PAN AFRICAN RESOURCES PLC

PROVISIONAL SUMMARISED AUDITED RESULTS

for the year ended 30 June 2019

PROFITABLE • SUSTAINABLE • STAKEHOLDERS • GROWTH

PAN AFRICAN RESOURCES PROVISIONAL SUMMARISED AUDITED RESULTS 2019

CHIEF EXECUTIVE OFFICER'S STATEMENT

Key features reported in US dollar (USD) and South African rand (ZAR or R)

This was a pivotal year for the group as we successfully repositioned operations as one of South Africa's lowest cost gold producers, focused on delivering safe and profitable ounces from our Evander and Barberton operations.

Pan African Resources chief executive officer Cobus Loots commented:

"Our all-in sustaining cost per ounce was reduced by 27.2% to USD988/oz (2018: USD1,358/oz). Underpinning our strong operating performance and the production of 172,442oz to exceed our production guidance, is our commitment to safety and to fostering a culture focused on creating sustainable value for all our stakeholders. Group leadership is committed to effective ESG management and we are extremely pleased with our operational performance and also with progress on broader societal initiatives achieved during the year.

These results reflect the efforts of the team to implement our strategy, as we capitalise on the opportunities in our portfolio and invest in future growth. Our production guidance of 185,000oz for the 2020 financial year is a substantial increase on the year past. The Egoli project and our new growth projects at Evander and Barberton present compelling near and mid-term production growth opportunities within our portfolio. The successful execution of Elikhulu has enhanced our reputation of creating value from our tailings operations. In addition to maximising the value of our own asset portfolio, we will continue to assess other value- accretive opportunities.

The board is pleased to propose a final dividend of R50 million (USD3.4 million). Reinstituting dividends demonstrates the progress that our group has made in the last year.

We enter the new financial year with confidence, a firm grasp on our cost base, and in a good position to benefit from the current gold price environment. In the year ahead, we will focus on debt reduction, while also continuing to invest in our business."

OPERATIONAL KEY FEATURES

- Gold production from the group's continuing mining operations increased by 54.1% to 172,442oz (2018: 111,879oz) (note 1), exceeding the full-year production guidance of 170,000oz
- Gold production from the group's continuing and discontinued operations increased by 7.5% to 172,442oz (2018: 160,444oz).
- Barberton Mines:
  - Production from the Barberton complex increased by 9.6% to 99,363oz (2018: 90,629oz)
  - Production from underground and surface mining increased by 3.1% to 75,356oz (2018: 73,125oz)
  - Barberton tailings retreatment plant's (BTRP) production increased by 37.2% to 24,007oz (2018: 17,504oz), due to an improved tonnage throughput, following the successful commissioning of the BTRP regrind mill in May 2018.
- Elikhulu tailings retreatment plant (Elikhulu):
  - Successfully commissioned in September 2018, ahead of schedule, at a processing capacity of 1 million tonnes per month
  - Evander tailings retreatment plant (ETRP), was incorporated into Elikhulu with effect from January 2019, increasing Elikhulu's processing capacity to 1.2 million tonnes per month
  - Processed 10.85 million tonnes at a recovered grade of 0.13g/t
  - Produced 46,201oz.
- Evander Mines:
  - Remnant mining, ETRP and surface sources contributed 26,878oz (2018: 21,250oz) to group production
  - 8 Shaft Pillar (pillar project) is expected to contribute 20,000oz to 30,000oz per annum for the next three years to replace production from the remnant mining.
- Significantly improved group safety performance during the current financial year, with the lost-time injury frequency rate improving to 1.62 (2018: 3.73) per million man hours and the reportable injury frequency rate improving to 0.51 (2018: 1.08) per million man hours. Safety performance improvements were as a result of the cessation of large-scale underground operations at Evander Mines, implementation of new safety initiatives and the commissioning of Elikhulu
- The Egoli project is an attractive underground mining project and the group is currently reviewing and assessing options to finance and advance this project
- The operating environment in South Africa remains challenging, with key issues being criminality community protests and disruptions, electricity availability, escalating costs and regulatory uncertainty.

FINANCIAL KEY FEATURES

- Group profit after taxation increased to USD38.0 million (2018: loss after taxation USD122.8 million) as a result of, inter alia:
  - the group's improved production performance at Barberton Mines
  - the incremental Elikhulu earnings from September 2018
  - impairment reversal pertaining to Evander Mines' 8 Shaft infrastructure of USD17.9 million, following the commencement of the pillar project.
- Group headline earnings increased by 27.4% to USD22.8 million (2018: USD17.9 million) following improved financial performances from Barberton Mines and Evander Mines. The headline earnings exclude the reversal of an impairment of USD15.1 million (net of taxation) relating to the pillar project
- The board has proposed a final dividend of R50 million or approximately USD3.4 million, equating to 2.2375 ZAR cents per share or approximately 0.12660 pence per share (0.15169 USD cents per share) at prevailing exchange rates. This dividend remains subject to approval by shareholders at the annual general meeting (AGM) on 28 November 2019
- Group earnings before interest, taxation, depreciation, amortisation, impairment reversal/(costs), and losses from discontinued operations (EBITDA) increased significantly by 75.3% to USD56.8 million (2018: USD32.4 million)
- Earnings per share (EPS) increased to 1.97 USD cents per share (2018: 6.79 USD cents loss per share)
- Headline earnings per share (HEPS) increased by 20.2% to 1.19 USD cents per share (2018: 0.99 USD cents per share). HEPS was supported by improved headline earnings, although the weighted average number of shares in issue increased by 6.6% year-on-year
- The effective rand gold price received during the 2019 financial year increased by 7.3% to R577,573/kg (2018: R538,100/kg) although, in USD terms, it decreased by 2.7% to USD1,266/oz (2018: USD1,301/oz)
- Group revenue from continuing operations increased by 49.1% to USD217.4 million (2018: USD145.8 million) due to an increase in gold produced by the BTRP, the contribution from the newly commissioned Elikhulu project and Barberton Mines' underground mining operations
- The all-in sustaining cost per kilogramme decreased significantly by 19.8% in rand terms to R450,564/kg (2018: R561,468/kg) and, in USD terms, the all-in sustaining cost per ounce decreased by 27.2% to USD988/oz (2018: USD1,358/oz)
- Cash cost per kilogramme decreased by 15.4% in rand terms to R406,466/kg (2018: R480,439/kg) and, in USD terms, the cash cost per ounce decreased by 23.3% to USD891/oz (2018: USD1,162/oz)
- Financing Elikhulu's construction resulted in the group's net debt increasing to USD129.9 million (2018: USD118.0 million).

CHIEF EXECUTIVE OFFICER'S STATEMENT continued

Salient features	Units	Year ended 30 June 2019	Year ended 30 June 2018	Movement %
Gold produced – continuing operations (note 1)	(oz)	**172,442**	111,879	54.1
Gold sold – combined operations (note 5)	(oz)	**171,706**	160,444	7.0
Revenue	(USD million)	**217.4**	145.8	49.1
Average gold price received	(USD/oz)	**1,266**	1,301	(2.7)
	(R/kg)	**577,573**	538,100	7.3
Cash costs (note 4)	(USD/oz)	**891**	1,162	(23.3)
	(R/kg)	**406,466**	480,439	(15.4)
All-in sustaining costs (note 2)	(USD/oz)	**988**	1,358	(27.2)
	(R/kg)	**450,564**	561,468	(19.8)
All-in costs (note 2)	(USD/oz)	**1,259**	1,487	(15.3)
	(R/kg)	**574,462**	614,713	(6.5)
Adjusted EBITDA (note 3)	(USD million)	**56.8**	32.4	75.3
Attributable earnings/(loss)	(USD million)	**38.0**	(122.8)	130.9
Headline earnings (note 4)	(USD million)	**22.8**	17.9	27.4
EPS	(USD cents)	**1.97**	(6.79)	129.0
HEPS (note 4)	(USD cents)	**1.19**	0.99	20.2
Net debt (note 4)	(USD million)	**129.9**	118.0	10.1
Total sustaining capital expenditure	(USD million)	**9.8**	22.3	(56.1)
Total capital expenditure	(USD million)	**56.7**	128.4	(55.8)
Net asset value per share (note 4)	(USD cents)	**9.52**	7.62	24.9
Weighted average number of shares in issue	(million)	**1,928.3**	1,809.7	6.6
Average exchange rate	(ZAR:USD)	**14.19**	12.85	10.4
Closing exchange rate	(ZAR:USD)	**14.08**	13.72	2.6

Note 1: The continuing mining operations include: Barberton Mines, Evander Mines' Elikhulu and ETRP as well as the mining and vamping of the remnant high-grade stopes as part of the phased closure of Evander Mines' underground operation. The continuing mining operations exclude the discontinued Evander Mines' large-scale underground operation, which produced 48,565oz in the prior financial year.

Note 2: The all-in sustaining cost per kilogramme and all-in cost per kilogramme excludes derivative mark-to-market fair value gains/losses relating to the current gold mining operations. Refer to the alternative performance measure (APM) summary report for the year ended 30 June 2019.

Note 3: Adjusted EBITDA comprises of earnings before interest, taxation, depreciation, amortisation, impairments reversal/(costs) and losses from discontinued operations. Refer to the APM summary report for the year ended 30 June 2019.

Note 4: Refer to the APM summary report for the year ended 30 June 2019.

Note 5: Gold sold excludes 22.89kg (736oz) produced by Elikhulu during August 2018. The associated gold revenue was capitalised for accounting purposes prior to Elikhulu achieving commercial production on 1 September 2019.

It is appropriate to start this review with heartfelt thanks to the management and employees of Pan African Resources, for their dedication and hard work during the 2019 financial year. The past year is best characterised as a period where our group delivered on several clearly predefined objectives, with the following highlights:

- **Safety:** The group materially improved all safety statistics, as detailed later in this review. The milestone achievement of 2 million fatality-free shifts at Barberton Mines during June 2019 is particularly noteworthy
- **Commissioning Elikhulu:** Despite the challenges and complexity associated with delivering a project of this magnitude, Elikhulu was successfully and safely commissioned and is now contributing incremental low-cost ounces to the group's production
- **Barberton Mines:** A return to form by the BTRP and underground operations having collectively produced approximately 100,000oz for the year, an increase of 9.6% relative to the 2018 year
- **Repositioning of the group in terms of cost of production:** The cessation of expensive and challenging large-scale underground operations at Evander Mines' 8 Shaft, the commissioning of Elikhulu and increased production from Barberton Mines resulted in our all-in sustaining costs reducing materially from USD1,358/oz to USD988/oz, an improvement of 27.3% relative to the prior year. The group's combined underground and tailings operations are now internationally cost competitive and we could be regarded as South Africa's lowest-cost gold producer.

GROUP SAFETY

I am particularly pleased with the group's safety performance over the past year. Safe mining is a non-negotiable imperative for Pan African Resources, recognising that all large-scale mining operations have inherent safety risks that must be diligently managed. In part, the fact that we now source a material portion of gold production from lower-risk surface operations has assisted our safety performance in the past year.

A notable milestone was Fairview Mine, one of Barberton's underground operations, reaching 1 million fatality free shifts on 15 July 2018. In addition, the Barberton complex for the first time achieved 2 million fatality free shifts during June 2019 and we commend our employees for achieving these exceptional safety milestones.

The group had no fatalities in the current or prior financial year and the group's lost-time injury frequency rate per million man hours improved substantially to 1.62 (2018: 3.73). The reportable injury frequency rate per million man hours also improved substantially to 0.51 (2018: 1.08).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) COMPLIANCE

In conducting our business activities, we are mindful of the impact we have on host communities and the environment – our social and natural capital. Contributing to communities and demonstrating responsible environmental stewardship are critical to acquiring and maintaining our social licence to operate, and are also a vital element to maintaining investor confidence. We continue to emphasise ESG constituents as a key focus area of our business.

MINERAL RESOURCES AND MINERAL RESERVES

The group's Mineral Resources and Mineral Reserves as at 30 June 2019, in compliance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves 2016 edition (the SAMREC Code), are summarised as follows:

- Gold Mineral Resources of 335.8Mt at 3.33g/t for 35.97Moz (30 June 2018: 331.2Mt at 3.13g/t for 33.30Moz)

Gold Mineral Resources	Tonnes Mt	Grade g/t	Gold t	Gold Moz
Barberton hard rock	12.6	7.8	97.9	3.15
BTRP	21.8	1.3	28.0	0.90
Evander underground	97.9	9.5	934.1	30.03
Elikhulu	203.6	0.3	58.4	1.89
Total	**335.8**	**3.3**	**1,118.4**	**35.97**

CHIEF EXECUTIVE OFFICER'S STATEMENT continued

- Gold Mineral Reserves of 216.6Mt at 1.57g/t for 10.92Moz (30 June 2018: 239.1Mt at 1.46g/t for 11.22Moz)

Gold Mineral Reserves	Tonnes Mt	Grade g/t	Gold t	Gold Moz
Barberton hard rock	8.0	5.6	45.1	1.45
BTRP	10.1	1.7	16.8	0.54
Evander underground	27.9	8.3	231.7	7.45
Elikhulu	170.6	0.3	46.2	1.48
Total	**216.6**	**1.6**	**339.8**	**10.92**

In determining our Mineral Resources and Mineral Reserves, a gold price of R700,000/kg (USD1.534/oz at ZAR14.19: USD1) and R600,000/kg (USD1.315/oz at ZAR14.19: USD1) was used for Mineral Resources and Mineral Reserves, respectively. All Mineral Resources and Mineral Reserves are reported as in-situ tonnes at an estimated head grade. Mining losses, plant recovery factors and costs were used in the calculation of each operations' cut-off grade. The Mineral Resources and Mineral Reserves are reported in accordance with the guidelines of the SAMREC Code. Mineral Resources are reported inclusive of Mineral Reserves. The Mineral Resources and Mineral Reserves are all attributable to Pan African Resources.

