tax expense recognised in profit or loss	31,924	30,141	1,153	2,269
Profit before tax for the year	106,876	104,833	25,136	14,191
Tax rate reconciliation				
Tax at the domestic tax rate	29,925	29,353	7,038	3,974
Tax rate differential[2]	(2,417)	(1,028)	–	–
Rate change[3]	3,786	(798)	70	–
Exempt income				
Other exempt income	(1,573)	(1,945)	(6,933)	(4,073)
Non-deductible expenses				
Share scheme cancellation	–	4,331	–	2,500
Other non-deductible expenses	1,402	306	644	103
Under/(over) provision – prior year	401	(81)	334	(235)
Assessed losses for which no deferred tax asset was recognised	406	–	–	–
Tax effects on the utilisation of assessed losses	(6)	3	–	–
Total income tax expense recognised in profit or loss	31,924	30,141	1,153	2,269

[1] *The South African Corporate normal tax rate will reduce to 27% for the years of assessment ending on or after 1 March 2023.*
[2] *The tax rate differential is the difference between the statutory company tax rate of 28% and the effective gold mining tax rate calculated in terms of the gold mining formula.*
[3] *The rate change is as a result of a change in the deferred tax rates, applied to the taxable and deductible temporary differences prevailing at year-end within the Group's entities in respect of changes in the tax rates applied as per the gold mining formula and reduction in South African normal tax rate.*

33. INCOME TAX continued

Income tax continued

	Group		Company	
	30 June 2022 %	30 June 2021 %	30 June 2022 %	30 June 2021 %
Tax rate reconciliation				
Effective tax rate				
South African statutory tax rate	28.0	28.0	28.0	28.0
Tax differential[1]	(2.2)	(0.9)	–	–
Rate change[2]	3.5	(0.7)	0.3	–
Exempt income				
Other exempt income	(1.5)	(1.9)	(27.6)	(28.7)
Non-deductible expenses				
Share scheme cancellation	–	4.1	–	17.6
Other non-deductible expenses	1.3	0.3	2.6	0.8
Under/(over) provision – prior year	0.4	(0.1)	1.3	(1.7)
Assessed losses for which no deferred tax asset was recognised	0.4	–	–	–
Tax effects on the utilisation of assessed losses	–	–	–	–
Effective tax rate	29.9	28.8	4.6	16.0

[1] *The tax rate differential is the difference between the statutory company tax rate of 28% and the effective gold mining tax rate calculated in terms of the gold mining formula.*
[2] *The rate change is as a result of a change in the deferred tax rates, applied to the taxable and deductible temporary differences prevailing at year-end within the Group's entities in respect of changes in the tax rates applied as per the gold mining formula.*

Current tax

	Group		Company	
US$ thousand	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Current tax asset	751	678	–	–
Current tax liability	(1,334)	(1,125)	(366)	(224)

The current tax asset and liability of the Group and Company relate to SARS.

33. INCOME TAX continued

Deferred tax

US$ thousand	Group 30 June 2022	Group 30 June 2021	Company 30 June 2022	Company 30 June 2021
Deferred tax liabilities				
Arising from temporary differences relating to:				
Property, plant and equipment	57,427	38,356	–	–
Provisions*	(3,566)	(2,789)	–	–
Prepayments	–	88	–	–
Assessed losses	(79)	(25)	–	–
Other	(1)	(1,115)	–	–
Net deferred tax liabilities	53,781	34,515	–	–
Reconciliation of deferred tax liabilities				
Net deferred tax liabilities at the beginning of the year	34,515	16,961	–	–
Deferred tax recognised in profit or loss	25,143	12,918	–	–
Foreign currency translation reserve movement	(5,877)	4,636	–	–
Net deferred tax liabilities at the end of the year	53,781	34,515	–	–
Deferred tax assets				
Arising from temporary differences relating to:				
Property, plant and equipment	(1,494)	(82)	–	–
Provisions	488	623	302	395
Assessed losses	1,330	64	–	–
Prepayments	(15)	(365)	(10)	(350)
Other	1,765	1,977	1,482	1,860
Net deferred tax assets	2,074	2,217	1,774	1,905
Reconciliation of deferred tax assets				
Net deferred tax assets at the beginning of the year	2,217	4,416	1,904	2,770
Deferred tax recognised in profit or loss	183	(2,940)	158	(1,378)
Deferred tax recognised in other comprehensive income	(46)	27	(46)	27
Foreign currency translation reserve movement	(280)	714	(242)	485
Net deferred tax assets at the end of the year	2,074	2,217	1,774	1,904

* *The provisions include the temporary differences in the environmental rehabilitation obligation.*

US$ thousand	Assessed loss carried forward 30 June 2022	Assessed loss carried forward 30 June 2021	Unredeemed capital carried forward 30 June 2022	Unredeemed capital carried forward 30 June 2021
Evander Mines	289	90	90,432	145,622

Deferred tax assets have been recognised on the basis that the individual Group companies will be able to generate future taxable economic benefits to utilise against current deductible temporary differences.

	Group 30 June 2022 %	Group 30 June 2021 %
Deferred tax rates applied within the Group:		
Barberton Mines	19.00	15.50
Evander Mines (other and mining rights)	28.00	27.00
Other Group companies[1]	27.00	28.00

[1] *The South African corporate normal tax rate will reduce to 27% for the years of assessment ending on or after 31 March 2023.*

34. BARBERTON MINES ESOP TRANSACTIONS

The ESOP has been classified as a cash-settled share-based payment transaction as the ESOP agreement provides for the mines to acquire the shares at the end of the agreement.

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 share's 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 dividend percentage	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).

The cash-settled share-based payment was valued by independent actuaries at each reporting date.

US$ thousand	Group 30 June 2022	Group 30 June 2021	Company 30 June 2022	Company 30 June 2021
Reconciliation of the ESOP liability				
Opening balance	1,413	1,050	–	–
Fair value loss recognised in profit or loss	(46)	129	–	–
Foreign currency translation reserve movement	(171)	234	–	–
Closing balance	1,196	1,413	–	–
Statement of profit or loss and other comprehensive income				
Cash-settled share-based payment expense recognised in profit or loss	210	590	–	–

35. CASH FLOW INFORMATION

35.1 Cash flows from operating activities

		Group		Company	
US$ thousand	Notes	30 June 2022	Restated[1] 30 June 2021	30 June 2022	30 June 2021
Profit before tax		106,876	104,834	25,136	14,191
Adjusted for:		33,265	37,962	3,078	(4,264)
Impairment loss on plant and equipment	16	467	–	–	–
Cash-settled share-based payment expense	11	5,617	7,272	3,078	319
Change in equity-settled share-based payment schemes		–	(272)	–	(4,565)
Finance income	13	(1,095)	(755)	(28)	(18)
Finance costs[2]	13	5,326	7,675	28	–
Profit on disposal of plant and equipment		–	(1)	–	–
Royalty costs	35.3	2,096	3,454	–	–
Fair value gain on financial instruments	11	(565)	(3,808)	–	–
Change in estimate of the environmental rehabilitation obligation	11	(4,712)	–	–	–
Modification gain on borrowings[2]		–	(177)	–	–
Fair value gain on environmental rehabilitation obligation fund	11	(563)	(1,419)	–	–
Depreciation and amortisation	16	26,694	32,389	–	–
Realisation of gold loan		–	(6,396)	–	–
Operating cash flows before working capital changes		140,141	142,796	28,214	9,927
Working capital		6,930	(1,050)	333	(606)
Decrease/(increase) in inventory		94	(1,794)	–	–
Decrease/(increase) in trade and other receivables		4,412	(10,395)	1,117	(1,123)
Increase in trade and other payables		2,424	11,139	(784)	517
Settlement of cash-settled share-based payment obligation		(15,456)	(5,047)	(105)	(126)
Loan repayments/(advances) in terms of Group share schemes		11,264	(11,132)	–	–
Environmental rehabilitation obligation costs incurred		–	(207)	–	–
Settlement of derivative financial instruments		–	(7,206)	–	–
Net cash from operating activities before dividend, tax, royalties and net finance costs		142,879	118,154	28,442	9,195

