



PROFITABLE / SUSTAINABLE / STAKEHOLDERS / GROWTH

**PROVISIONAL SUMMARISED
AUDITED RESULTS**

for the year ended 30 June 2020

Results highlights

Key features are reported in US dollar (US\$) and South African rand (ZAR)
Pan African Resources PLC (Pan African or the Company or the Group)

The Group responded swiftly in implementing **stringent policies** and protocols to mitigate the impact of the COVID-19 pandemic on its employees and operations

Gold production of **179,457oz** exceeded the revised production guidance for the year of 176,000oz

Industry-leading safety performance, both in terms of lost-time injury and reportable injury frequency rates for the year ended 30 June 2020

Net cash generated by operating activities increased by **42.7%** to US\$53.8 million

Reduced net debt [⊕] by **41.2%**, implying a net debt to adjusted EBITDA ratio of 0.7

Despite the impact of COVID-19, the Group generated profit after taxation and headline earnings [⊕] of **US\$44.3 million** and US\$44.2 million, respectively


The board has proposed a record final dividend of **ZAR312.9 million** or approximately US\$18.7 million, at prevailing exchange rates, subject to approval by shareholders at the annual general meeting (AGM)

The development of Evander Mines' Egoli project has commenced. The project's payback is estimated at **less than five years** from inception of construction, with funding provided on a non-dilutive basis by means of a dedicated debt facility

Production guidance increased to **190,000oz** for the year ending 30 June 2021

The following tools will assist you throughout the report:

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

 For further reading in this report

 Alternative performance measures (APMs)

This announcement is inside information for the purposes of Article 7 of Regulation 596/2014

Chief executive officer's statement

Over the past year, our Group's operations demonstrated their resilience, with gold production in excess of the revised guidance for the year ended 30 June 2020 (Reporting Period).

This operational performance was achieved despite the impact of the COVID-19 pandemic and the resultant restrictions imposed to curb the spread of the virus – a testament to the robustness and operational flexibility of our diversified portfolio of assets.

Gold production from Eikihulu and the Barberton Tailings Retreatment Plant (BTRP), our low-cost surface retreatment operations, have contributed significantly to the profitability of the Group and demonstrated the benefit of multiple producing operations.

We are pleased to confirm that we remain firmly on track to deliver into our guided gold production of 190,000oz for the year ending 30 June 2021, a substantial increase compared to the revised production guidance of 176,000oz for the Reporting Period.

We successfully levered the Group's operational execution capability to bring Evander Mines' 8 Shaft (8 Shaft) pillar project and the Prince Consort (PC) Shaft's Level 42 development at Barberton Mines' New Consort Mine into steady-state production, and these operations are now an integral part of our strategy to further reduce costs and increase margins at our underground mines.

Our Group's safety performance during the Reporting Period is commendable and we will remain unrelenting in the pursuit of our ultimate goal of zero harm in the years ahead. We are deeply saddened by the fatality that occurred after the Reporting Period, as outlined in the subsequent events section further in the announcement.

Pan African's earnings for the Reporting Period were adversely affected by COVID-19. This impact was however largely offset by the robust gold price and by our ability to expeditiously ramp up gold production, in line with government directives, post the initial hard lockdown period. Despite the impact of COVID-19, we are pleased to report increased earnings for the Group this year.

Reduced net debt during the Reporting Period by 41.2% to US\$76.4 million (2019: US\$129.9 million), which resulted in a significantly improved net debt to net adjusted EBITDA ratio [⊕] of 0.7 (2019: 2.2).

Group all-in sustaining costs (AISC) of US\$1,147/oz includes realised hedge losses of US\$12.0 million. Excluding these realised losses, the Group's AISC decrease to US\$1,078/oz (2019: US\$988/oz), which is more reflective of the actual operational costs and in line with the Group's targeted AISC of US\$1,000/oz. The AISC for the Group's low-cost operations, comprising Eikihulu, BTRP and Barberton Mines' Fairview Mine, was US\$826/oz for the Reporting Period. We believe the Group is well on track to produce at an AISC of below US\$1,000/oz for the 2021 financial year.

Our robust operational and financial performance over the past year, together with a positive outlook for the year ahead, has enabled the board to recommend a record dividend of ZAR312.9 million, or US 0.83582 cents per share, for approval by shareholders at the upcoming AGM.

The Group will continue to invest in our compelling organic growth projects, most notably the recently announced long-life Egoli project, which capitalises on the substantial existing shaft and plant infrastructure, and is also fully licenced and 'shovel-ready'. We are pleased to announce that following the successful completion of the feasibility study, the Group has obtained credit approval from Rand Merchant Bank (RMB) for the full debt funding of the project's capital expenditure. Additional detail on the Egoli project's development and funding is provided further in the announcement.

We have prioritised our environmental, social and governance (ESG) initiatives, as evidenced by the level of rehabilitation spend for the Reporting Period, and board approval for the implementation of a number of significant and sustainable development projects.

These include the 10MW renewable energy solar photovoltaic plant at Elikhulu and a large-scale agriculture project at Barberton Mines. The merits of a similar solar photovoltaic plant are also being considered for Barberton Mines, as well as new agriculture projects on rehabilitated land at Evander Mines.

We are acutely conscious of the ongoing impact of the COVID-19 pandemic and will continue to implement stringent preventative and precautionary measures to limit incidences of infection among our employees and in our host communities, and minimise the potential adverse impact of the pandemic on the Group's operations.

In the year ahead, aligned to our strategy of delivering safe, sustainable and high-margin gold production, we will continue to direct our focus on creating shareholder value by optimising our operations, further de-gearing our statement of financial position and increasing dividend distributions. Furthermore, we will also continue investing in our host communities to improve the living conditions of these critical stakeholders.

My sincere thanks and gratitude to all of the management and employees of Pan African for their contribution to the Group through this difficult time and for ensuring the sustainability of our operations, now and into the future.

OPERATIONAL KEY FEATURES

- Gold production increased by 4.1% to 179,457oz after final refinery adjustments (2019: 172,442oz), exceeding the revised full-year production guidance of 176,000oz
- Barberton Mines
 - Development into the first target block on Level 42 at the New Consort Mine – the PC Shaft was completed during June 2020 and this operation is now at steady-state
 - Production from Barberton Mines' underground operations decreased by 9.6% to 68,129oz (2019: 75,356oz) due to the impact of COVID-19
 - The BTRP's production decreased by 16.1% to 20,135oz (2019: 24,007oz) in line with the mine plan and production guidance
- Evander Mines
 - Production from Elikhulu increased by 29.0% to 59,616oz (2019: 46,201oz)
 - Steady-state production was achieved at the 8 Shaft pillar during May 2020, and production

is on track for the planned 30,000oz per year over the next three years

- Gold production from Evander Mines' underground operations increased by 22.5% to 20,670oz (2019: 16,879oz) mainly due to the incremental production contribution from the 8 Shaft pillar
- The Group maintained an industry-leading safety performance for the Reporting Period, with Barberton Mines achieving 3 million fatality-free shifts during June 2020, a record for the past decade
- The Pan African board has approved the construction of a solar photovoltaic plant at Elikhulu, which will contribute to a more reliable power supply during daylight hours and which is expected to materially reduce electricity costs at this operation after its 12-month construction period.

NEAR-TERM GROWTH PROJECTS

The independent review of the Egoli project's feasibility study has been completed, with detailed mine scheduling now underway. The Egoli project is expected to contribute incremental production of between 60,000oz to 80,000oz per annum, over its initial life of mine (LOM) of nine years. This LOM excludes the Inferred Mineral Resources of 6,26Mt at 9,68g/t (1.95Moz), which will be accessed once underground development proceeds, and can potentially increase the LOM to 14 years. The feasibility study projects steady-state annual production of 72,000oz in the second year of post commissioning production, at an AISC of less than US\$1,000/oz.

FINANCIAL KEY FEATURES

- Revenue increased by 25.9% to US\$273.7 million (2019: US\$217.4 million)
- Profit after taxation increased by 16.6% to US\$44.3 million (2019: US\$38.0 million)
- Earnings per share (EPS) increased by 16.8% to US 2.30 cents per share (2019: US 1.97 cents per share)
- Headline earnings increased by 93.0% to US\$44.2 million (2019: US\$22.9 million)
- Headline earnings per share (HEPS) increased by 92.4% to US 2.29 cents per share (2019: US 1.19 cents per share)
- Net cash generated by operating activities increased by 42.7% to US\$53.8 million (2019: US\$37.7 million)
- Net senior debt[Ⓔ] decreased by 51.9% to US\$62.0 million (2019: US\$129.0 million)

- Improved net debt to net adjusted EBITDA ratio[Ⓔ] of 0.7 (2019: 2.2)
- Low-cost operations (Elikhulu, BTRP and Barberton Mines' Fairview Mine) achieved an AISC of US\$826/oz for the Reporting Period
- Adjusted EBITDA increased by 52.3% to US\$86.5 million (2019: US\$56.8 million)
- Proposed record final dividend of ZAR312.9 million or approximately US\$18.7 million, equating to ZA 14 cents per share or approximately US 0.83582 cents per share (0.65451) pence per share (2019: US 0.15179 cents per share) at prevailing exchange rates. This dividend remains subject to approval by shareholders at the AGM scheduled for 26 November 2020.