The group's Mineral Resources increased by 8% year-on-year, mainly due to cut-off grade changes at Evander Mines. The change in the cut-off grade is affected by the higher gold price used in the cut-off grade estimations, relative to previous declarations. Further, additional Inferred Mineral Resources were identified at the BTRP operation in the form of the Camelot and Sheba tailings storage facilities. Mineral Reserves decreased marginally year-on-year, with a decrease of 2.5%. This is inclusive of 166koz depleted from the Mineral Reserves due to mining and processing, excluding surface sources not accounted for in our Mineral Reserves.

The competent person for Pan African Resources, Hendrik Pretorius, the group project geologist, signs off the Mineral Resources and Mineral Reserves for the group. He is a member of the South African Council for Natural Scientific Professions (SACNASP 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 (CSIR Mining Precinct, Corner Rustenburg and Carlow Roads, Melville, South Africa). Hendrik has 16 years of experience in economic geology and mineral resource management (MRM). He is based at The Firs Office Building, 2nd Floor, Office 204, Cnr 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 Engineering 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.

Refer to the annual Mineral Resource and Mineral Reserve Report, as published on 28 October 2019 on our website at www.panafricanresources.com, for more detail on the reported Mineral Resources and Mineral Reserves.

NEAR- TO MEDIUM-TERM GROWTH PROJECTS

Barberton Mines' sub-vertical shaft project at Fairview

Shareholders were previously advised that Fairview's mining operation is restricted by the hoisting capacity of its 3 Decline, which is used to access workings below 42 Level and the high-grade 11-block of the MRC. Development of top and bottom access is nearing completion with shaft development commencing in due course. Once the shaft is completed, over the next two years, it is expected to improve gold production by an additional 7,000oz to 10,000oz per annum.

Barberton Mines' Royal Sheba project

We have completed extensive feasibility work on Barberton Mines' Royal Sheba project (Royal Sheba project). Due to the group's disciplined capital allocation criteria and the capital cost estimates to develop this mine, the company will not pursue the Royal Sheba project on a stand-alone basis. The existing Barberton Mines' processing plant infrastructure can be upgraded to process ore from this orebody. The benefits of this approach are:

- the ability to expedite the environmental licencing process
- shorten the timeline to production
- enhance returns from mining this orebody
- negate the requirement for extensive capital expenditure and associated funding.

We will update the market on this project in the months ahead.

Evander Mines' Egoli project

The Egoli project is adjacent to the 7 Shaft infrastructure and extends from the boundary of Taung Gold International Limited's 6 Shaft mining right. The project has an expected initial life-of-mine of approximately 11 years and is anticipated to produce approximately 23,500oz per annum during the initial four-year development phase, and an average of approximately 79,000oz per annum for the remaining seven years. The group is currently reviewing the merits of expediting the Egoli project's development, in conjunction with funding options. We are also in the process of further optimising the Egoli project, and look forward to also updating the market on this project in the months ahead.

OUTLOOK

Pan African Resources has prioritised creating value from the sustainable mining operating model we implemented last year. Our key focus areas for the next financial year are:

- continuing to improve our safety performance and ESG compliance across all operations
- delivering on our guided gold production of approximately 185,000oz (2018: 170,000oz) comprising 100,000oz from Barberton operations and 85,000oz from Evander's operations (including Elikhulu)
- successfully executing into capital projects that will maintain and increase gold production in the future
- reducing senior debt to allow for improved funding flexibility and liquidity
- successfully mining the pillar project.

We will continue driving value-accretive growth opportunities within our own portfolio. The group also continues to evaluate acquisition opportunities, particularly in other African jurisdictions, in accordance with our rigorous capital allocation criteria.

We have quality resources comprising Mineral Resources (35.97Moz) and Mineral Reserves (10.92Moz) which we access through careful planning and optimal mining methodologies. Our thoughtful, ethical and robust approach to operational execution enables agile mining, generation of more predictable production results, cash flows and returns.

We now have a firm foundation from which to generate sustainable returns to our stakeholders. Our challenge is to continue building on this foundation while differentiating Pan African Resources as the mid-tier, African-focused gold producer of choice.

APPRECIATION

I would like to thank my fellow board members for their guidance, support and insight during the past financial year. Pan African Resources is now well positioned for safe, low-cost and sustainable gold mining in the future.

FINANCIAL PERFORMANCE

Exchange rates and their impact on results

All group subsidiaries are incorporated in South Africa and their functional currency is rand. The group's business is conducted in rand and the accounting records are maintained in this same currency, except precious metal product sales, which are conducted in USD prior to conversion into rand. The ongoing review of the operational results by executive management and the board is also performed in rand.

The group's presentation currency was changed in the current financial year to USD. Reporting in USD provides a more relevant presentation of the group's financial position, financial performance and cash flow.

During the current financial year, the average ZAR:USD exchange rate was ZAR14.19:USD1 (2018: ZAR12.85:USD1) and the closing ZAR:USD exchange rate was ZAR14.08:USD1 (2018: ZAR13.72:USD1). The year-on-year change in the average and closing exchange rates of 10.4% and 2.6%, respectively, must be taken into account when comparing year-on-year results.

The commentary below analyses the current and prior financial year's results in USD, and key aspects of the group's rand figures appear in the body of this commentary.

CHIEF EXECUTIVE OFFICER'S STATEMENT continued

Analysing the group's financial performance

Revenue

Revenue from continuing operations improved year-on-year by 49.1% to USD217.4 million (2018: USD145.8 million) predominantly due to:

- an increase of 53.5% in gold sold from continuing operations to 171,706oz (2018: 111,879oz)
- Elikhulu contributing an additional USD58.0 million in revenue for the current financial year.

Cost of production

The group's cost of production for continuing operations increased by 42.9% to USD153.0 million (2018: USD107.1 million), mainly due to the commissioning of Elikhulu on 1 September 2018.

The group's production costs consists mainly of:

- salaries and wages (representing 30.3% of the total gold cost of production) increased by 11.5% to USD46.4 million (2018: USD41.6 million)
- mining and processing costs (representing 41.1% of the total gold cost of production) increased by 74.4% to USD62.8 million (2018: USD36.0 million)
- electricity costs (representing 12.0% of the gold cost of production) increased by 77.7% to USD18.3 million (2018: USD10.3 million)
- engineering and technical costs (representing 7.8% of the gold cost of production) increased by 56.9% to USD12.0 million (2018: USD7.2 million)
- security costs (representing 4.7% of the gold cost of production) increased by 71.4% to USD7.2 million (2018: USD4.2 million), due to an increased focus on addressing illegal mining activities and once-off costs incurred during instances of community unrest
- realisation costs (representing 1.0% of the gold cost of production) relating predominantly to refining costs, decreased to USD1.5 million (2018: USD2.7 million).

Impairment reversal

In the prior financial year, following the cessation of large-scale underground operations at Evander Mines in May 2018, a total impairment charge of USD140.3 million was recognised, of which USD129.5 million was recognised in discontinued operations, and USD10.8 million relating to the ETRP, was recognised as part of continuing operations.

A reversal of an impairment charge of USD17.9 million was recognised in the current financial year, following the commencement of Evander Mines' pillar project. The pillar project is a new mining project supported by a successful feasibility study undertaken in March 2019. The pillar project will mine new Mineral Reserves not previously recognised in the prior financial year, and mining will occur in an area separate from Evander Mines' large-scale underground discontinued operation. The reversal of impairment relates specifically to the property, plant and equipment previously impaired at Evander Mines in the prior financial year now to be utilised by the pillar project. Although the pillar project will utilise previously impaired 8 Shaft, 7 Shaft and Kinross plant infrastructure, which has resulted in the reversal of the associated impairment charge, this does not result in the need to re-present previously reported discontinued operations in the comparative numbers for the reasons noted above. The pillar project's property, plant and equipment will be depreciated over the project's three-year life-of-mine.

Depreciation costs

The group's mining depreciation and amortisation costs increased by 145.5% to USD16.2 million (2018: USD6.6 million). The depreciation charge is based on the estimated available units of production (tonnes) over the life of the operations and the depreciation charge increased proportionately with the increase in production, with the newly commissioned Elikhulu plant contributing an additional USD8.7 million in depreciation for the year.

Other expenditure and finance income/costs

Other expenditure increased to USD7.6 million (2018: USD5.9 million), predominantly due to an increase in the group's cash-settled share options costs to USD2.4 million (2018: USD0.9 million income) in the current financial year.

Finance costs increased to USD13.0 million (2018: USD4.2 million), due to an increase in net debt as a result of the construction spend on Elikhulu.

Discontinued operations

In the prior financial year, the group's discontinued operations comprised:

- Evander Mines' large-scale underground operations
- Phoenix Platinum.

Losses from discontinued operations were USD138.4 million, which included an impairment charge of USD129.5 million and retrenchment costs of USD12.5 million.

Taxation

The taxation charge for the group's continuing operations increased to USD8.2 million (2018: USD2.8 million credit) due to:

- an increase in the deferred tax expense to USD5.3 million (2018: USD4.9 million credit), largely as a result of a change in the gold mining deferred taxation rates applied
- an increase in the current taxation charge to USD2.9 million (2018: USD2.1 million), resulting from improved profits from Barberton Mines.

EPS and HEPS

The combined operations EPS increased to 1.97 USD cents per share (2018: loss of 6.79 USD cents per share). The combined operations HEPS increased to 1.19 USD cents per share (2018: 0.99 USD cents per share).

The EPS and HEPS are calculated by applying the group's weighted average number of shares in issue to the attributable earnings and headline earnings. The weighted average number of shares in issue increased by 6.6% to 1,928.3 million shares (2018: 1,809.7 million shares). For further details, refer to the reconciliation between basic earnings and headline earnings in the APM summary report.

Net debt and cash flows

The group's net debt increased to USD129.9 million (2018: USD118.0 million) which comprised of:

- total debt facilities utilised of USD135.2 million (2018: USD118.9 million)
- cash and cash equivalents of USD5.3 million (2018: USD0.9 million).

Refer to a detailed summary of the group's net debt in the APM summary report.

Cash generated by operations, after dividends, increased to USD37.7 million (2018: USD13.4 million), mostly due to the improved production performance from Barberton Mines and the maiden production contribution from Elikhulu, which resulted in increased operational cash flows being generated. In the prior financial year, the group paid a net dividend of USD11.0 million on 21 December 2017, relating to the 2017 financial year.

The cash outflows from investing activities decreased to USD51.8 million (2018: USD121.0 million) mainly due to:

- total capital expenditure decreased to USD55.1 million (2018: USD124.7 million) due to Elikhulu's capital expenditure decreasing to USD37.7 million (2018: USD97.7 million)
- cash received from the sale of Phoenix Platinum of USD6.3 million in the prior financial year.

Net cash inflows from financing activities decreased to USD18.0 million (2018: USD123.6 million), largely due to a lower utilisation of the debt facilities to fund the construction of Elikhulu. Refer to note 7 in the annual financial statements section for more detail.

Debt facilities

The group restructured its revolving credit facility (RCF), as previously announced on 17 May 2019, with the restructure becoming effective on 3 June 2019. The group's senior debt will now amortise in terms of the following repayment profile:

Amortisation profile	RCF available balance R million	Repayments R million
Up to 15 June 2020	1,000	250
15 June 2020	750	25
15 December 2020	725	25
15 June 2021	700	50
15 September 2021	650	50
15 December 2021	600	50
15 March 2022	550	50
15 June 2022	500	500

The repayment profile of Elikhulu's term debt facility, comprising quarterly, equal principal instalments of R50 million, commencing in September 2019, is unaffected by the restructuring of the RCF.

The group entered into a gold loan for 20,000oz with Rand Merchant Bank, a division of FirstRand Bank Limited (RMB) in July 2019. In exchange for an upfront cash receipt of R394 million, the group will deliver 12 monthly instalments of 1,666.67oz to RMB, commencing on 31 July 2019.

CHIEF EXECUTIVE OFFICER'S STATEMENT continued

This gold loan of 20,000oz effectively locks in a gold price of approximately R633,347/kg or USD1,415/oz, representing approximately 11% of the group's guided gold production for the 2020 financial year. The proceeds of this gold loan were used to reduce the balance of the RCF debt, resulting in a material interest saving for the group over the next 12 months. The group has settled the July and August 2019 instalments to date.