[1] *Refer to note 42.*
[2] *Modification gain on borrowings are included in finance costs in the current financial year.*

35. CASH FLOW INFORMATION continued

35.2 Income tax paid

	Group		Company	
US$ thousand	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Income tax expense recognised in profit or loss	31,924	30,141	1,153	2,269
Less: deferred tax expense	(24,960)	(15,858)	158	(1,378)
	6,964	14,283	1,311	891
Current tax (receivable)/payable at the beginning of the year	448	1,065	224	(930)
Current tax (payable)/receivable at the end of the year	(836)	(448)	(366)	(224)
Accrued finance costs	16	–	16	–
Accrued finance income	(73)	–	–	–
Foreign currency translation reserve movement	246	502	(77)	(1,507)
Income tax paid during the year	6,764	15,402	1,108	(1,770)

35.3 Royalty costs paid

	Group		Company	
US$ thousand	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Royalty costs payable/(receivable) at the beginning of the year	(445)	(492)	–	–
Royalty costs receivable/(payable) at the end of the year	253	445	–	–
Royalty costs recognised in profit or loss	2,096	3,454	–	–
Accrued finance income	(65)	–	–	–
Foreign currency translation reserve movement	(83)	93	–	–
Royalty costs paid during the year	1,756	3,500	–	–

35. CASH FLOW INFORMATION continued

35.4 Reconciliation of liabilities arising from financing activities

	Group		
US$ thousand	**Borrowings**	**Leases**	**Total**
Opening balance at 1 July 2020	89,249	4,701	93,950
Changes from financing cash flows	(37,047)	(1,027)	(38,074)
Proceeds from borrowings	15,963	–	15,963
Repayment of borrowings	(53,010)	–	(53,010)
Repayment of lease liabilities	–	(1,027)	(1,027)
Other changes	136	815	951
Finance costs capitalised	6,059	520	6,579
Finance costs paid	(6,059)	–	(6,059)
Restructuring fees	313	–	313
Modification gain on borrowings	(177)	–	(177)
Additions on leases	–	295	295
The effect of changes in foreign currency translation	16,269	988	17,257
Opening balance 1 July 2021	**68,607**	**5,477**	**74,084**
Changes from financing cash flows	**(28,519)**	**(616)**	**(29,135)**
Proceeds from borrowings	**12,903**	**–**	**12,903**
Repayment of borrowings	**(41,422)**	**–**	**(41,422)**
Repayment of lease liabilities	**–**	**(616)**	**(616)**
Other changes	**(6)**	**127**	**121**
Finance costs capitalised	**3,837**	**487**	**4,324**
Finance costs paid	**(3,224)**	**(487)**	**(3,711)**
Restructuring fees	**337**	**–**	**337**
Modification gain on borrowings	**(956)**	**–**	**(956)**
Additions on leases	**–**	**127**	**127**
The effect of changes in foreign currency translation	**(5,470)**	**(640)**	**(6,110)**
Closing balance as at 30 June 2022	**34,612**	**4,348**	**38,960**

36. FINANCIAL INSTRUMENTS

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising a sustainable return to shareholders through the optimisation of the debt and equity ratios. The Group's overall strategy remained unchanged from the previous year.

		Group	
US$ thousand	**Notes**	**30 June 2022**	**30 June 2021**
Components of capital and financial covenants			
Cash and cash equivalents	25	**(26,993)**	(35,133)
RCF	29	**26,192**	16,669
Term loan facility	29	**–**	42,017
Redink facility	29	**8,420**	9,921
Add: derivative financial asset	36	**(686)**	(180)
Lease liabilities	30	**4,348**	5,303
Instalment sale obligation	30	**–**	174
Restricted cash	25	**277**	90
Refinancing modification adjustment[1]		**749**	(166)
Facility arranging fees adjustment[1]		**684**	309
Net debt[1]		**12,991**	39,004
Total equity		**294,609**	283,631
Net debt-to-equity ratio		**0.04**	0.1
Finance costs paid			
RCF		**1,802**	2,370
Term loan facility		**751**	3,566
Redink facility		**671**	123
General banking facility		**818**	48
Finance costs – interest-bearing facilities		**4,042**	6,107
Adjusted EBITDA[2]		**138,268**	144,142
Fair value gain on derivatives	11	**(547)**	(3,808)
Net adjusted EBITDA		**137,721**	140,334
Interest cover ratio		**34.1**	23.0
Net debt		**12,991**	39,004
Net adjusted EBITDA[3]		**137,721**	140,334
Net debt-to-net adjusted EBITDA		**0.1**	0.3
Net adjusted EBITDA[3]		**137,721**	140,334
Net working capital change		**6,930**	(1,050)
Add: non-cash flow items		**2,440**	9,483
Total capital expenditure less capital funded through permitted indebtedness		**(82,810)**	(44,396)
Less: net dividends paid		**–[4]**	(17,782)[5]
Less: tax and royalties paid		**(8,520)**	(18,902)
Free cash flow		**55,761**	67,687
Finance costs on interest-bearing facilities		**4,042**	6,107
Obligatory debt capital repayments		**3,611**	16,225
Debt service obligation		**7,653**	22,332
Debt service cover ratio		**7.3**	3.0

[1] *The Group's net debt excludes the unaccrued refinancing modification and unaccrued facilities' arranging fees.*
[2] *Adjusted EBITDA represents earnings before interest, tax, depreciation and amortisation, and impairment losses.*
[3] *Net adjusted EBITDA is the adjusted EBITDA excluding realised and unrealised gains and losses on financial instruments.*
[4] *Distributions to shareholders are no longer required to be deducted in the calculation of free cash flow in terms of the restructured RCF.*
[5] *Net dividend paid in the previous year represents the total dividend paid less the reciprocal dividend received from PAR Gold.*

Refer to note 29 for a summary of the financial covenant limits.

36. FINANCIAL INSTRUMENTS continued

Categories of financial instruments

US$ thousand	Notes	Group 30 June 2022	Group 30 June 2021	Company 30 June 2022	Company 30 June 2021
Financial assets					
At amortised cost					
Cash and cash equivalents	25	**26,993**	35,133	**2,457**	2,963
Loans receivable	19	**271**	13,246	**–**	–
Receivables from Group companies		**–**	–	**79 594**	96 538
Trade and other receivables	24	**10,890**	16,448	**–**	–
At fair value through other comprehensive income					
Investments – other	21	**1,127**	1,064	**1,127**	1,064
At fair value through profit or loss					
Environmental rehabilitation obligation fund	22	**23,024**	25,810	**–**	–
Derivative financial assets	36	**686**	180	**–**	–
Financial liabilities					
At amortised cost					
Trade and other payables	32	**43,757**	44,920	**528**	259
Borrowings	29	**34,612**	68,607	**–**	–

Financial risk management

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, which provides guidance on a continuous basis on managing foreign exchange, interest rate, credit and liquidity risk in line with the Group's treasury policy. Exposure limits are reviewed regularly. The Group does not enter into derivative instrument transactions 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:

US$ thousand	Notes	Group 30 June 2022	Group 30 June 2021
Loans receivable	19	**271**	13,246
Trade and other receivables	24	**10,890**	16,448
Guarantees to the DMRE and Eskom	29	**25,321**	28,801

36. FINANCIAL INSTRUMENTS continued

Financial risk management continued

Credit risk continued

Loans receivable

The Group's credit risk is deemed to be minimal given the nature of the counterparty and the historically 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

Credit risk is deemed to be minimal as companies only sell refined gold to highly reputable South African financial institutions. Given the creditworthiness of these institutions, there is no ECL pertaining to trade receivables. Other receivables net of ECLs are estimated by the Group's management based on the current economic environment and individual debtor circumstances (note 24).