SUMMARY OF SALIENT FEATURES

Salient features	Unit	Year ended 30 June 2020	Year ended 30 June 2019	Movement %
Gold produced	oz	179,457	172,442	4.1
Gold sold ¹	oz	173,864	171,706	1.3
Revenue	US\$ million	273.7	217.4	25.9
Average gold price received	US\$/oz	1,574	1,266	24.3
	ZAR/kg	793,121	577,573	37.3
Cash costs	US\$/oz	911	891	2.2
	ZAR/kg	459,151	406,466	13.0
AISC ² (refer to detailed commentary)	US\$/oz	1,147	988	16.1
	ZAR/kg	577,887	450,564	28.3
All-in costs ²	US\$/oz	1,289	1,259	2.4
	ZAR/kg	649,480	574,516	13.0
Adjusted EBITDA ³	US\$ million	86.5	56.8	52.3
Attributable earnings	US\$ million	44.3	38.0	16.6
Headline earnings	US\$ million	44.2	22.9	93.0
EPS	US cents	2.30	1.97	16.8
HEPS ⁴	US cents	2.29	1.19	92.4
Net debt ⁴	US\$ million	76.4	129.9	(41.2)
Total sustaining capital expenditure	US\$ million	16.4	10.0	64.0
Total capital expenditure	US\$ million	41.1	56.7	(27.5)
Net asset value per share ⁴	US cents	9.52	9.52	0.0
Weighted average number of shares in issue	million	1,928.3	1,928.3	0.0
Average exchange rate	US\$/ZAR	15.67	14.19	10.4
Closing exchange rate	US\$/ZAR	17.33	14.08	23.1

¹ Gold sold excludes 5,593oz produced by Evander Mines' mining operations between July 2019 and May 2020. The associated revenue and costs were capitalised for accounting purposes prior to the 8 Shaft pillar project reaching steady-state production during May 2020.

² The AISC per kilogramme and all-in cost per kilogramme, includes realised derivative mark-to-market fair value gains/losses and excludes unrealised derivative mark-to-market fair value gains/losses relating to the current gold mining operations. Refer to the APM summary report for the Reporting Period for the reconciliation of cost of production as calculated in accordance with IFRS to AISC and all-in cost for the Reporting Period.

³ Adjusted EBITDA comprises earnings before interest, taxation, depreciation and amortisation and impairment reversals.

⁴ Refer to the APM summary report for the Reporting Period.

GROUP SAFETY

The Group maintained an industry-leading safety performance following several safety initiatives and interventions:

- Reported a Group RIFR of 0.8 per million man hours (2019: 0.51 per million man hours)
- Group LTIFR remained relatively unchanged at 1.70 per million man hours (2019: 1.62 per million man hours)
- Barberton Mines achieved 3 million fatality-free shifts in June 2020 – a record for the mine in the past decade
- Fairview Mine achieved 2 million fatality-free shifts in April 2020
- Eilikhulu experienced no lost-time injuries during the past 11 months, contributing to the Group's commendable safety performance.

Pan African will continue to pursue further improvements to its safety performance in the years ahead and remains committed to its unrelenting pursuit of the ultimate goal of zero harm.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Pan African has prioritised its ESG initiatives and the Group recognises and welcomes increased scrutiny of ESG-centred issues by the investment community. The Company is committed to a sustainable business model and has set standards that routinely go beyond regulatory compliance. Pan African proactively manages and monitors its ESG responsibilities by means of a framework and conducted independent audits on its carbon taxation emissions, tailings storage facilities, mineral tenure compliance, social and labour plans implementation, environmental management system compliance and water-use licences during the Reporting Period.

The Group's commitment to ESG and contribution to the sustainability of communities, post mining, is demonstrated by its commitment to renewable energy and large-scale, labour-intensive agriculture projects, utilising available resources surrounding its operations. The rehabilitation of old mining infrastructure and tailings facilities will also make land available for alternative uses by host communities. Other sustainable economic initiatives that the Group continues to invest in include eco-tourism, infrastructure development in health and education as well as local supplier and procurement development.

The Group's sustainable development report, containing details of the ESG initiatives and compliance, will be released on the Company's website at

www.panafricanresources.com on 16 September 2020.

MINERAL RESOURCES AND MINERAL RESERVES

The Group's operations consist of long-life, robust assets with a rich history of production and mining, and underpin the Group's production guidance and declared Mineral Resources and Mineral Reserves.

The Group's Mineral Resources and Mineral Reserves at 30 June 2020, in compliance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2016 edition (SAMREC Code), are summarised as follows:

- Gold Mineral Resources of 332.3Mt at 3.52g/t for 37.61Moz (30 June 2019: 335.8Mt at 3.33g/t for 35.97Moz)

Gold Mineral Resources	Tonnes Mt	Grade g/t	Gold t	Gold Moz
Barberton hard rock	24.4	4.8	117.0	3.8
BTRP	21.0	1.3	26.5	0.9
Evander underground	103.8	9.4	974.7	31.3
Eilikhulu	183.1	0.3	51.7	1.7
Total	332.3	3.5	1,169.8	37.6

- Gold Mineral Reserves of 208.2Mt at 1.62g/t for 10.87Moz (30 June 2019: 216.6Mt at 1.57g/t for 10.92Moz)

Gold Mineral Reserves	Tonnes Mt	Grade g/t	Gold t	Gold Moz
Barberton hard rock	15.5	3.3	51.7	1.7
BTRP	9.0	1.7	15.4	0.5
Evander underground	27.1	8.4	227.1	7.3
Eilikhulu	156.5	0.3	43.8	1.4
Total	208.2	1.6	338.0	10.9

In determining our Mineral Resources and Mineral Reserves, a gold price of ZAR750,000/kg (US\$1,414 oz) and ZAR650,000/kg (US\$1,225/oz)

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.

The Group's Mineral Resources increased by 5% year-on-year, mainly due to cut-off grade changes at Evander Mines, an optimised mining method at Royal Sheba and additional Mineral Resource blocks at Fairview Mine. The changes in the cut-off grade are affected by the higher gold price used in the cut-off grade estimations, relative to previous declarations. Mineral Reserves decreased marginally, year-on-year, with a decrease of 0.5% recorded. This is inclusive of 169Koz depleted from the Mineral Reserves due to mining and processing, and excludes surface sources not accounted for in our Mineral Reserves.

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

- Fairview Mine has a modelled remaining life of 20 years, and the Sheba Mine and Royal Sheba project combined also represent a 20-year life
- The Group's flagship tailings retreatment operation, Eilikhulu, has a remaining life of 12 years
- New Consort Mine and BTRP have remaining lives of eight years and six years, respectively
- The Group's access to long-life organic growth projects such as Egoli, Rolspruit, Poplar and others form the basis of a strong foundation for the Mineral Resources and Mineral Reserves with a LOM in excess of 14 years.

The competent person for Pan African, Hendrik Pretorius, the manager for Group mineral resource management, signs off on 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 (GSSA – CSIR Mining Precinct, Corner Rustenburg and Carlow Roads, Melville, South Africa). Hendrik has 17 years' experience in economic geology and mineral resource management.

He is based at The Firs Office Building, 2nd Floor, Office 204, Corner Cradock and Biermann Avenues, Rosebank, Johannesburg, South Africa. He holds a BSc (Hons) degree in Geology from the University of Johannesburg as well as a Graduate Diploma in Mining Engineering 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.

For more detail on the reported Mineral Resources and Mineral Reserves, the annual Mineral Resources and Mineral Reserves report for the 2020 Reporting Period will be published on our website at www.panafricanresources.com on 16 September 2020.

COST OPTIMISATION INITIATIVES

The Group has undertaken several initiatives to improve production and reduce unit costs at its higher cost operations, with the objective of reducing AISC to less than US\$1,000/oz for the 2021 Reporting Period. These initiatives include:

Evander Mines' 8 Shaft pillar project

Notwithstanding delays as a result of the COVID-19 pandemic, and subsequent national lockdown restrictions impacting underground mining operations, the Group is pleased to report that it achieved steady-state production at the 8 Shaft pillar during May 2020, following the completion of the shaft tower construction between 14 and 16 Levels at this shaft.

The 8 Shaft pillar is expected to produce 30,000oz of gold annually for the next three years at an average AISC of less than US\$1,000/oz. Mining of the 8 Shaft pillar significantly reduces the risk profile of Evander Mines' underground operations, with simplified logistics, modern underground mining support and reduced travelling times to the workplace expected to contribute to reduced production costs.