DIVIDENDS

Proposed dividend for the financial year ended 30 June 2019

The board has proposed a final dividend of R50 million for the 2019 financial year or approximately USD3.4 million equating to 2.23745 ZAR cents per share or approximately 0.12660 pence per share (0.15169 USD cents per share) (2018: 0.00 ZAR cents per share). This dividend is subject to approval by shareholders at the AGM, which will take place on Thursday, 28 November 2019.

Assuming the final dividend is approved by shareholders, the following salient dates would apply:

Currency conversion date	Thursday, 28 November 2019
Currency conversion announcement released by 11:00 (SA time)	Friday, 29 November 2019
Last date to trade on the JSE	Tuesday, 10 December 2019
Last date to trade on the LSE	Wednesday, 11 December 2019
Ex-dividend date on the JSE	Wednesday, 11 December 2019
Ex-dividend date on the LSE	Thursday, 12 December 2019
Record date on the JSE and LSE	Friday, 13 December 2019
Payment date	Monday, 30 December 2019

The GBP and USD proposed final dividend was calculated based on 2,234,687,537 total shares in issue and an illustrative exchange rate of R18.25 and R14.75 respectively. Shareholders on the London register should note that a revised exchange rate will be communicated in due course.

No transfers between the Johannesburg and London registers between the commencement of trading on Wednesday, 11 December 2019 and close of business on Friday, 13 December 2019 will be permitted.

No shares may be dematerialised or rematerialised between Wednesday, 11 December 2019 and Friday, 13 December 2019, both days inclusive.

The South African dividends tax rate is 20% per ordinary share for shareholders who are liable to pay the dividends tax, resulting in a net dividend of 1.78996 ZAR cents per share for these shareholders. Foreign investors may qualify for a lower dividend tax rate, subject to completing a dividend tax declaration and submitting it to Computershare Investor Services Proprietary Limited or Capita PLC who manage the South African and UK register, respectively. The company's South African income tax reference number is 9154588173. The proposed dividend will be paid out of the company's retained earnings, without drawing on any other capital reserves.

Dividend policy

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

DIRECTORSHIP CHANGES

Rowan Smith resigned as an independent non-executive director on 3 April 2019. Subsequent to year-end, Yvonne Themba and Charles Needham were appointed as independent non-executive directors with effect from 17 July 2019.

JSE LIMITED LISTING

The company has a dual primary listing on the JSE in South Africa and the AIM market (AIM) of the London Stock Exchange. This provisional summarised audited results announcement has been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practice Committee, and the Financial Pronouncements as issued by the Financial Reporting Standards Council and contains the minimum information as required by International Accounting Standard 34. The accounting policies are in terms of IFRS and are consistent with those applied in the 2018 consolidated annual financial statements.

The group's external auditor, PricewaterhouseCoopers LLP (PwC), has issued its opinion on the consolidated annual financial statements for the year ended 30 June 2019. The audit of the consolidated annual financial statements was conducted in accordance with the International Standards on Auditing. PwC has expressed an unmodified opinion on the consolidated annual financial statements. A copy of the audited annual financial statements and the audit report is available for inspection at the issuer's registered office. Any reference to future financial performance included in this provisional summarised audited results announcement has not been reviewed or reported on by the group's external auditor.

This summarised report is extracted from audited information but is not itself audited. The directors take full responsibility for the preparation of the provisional report and declare that the financial information has been correctly extracted from the underlying annual financial statements.

The auditor's report does not necessarily report on all the information contained in this announcement. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of that report, together with the accompanying financial information from the company's registered office.

AIM LISTING

The financial information for the year ended 30 June 2019 does not constitute statutory accounts as defined in sections 435(1) and 435(2) of the Companies Act 2006 but has been derived from those accounts. Statutory accounts for the year ended 30 June 2018 have been delivered to the Registrar of Companies and those for 2019 will be delivered following the company's AGM. PwC, the external auditor registered in the UK, has reported on these accounts for the year ended 30 June 2019.

PwC's audit report for 30 June 2019 is unqualified, does not include a reference to any matters to which auditors draw attention by way of emphasis of matter, and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. These statutory accounts have been prepared in accordance with IFRS and IFRS Interpretations Committee interpretations adopted for use by the European Union, with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

FORWARD-LOOKING INFORMATION

Any forward-looking information contained in this report is the sole responsibility of the directors and has not been reviewed or reported on by the group's external auditor.

Cobus Loots
Chief executive officer

18 September 2019

v *Elikhulu plant*

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PROVISIONAL SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2019

SUMMARISED CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
as at 30 June 2019

	30 June 2019 USD thousand	Restated (note 1) 30 June 2018 USD thousand	Restated (note 1) 30 June 2017 USD thousand
ASSETS			
Non-current assets			
Property, plant and equipment and mineral rights	**305,354.7**	254,246.7	292,007.6
Other intangible assets	**655.2**	41.7	94.1
Deferred taxation	**2,141.1**	8,186.4	991.0
Long-term inventory	**614.5**	748.2	889.5
Long-term receivables	**1,021.9**	1,746.6	3,295.0
Goodwill (note 2)	**21,554.8**	22,120.4	23,256.1
Investments	**6,802.0**	4,133.9	9,776.5
Rehabilitation fund	**25,021.1**	26,550.0	24,568.7
	363,165.3	317,773.9	354,878.5
Current assets			
Inventories	**5,708.5**	3,561.3	6,559.7
Current taxation asset	**1,888.6**	910.6	1,388.6
Trade and other receivables	**15,101.3**	19,578.4	17,862.1
Current portion of long-term receivables	**1,924.8**	1,252.2	–
Derivative financial asset	**–**	289.5	–
Cash and cash equivalents	**5,341.2**	921.8	12,277.7
	29,964.4	26,513.8	38,088.1
Non-current assets held for sale	**–**	–	7,291.5
Total assets	**393,129.7**	344,287.7	400,258.1
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	**38,150.6**	38,150.6	38,150.6
Share premium	**235,063.2**	235,063.2	235,063.2
Translation reserve	**(138,857.1)**	(135,154.2)	(129,633.9)
Share option reserve	**2,624.7**	2,624.7	2,016.4
Retained earnings	**112,984.2**	74,942.0	208,414.1
Realisation of equity reserve	**(18,121.7)**	(18,121.7)	(18,121.7)
Treasury capital reserve	**(24,871.4)**	(24,871.4)	(36,815.7)
Merger reserve	**(21,637.4)**	(21,637.4)	(21,637.4)
Other reserve	**(1,753.2)**	(4,008.2)	–
Equity attributable to owners of the parent	**183,581.9**	146,987.6	277,435.6
Total equity	**183,581.9**	146,987.6	277,435.6
Non-current liabilities			
Long-term provisions	**15,781.3**	19,929.5	15,147.5
Long-term liabilities – financial institutions	**109,617.7**	112,827.4	13,828.5
Long-term liabilities – other	**1,727.2**	1,237.4	2,144.2
Deferred taxation	**18,567.1**	18,911.2	50,616.5
	145,693.3	152,905.5	81,736.7
Current liabilities			
Trade and other payables	**35,921.3**	36,815.3	35,163.2
Derivative financial liabilities	**917.7**	–	–
Current portion of long-term liabilities – financial institutions	**24,147.7**	6,426.2	1,587.2
Current portion of long-term liabilities – other	**2,390.9**	391.1	3,800.6
Current taxation liability	**476.9**	762.0	63.3
	63,854.5	44,394.6	40,614.3
Liabilities directly associated with assets held for sale	**–**	–	471.5
Total equity and liabilities	**393,129.7**	344,287.7	400,258.1

Note 1: The group changed its presentation currency for its 2019 financial results from GBP to USD. This change in presentation currency represents a voluntary change in an accounting policy in terms of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors. *A change in presentation currency requires the restatement of comparatives. Refer to note 15.*

Note 2: Goodwill has been restated in the prior financial years. Refer to note 14.

SUMMARISED CONSOLIDATED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the period ended 30 June 2019

	30 June 2019 USD thousand	Restated (note 1) 30 June 2018 USD thousand
Continuing operations		
Revenue	**217,374.6**	145,828.8
Other revenue	**304.4**	146.0
Revenue and other revenue	**217,679.0**	145,974.8
Cost of production (note 2)	**(152,980.0)**	(107,139.9)
Mining depreciation and amortisation	**(16,227.8)**	(6,625.5)
Operating profit	**48,471.2**	32,209.4
Other expenses	**(7,562.3)**	(5,903.1)
Impairment reversal/(cost)	**17,853.5**	(10,763.4)
Royalty costs	**(354.1)**	(557.8)
Net income before finance income and finance costs	**58,408.3**	14,985.1
Finance income	**849.7**	2,003.6
Finance costs	**(13,041.8)**	(4,225.3)
Profit for the year from continuing operations	**46,216.2**	12,763.4
Taxation	**(8,174.0)**	2,826.0
Profit after taxation	**38,042.2**	15,589.4
Discontinued operations		
Loss after taxation from discontinued operations	**–**	(138,405.0)
Profit/(loss) for the year	**38,042.2**	(122,815.6)
Other comprehensive income (net of taxes)		
Items that have been or may subsequently be reclassified to the statement of profit or loss (net of taxes)		
Investment measured at fair value through other comprehensive income adjustment	**2,876.3**	(5,165.2)
Taxation on investment measured at fair value through other comprehensive income adjustment	**(621.3)**	1,157.0
Items that will not be reclassified to the statement of profit or loss (net of taxes):		
Foreign currency translation differences	**(3,702.9)**	(5,520.3)
Total comprehensive (loss)/income for the year	**36,594.3**	(132,344.1)
Profit/(loss) attributable to:		
Owners of the parent	**38,042.2**	(122,815.6)
Total comprehensive income attributable to:		
Owners of the parent	**36,594.3**	(132,344.1)
Earnings per share	**1.97**	(6.79)
Diluted earnings per share	**1.97**	(6.79)
Earnings per share from continuing operations (USD cents)	**1.97**	0.86
Diluted earnings per share from continuing operations (USD cents)	**1.97**	0.86
Weighted average number of shares in issue (thousand)	**1,928,329.5**	1,809,726.7
Diluted average number of shares in issue (thousand)	**1,928,329.5**	1,809,726.7

Note 1: The group changed its presentation currency for its 2019 financial results from GBP to USD. This change in presentation currency represents a voluntary change in an accounting policy in terms of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors. *A change in presentation currency requires the restatement of comparatives. Refer to note 15.*

Note 2: Realisation costs have been restated in the prior financial year. Refer to note 14.

SUMMARISED CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2019

	Share capital USD thousand	Share premium USD thousand	Translation reserve (note 1) USD thousand	Share option reserve USD thousand	Retained earnings USD thousand	Realisation of equity reserve (note 4) USD thousand	Treasury capital reserve (note 5) USD thousand	Merger reserve (note 2) USD thousand	Other reserves (note 3) USD thousand	Total USD thousand
Balance as at 30 June 2017 (restated) (note 8)	38,150.6	235,063.2	(129,633.9)	2,016.4	208,414.1	(18,121.7)	(36,815.7)	(21,637.4)	–	277,435.6
Disposal of treasury shares	–	(1,124.2)	–	–	–	–	13,068.5	–	–	11,944.3
Transfer to treasury reserve (note 6)		1,124.2	–	–	–	–	(1,124.2)			
Loss for the year	–	–	–	–	(122,815.6)	–	–	–	–	(122,815.6)
Other comprehensive loss	–	–	(5,520.3)	–	–	–	–	–	(4,008.2)	(9,528.5)
Dividends paid	–	–	–	–	(13,242.7)	–	–	–	–	(13,242.7)
Reciprocal dividends – PAR Gold (note 7)	–	–	–	–	2,586.2	–	–	–	–	2,586.2
Share-based payment – charge for the year	–	–	–	608.3	–	–	–	–	–	608.3
Balance as at 30 June 2018 (restated) (note 8)	**38,150.6**	**235,063.2**	**(135,154.2)**	**2,624.7**	**74,942.0**	**(18,121.7)**	**(24,871.4)**	**(21,637.4)**	**(4,008.2)**	**146,987.6**
Profit for the year	**–**	**–**	**–**	**–**	**38,042.2**	**–**	**–**	**–**	**–**	**38,042.2**
Other comprehensive loss	**–**	**–**	**(3,702.9)**	**–**	**–**	**–**	**–**	**–**	**2,255.0**	**(1,447.9)**
Balance as at 30 June 2019	**38,150.6**	**235,063.2**	**(138,857.1)**	**2,624.7**	**112,984.2**	**(18,121.7)**	**(24,871.4)**	**(21,637.4)**	**(1,753.2)**	**183,581.9**

Note 1: The translation reserve comprises of all foreign exchange differences arising from the translation of the financial results in the group's functional currency (rand) to the group's presentational currency (USD).

Note 2: The merger reserve was created through the historical reverse acquisition of Barberton Mines in July 2007.

Note 3: The other reserves comprises of unrealised gains or losses recognised when financial assets are measured at fair value through other comprehensive income.