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 rates.

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 US$ gold sale receipts are converted into rand as efficiently as possible.

The closing foreign exchange rate applied to the statement of financial position and the average rate applied to profit or loss is as follows:

	30 June 2022 Closing rate	30 June 2022 Average rate	30 June 2021 Closing rate	30 June 2021 Average rate
Currency and gold spot price				
US$/ZAR exchange rate	**16.28**	**15.22**	14.28	15.40

36. FINANCIAL INSTRUMENTS continued

Financial risk management continued

Market risk continued

Sensitivity analysis – foreign currency

A movement in the US$ exchange rate of 10% during the financial year would have affected the translation of profit after tax, current assets and liabilities as shown below. The analysis assumes that all other variables remain constant.

Impact on profit after tax

US$ thousand	As presented	10% increase	10% decrease
30 June 2022	**74,952**	**(6,805)**	**8,315**
30 June 2021	74,692	18,065	(22,079)

Impact on current assets and liabilities

US$ thousand	As presented	10% increase	10% decrease
30 June 2022			
Current assets	**55,953**	**(5,086)**	**6,217**
Current liabilities	**58,989**	**(5,364)**	**6,556**
30 June 2021			
Current assets	84,558	(7,687)	9,395
Current liabilities	105,978	(9,634)	11,775

Commodity price risk

The Group is affected by the price volatility of gold. The Group may enter into forward contracts to hedge their 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.

Sensitivity analysis – commodity price

A movement in the average ZAR gold price during the year of 10% on the Group's revenue exposed to this risk would have increased/(decreased) profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant.

US$ thousand	30 June 2022	30 June 2021
Average gold spot price received (US$/oz)	**1,824**	1,826
Average gold spot price received (ZAR/kg)	**892,431**	903,849

Impact on profit after tax

US$ thousand	As presented	10% increase/ (decrease)
30 June 2022	**74,952**	**26,164**
30 June 2021	74,692	27,747

36. FINANCIAL INSTRUMENTS continued

Financial risk management continued

Interest rate 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 short-term investments and financing activities giving rise to interest rate risk. In the ordinary course of business, the Group receives cash proceeds from its operations and is required to fund working capital and capital expenditure requirements. Cash is managed to ensure that surplus funds are invested to maximise returns 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.

The Group's borrowings incur interest based on JIBAR (refer to note 29). A reasonably possible change in interest rates during the year as noted in the table would have increased/decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Impact on finance costs – borrowings

US$ thousand	As presented	10% increase/ (decrease)
30 June 2022	**3,885**	**389**
30 June 2021	5,935	593

Derivative financial assets – interest rate hedge

	Group	
US$ thousand	30 June 2022	30 June 2021
Opening balance	**180**	–
Unrealised fair value gain	**565**	167
Foreign currency translation reserve movement	**(59)**	13
Closing balance	**686**	180

Fixed interest rate hedge terms

Notional amount	ZAR300 million
Trade date	21 February 2021
Termination date	19 February 2024
Group entity	Pan African Resources Funding Company Proprietary Limited
Financial institution	Nedbank and Rand Merchant Bank
Fixed rate (yield)	4.625%
Floating rate option	ZAR-JIBAR-SAFEX
Floating rate designated maturity	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.

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36. FINANCIAL INSTRUMENTS continued

Financial risk management continued

Liquidity risk continued

The following table details the Group's undiscounted contractual maturities for its financial liabilities:

US$ thousand	Notes	Carrying amount	Less than 12 months	Year 2	Year 3	Year 4 and thereafter	Total contractual cash flows
Group							
June 2022							
Trade and other payables	32	**43,757**	**43,757**	**–**	**–**	**–**	**43,757**
Borrowings	29	**34,612**	**3,936**	**3,924**	**30,480**	**4,978**	**43,318**
Lease liabilities	30	**4,348**	**978**	**1,007**	**969**	**2,806**	**5,760**
June 2021							
Trade and other payables	32	44,920	44,920	–	–	–	44,920
Borrowings	29	68,607	35,840	17,738	16,685	7,597	77,860
Lease liabilities	30	5,477	1,159	1,051	1,081	4,373	7,664
Company							
June 2022							
Trade and other payables	32	**528**	**528**	**–**	**–**	**–**	**528**
June 2021							
Trade and other payables	32	259	259	–	–	–	259

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 measured at fair value are classified in the fair value hierarchy based on the extent to which fair value is observable.

The levels are determined as follows:

Level 1 – fair value is based on quoted prices in active markets for identical financial assets or liabilities

Level 2 – fair value is determined using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices)

Level 3 – fair value is determined on inputs not based on observable market data.

US$ thousand	Level 1	Level 2	Total
30 June 2022			
Investments – other[1]	**1,127**	**–**	**1,127**
Environmental rehabilitation obligation fund[2]	**–**	**23,024**	**23,024**
Derivative financial asset	**–**	**686**	**686**
30 June 2021			
Investments – other[1]	1,064	–	1,064
Environmental rehabilitation obligation fund[2]	–	25,810	25,810
Derivative financial asset	–	180	180

[1] *The fair value of the listed investment is classified as Level 1 per the fair value hierarchy, as its market share price is quoted on a stock exchange.*

[2] *The environmental rehabilitation obligation fund is classified as Level 2 per the fair value hierarchy as the premiums are invested in an insurance investment product which is managed by independent fund managers.*

37. 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.

	Group		Company	
US$ thousand	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Executive directors				
Emoluments	**1,625**	1,432	**1,625**	1,432
Executive directors' emoluments	**1,625**	1,432	**1,625**	1,432
Non-executive directors				
Emoluments	**357**	335	**357**	335
Non-executive directors' emoluments	**357**	335	**357**	335
Total directors' emoluments	**1,982**	1,767	**1,982**	1,767

Executive directors

US$ thousand	Basic remuneration	Allowances	Leave payout	Total remuneration	Incentives[1]	Loan repayment	PGLIP[4] LTI	PGLIP[4] net payment received	Total single figure remuneration
30 June 2022									
Mr JAJ Loots	443	13	13	469	457	(4,042)	4,537	495	1,421
Mr GP Louw	404	–	–	404	295	(2,713)	3,124	411	1,111
Total	847	13	13	873	752	(6,755)	7,661	906	2,532

US$ thousand	Basic remuneration	Allowances	Leave payout	Total remuneration	Incentives[1,2]	Loan advances[3]	Total single figure remuneration
30 June 2021							
Mr JAJ Loots	417	13	11	441	371	4,042	4,854
Mr GP Louw	380	1	–	381	239	2,713	3,333
Total	797	14	11	822	610	6,755	8,187

[1] *These incentives paid, in the 2022 financial year, relate to the 2021 financial year annual short-term incentive (STI) as per the approved qualifying criteria.*

[2] *These incentives paid, in the 2021 financial year, relate to the 2020 financial year annual STI achievement as per the approved qualifying criteria.*

[3] *As per the STI rules, 30% in the post-tax 2020 financial year STI was used to acquire Company 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$24.9 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).*

[4] *These loan advances from PAR Gold relate to the restructuring of the Group's LTI as disclosed in note 19.*

In terms of the rules of the PACOS restructured scheme (PGLIP B shares), participants were entitled to an advance, on market-related terms (South African repo rate plus a margin of 1%) once a monetary value has vested and 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 were made to scheme participants in the 2021 financial year, and are included in the current portion of loans receivable for that financial year in the Group's statement of financial position. These advances were offset against dividends when 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 complied with in the restructure of these incentive schemes and loans advanced to scheme participants. With the inception of PACOS (converted to PGLIP B-shares) the Pan African Resources 30-day VWAP share price was ZAR1.21 and at the measurement date for the PGLIP B shares, the Pan African Resources 30-day VWAP share price was ZAR5.65.