Barberton Mines' New Consort operation

The Group's interim results presentation provided detailed plans for the development into new stoping areas around the PC Shaft. Development into the first target block, on Level 42 of this shaft, has been completed, with a Proved Mineral Reserve delineated of 5,000t at an average grade of 25g/t. The orebody was intersected in early May 2020 following COVID-19-related delays. Initial sampling revealed grades in certain areas in excess of 300g/t containing large amounts of visible gold. Production from this resource block is expected to reduce New Consort's

AISC and ensure the operation's future profitability. Notably, New Consort outperformed its gold production targets by more than 60% (or 11kg) for the two months after access was gained into the target block. The Group's on-site exploration team has identified several additional potential targets, using advanced exploration techniques, and these will be prioritised, explored and developed, if viable, in the next year.

A presentation containing technical details of the abovementioned PC Shaft project is available on the Group's website at www.panafricanresources.com

Barberton Mines' Fairview operation

Improved flexibility, resulting from accelerated underground development programmes implemented during the current and prior Reporting Period, have increased face length availability (over 130m of high-grade face length), which will assist the Group in delivering on its production guidance for the 2021 financial year. Geological complexity, as experienced on the 256 Platform of the Main Reef Complex (MRC) orebody at Fairview Mine, has been mitigated to a large degree with increased reserve delineation drilling, increasing the confidence and predictability of geological models. Mining has now also commenced on the 257 Platform of the MRC orebody. Geological mapping and reserve delineation drilling identified a mineralised width at the 257 Platform in excess of 15m, relative to the typical 7m on the upper platforms. The following platform, 258, located some 25m below the 257 Platform, is due to be accessed during the second quarter of the 2021 financial year. This will ensure that high-grade platforms in the MRC orebody are in a continuous generation cycle and will de-risk the operation's production guidance for the year.

EVANDER MINES' EGOLI PROJECT

During the Reporting Period, DRA Global completed a feasibility study on the Egoli project, which was then subject to an independent review by The Mineral Corporation.

Egoli is a long-life, low-cost brownfield project, that will capitalise on Evander Mines' existing established infrastructure during its development and exploitation. This synergy materially reduces the Egoli project's upfront capital investment requirement, when benchmarked against other development projects of similar scale, and contributes to its compelling forecast economic returns. The project has an initial LOM of nine years, with annual gold production of approximately

72,000oz at an average head grade of 6.61g/t, at an expected AISC of less than US\$1,000/oz (LOM gold production of 17,771kg (c. 570,000oz)). First gold is expected to be produced approximately 20 months after construction commences, with ramp up to steady-state production over the following 16 months. Additional geological and operational upside exists once the Inferred Mineral Resources are accessed, as underground development proceeds, potentially increasing the LOM to 14 years.

The project initially requires approximately 560m of underground development and will utilise the existing infrastructure, such as vertical shafts, hoisting capacity and the Kinross metallurgical processing plant, as well as the experienced incumbent management team.

The Egoli project is expected to directly employ approximately 1,200 people, mainly from host communities and will provide additional economic and supplier development opportunities for the Evander region of the Mpumalanga province.

The project has strong ESG credentials, as it is already fully licenced and empowered, the closure cost rehabilitation liability is fully funded and the Company intends to utilise the existing TSF at Evander for the project, resulting in there being no additional environmental footprint. Evander Mines' solar photovoltaic plant, which will be completed in the next year, is also expected to contribute to cost savings and reduced emissions at Evander Mines' operations.

RMB has provided a credit approved fully debt funded solution for the Egoli project's capital expenditure. The funding structure will comprise two distinct phases:

- The first phase entails a tranche of ZAR400 million (for which RMB has provided the full commitment) to dewater the 7 Shaft decline, equip the decline and shaft and conduct the initial mine development
- The second tranche of ZAR800 million will be utilised to fund the balance of the project's development over the remaining term of the two-and-a-half-year construction period.

The facility has commercially competitive terms and will benefit from the existing revolving credit facility and the Elikhulu term facilities' security structures. The debt will be repaid over a period of two and a half years post commissioning, from the Egoli project's cash flows only and, in so doing, will not curtail the Company's ability to pay dividends from cash flows generated by its existing operations. The facility's availability is subject to

definitive legal agreements and suspensive conditions typical for a transaction of this nature.

The Group has mandated DRA Global, as consultants, to complete the detailed project scheduling and planning, being the next phase in the development of the project.

OUTLOOK AND PROSPECTS

The Group is committed to creating stakeholder value by driving its sustainable mining operating model. Our key focus areas for the year ahead include the following:

- Continuing to improve our safety performance and ESG compliance levels across all operations
- Delivering on our guided gold production of approximately 190,000oz for the year ending 30 June 2021 and further reducing the unit cost of production
- Successfully delivering competitively costed capital projects that will sustain and increase gold production in the future
- Reducing senior debt to allow for improved funding flexibility and liquidity
- Increasing returns to shareholders, including cash dividends.

SUBSEQUENT EVENTS

It is with regret that we announce that an employee at Fairview Mine in Barberton, Mr Senzo Mavimbela, lost his life in a fall-of-ground accident on 21 July 2020. We are deeply saddened by this incident and our sincere condolences and support have been extended to the family, friends and colleagues of the deceased. The health and safety of our employees continues to be our number one priority and we continue to reassess and reinforce all safety protocols, procedures and standards in our ongoing daily quest to achieve zero harm for all our employees.

APPRECIATION

I wish to thank our board for its guidance and support during the past year. I also extend a special thank you to all our employees and contractors for their hard work and commitment at a time when our world was experiencing tumultuous circumstances on an unprecedented scale as a result of the COVID-19 pandemic and its fallout. Our unwavering focus on high-margin, safe and sustainable gold mining will serve all our stakeholders well into the future.

FINANCIAL PERFORMANCE

Exchange rates and their impact on results

All Group subsidiaries are incorporated in South Africa and their functional currency is the South African rand (ZAR or 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 US dollar (US\$) prior to conversion into rand. The ongoing review of the operational results by executive management and the directors of the Company (the board) is also performed in rand.

During the current Reporting Period, the average US\$/ZAR exchange rate was US\$/ZAR:15.67 (2019: US\$/ZAR:14.19) and the closing US\$/ZAR exchange rate at 30 June 2020 was US\$/ZAR:17.33 (2019: US\$/ZAR:14.08). The year-on-year change in the average and closing exchange rates of 10.4% and 23.1%, respectively, must be considered when comparing period-on-period results.

The commentary below analyses the Reporting Period and prior Reporting Period's results in US\$, and key aspects of the Group's rand figures appear in the body of this commentary.

Analysing the Group's financial performance

Revenue

Gold revenue increased by 25.9% to US\$273.7 million (2019: US\$217.4 million), predominantly due to:

- gold sold increasing by 1.3% to 173,864oz (2019: 171,706oz)
- the average US\$ gold price received increasing by 24.3% to US\$1,574/oz (2019: US\$1,266/oz).

Cost of production

The increased production costs relate mainly to:

- mining and processing costs (representing 40.5% of the total cost of production) increased by 2.2% to US\$64.2 million (2019: US\$62.8 million) as a direct result of a full year of production for Elikhulu and toll treating additional surface material to maximise available plant capacity
- electricity costs (representing 14.3% of the cost of production) increased by 24.0% to US\$22.7 million (2019: US\$18.3 million) as a result of a 13.9% regulatory increase, combined with increased consumption by Elikhulu operating for the full Reporting Period

- engineering and technical costs (representing 8.8% of cost of production) increased by 23.0% to US\$13.9 million (2019: US\$11.3 million), following extensive work performed on securing and repairing pipelines at Elikhulu as well as replacing stolen pipelines
- security costs (representing 4% of the cost of production) decreased by 12.5% to US\$6.3 million (2019: US\$7.2 million) due to a reduction in costs from external service providers and increased optimisation in the use of internal resources and technology
- salaries and wages (representing 27.6% of the total cost of production) decreased by 5.8% to US\$43.7 million (2019: US\$46.4 million). The decrease is mainly due to the capitalisation of employee costs to the 8 Shaft pillar project and the Egoli project, the significant capital projects progressed during the Reporting Period.

Mining depreciation and amortisation

The Group's mining depreciation and amortisation costs increased by 32.7% to US\$21.5 million (2019: US\$16.2 million), which is attributable to:

- a full year's depreciation charge for the Elikhulu plant, compared to the nine-month depreciation charge in the prior Reporting Period, following the operation's commissioning in September 2018
- an increase in Evander Mines' depreciation charge, following the achievement of steady-state production from the 8 Shaft pillar project and the associated impairment reversal of US\$17.9 million in the prior Reporting Period
- as the depreciation charge is based on the estimated available units of production (tonnes) over the life of the operations, the Reporting Period's depreciation charge increased consistently with the increased production in the Reporting Period.

Other expenses and income

Other income and expenses have increased by 277.6% to US\$28.7 million (2019: US\$7.6 million), due to:

- mark-to-market fair value losses of US\$22.0 million (2019: US\$0.5 million gain), comprising realised losses of US\$12.0 million and unrealised losses of US\$10.0 million, incurred on the Group's zero cost collar derivatives entered into as part of its gold price hedging programme
- costs of US\$5.6 million (2019: US\$2.4 million) incurred on the increased value of cash-settled share options and other instruments issued in terms of the Group's employee incentive schemes.