Note 4: The realisation of equity reserve was created in June 2009 through the acquisition of PAR Gold's 26% shareholding in Barberton Mines, in exchange for the issue of new ordinary shares in Pan African Resources PLC to PAR Gold.

Note 5: The treasury capital reserve was created on 6 June 2016 and comprises of Funding Company's investment in PAR Gold. PAR Gold's investment in Pan African Resources' shares eliminate on consolidation, therefore reducing the group equity and the weighted average number of shares in issue. Refer to related party note 11.

Note 6: The costs associated with the disposal of treasury shares were reclassified from share premium to the treasury capital reserve.

Note 7: Reciprocal dividend – PAR Gold is an inter-company transaction which eliminates on consolidation as disclosed above. Refer to the related party note 11.

Note 8: The group changed its presentation currency for its 2019 financial results from GBP to USD. This change in presentation currency represents a voluntary change in an accounting policy in terms of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors. *A change in presentation currency requires the restatement of comparatives. Refer to note 15.*

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2019

	30 June 2019 USD thousand	Restated (note 1) 30 June 2018 USD thousand
Cash flow from operating activities (note 4)		
Net cash generated from operating activities before dividend, taxation, royalties and net finance costs paid	**56,889.0**	5,344.7
Net dividend paid (note 2)	**–**	(11,030.0)
Income taxation paid (note 3)	**(3,847.0)**	(2,384.0)
Royalties (paid)/refund (note 3)	**(649.9)**	749.8
Finance costs paid (note 3)	**(15,014.8)**	(7,103.4)
Finance income received	**329.4**	1,027.6
Net cash generated from/(used in) operating activities	**37,706.7**	(13,395.3)
Cash flow from investing activities		
Additions to property, plant and equipment and mineral rights	**(55,115.7)**	(124,698.6)
Additions to other intangible assets	**(16.3)**	(23.3)
Repayments/(advances) of long-term loans receivable	**286.0**	(517.9)
Rehabilitation funds withdrawal/(contributions)	**2,585.4**	(2,038.9)
Proceeds from disposal of investment	**–**	6,317.9
Proceeds from disposals of property, plant and equipment and mineral rights	**466.3**	1.2
Net cash (used in)/generated from investing activities	**(51,794.3)**	(120,959.6)
Cash flow from financing activities		
Borrowings raised	**21,494.0**	119,455.3
Borrowings repaid	**(3,523.6)**	(7,782.1)
Proceeds from disposal of treasury shares	**–**	11,944.3
Net cash from financing activities	**17,970.4**	123,617.5
Net increase/(decrease) in cash and cash equivalents	**3,882.8**	(10,737.4)
Cash and cash equivalents at the beginning of the year	**921.8**	12,277.7
Effect of foreign exchange rate changes	**536.6**	(618.5)
Cash and cash equivalents at the end of the year	**5,341.2**	921.8

Note 1: The group changed its presentation currency for its 2019 financial results from GBP to USD. This change in presentation currency represents a voluntary change in an accounting policy in terms of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors. *A change in presentation currency requires the restatement of comparatives. Refer to note 15.*

Note 2: Net dividend paid represents the total dividend paid less the inter-company dividend received from PAR Gold.

Note 3: The income taxes, royalties and finance costs paid and received have been disclosed in the face of the statement of cash flows in the current and prior financial year.

Note 4: Proceeds from derivative financial instruments have been restated to cash flow from operating activities. Refer to note 14.

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2019

1. BASIS OF PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

The accounting policies applied in compiling the summarised consolidated annual financial statements are in accordance with IFRS adopted by the European Union, which are consistent with those applied in preparing the group's annual financial statements for the year ended 30 June 2019.

The financial information set out in this announcement does not constitute the company's statutory accounts for the period ended 30 June 2019.

The results have been prepared and presented in accordance with, and containing the information required by IAS 34, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council.

Adoption of new accounting standards

IFRS 15: ***Revenue from Contracts with Customers***

The group adopted IFRS 15 as of 1 July 2018.

The standard describes a five-step approach for the recognition of revenue:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract(s)
- Recognise revenue when (or as) the entity satisfies a performance obligation.

The group sells precious metals into the market through commodity trading transactions with financial institutions. Sales contracts contain a single obligation to deliver gold at which time title and risk pass to the purchaser. The quantum and price of gold ounces traded is agreed upfront between parties.

IFRS 9: ***Financial Instruments***

The group adopted IFRS 9 as of 1 July 2018. The requirements of IFRS 9 represent a change from IAS 39: *Financial Instruments: Recognition and Measurement*. The impact of the change in accounting policy is disclosed below.

IFRS 9 contains three principal classification categories for financial instruments: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available-for-sale. Refer to the table below for a summary of the classification changes upon the transition to IFRS 9.

IFRS 9 replaces the 'incurred loss model' in IAS 39 with an 'expected loss' model. The new impairment model applies to financial assets measured at amortised cost and financial assets measured at FVOCI. Under IFRS 9, credit losses are recognised earlier than IAS 39. An assessment was performed to determine the expected credit loss of financial assets.

IFRS 9 indicates a revised approach to hedge accounting, however, this has not impacted the group as the group does not apply hedge accounting.

Accounting standards issued but not yet effective

IFRS 16: ***Leases***

The new standard will replace IAS 17: *Leases* and eliminates the classification of leases as either operating leases or finance leases by the lessee. IFRS 16 is effective for the group for the year ended 30 June 2020. Classification of leases by the lessor under IFRS 16 continues as either an operating or finance lease as was the treatment under IAS 17. Lease arrangements will give rise to the recognition by the lessee of an asset, representing the right to use the leased item and a related liability for future lease payments. Lease costs will be recognised in the statement of profit and loss in the form of depreciation of the right-of-use asset over the lease term and finance charges which represents the unwinding of the discount on the lease liability.

Management is currently evaluating the accounting impact of the new standard for service contracts within the group.

It is expected that the adoption of IFRS 16 will result in an increase in lease liabilities representing the present value of future payments under arrangements currently classified as operating leases, along with a corresponding increase in property, plant and equipment for the right-of-use asset, together with an increase in depreciation and finance costs.

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2019

2. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the group's accounting policies in accordance with IFRS requires management to make judgements, estimates and assumptions that may materially affect the carrying amounts of assets, liabilities and contingent liabilities, and the reported amounts of revenue and expenses during the current financial year.

These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, historical experience, current and expected future economic conditions and other factors. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods or if the revision affects both current and future periods.

Critical accounting judgements

The following are areas of judgement, apart from those involving estimations, that have the most significant effect on the amounts recognised in the summarised consolidated annual financial statements.

Impairment and impairment reversals of assets

The group assesses at each reporting date whether there are any indicators that its assets and cash generating units (CGUs) may be impaired or require previous impairment to be reversed. Operating and economic assumptions which could affect the valuation of assets using discounted cash flow models are regularly reviewed and updated as part of the group's monitoring of operational and financial performance and forecasting processes. Judgement is required in determining if operating and economic changes are significant and impact the performance potential of an asset or CGU, and therefore an indication of an impairment or an impairment reversal.

Assets (other than goodwill) that have previously been impaired must be assessed for indicators of both impairment and impairment reversal. Such assets are recorded on the statement of financial position at their recoverable amount at the date of the last impairment assessment therefore a change in operational plans, assumptions or economic conditions could result in further impairment or impairment reversal if an indicator is identified. The group has previously impaired Evander Mines' large-scale underground operations, and during the current financial year recorded a reversal of impairment on the Evander Mines pillar project.

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 Reserves and Mineral Resources together with economic factors such as commodity prices and discount rates and estimates of production costs and future capital expenditure. Where discounted cash flow models based on management's assumptions are used, the resulting fair value measurements are considered to be at Level 3 in the fair value hierarchy as defined in IFRS 13: Fair Value Measurement, as they depend to a significant extent on unobservable valuation inputs.

Cash flow projections are based on financial forecasts and life-of-mine plans incorporating key assumptions as detailed below:

- **Mineral Reserves and Mineral Resources:** Mineral Reserves and, where considered appropriate, Mineral Resources, are incorporated in projected cash flows, based on Mineral Reserves and Mineral Resource statements (in accordance with the SAMREC Code (2016) for South African properties) and exploration and evaluation work undertaken by appropriately qualified persons. Mineral Resources are included where management has a high degree of confidence in their economic extraction, despite additional evaluation still being required prior to meeting the required confidence to convert to Mineral Reserves
- **Commodity prices:** Commodity prices are based on latest internal forecasts, benchmarked with external sources of information, to ensure they are within the range of available analyst forecasts. Where existing sales contracts are in place, the effects of such contracts are 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.

	Discount rate 2019 %	Discount rate 2018 %
Barberton Mines' underground operations	16.82	11.05
BTRP	16.82	11.05
Elikhulu	15.49	9.24
Egoli project	18.84	13.17
Evander Mines' underground operations	28.21	–

- **Operating costs, capital expenditure and other operating factors:** Operating costs and capital expenditure are based on financial budgets. Cash flow projections are based on life-of-mine plans and internal management forecasts. Cost assumptions incorporate management experience and expectations, as well as the nature and location of the operation and the risks associated therewith (for example the grade of Mineral Reserves and Mineral Resources varying significantly over time and unforeseen operational issues).

Discontinued operation

A component of the group is classified as a discontinued operation if it has been either disposed of or is classified as held for sale and:

- represents a separate major line of business or geographical area of operations
- it is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations
- it is a subsidiary acquired exclusively with the view of resale.

Due to the cessation of Evander Mines' large-scale underground operations in the 2018 financial year, which included 8 Shaft, 7 Shaft and the run-of-mine circuit in the Kinross metallurgical plant, the financial results from the Evander Mines' large-scale underground operations were classified as a discontinued operation. Judgement was required in determining the allocation of the shared operational costs and revenue between Evander Mines' continuing and discontinuing operations.

Sources of estimation uncertainty

Impairment and impairment reversals of assets

For assets where indicators of impairment or impairment reversals are identified, the group performs an impairment review to assess the recoverable amount of its operating assets, principally with reference to fair value less costs of disposal, which is assessed using value in use discounted cash flow models. Mining operations are large, complex assets requiring significant technical and financial resources to operate. Their value may be sensitive to characteristics unique to each asset. There is judgement in determining the assumptions that are considered to be reasonable and consistent with those that would be applied by market participants as outlined above.

Evander Mines' underground operations

Following an internal and external review of Evander Mines' underground operations, it was concluded that there was no realistic prospect of mining on a sustainable basis from this operation, and the decision was taken on 18 May 2018 to cease large-scale underground operations at Evander Mines and as a result the CGU, was fully impaired. An impairment charge of USD140.3 million was recognised in the 2018 financial results.

Subsequently, an independent feasibility study into the merits of mining Evander Mines' 8 Shaft pillar and high-grade areas in proximity to the pillar was completed and the board of directors approved the development of this project on 12 June 2019. Consequently, the valuation of Evander Mines' underground operations has been assessed and the previous impairment of the Kinross plant, the 7 Shaft and 8 Shaft infrastructure has been reversed to the recoverable amount of USD17.9 million that would have been recognised had no impairment loss been recorded previously.

Other significant accounting judgements

Elikhulu date of commissioning

Given the nature of Elikhulu, a key area of judgement was the determination of when Elikhulu was in the location and condition for it to be operating in the manner intended by management.

Pan African Resources has applied a guiding principle that once the plant achieves commercial production, it is operating in the manner as intended by management. At the beginning of the month in which the project achieved commercial production, the various assets, by major component, are recorded in the fixed asset register and are subject to depreciation over their respective useful lives.

Commercial production is assumed when management can demonstrate that the plant is able to materially achieve the technical design parameters established by the feasibility study and it is probable that future economic benefits will be generated by the plant.

NOTES TO THE SUMMARISED CONSOLIDATED
ANNUAL FINANCIAL STATEMENTS continued
for the year ended 30 June 2019

2. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES continued

Commercial production was achieved during the month of September 2018 and thus the commissioning date of Elikhulu was determined to be 1 September 2018.

Deferred taxation rate

Deferred taxation assets and liabilities are measured at the taxation rate that is expected to apply to the period when the asset is realised or the liability settled, based on the taxation rates (and taxation laws) that have been enacted or substantively enacted at the end of the current financial year.

South African income taxation on gold mining income is determined according to a formula (the gold formula) that takes into account the taxable income and revenue from gold mining operations. Judgement was applied in the determination of the future expected deferred taxation rates in our gold mining entities.

The group prepares nominal cash flow models to calculate the expected average income taxation rate over the life-of-mine. The key assumptions in the cash flow models are the same as those noted in the cash flow projections and key assumptions section above.

Rehabilitation and decommissioning provision

At each reporting date, the group estimates the rehabilitation and decommissioning provision. There is judgement in the input assumptions used in determining the estimated rehabilitation and decommissioning provision. Inputs used that require judgement, include:

- closure costs, which are determined in accordance with regulatory requirements
- inflation rate, which has been adjusted for a long-term view
- risk-free rate, which is compounded annually and linked to the life-of-mine
- life-of-mine and related Mineral Reserves and Mineral Resources.