37. 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:

US$ thousand	Mr KC Spencer (Chairman)	Mrs D Earp[1]	Mrs HH[1] Hickey	Mr TF Mosololi	Mr CDS Needham	Mrs YN Themba	Total
30 June 2022							
Board of directors	77	24	14	38	38	38	229
Remuneration committee	–	–	–	8	8	12	28
Audit and risk committee *(Mrs D Earp[1] as chairperson)*	–	15	–	10	10	–	35
Safety, health, environment, quality and community (SHEQC) committee	12	8	–	–	–	–	20
Nomination committee	5	5	–	5	5	5	25
Social and ethics committee	–	–	–	12	–	8	20
Total emoluments	94	52	14	73	61	63	357

US$ thousand	Mr KC Spencer (Chairman)	Mrs HH Hickey[1]	Mr TF Mosololi	Mr CDS Needham	Mrs YN Themba	Total
30 June 2021						
Board of directors	72	36	36	36	36	216
Remuneration committee	–	–	7	7	11	25
Audit and risk committee *(Mrs HH Hickey[1] as chairperson)*	–	15	9	9	–	33
SHEQC committee	11	7	–	–	–	18
Nomination committee	5	5	5	5	5	25
Social and ethics committee	–	–	11	–	7	18
Total emoluments	88	63	68	57	59	335

[1] *During the current financial year, Hester Hickey stepped down from the board effective 16 September 2021 and was replaced by Dawn Earp effective 21 September 2021. There were no changes to the board in the previous financial year.*

No retirement fund contributions are made by the Company on behalf of non-executive directors.

The Group 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 each financial year and remains in place.

37. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS continued

30 June 2022

US$ thousand	Basic remu-neration	Retire-ment fund	Life and disability plan	Allow-ances	Leave payout	Total remu-neration	Incen-tives	Loan repay-ment	PGLIP LTI	PGLIP net payment received	Total single figure remu-neration
Prescribed officers											
Mr JD Symington	186	–	–	8	–	194	88	(599)	799	200	482
Mr H Pretorius	138	18	3	6	6	171	73	(239)	319	80	324
	324	18	3	14	6	365	161	(838)	1 118	280	806

30 June 2021

US$ thousand	Basic remu-neration	Retire-ment fund	Life and disability plan	Allow-ances	Total remu-neration	Incentives	Share option taxable benefit	Loan advances	Total single figure remu-neration
Prescribed officers									
Mr JD Symington	149	12	2	8	171	62	118	599	950
Mr H Pretorius	130	17	3	14	164	49	88	239	540
	279	29	5	22	335	111	206	838	1 490

Directors' dealings in shares

All the shares held by directors indicate direct and indirect beneficial interests.

Financial year ended 30 June 2022

Mr JAJ Loots entered into the following Company share transactions:

- On 15 September 2021: purchased 200,000 ordinary shares at GBP0.167 per share and 100,000 ordinary shares at GBP0.173.

Mr JAJ Loots held 5,048,504 indirect beneficial shares, representing 0.2259% of the Company's issued share capital, 1,673,982 direct beneficial shares, representing 0.0749% of the Company's issued share capital, and 114,280 contracts for difference (CFDs) at 30 June 2022.

Mr GP Louw entered into the following Company share transactions:

- On 15 September 2021: purchased 220,000 ordinary shares at ZAR3.42 per share.

Mr GP Louw held 3,122,349 indirect beneficial shares, representing 0.1397% of the Company's issued share capital, and 758,112 direct beneficial shares outstanding, representing 0.0339% of the Company's issued share capital at 30 June 2022.

Mr TF Mosololi entered into the following Company share transactions:

- On 21 September 2021: purchased 50,000 ordinary shares at ZAR3.15 per share.

Mr TF Mosololi held 160,000 shares, representing 0.0072% of the Company's issued share capital at 30 June 2022.

Mr KC Spencer entered into the following Company share transactions:

- On 1 October 2021: transferred 3,000,000 ordinary shares between nominee accounts with no change in beneficial interest.

Mr KC Spencer held 3,000,000 shares, representing 0.1342% of the total issued shares of the Company at 30 June 2022.

Mr CDS Needham held 25,000 shares, representing 0.001% of the total issued shares of the Company at 30 June 2022.

No dealings in the securities of the Company by the directors took place between the year-end and the authorisation date of the annual financial statements.

37. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS continued

Directors' dealings in shares continued

Financial year ended 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.

By Mr JAJ Loots in his personal capacity:

- On 10 November 2020: settled 400,000 long 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, 1,373,982 direct beneficial shares, representing 0.0615% of the Company's issued share capital, and 114,280 CFDs at 30 June 2021.

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.

By Mr GP Louw 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 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 at 30 June 2021.

Mr KC Spencer held 3,000,000 shares, representing 0.13% of the total issued shares of the Company at 30 June 2021.

Mr CDS Needham held 25,000 shares, representing 0.001% of the total issued shares of the Company at 30 June 2021.

37. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS continued

LTI scheme

	Total number of shares 1 July 2021	Grant date	Issued during the year	Dividend measurement date	Forfeited/ repurchased during the year	Total number of shares 30 June 2022
Mr JAJ Loots						
– PAR Gold B shares	17,107,580	1 July 2020		31 December 2021	–	17,107,580
– PAR Gold C shares	4,434,380	1 July 2019	–	1 July 2022	–	4,434,380
– PAR Gold D shares	2,848,556	1 July 2020	–	1 July 2023	–	2,848,556
– PAR Gold E shares	–	1 July 2021	2,337,972	1 July 2024	–	2,337,972
Mr GP Louw						
– PAR Gold B shares	11,523,153	1 July 2020		31 December 2021	–	11,523,153
– PAR Gold C shares	3,635,648	1 July 2019		1 July 2022	–	3,635,648
– PAR Gold D shares	2,335,468	1 July 2020		1 July 2023	–	2,335,468
– PAR Gold E shares	–	1 July 2021	1,916,851	1 July 2024	–	1,916,851
Mr JD Symington						
– PAR Gold B shares	2,920,661	1 July 2020		31 December 2021	–	2,920,661
– PAR Gold C shares	881,227	1 July 2019		1 July 2022	–	881,227
– PAR Gold D shares	566,082	1 July 2020		1 July 2023	–	566,082
– PAR Gold E shares	–	1 July 2021	610,492	1 July 2024	–	610,492
Mr H Pretorius						
– PAR Gold B shares	1,152,893	1 July 2020		31 December 2021	–	1,152,893
– PAR Gold C shares	514,093	1 July 2019		1 July 2022	–	514,093
– PAR Gold D shares	420,057	1 July 2020		1 July 2023	–	420,057
– PAR Gold E shares	–	1 July 2021	438,791	1 July 2024	–	438,791
Total number of shares	48,339,798		**5,304,106**		–	**53,643,904**

None of the direct or indirect beneficial interests held by the directors in the share capital of the Company are subject to security, guarantee, collateral or otherwise.