The Group's philosophy is to hedge only specific and material exposures arising from operational risks, capital investments and transactional flows, that can adversely impact the Group's sustainability. Hedges are short-dated and limited to a maximum of 25% of the Group's annual production, unless additional exposure is specifically approved by the board. Volatility in the rand gold price, combined with the Group's onerous debt redemption commitments of US\$15.9 million during the Reporting Period, compelled the Group to manage its gold price risk with greater circumspection and increase hedge levels to approximately 50% of 2020 guided ounces. These hedges are typically zero cost collars which underpin a minimum gold price and limits the maximum gold price on a predetermined number of ounces over a fixed, short-term period.

In entering into these structures, the board was cognisant that value could be forfeited in the event of the ceiling levels of the collars being breached, but balanced this risk against the consequences of potential financial distress should the rand gold price decline and the Group breaches its senior debt covenants or is unable to meet its debt obligations.

The ceiling levels on the zero cost collars were breached as the rand gold price increased by approximately 44.4% in the second half of the 2020 Reporting Period. The financial impact was exacerbated by lost production of more than 10,000oz, with a value of approximately US\$17.1 million at the average gold price of US\$1,711.1/oz for the last quarter of the Reporting Period due to the COVID-19 lockdown. The remaining zero cost collar hedges at 30 June 2020 comprise 50,000oz with an average floor price of ZAR708,000/kg and a ceiling price of ZAR925,829/kg and will be delivered in the first half of the 2021 financial year. The Group is unhedged for the second half of the 2021 financial year.

Taxation

The taxation charge for the year decreased to US\$7.9 million (2019: US\$8.2 million), resulting in an effective taxation rate of 15.1% (2019: 17.6%). The decrease in the effective taxation rate was driven by the utilisation of the assessed losses in the Group, which resulted in an increase in the current taxation charge to US\$8.0 million (2019: US\$2.9 million).

The deferred taxation expense decreased to US\$0.2 million (2019: US\$5.3 million) due to the utilisation of assessed losses and an increase in Evander Mines' deferred taxation rate.

EPS and HEPS

EPS increased to US 2.30 cents per share (2019: US 1.97 cents per share), an increase of 16.8% relative to the prior Reporting Period. Headline earnings increased by 93.0% to US\$44.2 million (2019: US\$22.9 million) resulting in an increase of 92.4% in HEPS to US 2.29 cents per share (2019: US 1.19 cents per share).

EPS and HEPS are calculated by applying the Group's weighted average number of shares of 1,928.3 million shares (2019: 1,928.3 million shares) in issue to attributable earnings and headline earnings.

Net senior debt and cash flows

Net senior debt decreased by 51.9% to US\$62.0 million (2019: US\$129.0 million).

Net cash generated by operating activities improved by 42.7% to US\$53.8 million (2019: US\$37.7 million), primarily as a result of increases in production and the average gold price received during the Reporting Period.

Net cash utilised in investing activities declined by 40.9% to US\$30.6 million (2019: US\$51.8 million), primarily due to a reduction in capital expenditure across the Group's operations.

Net cash generated by financing activities reduced to US\$3.3 million (2019: US\$18.0 million) due to improved operational cash generation and lower utilisation of the Group's debt facilities during the Reporting Period, following completion of Elikhulu's construction in the prior Reporting Period.

Performance metrics	Unit	Year ended 30 June 2020	Year ended 30 June 2019
Attributable cash flow per share	US cents	2.08	1.02
Dividend yield at the last traded price	%	0.6	-
Cash flow yield per share	%	9.76	7.88
Return on shareholders' funds	%	24.1	23.0
Return on capital employed	%	22.1	20.0

Over the past Reporting Period, the Group generated attributable cash flow APM of US\$40.2 million (2019: US\$19.8 million) which resulted in the improvement in the attributable cash flow per share. The Group's return on shareholder funds, return on capital employed and dividend yield, year-on-year, also improved in the current Reporting Period relative to the prior Reporting Period.

DIVIDENDS

Proposed dividend for the financial year ended 30 June 2020

The board has proposed a final dividend of ZAR312.9 million for the 2020 financial year (approximately US\$18.7 million), equal to ZA 14.00000 cents per share or approximately US 0.83582 cents per share (0.65451 pence per share). The dividend is subject to approval by shareholders at the AGM, which is convened for Thursday, 26 November 2020.

In light of the robust results for the Reporting Period and the favourable financial prospects for the operations in the 2021 financial year, the board has applied its discretion and has proposed a dividend in excess of the Company's dividend policy's guidelines, which provide for a 40% payout ratio of net cash generated from operating activities.

Assuming shareholders approve the final dividend, the following salient dates would apply:

Currency conversion date	Thursday, 26 November 2020
Annual general meeting	Thursday, 26 November 2020
Currency conversion announcement released by 11:00 (SA time)	Friday, 27 November 2020
Last date to trade on the JSE	Tuesday, 1 December 2020
Last date to trade on the LSE	Wednesday, 2 December 2020
Ex-dividend date on the JSE	Wednesday, 2 December 2020
Ex-dividend date on the LSE	Thursday, 3 December 2020
Record date on the JSE and LSE	Friday, 4 December 2020
Payment date	Tuesday, 15 December 2020

The pound sterling (GBP) and US\$ proposed final dividend was calculated based on a total of 2,234,687,537 shares in issue and an illustrative exchange rate of US\$/ZAR:16.75 and GBP/ZAR:21.39, respectively. Shareholders on the London register should note that a revised exchange rate will be communicated before approval at the AGM.

No transfers between the Johannesburg and London registers, between the commencement of trading on Wednesday, 2 December 2020 and close of business on Friday, 4 December 2020 will be permitted.

No shares may be dematerialised or rematerialised between Wednesday, 2 December 2020 and Friday, 4 December 2020, both days inclusive.

The South African dividends taxation rate is 20% per ordinary share for shareholders who are liable to pay dividends taxation, resulting in a net dividend of ZA 11.20000 cents per share for these shareholders. Foreign investors may qualify for a lower dividend taxation rate, subject to completing a dividend taxation declaration and submitting it to Computershare Investor Services Proprietary Limited or Link Asset Services, who manage the South African and UK registers, respectively. The Company's South African income taxation 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 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 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 one-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, prospects, satisfactory solvency and liquidity assessments and other factors deemed relevant at the time. The board also allows itself the flexibility to deviate from the above policy, when deemed appropriate.

The total proposed dividend constitutes a payout ratio of 62% of the Group's net cash generated from operating activities, as defined by its dividend policy.

The payout ratio, in excess of the dividend policy's guidelines, is indicative of the board's assessment of the sustainability of the operations and favourable prospects for the 2021 financial year. The proposed dividend equates to a dividend yield³ of 3.8% based on the 30 June 2020 share price of ZAR3.70 per share and 2.7% based on the 3 September 2020 share price of ZAR5.13 per share.

DIRECTORSHIP CHANGES AND DEALINGS

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

The following dealings in securities by directors took place:

- Cobus Loots purchased the following shares during the period:
 - 423,000 shares at ZAR2.08 per share on 19 September 2019
 - 150,000 shares at ZAR2.47 per share on 19 February 2020
 - 100,000 shares at GBP0.12625 per share on 20 February 2020
 - 150,000 shares at GBP0.124 per share on 21 February 2020
 - 80,072 shares at GBP0.1252 per share on 6 March 2020

He had 1,571,747 shares outstanding at the end of the Reporting Period, representing 0.08% of total issued shares and 514,280 contract for difference derivatives (CFDs)

- Deon Louw purchased 250,000 shares at an average price of ZAR2.14 per share on 19 September 2019 and 104,012 shares at an average price of ZAR2.45 on 20 February 2020. He had 611,462 shares outstanding at the end of the Reporting Period, representing 0.03% of total issued shares
- On 25 September 2019, Charles Needham purchased 25,000 shares at an average price of ZAR2.25 per share. He had 25,000 shares outstanding at the end of the Reporting Period, representing 0.001% of total issued shares
- On 21 February 2020, Thabo Mosololi purchased 50,000 shares at ZAR2.40 per share. He had 100,000 shares outstanding at the end of the Reporting Period, representing 0.004% of total issued shares.

JSE LIMITED LISTING

The Company has a dual primary listing on the Johannesburg Stock Exchange (JSE) in South Africa and the Alternative Investment Market (AIM) of the London Stock Exchange (LSE) as well as a sponsored level 1 ADR programme in the United States (US) through the Bank of New York Mellon (BNY Mellon). 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 Practices Committee, and the Financial Pronouncements as issued by the Financial Reporting Standards Council. It contains the minimum information as required by International Accounting Standard 34. The accounting policies are in accordance with IFRS and are consistent with those applied in the 2019 consolidated annual financial statements.

The Group's external auditor, PricewaterhouseCoopers LLP (PwC), have issued their opinion on the consolidated annual financial statements for the year ended 30 June 2020. 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 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 2020 does not constitute statutory accounts as defined in sections 435(1) and 435(2) of the UK Companies Act 2006 (Companies Act 2006) but has been derived from those accounts. Statutory accounts for the year ended 30 June 2019 have been delivered to the Registrar of Companies and those for 2020 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 2020.