During the current financial year, an assessment of the group's environmental rehabilitation plan identified a risk relating to the potential pollution of deep ground mine water at Barberton Mines. The group may have a potential exposure to rehabilitate Barberton Mines' groundwater. The group will undertake a detailed assessment to determine if there is an environmental contingency, and if it becomes quantifiable, we would be required to account for the groundwater rehabilitation exposure as a liability, and it may have a material impact on the annual financial statements of the group.

Cash-settled share option liability

The company applies the requirements of IFRS 2: *Share-based Payments* to cash-settled share-based payments made to employees. These are measured at fair value at grant date and, at each subsequent reporting date, the company revised its estimated fair value in accordance with the requirements of IFRS 2, with the movement recognised in profit or loss. The determination of the fair value of cash-settled share option liability is subject to judgement.

Contingencies

By their nature contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events. Such contingencies include, but are not limited to, litigation or regulatory procedures.

When a loss is considered probable and can be reliably estimated, a liability is recorded based on the best estimate of the expected loss. The likelihood of a loss with respect to a contingency can be difficult to predict and determining a meaningful estimate of loss or range of losses may not always be predicable based on the information available at the time and the potential effect of future events and decisions by third parties that will determine the ultimate resolution of the contingency. When a loss is probable, but a reasonable estimate cannot be made, disclosure is provided in the annual financial statements.

3. SEGMENTAL REPORTING

Pan African Resources' continuing operations are involved in gold mining activities and the investments are held inside South Africa. The segment results have been prepared and presented based on executive committee's reporting format. The executive committee reviews the operations in accordance with the disclosures presented below.

Continuing operations in South Africa

- Barberton Mines (including BTRP), located in Barberton
- Evander Mines (Elikhulu, 8 Shaft pillar and surface sources), located in Evander
- Corporate, located in Johannesburg
- Pan African Resources Funding Company Proprietary Limited (Funding Company), located in Johannesburg.

Discontinued operations in South Africa

- Phoenix Platinum, located near Rustenburg
- Evander Mines' underground operations (including 8 Shaft, 7 Shaft and the run-of-mine circuit in the Kinross metallurgical plant), located in Evander.

3. SEGMENTAL REPORTING continued

	30 June 2019 Continuing operations				
	Barberton Mines USD thousand	Evander Mines USD thousand	Corporate USD thousand	Funding Company USD thousand	Group USD thousand
Revenue (note 1)	125,875.8	91,498.8	–	–	217,374.6
Other revenue	42.3	262.1	–	–	304.4
Revenue and other revenue	125,918.1	91,760.9	–	–	217,679.0
Cost of production	(92,046.9)	(60,933.1)	–	–	(152,980.0)
Depreciation and amortisation	(7,301.2)	(8,926.6)	–	–	(16,227.8)
Operating profit	26,570.0	21,901.2	–	–	48,471.2
Other (expenses)/income (note 2)	(1,262.0)	2,417.3	(8,189.6)	(528.0)	(7,562.3)
Impairment reversal	–	17,853.5	–	–	17,853.5
Royalty costs	(480.4)	126.3	–	–	(354.1)
Net income/(loss) before finance income and finance costs	24,827.6	42,298.3	(8,189.6)	(528.0)	58,408.3
Finance income	20.5	235.4	340.4	253.4	849.7
Finance costs	(233.7)	89.7	(0.1)	(12,897.7)	(13,041.8)
Profit/(loss) before taxation	24,614.4	42,623.4	(7,849.3)	(13,172.3)	46,216.2
Taxation	(2,508.5)	(6,285.6)	664.3	(44.2)	(8,174.0)
Profit/(loss) after taxation before inter-company charges from continuing operations	22,105.9	36,337.8	(7,185.0)	(13,216.5)	38,042.2
Loss after taxation from discontinued operations	–	–	–	–	–
Profit/(loss) for the year	22,105.9	36,337.8	(7,185.0)	(13,216.5)	38,042.2
Inter-company transactions					
Management fees	(2,889.8)	(2,104.7)	5,135.5	(140.9)	–
Inter-company interest charges	696.8	(13,217.3)	(527.3)	13,047.8	–
Profit/(loss) after taxation after inter-company charges	19,912.9	21,015.8	(2,576.8)	(309.6)	38,042.2
Segmental assets (total assets excluding goodwill)	110,478.7	244,449.6	12,292.3	4,354.3	371,574.9
Segmental liabilities	38,744.1	31,325.6	5,577.9	133,900.2	209,547.8
Goodwill	21,554.8	–	–	–	21,554.8
Net assets (excluding goodwill) (note 3)	71,734.6	213,124.0	6,714.4	(129,545.9)	162,027.1
Capital expenditure (note 4)	16,156.3	40,359.1	151.2	–	56,666.6
Reconciliation of adjusted EBITDA					
Net income/(loss) before taxation, finance income and finance costs	24,827.6	42,298.3	(8,189.6)	(528.0)	58,408.3
Adjust: Depreciation and amortisation	7,301.2	8,926.6	–	–	16,227.8
EBITDA	32,128.8	51,224.9	(8,189.6)	(528.0)	74,636.1
Adjust: Impairment reversal	–	(17,853.5)	–	–	(17,853.5)
Adjusted EBITDA (note 5)	32,128.8	33,371.4	(8,189.6)	(528.0)	56,782.6

Note 1: All gold sales were made in South Africa and the majority of revenue (more than 90%) was earned from sales to South African financial institutions.

Note 2: Other (expenses)/income exclude inter-company management fees and dividends.

Note 3: The segmental assets and liabilities above, exclude inter-company balances.

Note 4: Capital expenditure comprises of additions to property, plant and equipment and mineral rights and intangible assets.

Note 5: In the current financial year, the adjusted EBITDA is represented by earnings before interest, taxation, depreciation and amortisation and reversal of impairments.

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

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3. SEGMENTAL REPORTING continued

	30 June 2018 Continuing operations				30 June 2018 Discontinued operations			
	Barberton Mines USD thousand	Evander Mines (note 3) USD thousand	Corporate USD thousand	Funding Company USD thousand	Evander Mines (note 3) USD thousand	Phoenix Platinum (note 4) USD thousand	Reclassi-fication USD thousand	Conso-lidated USD thousand
Continuing operations								
Revenue – gold (note 1)	117,235.0	28,593.8	–	–	63,141.3	–	(63,141.3)	145,828.8
Other revenue	–	146.0	–	–	–	–	–	146.0
Revenue – platinum	–	–	–	–	–	1,921.0	(1,921.0)	–
Revenue and other revenue	117,235.0	28,739.8	–	–	63,141.3	1,921.0	(65,062.3)	145,974.8
Cost of production	(89,159.6)	(17,980.3)	–	–	(80,957.3)	(2,192.3)	83,149.6	(107,139.9)
Depreciation and amortisation	(5,668.9)	(956.6)	–	–	(8,260.6)	–	8,260.6	(6,625.5)
Operating profit	22,406.5	9,802.9	–	–	(26,076.6)	(271.3)	26,347.9	32,209.4
Other (expenses)/income (note 2)	(988.5)	1,014.0	(5,369.6)	(559.0)	(15,411.0)	58.3	15,352.7	(5,903.1)
Impairment costs	–	(10,763.4)	–	–	(129,537.5)	–	129,537.5	(10,763.4)
Asset held for sale adjustment	–	–	–	–	–	(346.0)	346.0	–
Royalty costs	(505.7)	(52.1)	–	–	(315.7)	–	315.7	(557.8)
Net income/(loss) before finance income and finance costs	20,912.3	1.4	(5,369.6)	(559.0)	(171,340.8)	(559.0)	171,899.8	14,985.1
Finance income	254.9	1,032.3	493.7	222.7	668.3	3.8	(672.1)	2,003.6
Finance costs	(1.6)	–	(8.0)	(4,215.7)	–	–	–	(4,225.3)
Profit/(loss) before taxation	21,165.6	1,033.7	(4,883.9)	(4,552.0)	(170,672.5)	(555.2)	171,227.7	12,763.4
Taxation	(3,128.7)	7,464.6	(1,468.4)	(41.5)	32,764.9	57.8	(32,822.7)	2,826.0
Profit/(loss) after taxation before inter-company charges from continuing operations	18,036.9	8,498.3	(6,352.3)	(4,593.5)	(137,907.6)	(497.4)	138,405.0	15,589.4
Loss after taxation from discontinued operations	–	–	–	–	–	–	(138,405.0)	(138,405.0)
Profit/(loss) for the year	18,036.9	8,498.3	(6,352.3)	(4,593.5)	(137,907.6)	(497.4)	–	(122,815.6)
Management fees	(2,645.9)	(118.5)	3,190.7	(155.6)	(270.7)	–	–	–
Inter-company interest charges	(401.9)	–	(487.4)	4,847.9	(3,958.6)	–	–	–
Profit/(loss) after taxation after inter-company charges	14,989.1	8,379.8	(3,649.0)	98.8	(142,136.9)	(497.4)	–	(122,815.6)
Segmental assets (total assets excluding goodwill)	104,521.1	206,877.4	9,832.9	935.9	–	–	–	322,167.3
Segmental liabilities	35,479.2	40,474.7	2,070.1	119,276.1	–	–	–	197,300.1
Goodwill	22,120.4	–	–	–	–	–	–	22,120.4
Net assets (excluding goodwill) (note 5)	69,041.9	166,402.7	7,762.8	(118,340.2)	–	–	–	124,867.2
Capital expenditure (note 6)	16,375.4	97,751.4	172.3	–	14,122.8	–	–	128,421.9
Reconciliation of adjusted EBITDA								
Net income/(loss) before taxation, finance income and finance costs	20,912.3	1.4	(5,369.6)	(559.0)	(171,340.8)	(559.0)	171,899.8	14,985.1
Adjust: Depreciation and amortisation	5,668.9	956.6	–	–	8,260.6	–	(8,260.6)	6,625.5
EBITDA	26,581.2	958.0	(5,369.6)	(559.0)	(163,080.2)	(559.0)	163,639.2	21,610.6
Adjust: Impairment costs	–	10,763.4	–	–	129,537.5	–	(129,537.5)	10,763.4
Asset held for sale adjustment	–	–	–	–	–	346.0	(346.0)	–
Adjusted EBITDA (note 7)	26,581.2	11,721.4	(5,369.6)	(559.0)	(33,542.7)	(213.0)	33,755.7	32,374.0

Note 1: All gold sales were made in South Africa and the majority of revenue (more than 90%) was earned from sales to South African financial institutions.

Note 2: Other (expenses)/income exclude inter-company management fees and dividends.

Note 3: During the prior financial year, Evander Mines' underground operations ceased on 31 May 2018. The ETRP, Kinross plants' surface sources and Elikhulu operations remained as continuing operations.

Note 4: The Phoenix Platinum disposal was concluded on 6 November 2017.

Note 5: The segmental assets and liabilities above exclude inter-company balances.

Note 6: Capital expenditure comprises of additions to property, plant and equipment and mineral rights and intangible assets.

Note 7: In the prior financial year, the adjusted EBITDA is represented by earnings before interest, taxation, depreciation and amortisation, impairments, discontinued operations and profit/(loss) on disposal of investments.

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

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4. NET FINANCE (COSTS)/INCOME

	Year ended 30 June 2019 USD thousand	Year ended 30 June 2018 USD thousand
Finance income related to financial instruments		
Finance income – bank	252.9	781.9
Finance income – other	452.6	570.8
Finance income – rehabilitation investment	137.2	650.9
	842.7	2,003.6
Finance income – other		
Finance income – SARS	7.0	–
Finance income – total	849.7	2,003.6
Finance costs related to financial instruments		
Finance costs – bank	(12,981.7)	(4,222.8)
Finance costs – other	(0.4)	(0.2)
	(12,982.1)	(4,223.0)
Finance costs – other		
Finance costs – SARS	(0.1)	(2.3)
Finance costs – rehabilitation provision	(59.6)	–
Finance costs – total	(13,041.8)	(4,225.3)
Net finance (costs)/income	(12,192.1)	(2,221.7)

5. TAXATION

	Year ended 30 June 2019 USD thousand	Year ended 30 June 2018 USD thousand
Income taxation expense		
South African normal taxation		
– current year	2,861.3	2,350.6
– prior year	0.1	(229.9)
Deferred taxation		
– current year	5,312.6	(4,946.7)

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	Year ended 30 June 2019 USD thousand	Year ended 30 June 2018 USD thousand
Financial assets:		
Measured at amortised cost		
Cash and cash equivalent	5,341.2	921.8
Long-term receivables	2,946.7	2,998.8
Receivables (note 1)	12,245.8	11,102.9
Measure at fair value through other comprehensive income		
Listed investment	6,802.0	4,133.9
Financial assets at fair value through profit and loss		
Rehabilitation trust fund	25,021.1	26,550.0
Financial instruments asset	–	289.5
Financial liabilities:		
Measured at fair value through profit or loss		
Financial instruments liabilities	917.7	–
Measured at amortised cost		
Trade and other payables (note 2)	35,274.3	36,279.4
Revolving credit facility	62,703.8	63,131.2
Term loan facility	71,061.7	56,122.4

Note 1: At the end of the current financial year, the group did not have trade receivables that are past overdue and not impaired. Trade receivables exclude prepayments, taxation and VAT.
Note 2: Trade and other payables exclude taxation and VAT.