38. RELATED PARTY TRANSACTIONS

US$ thousand	Company	Funding Company	PAR Management Services	Consolidation entity	Barberton Mines	Evander Mines[1]
30 June 2022						
Transactions						
Management fee received/(paid)	7,355	(131)	5,425	(394)	(5,700)	(6,240)
Dividends received from/(paid to) fellow Group companies[2]	24,763	279	–	(3,623)	(25,322)	–
Inter-company finance income/(costs)	–	3,631	(1,521)	–	1,718	(3,430)
Revenue	–	–	–	–	–	–
Cost of production	–	–	–	–	–	(308)
Gold purchases from Evander Gold Mines Proprietary Limited	–	–	–	–	–	(112,078)
Cost of gold production invoiced to Evander Mines	–	–	–	–	–	110,969
Balances						
Company receivables/(payables)	79,594	(68,021)	(19,352)	–	–	–
Funding Company receivables/(payables)	68,021	(25,076)	(25,812)	–	59,122	(72,194)
PAR Management Services receivables/(payables)	19,352	25,812	(3,127)	–	(21,980)	(25,734)
Barberton Mines receivables/(payables)	–	–	–	–	409	–
Evander Mines payables	–	–	–	–	–	(63,340)

US$ thousand	Evander Gold Mines	PAR SA Holdings	PAR Gold	K Company	Evander Solar Solutions	Project Kite[3]	Concrete Rose	Barberton Blue	Mogale	Pan African Resources Minerals – Sudan	Pan African Resources Minerals – Dubai
30 June 2022											
Transactions											
Management fee received/(paid)	–	–	–	–	(197)	(39)	–	(79)	–	–	–
Dividends received from/(paid to) fellow Group companies[2]	–	–	3,623	–	–	–	280	–	–	–	–
Inter-company finance income/(costs)	–	–	–	(23)	(27)	(96)	–	(252)	–	–	–
Revenue	–	–	–	–	308	–	–	–	–	–	–
Cost of production	–	–	–	–	–	–	–	–	–	–	–
Gold purchases from Evander Gold Mines Proprietary Limited	112,078	–	–	–	–	–	–	–	–	–	–
Cost of gold production invoiced to Evander Mines	(110,969)	–	–	–	–	–	–	–	–	–	–
Balances											
Company receivables/(payables)	–	–	11,407	–	(2)	–	–	–	(35)	(3,602)	11
Funding Company receivables/(payables)	–	7	3,811	(297)	(3,079)	(1,266)	5	(3,242)	–	–	–
PAR Management Services receivables/(payables)	–	–	7,522	–	(389)	(42)	–	(85)	(1,329)	–	–
Barberton Mines receivables/(payables)	–	–	–	–	(406)	(3)	–	–	–	–	–
Evander Mines payables	63,273	–	–	–	67	–	–	–	–	–	–

[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, until such time that the inter-company mining right transfer occurs.*
[2] *Dividends 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 20.*
[3] *Project Kite relates to an agricultural Group project which is held in a previously dormant Group entity.*

38. RELATED PARTY TRANSACTIONS continued

US$ thousand	Company	Funding Company	PAR Management Services	Consolidation entity	Barberton Mines	Evander Mines[1]	Evander Gold Mines	PAR SA Holdings	PAR Gold	K Company	Evander Solar Solutions	Project Kite[3]	Concrete Rose	Barberton Blue
30 June 2021														
Transactions														
Management fee received/(paid)	8,245	(130)	8,845	(5,782)	(5,766)	(5,412)	–	–	–	–	–	–	–	–
Dividends received from/(paid to) fellow Group companies[2]	14,206	160	–	(2,835)	(14,528)	–	–	–	2,785	–	–	–	161	–
Inter-company finance income/(costs)	–	7,027	(1,039)	–	1,556	(7,422)	–	–	–	(20)	–	(53)	–	(49)
Gold purchases from Evander Gold Mines Proprietary Limited	–	–	–	–	–	(101,243)	101,243	–	–	–	–	–	–	–
Cost of gold production invoiced to Evander Mines	–	–	–	–	–	100,240	(100,240)	–	–	–	–	–	–	–
Balances														
Company receivables/(payables)	96,539	(73,447)	(17,401)	–	–	–	–	(15,321)	9,630	–	–	–	–	–
Funding Company receivables/(payables)	73,447	(1,221)	(19,857)	–	82,900	(142,621)	–	(339)	3,087	(315)	8,082	(893)	5	(2,275)
PAR Management Services receivables/(payables)	17,401	19,857	576	–	(20,986)	(23,452)	–	–	7,051	–	(206)	(241)	–	–
Barberton Mines receivables/(payables)	–	–	–	–	(15,667)	–	–	15,667	–	–	–	–	–	–
Evander Mines payables	–	–	–	–	–	(70,877)	70,877	–	–	–	–	–	–	–

[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, until such time that the inter-company mining right transfer occurs.*

[2] *Dividends 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 20.*

[3] *Project Kite relates to an agricultural Group project which is held in a previously dormant Group entity.*

Refer to investments in subsidiaries (note 20) for the related party relationships of the related parties to the Company.

All key management personnel involved in related party transactions are directors and prescribed officers whose remuneration is disclosed in note 37.

Inter-company loans provided by Funding Company have no specific repayment terms but bear interest in relation to treasury services rendered.

39. COMMITMENTS

The Group had contracted outstanding open orders at financial year-end amounting to US$27.4 million (2021: US$14.3 million).

Board-approved commitments for the next financial year, not yet contracted for, amount to US$82.1 million (2021: US$79.7 million).

40. CONTINGENT LIABILITIES

The Group identified no material contingent liabilities in the current or previous financial year.

41. 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$42.4 million (2021: US$42.0 million) of available debt facilities and US$26.7 million (2021: US$35.1 million) of cash and cash equivalents at 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 ZAR869,000/kg (US$1,776/oz converted at a prevailing exchange rate of US$/ZAR:R15.22), and reduced production volumes, also potentially impacted by future outbreaks of COVID-19, 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 the 12 months from the authorisation date of the annual financial statements.

The Group will continue to implement stringent preventative and precautionary measures to limit incidences of infection of COVID-19 among our employees and in our host communities and minimise the potential adverse impact on the Group's production. The Group has achieved a vaccination rate in excess of 80%, a far higher percentage than the country's overall vaccination rate.

In evaluating the potential adverse impact of COVID-19 as well as other factors that could potentially negatively impact Group production, a range of 5% to 20% possible production loss was considered.

Reasons considered in determining the potential adverse impact on Group production 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
- 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, ensuring that the Group has sufficient liquidity to withstand possible interruptions to operations over the short term.

The board has a reasonable expectation that the Group has adequate resources to continue in operational existence in the foreseeable future.

42. CORRECTION OF PRIOR PERIOD PRESENTATION ERRORS

42.1 Statement of cash flows period

Group

As part of the JSE's proactive monitoring of the annual financial statements, it was noted that during the previous financial year, the settlement of the final three instalments of the gold loan was inadvertently treated as a cash movement in the Group's statement of cash flows. The settlement of the gold loan, however, took place in physical bullion (recognised in revenue) as opposed to cash. This resulted in the following overstatements in the Group's statement of cash flows:

- An overstatement in net cash from operating activities of US$6.4 million as it did not include the non-cash flow adjustment in relation to the repayment of the gold loan
- An overstatement of US$6.4 million in net cash used in financing activities as it was incorrectly included the repayment of the gold loan within borrowings repaid.

No other line items were impacted.

Company

During the current financial year, it was established that loans to subsidiaries were previously classified as financing activities when these should have been presented as investing activities. This resulted in the following misstatements in the statement of cash flows:

- A net overstatement in cash from financing activities of US$15.9 million
- A net understatement in cash from investing activities of US$15.9 million.