PwC's audit report for 30 June 2020 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.

ADR PROGRAMME

Subsequent to the period under review, on 2 July 2020, Pan African established a sponsored level 1 ADR programme on the over-the-counter market in the US with the BNY Mellon being the appointed depository.

Each depository receipt in the ADR programme represents twenty (20) ordinary shares in Pan African and trades under the symbol PAFRY.

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

16 September 2020

Summarised consolidated statement of financial position

as at 30 June 2020

	Note	30 June 2020 US\$ thousand	30 June 2019 US\$ thousand
ASSETS			
Non-current assets			
Property, plant and equipment and mineral rights		270,286.3	305,354.7
Other intangible assets		493.0	655.2
Deferred taxation		4,416.1	2,141.1
Long-term inventory		411.3	614.5
Long-term receivables		626.4	1,021.9
Goodwill		17,512.5	21,554.8
Investments		1,216.2	6,802.0
Rehabilitation fund		20,006.4	25,021.1
		314,968.2	363,165.3
Current assets			
Inventories		7,626.1	5,708.5
Current taxation asset		1,247.1	1,888.6
Trade and other receivables		10,864.0	15,101.3
Current portion of long-term receivables		381.4	1,924.8
Cash and cash equivalents		33,529.8	5,341.2
		53,648.4	29,964.4
Total assets		368,616.6	393,129.7
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	10	38,150.6	38,150.6
Share premium		235,063.2	235,063.2
Retained earnings		154,344.3	112,984.2
Reserves		(243,938.6)	(202,616.1)
Equity attributable to owners of the Parent		183,619.5	183,581.9
Total equity		183,619.5	183,581.9
Non-current liabilities			
Long-term provisions		9,200.1	15,781.3
Long-term liabilities – financial institutions		73,332.7	109,617.7
Long-term liabilities – other		6,781.3	1,727.2
Deferred taxation		16,961.5	18,567.1
		106,275.6	145,693.3
Current liabilities			
Trade and other payables		35,181.8	35,921.3
Derivative financial liabilities		9,639.0	917.7
Current portion of long-term liabilities – financial institutions		15,916.0	24,147.7
Current portion of long-term liabilities – other		16,164.5	2,390.9
Current taxation liability		1,820.2	476.9
		78,721.5	63,854.5
Total equity and liabilities		368,616.6	393,129.7

Summarised consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2020

	Notes	30 June 2020 US\$ thousand	30 June 2019 US\$ thousand
Revenue		273,708.3	217,374.6
Other revenue		398.5	304.4
Revenue and other revenue		274,106.8	217,679.0
Cost of production		(158,457.3)	(152,980.0)
Mining depreciation and amortisation		(21,503.2)	(16,227.8)
Mining profit		94,146.3	48,471.2
Other expenses and income		(28,681.9)	(7,562.3)
Royalty costs		(473.8)	(354.1)
Impairment reversal		88.6	17,853.5
Net income before finance income and finance costs		65,079.2	58,408.3
Finance income	5	464.8	849.7
Finance costs	5	(13,346.2)	(13,041.8)
Profit before taxation for the year		52,197.8	46,216.2
Income taxation expense	6	(7,904.5)	(8,174.0)
Profit after taxation for the year		44,293.3	38,042.2
Other comprehensive income			
Items that have been or may subsequently be reclassified to the statement of profit or loss (net of taxation)			
Investment measured at fair value through other comprehensive income adjustment		(4,766.8)	2,876.3
Taxation on investment measured at fair value through other comprehensive income adjustment		1,067.8	(621.3)
Items that will not be reclassified to the statement of profit or loss			
Foreign currency translation reserves		(37,890.6)	(3,702.9)
Total comprehensive income for the period		2,703.7	36,594.3
Profit attributable to:			
Owners of the Parent		44,293.3	38,042.2
Total comprehensive income attributable to:			
Owners of the Parent		2,703.7	36,594.3
Earnings per share (US cents)		2.30	1.97
Diluted earnings per share (US cents)		2.30	1.97

Summarised consolidated statement of changes in equity

for the year ended 30 June 2020

	Share capital US\$ thousand	Share premium US\$ thousand	Retained earnings US\$ thousand	Reserves US\$ thousand	Total US\$ thousand
Balance as at 1 July 2018	38,150.6	235,063.2	74,942.0	(201,168.2)	146,987.6
Total comprehensive income/(loss)	–	–	38,042.2	(1,447.9)	36,594.3
Profit for the year	–	–	38,042.2	–	38,042.2
Other comprehensive loss	–	–	–	(1,447.9)	(1,447.9)
Balance as at 30 June 2019	38,150.6	235,063.2	112,984.2	(202,616.1)	183,581.9
Total comprehensive income/(loss)	–	–	44,293.3	(41,589.6)	2,703.7
Profit for the year	–	–	44,293.3	–	44,293.3
Other comprehensive loss	–	–	–	(41,589.6)	(41,589.6)
Dividends paid	–	–	(3,399.1)	–	(3,399.1)
Reciprocal dividend – PAR Gold Proprietary Limited (PAR Gold) ¹	–	–	465.9	–	465.9
Share-based payment – charge for the year	–	–	–	267.1	267.1
Balance as at 30 June 2020	38,150.6	235,063.2	154,344.3	(243,938.6)	183,619.5

¹ Reciprocal dividend – PAR Gold is an inter-company transaction which relates to the dividend paid on the treasury shares held by the Group in PAR Gold – refer to note 13. PAR Gold holds 13.7% of the issued share capital of Pan African.

Summarised consolidated statement of cash flows

for the year ended 30 June 2020

	Note	30 June 2020 US\$ thousand	30 June 2019 US\$ thousand
Cash flow from operating activities			
Net cash generated by operating activities before dividend, taxation, royalties and net finance costs and income	16	73,399.4	56,889.0
Net dividend paid ¹		(2,933.2)	–
Income taxation paid		(4,876.7)	(3,847.0)
Royalties paid		(926.9)	(649.9)
Finance costs paid		(11,157.6)	(15,014.8)
Finance income received		323.3	329.4
Net cash generated by operating activities		53,828.3	37,706.7
Cash flow from investing activities			
Additions to property, plant and equipment and mineral rights		(34,557.3)	(55,115.7)
Additions to other intangible assets		(174.6)	(16.3)
Repayment of long-term loans receivable		1,798.5	286.0
Rehabilitation funds withdrawal		2,084.7	2,585.4
Proceeds from disposal of property, plant and equipment and mineral rights		206.7	466.3
Net cash utilised in investing activities		(30,642.0)	(51,794.3)
Cash flow from financing activities			
Borrowings raised		48,468.0	21,494.0
Borrowings repaid		(44,158.1)	(3,523.6)
Capital repayment on instalment sale obligation		(166.9)	–
Capital repayment on lease obligations		(803.6)	–
Net cash generated by financing activities		3,339.4	17,970.4
Net increase in cash and cash equivalents		26,525.7	3,882.8
Cash and cash equivalents at the beginning of the year		5,341.2	921.8
Effect of foreign exchange rate changes		1,662.9	536.6
Cash and cash equivalents at the end of the year		33,529.8	5,341.2

¹ Reciprocal dividend – PAR Gold is an inter-company transaction which relates to the dividend paid on the treasury shares held by the Group in PAR Gold – refer to note 13. PAR Gold holds 13.7% of the issued share capital of Pan African.

Notes to the summarised consolidated annual financial statements

for the year ended 30 June 2020

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

The accounting policies applied in compiling the summarised consolidated annual financial statements in accordance with IFRS, adopted by the European Union, are consistent with those applied in preparing the Group's annual financial statements for the year ended 30 June 2020.

The financial information set out in this announcement does not constitute the Company's statutory accounts for the year ended 30 June 2020.

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.

Going concern

The Group closely monitors and manages its liquidity risk by means of a centralised treasury function. Cash forecasts are regularly produced and sensitivities run for different scenarios including, but not limited to, changes in commodity prices and different production profiles from the Group's operations. The Group had US\$8.1 million (2019: US\$17.7 million) of available debt facilities and US\$33.5 million (2019: US\$5.3million) of cash and cash equivalents as at 30 June 2020. 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 ZAR635,000/kg (US\$1,192/oz at a US\$/ZAR average exchange rate of US\$/ZAR:15.67), and reduced production volumes also potentially impacted by the COVID-19 pandemic as outlined below, the Group's forecasts 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 Group is conscious of the ongoing impact of the COVID-19 pandemic and will continue to implement stringent preventative and precautionary measures to limit incidences of infection among our employees and in our host communities and minimise the potential adverse impact of the pandemic on the Group's production.

In evaluating the potential adverse impact of the COVID-19 pandemic on Group production, a range of 5% to 20% possible production loss was considered.

Reasons considered in determining the potential adverse impact include, inter alia:

- Mining was considered an essential service according to government lockdown regulations imposed during the pandemic, enabling production to continue to a certain extent
- Both Evander Mines and Barberton Mines have local workforces which limits the risk and exposure of transmitting the disease and also reduces the time to ramp up production after any potential lockdown impositions
- The Group's operations are diversified and include surface re-mining and processing activities which are less prone to lockdown restrictions when compared to underground operations
- The Group maintains a minimum liquidity level of US\$14.2 million, to ensure that the Group has sufficient liquidity to withstand possible interruptions to our operations over the short term.