Fair value of financial instruments

The directors consider that the carrying amounts of financial assets and liabilities approximate their fair values.

Fair value hierarchy

Financial instruments are measured at fair value and are grouped into Levels 1 to 3 based on the extent to which fair value is observable.

The levels are classified as follows:

Level 1 – fair value is based on quoted prices in active markets for identical financial assets or liabilities

Level 2 – fair value is determined using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices)

Level 3 – fair value is determined on inputs not based on observable market data.

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2019

6. FINANCIAL INSTRUMENTS continued

Fair value of financial instruments continued

Fair value hierarchy continued

	Level 1 USD thousand	Level 2 USD thousand	Level 3 USD thousand	Total USD thousand
30 June 2019				
Financial assets (note 1)	**6,802.0**	**–**	**–**	**6,802.0**
Rehabilitation fund (note 2)	**–**	**25,021.1**	**–**	**25,021.1**
Derivative financial instrument liability (note 3)	**–**	**917.7**	**–**	**917.7**
30 June 2018				
Financial assets (note 1)	4,133.9	–	–	4,133.9
Rehabilitation fund (note 2)	–	26,550.0	–	26,550.0
Derivative financial instrument assets (note 3)	–	289.5	–	289.5

Note 1: The fair value of the listed investment is treated as Level 1 per the fair value hierarchy, as its market share price is quoted on a stock exchange.

Note 2: The rehabilitation fund is treated as Level 2 per the fair value hierarchy as the contributions are invested in an interest-bearing short-term deposits and equity share portfolios held in insurance investment products managed by fund managers.

Note 3: The derivative financial asset and liability is treated as a Level 2 of the fair value hierarchy due to the following market-related inputs used in the valuation: USD gold price as at 30 June 2019 of USD1,141/oz (R637,865/kg).

7. BORROWINGS AND FINANCIAL COVENANTS

	Year ended 30 June 2019 USD thousand	Year ended 30 June 2018 USD thousand
Interest-bearing borrowings		
Revolving credit facility – current portion	**9,943.2**	6,426.2
Revolving credit facility – long-term portion	**52,760.6**	56,705.0
Term loan facility – current portion	**14,204.5**	–
Term loan facility – long-term portion	**56,857.1**	56,122.4
Total interest-bearing borrowings	**133,765.4**	119,253.6
Available facilities		
Revolving credit facility	**71,022.7**	72,886.3
Term loan facility	**71,022.7**	72,886.3
General banking facility	**9,943.2**	10,204.1
	151,988.6	155,976.7

7. BORROWINGS AND FINANCIAL COVENANTS continued

Financial covenants

The group's compliance to the revolving credit and term loan facility debt covenants are summarised below:

Covenant (note 1)	Measurement at year-end	Year ended 30 June 2019	Year ended 30 June 2018
Net debt to equity ratio	Must be less than 1:1	**0.7**	0.8
Net debt to adjusted EBITDA ratio (note 2)	Must be less than 2.5:1	**2.2**	3.6
Interest cover ratio	Must be greater than 2.5 times	**4.1**	4.6
Debt service cover ratio	Must be greater than 1.3 times	**1.4**	4.1

Note 1: Refer to the APM summary report for the covenant reconciliation and calculations.

Note 2: The net debt to adjusted EBITDA covenant is only measurable in December 2019, as agreed with the consortium of South African banks given the delay between capital expenditure and revenue generation. This allows for the measurement period to appropriately measure the cash flows from Elikhulu following the conclusion of construction, with the net debt.

Financial covenants are measured semi-annually based on the following limits effective 15 June 2019:

- The net debt to equity ratio must be less than 1:1
- The interest cover ratio must be greater than the ratios in the table below:

Measurement date	Ratio
30 June 2020	4:1
30 June 2021	4.5:1
30 June 2022	5.1:1

- The net debt to net adjusted EBITDA ratio must be less than the ratios in the table below:

Measurement date	Ratio
30 June 2020	2.5:1
30 June 2021	2:1
30 June 2022	1.5:1

- The debt service cover ratio must be greater than 1.3 times at measurement date.

8. SHARE CAPITAL

	Year ended 30 June 2019 Number	Year ended 30 June 2018 Number
Issued		
Number of ordinary shares issued (note 1)	**2,234,687,537**	2,234,687,537
Treasury shares (note 2)	**(306,358,058)**	(306,358,058)
	1,928,329,479	1,928,329,479

	Year ended 30 June 2019 USD thousand	Year ended 30 June 2018 USD thousand
Share capital	**38,150.6**	38,150.6

Note 1: No additional ordinary shares were issued during the current financial year (2018: nil).

Note 2: During the prior year, PAR Gold disposed of 130 million Pan African Resources' shares at USD0.09 per share, resulting in a decrease in the treasury shares held.

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9. DISPOSALS AND ACQUISITIONS

There were no disposals or acquisitions during the current financial year.

Corresponding period

Phoenix Platinum located in the North West province of South Africa was sold to Sylvania Platinum Limited on 6 November 2017 for R89.0 million (USD6.3 million). Refer to the result announcements for the financial year ended 30 June 2017 and six months ended December 2017 for additional information on this transaction.

10. COMMITMENTS AND CONTINGENT LIABILITIES

	Year ended 30 June 2019 USD million	Year ended 30 June 2018 USD million
Outstanding open orders	7.2	31.6
Authorised commitments not yet contracted for	26.5	18.5
Operating lease commitments – due within the next 12 months	1.2	1.2
Guarantees – Eskom Holdings SOC Limited	1.3	1.8
Guarantees – DMR	26.5	1.0

11. RELATED PARTY TRANSACTIONS

The related party transactions have been summarised in the following notes:

- Inter-company interest and management fees – refer to segment report note 3. Inter-company loans have no specific repayment terms, are repayable on demand and bear interest in relation to the cost incurred by the treasury function provided by Funding Company
- Inter-company dividend received from PAR Gold – refer to condensed consolidated statement of changes in equity.

No further major related party transactions occurred, either with third parties or with group entities, during the current and prior financial year.

12. GOING CONCERN

The group closely monitors and manages its liquidity risk by means of a centralised treasury function. Cash forecasts are regularly produced and sensitivities run for different scenarios including, but not limited to, changes in commodity prices and different production profiles from the group's producing assets. The group had USD16.0 million (2018: USD35.6 million) of available debt facilities and USD5.3 million (2018: USD0.9 million) of cash and cash equivalents as at 30 June 2019. 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 R543,000/kg (USD1,190/oz at a prevailing ZAR:USD average exchange rate ZAR14.19:USD1), and reduced production volumes, the group's forecasts from current operations 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 date of approval of the annual financial statements.

The board has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the group continues to adopt the going concern basis of accounting in preparation of the 30 June 2019 annual financial statements.

13. EVENTS AFTER THE REPORTING PERIOD

Subsequent to year-end, Yvonne Themba and Charles Needham were appointed as independent non-executive directors with effect from 17 July 2019.

Evander Mines entered into a gold loan for 20,000oz or USD28.3 million (R394 million) on 15 July 2019. The terms of the gold loan are as follows:

Gold loan ounces	20,000
Gold loan value	USD28.3 million
Number of instalments	12
Ounces per instalment	1,666.67
Term of loan	15 July 2019 – 30 June 2020
First instalment date	31 July 2019
Last instalment date	30 June 2020
Effective ZAR gold price	R633,347/kg

The gold loan is an IFRS 15 contract liability as Evander Mines has an obligation to transfer gold to RMB for the gold received on 15 July 2019. The group has elected the practical expedient to not adjust the consideration amount of the gold loan for the effects of financing. The practical expedient was applied as the gold loan's term is less than 12 months and the financing component does not represent a significant financing component of the gold loan's value. The gold loan will consequently not be carrying financing costs during the 30 June 2020 financial year.

In light of the prevailing strong rand gold price environment and given our emphasis on financial risk management and de-gearing the balance sheet, the group entered into the following zero cost collar derivatives:

	Unit	1 July 2019 – 31 December 2020
Gold hedged	(oz)	120,010
Average floor price	(R/kg)	654,166
Average ceiling price	(R/kg)	828,303

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for the year ended 30 June 2019

14. CORRECTION OF PRIOR PERIOD ERRORS

During the current financial year, and as a result of restating the group's presentation currency from GBP to USD, the group identified that goodwill was incorrectly disclosed in the prior financial years at GBP21,000,714. The goodwill related to Barberton Mines' cash-generating unit and was originally recorded at R303,491,818 upon acquisition of Barberton Mines in July 2007 in its functional currency (rand). The goodwill disclosed in the 30 June 2018 and 30 June 2017 annual financial statements was not translated from rand into the group's presentation currency at the closing exchange rate. As a consequence, this error resulted in the goodwill and total equity being overstated.

The impact of the error in the 30 June 2018 and 30 June 2017 financial years is summarised below:

	30 June 2018 USD thousand	30 June 2017 USD thousand
Statement of financial position		
Goodwill – Previously disclosed in GBP presentation currency	21,000.7	21,000.7
Goodwill – in USD (translated to USD presentation currency at closing rates)	27,737.7	27,315.6
Goodwill – in USD (corrected to ZAR translation)	22,120.4	23,256.1
Impact through the foreign currency translation reserve	5,617.3	4,059.5
Statement of profit and loss and other comprehensive income		
Items that will not be reclassified to the statement of profit or loss (net of taxes)		
Foreign currency translation differences impact	5,617.3	4,059.5

The correction of this prior year error impacts total assets and total equity in the statement of financial position, and other comprehensive income in the statement of profit or loss and other comprehensive income. The corrected goodwill disclosure has no impact on:

- the group's profit after taxation
- basic and diluted earnings per share
- the consolidated statement of cash flows.

Reclassification of the realisation costs to cost of production

To ensure alignment with the new revenue standard IFRS 15, and the group's focus on decluttering the annual financial statements, the group reclassified realisation costs of USD2.7 million from net on-mine revenue to cost of production in the 30 June 2018 statement of profit or loss and other comprehensive income. The realisation costs relate to refining costs and by nature is more appropriately disclosed as a cost of production.

The reclassification impacts the line item disclosure in the 30 June 2018 statement of profit or loss and other comprehensive income between on-mine revenue and cost of production.

The reclassification of realisation costs in statement of profit or loss and other comprehensive income for the year ended 30 June 2018 had no effect on the:

- group's profit after taxation
- consolidated statement of financial position and cash holdings
- group's basic and diluted earnings per share.

14. CORRECTION OF PRIOR PERIOD ERRORS continued

Classification of proceeds from derivative financial instruments in the statement of cash flows

In the prior financial year, the group received USD1.2 million on settlement of derivative financial instruments which was disclosed as a financing activity in the statement of cash flows. Derivative financial instruments are zero cost collar hedges entered into with various financial institutions to protect operational cash flows, therefore cash flows associated with these derivative financial instruments are by nature, more closely related to operating activities. On this basis the proceeds received on settlement of these derivative financial instruments should have been disclosed in operating activities and not financing activities in the statement of cash flows. As a consequence, this error resulted in the net cash generated from financing activities being overstated and net cash used in operating activities being understated.

The impact of restating the settlement of derivative financial instruments from financing activities to operating activities is summarised below:

	30 June 2018 USD thousand
Net cash generated from financing activities – before	124,830.2
Net cash generated from financing activities – after	123,617.5
Impact on net cash generated from financing activities	(1,212.7)
Net cash used in operating activities – before	(14,608.1)
Net cash used in operating activities – after	(13,395.1)
Impact on net cash used in operating activities	1,212.7
Increase/(decrease) in cash and cash equivalents	–

The correction of the classification of the proceeds received on settlement of derivative financial instruments from financing activities to operating activities in the consolidated statement of cash flows for the year ended 30 June 2018 had no effect on the:

- group's profit after taxation
- consolidated statement of financial position and cash holdings
- group's basic and diluted earnings per share.

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2019

15. IMPACT OF APPLYING SIGNIFICANT ACCOUNTING POLICIES EFFECTIVE IN THE CURRENT FINANCIAL YEAR

The group applied IFRS 15 and IFRS 9 from 1 July 2018. A number of other new standards are also effective from 1 July 2018 but they do not have a material effect on the group's annual financial statements. The group also changed its reporting currency to USD from GBP.

IFRS 15: *Revenue from Contracts with Customers*

The group adopted IFRS 15 as of 1 July 2018. The implementation of IFRS 15 has not had an impact on revenue recognition (timing or quantum) for the group's gold sales. The group also produces silver which is an insignificant by-product. Silver sales have similar trading terms as gold sales, resulting in revenue from silver being reclassified to revenue in the current year. The group has adopted the full retrospective adoption with regards to revenue.

The standard describes a five-step approach for the recognition of revenue:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract(s)
- Recognise revenue when (or as) the entity satisfies the performance obligation.