The correction of the above errors on the statement of cash flows is as follows:

	Group		Company	
US$ thousand	Restated 30 June 2021	As previously presented 30 June 2021	Restated 30 June 2021	As previously presented 30 June 2021
Cash flows from operating activities				
Net cash from operating activities before dividend, tax, royalties and net finance costs	118,154	124,549	9,195	9,195
Dividend paid	(20,607)	(20,607)	(20,607)	(20,607)
Reciprocal dividend received	2,825	2,825	–	–
Income tax paid	(15,402)	(15,402)	(1,770)	(1,770)
Royalties paid	(3,500)	(3,500)	–	–
Finance costs paid	(6,107)	(6,107)	–	–
Finance income received	484	484	18	18
Net cash from/(used in) operating activities	75,847	82,242	(13,163)	(13,163)
Cash flows from investing activities				
Additions to property, plant and equipment	(44,396)	(44,396)	–	–
Additions to intangible assets	(48)	(48)	–	–
Repayment of loans receivable	289	289	–	–
Receipts from the environmental rehabilitation obligation funds	146	146	–	–
Increase in investments	(142)	(142)	(212)	(212)
Advances of loans to subsidiaries	–	–	(24,536)	–
Repayment of loans to subsidiaries	–	–	40,407	–
Proceeds on disposal of property, plant and equipment	3	3	–	–
Net cash (used in)/from investing activities	(44,148)	(44,148)	15,659	(212)
Cash flows from financing activities				
Proceeds from borrowings	15,963	15,963	–	–
Repayment of borrowings	(53,010)	(59,406)	–	–
Advances of loans to subsidiaries	–	–	–	(24,536)
Repayments of loans to subsidiaries	–	–	–	40,407
Repayment of instalment sale obligation	(170)	(170)	–	–
Repayment of lease liability	(857)	(857)	–	–
Net cash (used in)/from financing activities	(38,074)	(44,470)	–	15,871

42. CORRECTION OF PRIOR PERIOD PRESENTATION ERRORS continued

The impact of the restatement on Group's net cash from operating activities is as follows:

US$ thousand	Group Restated 30 June 2021	Group As previously presented 30 June 2021
Profit before tax	104,834	104,834
Adjusted for:	37,962	44,358
Cash-settled share-based payment expense	7,272	7,272
Change in equity-settled share-based payment schemes	(272)	(272)
Finance income	(755)	(755)
Finance costs	7,675	7,675
Profit on disposal of plant and equipment	(1)	(1)
Royalty costs	3,454	3,454
Fair value gain on financial instruments	(3,808)	(3,808)
Modification gain on borrowings	(177)	(177)
Fair value gain on environmental rehabilitation obligation fund	(1,419)	(1,419)
Non-mining depreciation and amortisation	315	315
Mining depreciation and amortisation	32,074	32,074
Realisation of gold loan	(6,396)	–
Operating cash flows before working capital changes	142,796	149,192
Working capital	(1,050)	(1,050)
Increase in inventory	(1,794)	(1,794)
Increase in trade and other receivables	(10,395)	(10,395)
Increase in trade and other payables	11,139	11,139
Settlement of cash-settled share-based payment obligations	(5,047)	(5,047)
Loan advances in terms of Group share schemes	(11,132)	(11,132)
Rehabilitation costs incurred	(207)	(207)
Settlement of derivative financial instruments	(7,206)	(7,206)
Net cash from operating activities before dividend, tax, royalties and net finance costs	118,154	124,550

42. CORRECTION OF PRIOR PERIOD PRESENTATION ERRORS continued

42.2 Statement of profit or loss and other comprehensive income – Company

Dividend received from the subsidiary was previously included in other income as opposed to revenue. As the dividend income is earned on investments within the normal operating activities of the Company, dividends should have been classified as revenue in profit or loss and included within cash flows from operating activities.

US$ thousand	Company Restated 30 June 2021	Company As previously presented 30 June 2021
Revenue	22,451	8,245
Other expenses and income	(8,278)	5,928
Net income before finance income and finance costs	14,173	14,173

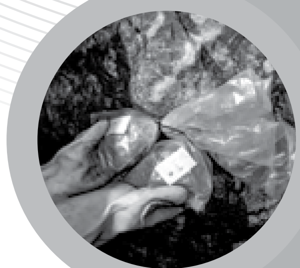
43. DISAGGREGATION OF LIABILITIES

To enhance disclosure in the current financial year, Long-term liabilities – financial institutions and Long-term liabilities – other were disaggregated as follows:

US$ thousand	Notes	Group Disaggregation presented in comparatives 30 June 2021	Group As previously presented 30 June 2021
Non-current liabilities			
Long-term liabilities – financial institutions		–	28 011
Long-term liabilities – other		–	17 347
Borrowings	29	37 484	–
Lease liabilities	30	4 828	–
Share-based payment obligations	31	3 046	–
Total non-current liabilities		45 358	45 358
Current liabilities			
Current portion of long-term liabilities – financial institutions		–	30 675
Current portion of long-term liabilities – other		–	19 469
Borrowings	29	31 123	–
Lease liabilities	30	649	–
Share-based payment obligations	31	18 372	–
Total current liabilities		50 144	50 144

44. EVENTS AFTER THE CURRENT FINANCIAL YEAR

There were no events that could have a material impact on the financial results of the Group after 30 June 2022 up to the date on which the Group financial statements for the year ended 30 June 2022 were authorised for issue.



05. OTHER INFORMATION

IN THIS SECTION

Pan African has again significantly expanded its shareholder base in the past year.

AGILE AND FLEXIBLE

Pan African's sustainable, safe, high-margin long-life operations are driven by substantial knowledge and experience and underpinned by innovative technologies and the increased use of mechanisation.

PAN AFRICAN RESOURCES

SHAREHOLDERS' ANALYSIS

for the year ended 30 June 2022

Register date: 24 June 2022
Issued share capital: 2,222,862,046 shares

SHAREHOLDER SPREAD

	2022				2021			
	Number of share-holders	%	Number of shares	%	Number of share-holders	%	Number of shares	%
1 – 1,000 shares	4,777	50.62	741,271	0.03	3,239	41.53	682,412	0.03
1,001 – 10,000 shares	2,298	24.35	10,051,803	0.45	2,148	27.54	9,619,495	0.43
10,001 – 100,000 shares	1,633	17.30	55,492,031	2.50	1,646	21.10	55,404,239	2.48
100,001 – 1,000,000 shares	519	5.50	164,097,707	7.38	539	6.91	172,074,449	7.70
1,000,001 shares and over	210	2.23	1,992,479,234	89.64	228	2.92	1,996,906,942	89.36
Total	9,437	100.00	2,222,862,046	100.00	7,800	100.00	2,234,687,537	100.00

DISTRIBUTION OF SHAREHOLDERS

	2022				2021			
	Number of share-holders	%	Number of shares	%	Number of share-holders	%	Number of shares	%
Banks	273	2.89	805,737,677	36.25	292	3.74	664,159,263	29.72
Brokers	25	0.26	42,155,676	1.90	26	0.33	38,997,015	1.75
Close corporations	33	0.35	2,220,769	0.10	39	0.50	2,355,419	0.11
Endowment funds	25	0.26	10,876,662	0.49	23	0.29	12,054,424	0.54
Hedge funds	1	0.01	94,500	0.00	11	0.14	26,276,607	1.18
Individuals	8,012	84.90	94,603,649	4.26	6,508	83.44	96,911,051	4.34
Insurance companies	29	0.31	38,431,746	1.73	36	0.46	76,771,714	3.44
Investment companies	7	0.07	763,878	0.03	10	0.13	683,916	0.03
Medical aid schemes	5	0.05	5,219,253	0.23	11	0.14	9,170,503	0.41
Mutual funds	195	2.07	532,489,245	23.96	178	2.28	568,854,232	25.46
Nominees and trusts	264	2.80	17,548,900	0.79	271	3.47	21,682,326	0.97
Other corporations	57	0.60	1,535,627	0.07	42	0.55	1,604,169	0.05
Pension funds	392	4.15	337,113,638	15.17	249	3.19	378,559,210	16.94
Private companies	111	1.18	331,005,715	14.89	91	1.17	331,236,263	14.82
Public companies	8	0.08	3,065,111	0.13	13	0.17	5,371,425	0.24
Total	9,437	100.00	2,222,862,046	100.00	7,800	100.00	2,234,687,537	100.00

PUBLIC/NON-PUBLIC SHAREHOLDERS

	2022				2021			
	Number of share-holders	%	Number of shares	%	Number of share-holders	%	Number of shares	%
Non-public shareholders	13	0.14	736,408,851	33.13	13	0.17	836,333,073	37.43
Directors	11	0.12	13,787,947	0.62	11	0.14	13,217,947	0.60
Strategic holders (more than 10%)	2	0.02	722,620,904	32.51	2	0.03	823,115,126	36.83
Public shareholders	9,424	99.86	1,486,453,195	66.87	7,787	99.83	1,398,354,464	62.57
Total	9,437	100.00	2,222,862,046	100.00	7,800	100.00	2,234,687,537	100.00

BENEFICIAL SHAREHOLDERS' HOLDING OF 3% OR MORE

	2022		2021	
	Number of shares	%	Number of shares	%
PAR Gold	306,358,058	13.78	306,358,058	13.71
South African state-controlled entities	204,234,290	9.19	181,409,293	8.12
Allan Gray Balanced Fund	145,358,460	6.54	150,163,413	6.72
LF Ruffer Gold Fund	100,158,862	4.51	–	–
Allan Gray Equity Fund	–	–	100,358,862	4.49

SHAREHOLDERS' HOLDING OF 5% OR MORE

	2022		2021	
	Number of shares	%	Number of shares	%
Allan Gray Investment Management	416,262,846	18.73	516,757,068	23.12
PAR Gold	306,358,058	13.78	306,358,058	13.71

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 (APMs) of historical or future financial performance, financial position or cash flows that are not defined or specified under IFRS.