The board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis of accounting in the preparation of the 30 June 2020 summarised consolidated annual financial statements.

Alternative performance measures

The Group makes reference to APMs in conjunction with IFRS measures when assessing the Group's reported financial performance, financial position and cash flows. APMs should be considered in addition to, and not as a substitute for or superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS. Further information on APMs is provided on [pages 31 to 38](#).

2. IMPACT OF APPLYING SIGNIFICANT ACCOUNTING POLICIES EFFECTIVE IN THE CURRENT REPORTING PERIOD

The Group applied IFRS 16: *Leases* from 1 July 2019. A number of other new standards are also effective from 1 July 2019 but they do not have a material effect on the Group's consolidated annual financial statements.

IFRS 16: Leases

The Group adopted IFRS 16: *Leases*, as of 1 July 2019, replacing IAS 17: *Leases*. On transition to IFRS 16, lease liabilities and corresponding right-of-use assets were recognised in the consolidated statement of financial position for leases previously classified as operating leases under IAS 17.

The Group elected to apply the modified retrospective approach. The cumulative effect of initially applying the standard is recognised as an adjustment to retained earnings is made as at 1 July 2019. The comparative period has not been restated and continues to be presented in accordance with the accounting policy applied in preparing the Group's consolidated annual financial statements for the year ended 30 June 2019.

On transition, lease liabilities were recognised as the present value of future lease payments discounted at the appropriate incremental borrowing rate applicable as at 1 July 2019 or, where available, the rate of interest implicit in the lease. For the Group's leased assets, the right-of-use asset was recognised equal to the value of the lease liability as at 1 July 2019.

For the year ended 30 June 2019, operating lease costs of US\$314.8 thousand were recognised in the consolidated statement of profit or loss and other comprehensive income. On the adoption of IFRS 16: *Leases*, for the year ended 30 June 2020, depreciation of US\$706.7 thousand on the right-of-use asset and finance costs of US\$518.3 thousand associated with the lease liability were recognised in the consolidated statement of profit or loss and other comprehensive income.

The present value of operating lease commitments disclosed in note 27 to the Group's consolidated annual financial statements for the year ended 30 June 2019, discounted at the rates used to calculate lease liabilities as at 1 July 2019, is reconciled to the lease liabilities in the table below:

	US\$ thousand
IAS 17 operating lease commitments as at 30 June 2019	3,952.0
Impact of discounting operating lease commitments to present value	(1,088.3)
Renewal options reasonably certain to be exercised	2,881.0
IFRS 16 lease liability as at 1 July 2019	5,744.7
Current portion	624.4
Long-term portion	5,120.3

On adoption of IFRS 16: *Leases*, on 1 July 2019, additional lease liabilities of US\$5.7 million, previously classified as operating leases, were included in net debt with the corresponding right-of-use assets of US\$5.7 million included in capital employed.

In the summarised consolidated statement of cash flows for the year ended 30 June 2020, the total amount of cash paid in respect of leases is separated between repayment of principal presented in cash from financing activities and repayment of interest, presented in cash flows from operating activities. For the year ended 30 June 2019, lease repayments were recognised in cash flows from operating activities.

The incremental pre-tax borrowing rate used to measure the lease liabilities on transition to IFRS 16: *Leases*, as at 1 July 2019 was 10.2%.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated and Parent Company annual financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that may materially affect the carrying amounts of assets, liabilities and contingent liabilities reported at the date of the consolidated and Parent Company annual financial statements and the reported amounts of revenue and expenses during the Reporting Period.

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

Critical accounting judgements

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES continued

Critical accounting judgements continued 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 provisions to be reversed. Operating and economic assumptions which could affect the valuation of assets using discounted cash flow models are regularly reviewed and updated as part of the Group's monitoring of operational and financial performance and forecasting processes. Judgement is required in determining whether 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 in 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 an impairment reversal if an indicator is identified. The Group has previously impaired Evander Mines' large-scale underground operations and, during the prior Reporting Period, recorded a reversal of impairment on Evander Mines' pillar project related to the previously impaired 8 Shaft, 7 Shaft and Kinross plant infrastructure.

Cash flow projections and key assumptions

Expected future cash flows used in discounted cash flow models are inherently uncertain and could materially change over time. Cash flow projections are significantly affected by a number of factors, including Mineral Resources and Mineral Reserves together with economic factors such as commodity price, discount rates, 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 LOM plans incorporating key assumptions as detailed below:

- **Mineral Resources and Mineral Reserves:** Mineral Reserves and, where considered appropriate, Mineral Resources, are incorporated in projected cash flows, based on Mineral Resources and Mineral Reserves statements (in accordance with the SAMREC Code for South African properties) and exploration and evaluation work undertaken by appropriately qualified persons. Mineral Resources are included where management has a high degree of confidence in their economic extraction, despite additional evaluation still being required prior to meeting the required confidence to convert to Mineral Resources refer to the abridged Mineral Resources and Mineral Reserves report included in the integrated annual report on pages 47 to 55 for further disclosure of the Group's Mineral Resources and Mineral Reserves and LOM plans.
- **Commodity prices:** Commodity prices are based on latest internal forecasts, benchmarked to external sources of information, to ensure that they are within the range of available analyst forecasts. Where existing sales contracts or hedging arrangements 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.
- **Operating costs, capital expenditure and other operating factors:** Operating costs and capital expenditure are based on financial budgets. Cash flow projections are based on LOM 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 Resources and Mineral Reserves varying significantly over time and unforeseen operational issues).

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 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. 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 US\$104.3 million was recognised in the 2018 financial results.

Subsequently, an independent feasibility study into the merits of mining the 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 and the 7 Shaft and 8 Shaft infrastructure has been reversed to the recoverable amount of US\$17.9 million that would have been recognised had no impairment loss been recorded previously.

The carrying value based on discounted cash flow is sensitive to changes in input assumptions.

Other significant accounting judgements Deferred taxation rate

Deferred taxation assets and liabilities are measured at the taxation rate that is expected to apply in 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 Reporting Period.

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 of the Group's mining operations.

The Group prepares nominal cash flow models to calculate the expected average income taxation rate over the LOM. 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

The amount recognised as a provision represents management's best estimate of the consideration required to complete the restoration and rehabilitation activity. These estimates are inherently uncertain and could materially change over time.

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

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

An assessment of the Group's environmental rehabilitation plan identified a risk relating to the potential pollution of groundwater at Barberton Mines. As a result of, inter alia, the amendment to the Financial Closure Provision Regulation as promulgated in terms of the National Environmental Management Act, the Group may have a potential exposure to rehabilitate Barberton Mines' groundwater. The Group has undertaken several detailed assessments of this risk and will in the 2021 financial year Period ascertain the latent and residual environmental risks associated with potential pollution of groundwater with a greater level of finality, to determine and quantify the impact of any such liability. If a liability is identified, the mine will account for the groundwater rehabilitation exposure as an environmental liability.

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 revises its estimated fair value in accordance with the requirements of IFRS 2 with the movement recognised in profit or loss. The determination of the fair value of cash-settled share option liability is subject to judgement.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES continued

Other significant accounting judgements continued

8 Shaft pillar date of commissioning

Given the nature of the 8 Shaft pillar a key area of judgement was the determination of when the 8 Shaft pillar was in the location and condition necessary for it to be capable of operating as intended by management.

Pan African has applied a guiding principle that once the mining project is structurally complete and achieves commercial production, the various assets by major component are recorded in the fixed asset register on the date the mining project is structurally complete and has achieved commercial production. From this date, the assets are subject to depreciation over their respective useful lives, consistent with the Group's depreciation policy.

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

On 15 May 2020, the 8 Shaft pillar demonstrated steady-state production by achieving the required technical design parameters, and thus this is determined to be the commissioning date.

Contingent liabilities

By their nature, contingent liabilities 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 predictable 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 of such a loss is provided for in the annual financial statements.