The group's significant revenue is from the sale of gold, which is a commodity priced relative to quoted benchmarks. Sales contracts contain a single obligation to deliver gold at which point in time title and risk pass to the purchaser. The quantum and the price of gold ounces traded are agreed upfront between parties before delivery.

IFRS 9: *Financial Instruments*

The group has adopted IFRS 9 as of 1 July 2018. The requirements of IFRS 9 represents a change from IAS 39: *Financial Instruments: Recognition and Measurement*. The impact of the change in accounting policy is disclosed below.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available-for-sale. Refer to the table below for a summary of the classification changes relating to the transition to IFRS 9.

IFRS 9 replaces the 'incurred loss model' in IAS 39 with an 'expected loss' model. The new impairment model applies to financial assets measured at amortised cost and financial assets measured at FVOCI. Under IFRS 9, credit losses are recognised earlier than IAS 39. Refer to the credit risk disclosure in note 29. An assessment was performed to determine the expected credit losses of financial assets and no credit losses were recognised.

IFRS 9 indicates a revised approach to hedge accounting, however, this has not impacted the group as hedge accounting is not applied.

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the group's financial assets and liabilities at the beginning of the current financial year.

15. IMPACT OF APPLYING SIGNIFICANT ACCOUNTING POLICIES EFFECTIVE IN THE CURRENT FINANCIAL YEAR continued

IFRS 9: *Financial Instruments* continued

			1 July 2018	
	New classification under IFRS 9	Original classification under IAS 39	Carrying amount under IFRS 9 USD thousand	Carrying amount under IAS 39 USD thousand
Financial assets				
Cash and cash equivalents	Measured at amortised cost	Loans and receivables	921.8	921.8
Long-term receivables	Measured at amortised cost	Loans and receivables	1,746.6	1,746.6
Current portion of long-term receivables	Measured at amortised cost	Loans and receivables	1,252.2	1,252.2
Trade receivables	Measured at amortised cost	Loans and receivables	11,102.9	11,102.9
Investments (note 1)	Measured at FVTOCI	Available-for-sale	4,133.9	4,133.9
Rehabilitation funds	Measured at FVTPL	Measured at FVTPL	26,550.0	26,550.0
Derivative financial instruments asset	Measured at FVTPL	Measured at FVTPL	289.5	289.5
Financial liabilities				
Trade and other payables	Measured at amortised cost	Measured at amortised cost	36,815.3	36,815.3
Revolving credit facility	Measured at amortised cost	Measured at amortised cost	63,131.2	63,131.2
Term loan facility	Measured at amortised cost	Measured at amortised cost	56,122.4	56,122.4

Note 1: As permitted by IFRS 9, the group has designated these investments at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

Financial assets and liabilities of the company were not impacted by the adoption of IFRS 9.

Change in presentation currency

The group changed the presentation currency for its 2019 financial results from GBP to USD. This change in presentation currency represents a voluntary change in an accounting policy in terms of IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors*.

A change in presentation currency requires the restatement of comparatives.

Management believes that reporting in USD provides more comparable representation of:

- the group's financial position
- funding and treasury functions
- the group's financial performance
- cash flows.

The functional currency (i.e. the currency of the primary economic environment in which the group operates) is the South African rand (ZAR), which remains unchanged. Foreign exchange exposures will therefore be unaffected by the change, although the foreign currency translation reserve would be presented in USD due to the differential in reporting the functional and presentation currencies.

OTHER ITEMS

ALTERNATIVE PERFORMANCE MEASURES

The group uses alternative performance measures (APMs) to improve the comparability of information between reporting periods and reporting segments, either by adjusting for uncontrollable or once-off factors which impact IFRS measurements and disclosures, or by aggregating measurements and disclosures, to aid the user of the integrated annual report in understanding the activity taking place across the group's portfolio. The directors are responsible for preparing and ensuring that the APMs comply with Practice Note 4/2019 (Performance Measures) of the JSE Listings Requirements.

Reconciliation of World Gold Council costs

30 June 2019 USD thousand	30 June 2018 USD thousand	Reconciliation of World Gold Council cost	30 June 2019 R million	30 June 2018 R million
152,980.0	186,438.6	**Cash Cost**	**2,170.9**	2,397.6
152,980.0	186,438.6	Cost of production	**2,170.9**	2,397.6
169,569.1	217,877.2	**All-in sustaining costs**	**2,406.3**	2,801.9
152,980.0	186,438.6	Cash cost	**2,170.9**	2,397.6
655.4	870.9	Royalties	**9.3**	11.2
1,726.6	1,049.8	Community cost related to gold operations	**24.5**	13.5
(303.0)	(147.7)	By-products credits	**(4.3)**	(1.9)
5,243.1	7,379.5	Corporate general and administrative costs	**74.3**	94.9
(592.0)	(38.9)	Reclamation and remediation – accretion and amortisation (operating sites)	**(8.3)**	(0.5)
4,911.9	9,051.3	Development capital (sustaining)	**69.7**	116.4
4,947.1	13,273.7	Maintenance capital expenditure (sustaining)	**70.2**	170.7
216,221.7	238,545.9	**All-in cost**	**3,068.3**	3,067.6
169,569.1	217,877.2	All-in sustaining cost	**2,406.3**	2,801.9
46,652.6	8,149.3	Capital expenditure (non-sustaining)	**662.0**	104.7
–	12,519.4	Voluntary severance pay (non-sustaining)	–	161.0

30 June 2019	30 June 2018	Unit	Average gold price received	Unit	30 June 2019	30 June 2018
1,266	1,301	(USD/oz)	Average gold price received	(R/kg)	577,573	538,100
217.4	208.8	(USD million)	Total operations – revenue	(R million)	3,084.6	2,685.3
171,706	160,444	(oz)	Gold sold	(kg)	5,341	4,990

30 June 2019	30 June 2018	Unit	Cash cost per oz/kg	Unit	30 June 2019	30 June 2018
890.9	1,162.0	(USD/oz)	Cash cost	(R/kg)	406,466	480,439
153.0	186.4	(USD million)	Cash costs	(R million)	2,170.9	2,397.6
171,706	160,444	(oz)	Gold sold	(kg)	5,341	4,990

ALTERNATIVE PERFORMANCE MEASURES continued

Reconciliation of costs

30 June 2019	30 June 2018	Unit	All-in sustaining cost oz/kg	Unit	30 June 2019	30 June 2018
987.6	1,358.0	(USD/oz)	All-in sustaining cost	(R/kg)	450,564	561,468
169.6	217.9	(USD million)	All-in sustaining costs	(R million)	2,406.3	2,801.9
171,706	160,444	(oz)	Gold sold	(kg)	5,341	4,990

30 June 2019	30 June 2018	Unit	All-in cost oz/kg	Unit	30 June 2019	30 June 2018
1,259.3	1,486.8	(USD/oz)	All-in cost	(R/kg)	574,462	614,713
216.2	238.5	(USD million)	All-in costs	(R million)	3,068.3	3,067.6
171,706	160,444	(oz)	Gold sold	(kg)	5,340	4,990

Note 1: The World Gold Council's cost definitions were used for the purpose of determining the APM (Source: World Gold Council).

Note 2: The average exchange rates used to translate the ZAR to USD are disclosed on page 2.

Reconciliation of adjusted EBITDA

Adjusted EBITDA	30 June 2019 USD thousand	30 June 2018 USD thousand
Net income before finance income and finance costs	**58,408.3**	14,985.1
Depreciation and amortisation	**16,227.8**	6,625.5
EBITDA	**74,636.1**	21,610.6
Impairment (reversal)/impairment	**(17,853.5)**	10,763.4
Adjusted EBITDA	**56,782.6**	32,374.0

OTHER ITEMS continued

ALTERNATIVE PERFORMANCE MEASURES continued

Headline earnings per share combined operations

Reconciliation between earnings and headline earnings from combined operations

	Year ended 30 June 2019			Year ended 30 June 2018		
	Net profit USD thousand	Weighted average number of shares in issue	Earnings per share USD cents	Net profit USD thousand	Weighted average number of shares in issue	Earnings per share USD cents
Basic earnings/(loss) per share	38,042.0	1,928,329.5	1.97	(122,815.5)	1,809,726.7	(6.79)
Adjustments						
Profit on disposal of property, plant and equipment and mineral rights	(181.4)	–	(0.01)	(1.2)	–	–
Taxation on profit on disposal of property, plant and equipment and mineral rights	50.8	–	0.02	0.3	–	0.01
Fair value movement on asset held for sale	–	–	–	383.5	–	0.02
Impairment (reversal)/cost	(17,853.5)	–	(0.93)	140,300.9	–	7.75
Taxation on impairment reversal	2,795.9	–	0.14	–	–	–
Headline earnings per share	22,853.8	1,928,329.5	1.19	17,868.0	1,809,726.7	0.99
Dilutive potential ordinary shares	–	–	–	–	–	–
Diluted earnings per share	22,853.8	1,928,329.5	1.19	17,868.0	1,809,726.7	0.99

Note 1: Headline earnings per share is required in terms of the JSE Limited Listings Requirements.

Note 2: The weighted average number of shares in issue factor in the elimination of the 306.4 million PAR Gold shares. During the prior year, on 30 May 2018, 130 million Pan African Resources shares held by PAR Gold were disposed of at a price per share of R1.15. Refer to note 26.

Headline earnings per share from continuing operations

Reconciliation between earnings and headline earnings from continuing operations

	Year ended 30 June 2019			Year ended 30 June 2018		
	Net profit USD thousand	Weighted average number of shares in issue	Earnings per share USD cents	Net profit USD thousand	Weighted average number of shares in issue	Earnings per share USD cents
Basic earnings per share	38,042.0	1,928,329.5	1.97	15,589.5	1,809,726.7	0.86
Adjustments						
Profit on disposal of property, plant and equipment and mineral rights	(181.4)	–	(0.01)	(1.2)	–	–
Taxation on profit on disposal of property, plant and equipment and mineral rights	50.8	–	0.02	0.3	–	0.01
Impairment (reversal)/cost	(17,853.5)	–	(0.93)	10,763.4	–	0.59
Taxation on impairment reversal	2,795.9	–	0.14	–	–	–
Headline earnings per share	22,853.8	1,928,329.5	1.19	26,352.0	1,809,726.7	1.46
Dilutive potential ordinary shares	–	–	–	–	–	–
Diluted earnings per share	22,853.8	1,928,329.5	1.19	26,352.0	1,809,726.7	1.46

ALTERNATIVE PERFORMANCE MEASURES continued

Headline earnings per share from continuing operations continued

Reconciliation of net debt

	30 June 2019 USD thousand	30 June 2018 USD thousand
Net debt	129,868.3	118,042.3
Revolving credit facility	62,703.8	63,131.2
Elikhulu term loan facility	71,061.6	56,122.4
Cash and cash equivalents	(5,341.2)	(921.8)
Add: Derivative financial liabilities/(asset)	917.7	(289.5)
Less: Refinancing modification adjustment (note 1)	(418.2)	–
Less: Facilities arranging fees (note 1)	944.6	–

Note 1: The group's net debt, for covenant calculation purposes, includes derivative financial liabilities/(assets) and excludes refinancing modification adjustment and facilities arranging fees.