The APMs include financial APMs, 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 annual financial statements for the year ended 30 June 2022.
- **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 requirements 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 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 that 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 tax	• Taxation • Depreciation and amortisation • Net finance costs • Impairment loss or 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 tax	• Taxation • Depreciation and amortisation • Net finance costs • Impairment loss or 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 tax	• Taxation • Depreciation and amortisation • Net finance costs • Impairment loss 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 tax paid	Reflects available cash flow to service debt obligations
Attributable cash flow per share	Cash generated by operating activities	• Less capital expenditure • Less capital funded through permitted indebtedness • Less obligatory debt repayments	
Headline earnings	Profit after tax	• Profit on disposal of property, plant and equipment • Tax on profit on disposal of property, plant and equipment and mineral rights • Impairment or impairment reversals • Tax on impairment or impairment reversals	Indicates the extent of the Group's normalised earnings to shareholders based on SAICA's Circular 2021/1
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 sale obligations	Excludes the impact of accounting adjustments from the net debt obligations of the Group Refer to note 36
Net senior debt	Borrowings from financial institutions less cash	• IFRS 9 accounting adjustments • IFRS 16 lease liabilities • Restricted cash • Instalment sale obligations	Excludes the impact of accounting adjustments from debt obligations of 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

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 with 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 80** and **81**. 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 years ended 30 June 2022 and 30 June 2021. The equivalent of a rand per kilogramme and US$ per ounce basis is disclosed in the Group's operational production table on **pages 80** and **81**.

	Mining operations			Tailings operations				Total operations		
Year ended 30 June 2022 ZAR million	**Bar–berton Mines**	**Evander Mines**	**Total**	**BTRP**	**Evander Mines' surface sources**	**Elikhulu**	**Total**	**Bar–berton Mines total**	**Evander Mines total**	**Group total**
Cost of production[1]	1,495.6	768.4	2,264.0	256.7	226.3	694.2	1,177.2	1,752.3	1,688.9	3,441.2
Royalties	23.3	6.8	30.1	0.8	–	1.0	1.8	24.1	7.8	31.9
Community cost related to gold operations	24.1	1.1	25.2	–	–	–	–	24.1	1.1	25.2
By-products credits	(1.5)	(9.1)	(10.6)	–	–	–	–	(1.5)	(9.1)	(10.6)
Corporate, general and administrative costs	75.7	61.0	136.7	–	–	54.3	54.3	75.7	115.3	191.0
Reclamation and remediation – accretion and amortisation (operating sites)	(2.0)	(1.3)	(3.3)	–	–	–	–	(2.0)	(1.3)	(3.3)
Sustaining capital – development	113.1	–	113.1	–	–	–	–	113.1	–	113.1
Sustaining capital – maintenance	167.6	–	167.6	7.7	7.8	47.9	63.4	175.3	55.7	231.0
All-in sustaining costs[1]	1,895.9	827.0	2,722.9	265.2	234.1	797.5	1,296.8	2,161.1	1,858.6	4,019.7
Expansion capital – capital expenditure	144.1	410.4	554.5	–	11.9	120.5	132.4	144.1	542.8	686.9
All-in costs[1]	2,040.0	1,237.4	3,277.4	265.2	246.0	918.0	1,429.2	2,305.2	2,401.4	4,706.6

[1] This total may not reflect the sum of the line items due to rounding.

	Mining operations			Tailings operations				Total operations		
Year ended 30 June 2021 ZAR million	**Bar-berton Mines**	**Evander Mines**	**Total**	**BTRP**	**Evander Mines' surface sources**	**Elikhulu**	**Total**	**Bar-berton Mines total**	**Evander Mines total**	**Group total**
Cost of production[1]	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
AISC[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.

Sustaining capital

Sustaining capital is the capital needed to sustain the current production base.

Expansion capital

Expansion capital relates to capital expenditure for the growth of the production base.

		Barberton Mines			Evander Mines				Corporate office and other segments				Total
US$ million	**Year ended**	**Mining opera-tions**	**BTRP**	**Total**	**Mining opera-tions**	**Surface sources**	**Elikhulu**	**Total**	**Agri-cultural ESG projects**	**Solar projects**	**Explo-ration assets**	**Cor-porate**	**Group total**
Sustaining capital	**2022**	**18.4**	**0.5**	**18.9**	**–**	**0.5**	**3.1**	**3.6**	**–**	**–**	**–**	**0.6**	**23.1**
	2021	14.5	0.1	14.6	0.8	0.7	0.5	2.0	–	–	–	0.1	16.7
Expansion capital	**2022**	**9.5**	**–**	**9.5**	**26.9**	**0.8**	**7.9**	**35.6**	**1.0**	**8.8**	**3.6**	**1.2**	**59.7**
	2021	12.5	–	12.5	11.9	0.1	3.6	15.6	2.6	1.7	–	–	32.4
Total capital	**2022**	**27.9**	**0.5**	**28.4**	**26.9**	**1.3**	**11.0**	**39.2**	**1.0**	**8.8**	**3.6**	**1.8**	**82.8**
	2021	27.0	0.1	27.1	12.7	0.8	4.1	17.6	2.6	1.7	–	0.1	49.1

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 Group statement of financial position is provided in note 36 of the annual financial statements.

Net senior debt

Net senior debt includes secured, interest-bearing debt provided by financial institutions, net of available cash.

US$ million	Year ended 30 June 2022	Year ended 30 June 2021
Cash and cash equivalents	(27.0)	(35.1)
Restricted cash	0.3	0.1
Borrowings	34.6	68.6
Refinancing modification adjustment	0.7	(0.2)
Facilities arranging fees adjustment	0.7	0.3
	9.3	33.7

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 finance income and finance costs 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 non-financial assets. A reconciliation of the Group's adjusted EBITDA is provided in note 8 of the annual financial statements.

A reconciliation of the adjusted EBITDA by operation has been provided below.

	Mining operations			Tailings operations				Total operations		
ZAR million	Barberton Mines	Evander Mines	Total	BTRP	Evander Mines' surface sources	Elikhulu	Total	Barberton Mines total	Evander Mines total	Group total
Net income before finance income and finance costs	636.1	545.5	1,181.6	160.1	30.6	700.8	891.5	796.2	1,276.9	2,073.1
Depreciation and amortisation	101.5	59.4	160.9	57.7	–	183.0	240.7	159.2	242.4	401.6
EBITDA	737.6	604.9	1,342.5	217.8	30.6	883.8	1,132.2	955.4	1,519.3	2,474.7
Impairment	–	–	–	–	–	7.1	7.1	–	7.1	7.1
Adjusted EBITDA – 2022	737.6	604.9	1,342.5	217.8	30.6	890.9	1,139.3	955.4	1,526.4	2,481.8
Net income before finance income and finance costs	831.0	202.4	103.4	151.1	38.4	646.0	835.5	982.1	886.8	1,868.9
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 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 entered into in 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 36 of the 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 36 of the 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, capital expenditure less capital funded through permitted indebtedness and tax payments.

A reconciliation from adjusted EBITDA to free cash flow has been calculated in note 36 of the annual financial statements.

Headline earnings

Headline earnings, a JSE-defined performance measure (as defined by Circular 2021/1 issued by SAICA), are reconciled from profit/(loss) after tax in note 14 of the 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 tax is expressed as a percentage of the average total equity for the current and previous 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 36 of the 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 36 of the 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 finance costs incurred on interest-bearing debt. This ratio has been calculated in note 36 of the annual financial statements.

Debt service cover ratio

This ratio measures the cash flow available for debt service relative to the Group's obligatory 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 36 of the 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 2022	30 June 2021
Total equity	US$ million	294.6	283.6
Shares in issue	million	2,222.9	2,234.7
Treasury shares	million	(306.4)	(306.4)
Net asset value per share	US cents	15.37	14.71

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 2022	30 June 2021
Net cash from operating activities	US$ thousand	110,006	75,847[1]
Less: capital expenditure less capital funded through permitted indebtedness	US$ thousand	(82,810)	(44,396)
Less: obligatory debt capital repayments	US$ thousand	(3,611)	(16,225)
Attributable cash flow		23,585	15,226
Shares in issue	Number thousand	2,222,862	2,234,688
Treasury shares	Number thousand	(306,358)	(306,358)
Total		1,916,504	1,928,329
Attributable cash flow per share	US cents per share	1.23	0.79

[1] *The net cash generated by operating activities has been restated. Refer to note 42 on* ***page 229*** *of the annual financial statements.*

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 2022	30 June 2021
Attributable cash flow per share	US cents per share	1.23	0.79
Price per Pan African share[1]	US cents per share	24.20	23.90
Cash flow yield per share	%	5.1	3.3

[1] *Amounts converted at the 30 June 2022 closing exchange rate of US$/ZAR:16.25 (2021: US$/ZAR:14.28).*

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 tax divided by the sum of the average total equity for the current and previous financial year and average debt from financial institutions.

	Unit	30 June 2022	30 June 2021
Net income before finance income and finance costs	US$ million	111.1	111.8
Average equity	US$ million	289.1	223.6
Average borrowings	US$ million	51.6	74.0
Return on capital employed	%	32.6	36.3

Adjusted EBITDA margin

Is calculated as adjusted EBITDA divided by revenue.

Gross profit margin

This is calculated as gross 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 54** and **55**.

Price: earnings ratio

Is calculated as the last sale price (refer to the Group's five-year overview on **pages 54** and **55** for the year divided by the earnings per share either in ZA cents or in GB pence per the table below.

	2022		2021		2020		2019		2018	
	cents	pence	cents	pence	cents	pence	cents	pence	cents	pence
Earnings per share	59.16	2.92	59.65	2.88	36.0	1.82	27.89	1.54	(86.03)	(5.15)

Dividend yield at the last traded share price

Is calculated as the dividend per share either in ZA cents or GB pence per the table below, expressed as a percentage of the last price per share traded per the Group's five-year overview on **pages 54** and **55**.

	2022		2021		2020		2019		2018	
	cents	pence	cents	pence	cents	pence	cents	pence	cents	pence
Dividends per share	18.00	0.90	18.00	0.92	14.00	0.65	2.24	0.13	–	–

GLOSSARY

DEFINITIONS OF TERMS AND ABBREVIATIONS USED IN THIS REPORT

3D	Three-dimensional
8 Shaft	Evander Mines' 8 Shaft pillar project
A2X	The A2X Market is a licensed stock exchange authorised to provide a secondary listing venue for companies and is regulated by the Financial Sector Conduct Authority and the South African Reserve Bank's Prudential Authority, in terms of the Financial Markets Act, 19 of 2012
ADR	American Depository Receipt programme through the Bank of New York Mellon
AGM	Annual general meeting
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
Blyvoor	Blyvoor Gold Operations Proprietary Limited
the board	The board of directors of Pan African, as set out on **pages 122** and **123**
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
cmg/t	Centimetre grammes per tonne
CO_2	Carbon dioxide
CO_2 e/t	Carbon dioxide emissions per tonne
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
ESG report	Pan African's environmental, social and governance report
Eskom	Electricity Supply Commission, South Africa electricity supplier
ESOP	Employee share ownership plan
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
FRC	The UK Financial Reporting Council
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	Grammes/tonne
GRI	Global Reporting Initiative
ha	Hectare
HDSA	Historically disadvantaged South African
HODs	Heads of departments
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
International <IR> Framework	International Integrated Reporting Framework of the International Sustainability Standards Board
ISAs (UK)	International Standards on Auditing (UK)
IT	Information technology
JSE	JSE Limited incorporating the Johannesburg Stock Exchange, the main bourse in South Africa
juwi South Africa	juwi Renewable Energies Proprietary Limited
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	Metre
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
MISA	Morentho Institute South Africa
ML	Megalitre
MMR	Main Muiden Reef
Mogale Gold	Mogale Gold Proprietary Limited
Moz	Million ounces
MRC	Main Reef Complex
MRE	Mineral Resources estimation
MSC	Mintails SA Soweto Cluster Proprietary Limited
Mt	Million tonnes
MW	Megawatt
NERSA	National Energy Regulator of South Africa
NPC	Non-profit company
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 Minerals	Pan African Resources Minerals Company Limited
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 Properties	Pan African Resources Properties 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
Project Kite	Project Kite relates to an agricultural Group project which is held in a previously dormant Group entity
PV	Photovoltaic
PwC	PricewaterhouseCoopers LLP
QA/QC	Quality assurance and quality control
Rand Refinery	Rand Refinery Proprietary Limited
Rapid Pearl	Rapid Pearl Proprietary Limited
Redink facility	Redink Rentals (RF) Limited loan

REMchannel®	Internet-based remuneration survey providing data across a wide variety of industries in South Africa
Remco	Remuneration committee of Pan African Resources
RIFR	Reportable injury frequency rate
RoM	Run-of-mine
SA	South Africa
SAFEX	South African Futures Exchange
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
SAPS	South African Police Service
SARS	South African Revenue Service
SENS	Stock Exchange News Service
SGS Barberton	SGS Barberton assay laboratory
SHEQC	Safety, health, environment, quality and community
SLP	Social and Labour Plan, required in terms of Regulation 46 of the Mineral and Petroleum Resources Development Act, 28 of 2002
South African Companies Act	South African Companies Act, 71 of 2008
t	Tonne
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 2022
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 2021
the report	Pan African Resources PLC's 2022 integrated annual report
tpm	Tonnes per month
TRIFR	Total recordable injury frequency rate
TSF	Tailings storage facility
Uitkomst Colliery	Uitkomst Colliery Proprietary Limited
UK	United Kingdom
UN SDGs	United Nations Sustainable Development Goals
US	United States
USA	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
EBITDA	Earnings before interest, income taxation expense, depreciation and amortisation
ECL	Expected credit loss/es
GDP	Gross domestic product
JIBAR	Johannesburg Interbank Average Rate
LTI	Long-term incentive
RCF	Revolving credit facility
ROSF	Return on shareholders' funds
STI	Short-term incentive
TGP	Total guaranteed pay
TSR	Total shareholder returns
VWAP	Volume-weighted average price

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SHAREHOLDERS' **DIARY**

Financial year-end	30 June 2022
Results announcement	14 September 2022
Integrated annual report distributed	26 October 2022
Annual general meeting	24 November 2022
Interim results announcement	15 February 2023

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 report 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.

Although Pan African has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. Pan African is not obliged to publicly update any forward-looking statements included in this report, or revise any changes in events, conditions or circumstances on which any such statements are based, occurring after the publication date of this report, other than as required by regulation.