Reconciliation of the net asset value per share

		30 June 2019	30 June 2018
Group net asset value per share	USD cents	9.52	7.62
Total shares in issue (refer to note 9)	Number of shares	1,928.3	1,928.3
Net asset value	USD thousand	183,581.9	146,987.6

Covenant reconciliation and calculation

	Year ended 30 June 2019 USD thousand	Year ended 30 June 2018 USD thousand
Net debt	129,868.3	118,042.3
Equity	188,683.3	152,602.8
Net debt to equity ratio	0.69	0.77
Finance costs – revolving credit facility	6,149.7	4,740.0
Finance cost – term loan facility	7,562.8	2,139.0
Finance costs – general banking facilities	384.3	142.7
Total finance costs – interest-bearing facilities	14,096.8	7,021.7
Adjusted EBITDA	56,782.6	32,374.0
Unrealised losses from derivative financial instruments	1,190.5	–
Net adjusted EBITDA	57,973.1	32,374.0
Interest cover ratio	4.1	4.6
Net debt	129,868.3	118,042.3
Net adjusted EBITDA	57,973.1	32,374.0
Net debt to net adjusted EBITDA	2.2	3.6
Net adjusted EBITDA	57,973.1	32,374.0
Net working capital change	1,253.8	2,314.2
Add: Non-cash flow items	1,580.5	6,416.3
Total capital expenditure less capital funded through permitted indebtedness	(37,161.6)	–
Less: Dividends paid	–	(11,030.0)
Less: Taxation and royalty paid	(4,496.9)	(1,634.2)
Free cash flow	19,148.9	28,440.3
Debt service – finance costs from interest-bearing facilities	14,096.8	7,021.7
Debt service cover ratio	1.4	4.1

OTHER ITEMS continued

GROUP PRODUCTION SUMMARY

			Mining operations			Tailings operations				Total operations		
	Year ended 30 June	Units	Barberton Mines	Evander Mines	Total	BTRP	ETRP	Elikhulu	Total	Barberton Mines total	Evander Mines total	Group total
Tonnes milled – underground	**2019**	**(t)**	**247,635**	**63,971**	**311,606**	**–**	**–**	**–**	**–**	**247,635**	**63,971**	**311,606**
	2018	(t)	237,831	272,124	509,955	–	–	–	–	237,831	272,124	509,955
Tonnes milled – surface	**2019**	**(t)**	**45,629**	**–**	**45,629**	**–**	**–**	**–**	**–**	**45,629**	**–**	**45,629**
	2018	(t)	–	–	–	–	327,109	–	327,109	–	327,109	327,109
Tonnes milled – total underground and surface	**2019**	**(t)**	**293,264**	**63,971**	**357,235**	**–**	**–**	**–**	**–**	**293,264**	**63,971**	**357,235**
	2018	(t)	237,831	272,124	509,955	–	327,109	–	327,109	237,831	599,233	837,064
Tonnes processed – tailings	**2019**	**(t)**	**–**	**–**	**–**	**1,114,923**	**918,809**	**10,848,209**	**12,881,941**	**1,114,923**	**11,767,018**	**12,881,941**
	2018	(t)	–	–	–	858,967	1,855,249	–	2,714,216	858,967	1,855,249	2,714,216
Tonnes processed – surface feedstock	**2019**	**(t)**	**–**	**–**	**–**	**–**	**153,224**	**–**	**153,224**	**–**	**153,224**	**153,224**
	2018	(t)	–	–	–	–	327,109	–	327,109	–	327,109	327,109
Tonnes processed – total tailings and surface feedstock	**2019**	**(t)**	**–**	**–**	**–**	**1,114,923**	**1,072,033**	**10,848,209**	**13,035,165**	**1,114,923**	**11,920,242**	**13,035,165**
	2018	(t)	–	–	–	858,967	2,182,358	–	3,041,325	858,967	2,182,358	3,041,325
Tonnes milled and processed – total	**2019**	**(t)**	**293,264**	**63,971**	**357,235**	**1,114,923**	**1,072,033**	**10,848,209**	**13,035,165**	**1,408,187**	**11,984,213**	**13,392,400**
	2018	(t)	237,831	272,124	509,955	858,967	2,182,358	–	3,041,325	1,096,798	2,454,482	3,551,280
Overall recovered grade	**2019**	**(g/t)**	**8.0**	**8.2**	**8.0**	**0.7**	**0.3**	**0.1**	**0.2**	**2.2**	**0.2**	**0.4**
	2018	(g/t)	9.6	5.6	7.4	0.6	0.3	–	0.4	2.6	0.9	1.4
Overall recovery – underground	**2019**	**(%)**	**94**	**94**	**94**	**–**	**–**	**–**	**–**	**94**	**94**	**94**
	2018	(%)	93	98	95	–	–	–	–	93	98	95
Overall recovery – tailings	**2019**	**(%)**	**–**	**–**	**–**	**45**	**49**	**49**	**48**	**45**	**49**	**48**
	2018	(%)	–	–	–	46	39	–	44	46	39	44
Gold produced – underground	**2019**	**(oz)**	**72,864**	**16,879**	**89,743**	**–**	**–**	**–**	**–**	**72,864**	**16,879**	**89,743**
	2018	(oz)	73,125	48,565	121,690	–	–	–	–	73,125	48,565	121,690
Gold production – surface operations	**2019**	**(oz)**	**2,492**	**–**	**2,492**	**–**	**–**	**–**	**–**	**2,492**	**–**	**2,492**
	2018	(oz)	–	–	–	–	–	–	–	–	–	–
Gold produced – tailings (note 2)	**2019**	**(oz)**	**–**	**–**	**–**	**24,007**	**3,762**	**46,201**	**73,970**	**24,007**	**49,963**	**73,970**
	2018	(oz)	–	–	–	17,504	7,128	–	24,632	17,504	7,128	24,632
Gold produced – surface feedstock	**2019**	**(oz)**	**–**	**–**	**–**	**–**	**6,237**	**–**	**6,237**	**–**	**6,237**	**6,237**
	2018	(oz)	–	–	–	–	14,122	–	14,122	–	14,122	14,122
Gold produced – total (note 2)	**2019**	**(oz)**	**75,356**	**16,879**	**92,235**	**24,007**	**9,999**	**46,201**	**80,207**	**99,363**	**73,079**	**172,442**
	2018	(oz)	73,125	48,565	121,690	17,504	21,250	–	38,754	90,629	69,815	160,444
Gold sold – total (note 2)	**2019**	**(oz)**	**75,356**	**16,879**	**92,235**	**24,007**	**9,999**	**45,465**	**79,471**	**99,363**	**72,343**	**171,706**
	2018	(oz)	73,125	48,565	121,690	17,504	21,250	–	38,754	90,629	69,815	160,444

OTHER ITEMS continued

GROUP PRODUCTION SUMMARY continued

			Mining operations			Tailings operations				Total operations		
	Year ended 30 June	Units	Barberton Mines	Evander Mines	Total	BTRP	ETRP	Elikhulu	Total	Barberton Mines total	Evander Mines total	Group total
Average rand gold price received	**2019**	**(R/kg)**	**577,902**	**573,722**	**577,137**	**578,146**	**560,446**	**581,920**	**578,078**	**577,961**	**577,039**	**577,573**
	2018	(R/kg)	534,288	537,161	535,434	535,055	555,870	–	546,469	534,436	542,856	538,100
Average USD gold price received	**2019**	**(USD/oz)**	**1,267**	**1,258**	**1,265**	**1,267**	**1,228**	**1,267**	**1,267**	**1,267**	**1,265**	**1,266**
	2018	(USD/oz)	1,292	1,299	1,295	1,294	1,344	–	1,322	1,293	1,299	1,301
Rand cash cost*	**2019**	**(R/kg)**	**477,109**	**803,183**	**536,781**	**251,624**	**265,210**	**254,925**	**255,222**	**422,630**	**384,266**	**406,466**
	2018	(R/kg)	435,368	695,246	539,082	285,593	305,108	–	296,294	406,441	576,497	480,439
Rand all-in sustaining costs*	**2019**	**(R/kg)**	**567,947**	**806,630**	**611,626**	**251,973**	**265,210**	**269,442**	**263,633**	**491,605**	**394,193**	**450,564**
	2018	(R/kg)	507,130	853,797	645,481	287,390	306,120	–	297,661	464,690	687,098	561,468
Rand all-in cost*	**2019**	**(R/kg)**	**602,601**	**879,188**	**653,216**	**262,779**	**265,210**	**647,489**	**483,175**	**520,497**	**648,711**	**574,516**
	2018	(R/kg)	513,553	963,882	693,274	443,188	306,120	–	368,029	499,963	763,675	614,713
USD cash cost*	**2019**	**(USD/oz)**	**1,046**	**1,761**	**1,177**	**552**	**581**	**555**	**559**	**926**	**842**	**891**
	2018	(USD/oz)	1,053	1,682	1,304	691	738	–	717	983	1,394	1,162
USD all-in sustaining cost*	**2019**	**(USD/oz)**	**1,245**	**1,768**	**1,341**	**552**	**581**	**587**	**578**	**1,078**	**864**	**988**
	2018	(USD/oz)	1,227	2,065	1,561	695	740	–	720	1,124	1,662	1,358
USD all-in cost*	**2019**	**(USD/oz)**	**1,321**	**1,927**	**1,432**	**576**	**581**	**1,410**	**1,059**	**1,141**	**1,422**	**1,259**
	2018	(USD/oz)	1,242	2,331	1,677	1,072	740	–	890	1,209	1,847	1,487
Rand cash cost per tonne*	**2019**	**(R/t)**	**3,813**	**6,592**	**4,311**	**169**	**77**	**33**	**48**	**928**	**72**	**162**
	2018	(R/t)	4,163	3,859	4,001	181	92	–	117	1,045	510	675
Capital expenditure	**2019**	**(R million)**	**221.2**	**38.1**	**259.3**	**8.1**	**–**	**534.6**	**542.7**	**229.3**	**572.7**	**802.0**
	2018	(R million)	125.0	181.5	306.5	85.4	–	1,256.1	1,341.5	210.4	1,437.6	1,648.0
Revenue	**2019**	**(R million)**	**1,354.5**	**301.2**	**1,655.7**	**431.7**	**174.3**	**822.9**	**1,428.9**	**1,786.2**	**1,298.4**	**3,084.6**
	2018	(R million)	1,215.2	811.4	2,026.6	291.3	367.4	–	658.7	1,506.5	1,178.8	2,685.3
Cost of production	**2019**	**(R million)**	**1,118.3**	**421.7**	**1,540.0**	**187.9**	**82.5**	**360.5**	**630.9**	**1,306.2**	**864.7**	**2,170.9**
	2018	(R million)	990.2	1,050.2	2,040.4	155.5	201.7	–	357.2	1,145.7	1,251.9	2,397.6
All-in sustaining cost*	**2019**	**(R million)**	**1,331.2**	**423.5**	**1,754.7**	**188.1**	**82.5**	**381.0**	**651.6**	**1,519.3**	**887.0**	**2,406.3**
	2018	(R million)	1,153.4	1,289.7	2,443.1	156.5	202.3	–	358.8	1,309.9	1,492.0	2,801.9
All-in cost*	**2019**	**(R million)**	**1,412.4**	**461.6**	**1,874.0**	**196.2**	**82.5**	**915.6**	**1,194.3**	**1,608.6**	**1,459.7**	**3,068.3**
	2018	(R million)	1,168.0	1,456.0	2,624.0	241.3	202.3	–	443.6	1,409.3	1,658.3	3,067.6
Adjusted EBITDA* (note 2)	**2019**	**(R million)**	**277.9**	**(32.9)**	**245.0**	**178.0**	**65.0**	**441.4**	**684.4**	**455.9**	**473.5**	**929.4**
	2018	(R million)	247.0	(270.0)	(23.0)	94.6	150.6	–	245.2	341.6	(119.4)	222.2
Average exchange rate	**2019**	**(R/USD)**	**14.19**	**14.19**	**14.19**	**14.19**	**14.19**	**14.28**	**14.19**	**14.19**	**14.19**	**14.19**
	2018	(R/USD)	12.85	12.85	12.85	12.85	12.85	12.85	12.85	12.85	12.85	12.85

Note 1: Adjusted EBITDA is represented by earnings before interest, taxation, depreciation and amortisation, impairments, discontinued operations and profit/(loss) on disposal of investments. The adjusted EBITDA is specific to the gold mining operations and excludes the corporate entities.

Note 2: Gold sold excludes 736oz produced by Elikhulu during August 2018. The associated gold revenue and costs were capitalised for accounting purposes, prior to Elikhulu achieving commercial production on 1 September 2019. The August 2018 tonnes processed is 509,759t.

OTHER ITEMS continued

GLOSSARY OF TECHNICAL TERMS

Au	Chemical symbol for gold
Cut-off grade	The lowest grade value that is included in a resource statement
Grade	The proportion of a mineral within a rock or other material. For gold mineralisation this is usually reported as grams of gold per tonne of rock (g/t)
g/t	Grammes per tonne
Indicated Mineral Resource	That part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed
Inferred Mineral Resource	That part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that may be limited, or of uncertain quality and reliability
Life-of-mine	The time in which, through the employment of the available capital, the ore reserves or such reasonable extension of the ore reserves as conservative geological analysis may justify will be extracted
m	metre
Mineral Resource	A concentration or occurrence of material of economic interest in or on the earth's crust in such a form, quality, and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a Mineral Resource are known, estimated from specific geological knowledge, or interpreted from a well constrained and portrayed geological model
Measured Resource	That part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity
Moz	Million troy ounces
Ore	A mineral deposit that can be extracted and marketed profitably
Orebody	Mining term to define a solid mass of mineralised rock which can be mined profitably under current or immediately foreseeable economic conditions

GLOSSARY OF TECHNICAL TERMS continued

Ore Reserves	The economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined
Ounce/oz	Troy ounce, equivalent to 31.103477 grams
Probable Mineral Reserve	The economically mineable part of an Indicated and, in some circumstances, a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified
Proven Mineral Reserve	The economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified
t	Tonne (1 million grams)

COMPANY INFORMATION

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(Incorporated and registered on
25 February 2000 in England and Wales under the
Companies Act 1985, registration number: 3937466)
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Share code on JSE: PAN
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MEETING AND CONFERENCE CALL DETAILS ARE AS FOLLOWS

DATE
18 September 2019

TIME
11:00 (SA time), 10:00 (UK time)

VENUE
Batha Room, 54 on Bath, 54 Bath Avenue, Rosebank, Johannesburg

FOR THOSE ATTENDING IN PERSON
Parking is available at Rosebank Mall. Refreshments will be served after the presentation.

FOR THOSE DIALLING IN
A live teleconference facility is available for dial-in participants on the following numbers. Please ask to be joined to the Pan African Resources PLC call and provide your name and company upon entering the call.

UK listeners: 0 333 300 1418
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