4. SEGMENTAL REPORTING

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

Operations in South Africa

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

4. SEGMENTAL REPORTING continued

30 June 2020

	Barberton Mines US\$ thousand	Evander Mines US\$ thousand	Corporate US\$ thousand	Funding Company US\$ thousand	Group US\$ thousand
Revenue					
Revenue ¹	139,413.2	134,295.1	–	–	273,708.3
Other revenue	24.2	374.3	–	–	398.5
Revenue and other revenue	139,437.4	134,669.4	–	–	274,106.8
Cost of production	(91,433.5)	(67,023.8)	–	–	(158,457.3)
Mining depreciation and amortisation	(7,424.3)	(14,078.9)	–	–	(21,503.2)
Mining profit	40,579.6	53,566.7	–	–	94,146.3
Other expenses and income ²	(9,070.5)	(24,825.0)	4,427.3	786.3	(28,681.9)
Impairment reversal	–	88.6	–	–	88.6
Royalty (income)/costs	(577.6)	103.8	–	–	(473.8)
Net income before finance income and finance costs	30,931.5	28,934.1	4,427.3	786.3	65,079.2
Finance income	7.4	46.6	209.9	200.9	464.8
Finance cost	(452.9)	(1,860.4)	(27.0)	(11,005.9)	(13,346.2)
Profit/(loss) before taxation	30,486.0	27,120.3	4,610.2	(10,018.7)	52,197.8
Income taxation (expense)/income	(4,052.5)	(3,264.9)	(735.8)	148.9	(7,904.5)
Profit/(loss) for the year	26,433.5	23,855.4	3,874.4	(9,870.0)	44,293.3
Inter-company transactions					
Management fees	(7,376.9)	(3,491.0)	10,995.6	(127.7)	–
Interest – inter-company	1,464.7	(10,234.6)	(907.7)	9,677.6	–
Profit/(loss) after taxation after inter-company charges	20,521.3	10,129.8	13,962.3	(320.1)	44,293.3
Segment assets (total assets excluding goodwill)	98,632.3	212,267.7	7,716.7	32,487.4	351,104.1
Segment liabilities	33,546.7	47,355.5	14,824.0	89,270.9	184,997.1
Goodwill	17,512.5	–	–	–	17,512.5
Net assets (excluding goodwill)³	65,085.6	164,912.2	(7,107.3)	(56,783.5)	166,107.0
Capital expenditure⁴	18,955.0	21,500.1	648.7	–	41,103.8
Reconciliation of adjusted EBITDA					
Net income/(loss) before taxation, finance income and finance costs	30,931.5	28,934.1	4,427.3	786.3	65,079.2
Adjust: mining depreciation and amortisation	7,424.3	14,078.9	–	–	21,503.2
EBITDA	38,355.8	43,013.0	4,427.3	786.3	86,582.4
Adjust: impairment reversal	–	(88.6)	–	–	(88.6)
Adjusted EBITDA⁵	38,355.8	42,924.4	4,427.3	786.3	86,493.8

¹ All gold sales were made in South Africa and the revenue was earned from sales to South African financial institutions.

² Other expenses and income exclude inter-company management fees and dividends.

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

⁴ Capital expenditure is comprised of additions to property, plant and equipment, mineral rights and intangible assets.

⁵ Adjusted EBITDA is comprised of earnings before interest, taxation, mining depreciation and amortisation and the reversal of impairments.

Notes to the summarised consolidated annual financial statements continued
for the year ended 30 June 2020

4. SEGMENTAL REPORTING continued

	30 June 2019				
	Barberton Mines US\$ thousand	Evander Mines US\$ thousand	Corporate US\$ thousand	Funding Company US\$ thousand	Group US\$ thousand
Revenue					
Revenue 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)
Mining depreciation and amortisation	(7,301.2)	(8,926.6)	–	–	(16,227.8)
Mining profit	26,570.0	21,901.2	–	–	48,471.2
Other expenses and income ²	(1,262.0)	2,417.3	(8,189.6)	(528.0)	(7,562.3)
Impairment reversal	–	17,853.5	–	–	17,853.5
Royalty (income)/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 cost/(income)	(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
Income taxation (expense)/income	(2,508.5)	(6,285.6)	664.3	(44.2)	(8,174.0)
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)	5,135.4	(140.9)	–
Interest – inter-company	696.8	(13,217.3)	(527.3)	13,047.8	–
Profit/(loss) after taxation after inter-company charges	19,912.9	21,015.8	(2,576.9)	(309.6)	38,042.2
Segment assets (total assets excluding goodwill)	110,478.7	244,449.6	12,292.3	4,354.3	371,574.9
Segment 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)³	71,734.6	213,124.0	6,714.4	(129,545.9)	162,027.1
Capital expenditure⁴	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: Mining 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 EBITDA⁵	32,128.8	33,371.4	(8,189.6)	(528.0)	56,782.6

¹ All gold sales were made in South Africa and the revenue was earned from sales to South African financial institutions.

² Other expenses and income exclude inter-company management fees and dividends.

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

⁴ Capital expenditure is comprised of additions to property, plant and equipment, mineral rights and intangible assets.

⁵ Adjusted EBITDA is comprised of earnings before interest, taxation, mining depreciation and amortisation and the reversal of impairments.

5. NET FINANCE (COSTS)/INCOME

	30 June 2020 US\$ thousand	30 June 2019 US\$ thousand
Finance income related to financial instruments		
Finance income – financial institutions	317.2	252.9
Finance income – other	114.0	452.6
Finance income – rehabilitation fund investment	–	137.2
	431.2	842.7
Finance income – other		
Finance income – South African Revenue Service (SARS)	33.6	7.0
	33.6	7.0
Finance income – total	464.8	849.7
Finance costs related to financial instruments		
Finance costs – financial institutions	(11,097.2)	(12,981.7)
Finance costs – other	(57.8)	(0.4)
	(11,155.0)	(12,982.1)
Finance costs – other		
Finance costs – lease liability	(518.3)	–
Finance costs – instalment sale	(38.1)	–
Finance costs – SARS	(6.9)	(0.1)
Finance costs – rehabilitation fund provision	(1,627.9)	(59.6)
	(2,191.2)	(59.7)
Finance costs – total	(13,346.2)	(13,041.8)
Net finance costs	(12,881.4)	(12,192.1)

6. TAXATION

	30 June 2020 US\$ thousand	30 June 2019 US\$ thousand
Income taxation expense		
South African normal taxation		
Current year	7,989.4	2,861.3
Prior year	(267.7)	0.1
Deferred taxation		
Current year	(18.1)	–
Prior year	200.9	5,312.6
Total taxation expense	7,904.5	8,174.0

Notes to the summarised consolidated annual financial statements continued
for the year ended 30 June 2020

6. TAXATION continued

	30 June 2020 US\$ thousand	30 June 2019 US\$ thousand
Evander Mines – assessed loss	–	19,532.3
Pan African – assessed loss	–	1,661.5
PAR Management Services – assessed loss	–	49.6
Evander Mines – unredeemed capital carried forward	150,763.4	185,642.8

7. FINANCIAL INSTRUMENTS

	30 June 2020 US\$ thousand	30 June 2019 US\$ thousand
Financial assets		
Measured at amortised cost		
Cash and cash equivalents	33,529.8	5,341.2
Long-term receivables	1,007.8	2,946.7
Receivables ¹	6,222.0	12,245.8
Measured at fair value through other comprehensive income		
Investments – other	1,216.2	6,802.0
Financial assets at fair value through profit or loss		
Rehabilitation fund	20,006.4	25,021.1
Financial liabilities		
Measured at fair value through profit or loss		
Derivative financial liabilities	9,639.0	917.7
Measured at amortised cost		
Trade and other payables ²	32,968.5	35,274.3
Revolving credit facility	43,086.0	62,703.8
Term loan facility	46,162.7	71,061.6

¹ At the end of the Reporting Period, the Group had no trade receivables that are past overdue and not impaired. Receivables exclude prepayments, taxation receivable and VAT receivable.

² Trade and other payables exclude VAT payable.

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.

7. FINANCIAL INSTRUMENTS continued

Fair value of financial instruments continued

Fair value hierarchy continued

	Level 1 US\$ thousand	Level 2 US\$ thousand	Level 3 US\$ thousand	Total US\$ thousand
30 June 2020				
Investments – other ¹	1,216.2	–	–	1,216.2
Rehabilitation fund ²	–	20,006.4	–	20,006.4
Derivative financial liabilities	–	9,639.0	–	9,639.0
30 June 2019				
Investments – other ¹	6,802.0	–	–	6,802.0
Rehabilitation fund ²	–	25,021.1	–	25,021.1
Derivative financial liabilities	–	917.7	–	917.7

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

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

8. BORROWINGS AND FINANCIAL COVENANTS

	30 June 2020 US\$ thousand	30 June 2019 US\$ thousand
Interest-bearing borrowings		
Revolving credit facility – current portion	4,375.3	9,943.2
Revolving credit facility – long-term portion	38,710.7	52,760.6
Term loan facility – current portion	11,540.7	14,204.5
Term loan facility – long-term portion	34,622.0	56,857.1
Total interest-bearing borrowings	89,248.7	133,765.4
Available facilities		
Revolving credit facility	43,277.6	71,022.7
Term loan facility	46,162.7	71,022.7
General banking facility	8,078.5	9,943.2
	97,518.8	151,988.6

Financial covenants

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

Covenant ¹	Measurement at year-end	30 June 2020	30 June 2019
Net debt to equity ratio	Must be less than 1:1	0.4	0.7
Net debt to net adjusted EBITDA ratio	Must be less than 2.5:1	0.7	2.2
Interest cover ratio	Must be greater than 4.0 times	10.1	4.1
Debt service cover ratio	Must be greater than 1.3 times	3.4	1.4

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

8. BORROWINGS AND FINANCIAL COVENANTS continued

Financial covenants continued

Financial covenants are measured semi-annually, based on the following levels, 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 levels below:

Measurement date	Ratio
31 December 2020	4:1
31 December 2021	4.5:1
31 December 2022	5.1:1

- The net debt to net adjusted EBITDA ratio must be less than the levels below:

Measurement date	Ratio
31 December 2020	2.5:1
31 December 2021	2:1
31 December 2022	1.5:1

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

9. CAPITAL EXPENDITURE

		Development capital US\$ thousand	Maintenance capital US\$ thousand	Expansion capital US\$ thousand	Total US\$ thousand
Barberton Mines	30 June 2020	4,735.6	7,173.4	7,038.6	18,947.6
	30 June 2019	4,911.9	4,947.1	6,293.2	16,152.2
Evander Mines	30 June 2020	–	3,279.5	17,668.9	20,948.4
	30 June 2019	–	–	2,685.0	2,685.0
Elikhulu	30 June 2020	–	551.7	–	551.7
	30 June 2019	–	–	37,674.4	37,674.4
Corporate	30 June 2020	–	648.7	–	648.7
	30 June 2019	–	135.0	–	135.0
Total	30 June 2020	4,735.6	11,653.3	24,707.5	41,096.4
	30 June 2019	4,911.9	5,082.1	46,652.6	56,646.6

10. SHARE CAPITAL

	30 June 2020 Number	30 June 2019 Number
Issued		
Number of ordinary shares issued and fully paid ¹	2,234,687,537	2,234,687,537
Treasury shares	(306,358,058)	(306,358,058)
	1,928,329,479	1,928,329,479

¹ No additional ordinary shares were issued during the current Reporting Period (2019: nil).

	30 June 2020 US\$ thousand	30 June 2019 US\$ thousand
Share capital	38,150.6	38,150.6

11. DISPOSALS AND ACQUISITIONS

There were no disposals or acquisitions during the current or prior reporting period.

12. COMMITMENTS, CONTINGENT LIABILITIES AND GUARANTEES

	30 June 2020 US\$ million	30 June 2019 US\$ million
Outstanding open orders	12.3	7.2
Authorised commitments not yet contracted for	37.1	26.5
IFRS 16 lease commitments – due within the next 12 months	0.3	–
Guarantees – Eskom Holdings SOC Limited	1.0	1.3
Instalment sale commitment – due within the next 12 months	0.1	–
Guarantees – Department of Mineral Resources and Energy	21.6	26.5

The Group identified no material contingent liabilities for the current and prior reporting period.

13. RELATED PARTY TRANSACTIONS

The related party transactions are summarised as follows:

- Inter-company interest and management fees – refer to segmental reporting note 4
- Inter-company loans have no specific repayment terms, are repayable on demand and bear interest in relation to the treasury function provided by Funding Company
- Inter-company PAR Gold reciprocal dividend – refer to summarised 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 corresponding reporting period.

14. LITIGATION AND CLAIMS

The Group has no current, pending or threatened legal or arbitration proceedings.

15. EVENTS AFTER THE REPORTING PERIOD

It is with regret that we announce that an employee at the Fairview Mine in Barberton, Mr Senzo Mavimbela, lost his life in a fall-of-ground accident on 21 July 2020. We are deeply saddened by this incident and our sincere condolences have been extended to the family, friends and colleagues of the deceased. The health and safety of our employees continues to be our number one priority and we continue to reassess and reinforce all safety protocols, procedures and standards in our ongoing quest to achieve zero harm for all our employees, on a daily basis.

16. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED BY OPERATIONS

	30 June 2020 US\$ thousand	30 June 2019 US\$ thousand
Profit before taxation for the year	52,197.8	46,216.2
Adjusted for:	38,545.7	11,862.1
Impairment reversal	(88.6)	(17,853.5)
Cash-settled share options expenses	5,595.3	2,350.6
Finance income	(464.8)	(849.7)
Finance costs	13,346.2	13,041.8
Profit on sale of asset	(92.9)	(181.4)
Royalty costs	473.8	354.1
Deferred executive incentive expense	(263.1)	182.5
Deferred consideration provision	–	72.6
Loss/(profit) arising from realised and unrealised financial instruments	21,943.8	(381.9)
Change in estimate of the environmental rehabilitation provision	(3,045.7)	–
Debt refinance modification adjustment	(53.8)	418.2
Fair value adjustments on rehabilitation funds	(1,728.2)	(1,604.8)
Non-mining depreciation and amortisation	277.5	97.1
Mining depreciation and amortisation	21,503.2	16,227.8
Realisation of gold loan	(18,857.0)	–
Fair value adjustment on post-retirement benefits	–	(11.3)
	90,743.5	58,078.3
Working capital changes:	(1,412.2)	1,253.8
Increase in inventories	(1,714.4)	(2,013.5)
Decrease in trade and other receivables	4,237.3	4,477.1
Decrease in trade and other payables	(739.5)	(894.0)
Other non-cash items	(3,195.6)	(315.8)
Settlement of cash-settled share option costs	(1,236.2)	(10.1)
Rehabilitation costs incurred	(2,587.4)	(4,005.4)
Proceeds from derivative financial instruments	(12,108.3)	1,572.4
Net cash generated by operating activities before dividend, taxation, royalties and net finance costs and income	73,399.4	56,889.0
Taxation paid during the year		
Taxation charge per the statement of comprehensive income	7,904.5	8,174.0
Less: Deferred taxation	(182.8)	(5,312.6)
	7,721.7	2,861.4
Taxation receivable at the beginning of the year	(1,327.8)	(374.5)
Taxation (payable)/receivable at the end of the year	(1,065.0)	1,327.8
Foreign currency translation	(452.2)	32.3
Taxation paid during the year	4,876.7	3,847.0
Royalty paid during the year		
Royalty cost (receivable)/payable at the beginning of the year	(83.9)	225.9
Royalty cost receivable at the end of the year	491.9	83.9
Royalty costs charges for the year	473.8	354.1
Foreign currency translation	45.1	(14.0)
Royalty paid during the year	926.9	649.9

OTHER ITEMS

ALTERNATIVE PERFORMANCE MEASURES

Introduction

When assessing Pan African's reported financial performance, financial position and cash flows, management makes reference to APMs of historical or future financial performance, financial position or cash flows that are not defined or specified under IFRS.

The APMs include financial APMs, non-financial APMs and ratios as described below:

- **Financial APMs:** These financial measures are usually derived from the annual financial statements, prepared in accordance with IFRS. Certain financial measures cannot be directly derived from the annual financial statements as they contain additional information, such as financial information from earlier periods or profit estimates or projections. The accounting policies applied when calculating APMs are, where relevant and unless otherwise stated, the same as those disclosed in the Group's consolidated annual financial statements for the year ended 30 June 2020.
- **Non-financial APMs:** These measures incorporate certain non-financial information that management believes is useful when assessing the Group's performance.
- **Ratios:** Is a ratio calculated using any of the APMs referred to above, IFRS measures, or a combination of APMs and IFRS measures.

The table below summarises the Group's financial and non-financial APMs. APMs are not uniformly defined by all companies, including those in Pan African's industry. APMs should be considered in addition to, and not as a substitute for or as superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS.

Financial APMs

Group APM	Equivalent IFRS measure	Adjustments to reconcile to primary statements	Rational for adjustment
Performance			
AISC	Gold cost of production	<ul style="list-style-type: none"> • Other related costs as defined by the World Gold Council, including royalty costs, community costs, sustaining and development capital (excluding non-gold operations) 	The objective of AISC and all-in cost metrics is to provide key stakeholders (i.e. management, shareholders, governments, local communities, etc.) with comparable metrics that reflect, as close as possible, the full cost of producing and selling an ounce of gold, and which are fully and transparently reconcilable back to amounts reported under Generally Accepted Accounting Principles as published by the International Accounting Standards Board (IASB also referred to as IFRS)
All-in cost	Gold cost of production	<ul style="list-style-type: none"> • Once-off capital costs 	As per the above for AISC with additional expansionary capital and once-off non-production-related cost adjustments

ALTERNATIVE PERFORMANCE MEASURES continued**Financial APMs** continued

Group APM	Equivalent IFRS Measure	Adjustments to reconcile to primary statements	Rational for adjustment
Performance continued			
Adjusted EBITDA	Profit after taxation	<ul style="list-style-type: none"> • Taxation • Mining depreciation and amortisation • Net finance costs • Impairment reversals 	Excludes the impact of non-recurring items or certain accounting adjustments that can mask underlying changes in performance
Headline earnings	Profit after taxation	<ul style="list-style-type: none"> • Profit on disposal of property, plant and equipment and mineral rights • Taxation on profit on disposal of property, plant and equipment and mineral rights • Impairment reversal • Taxation on impairment reversal 	Indicates to shareholders the robustness of the Group's financial position
Statement of financial position			
Net debt	Borrowings from financial institutions less cash and related hedges	<ul style="list-style-type: none"> • IFRS 9 accounting adjustments • IFRS 16 lease liabilities • Restricted cash • Instalment sales 	Excludes the impact of accounting adjustments from the net debt obligations of the Group
Net senior debt	Borrowings from financial institutions less cash	<ul style="list-style-type: none"> • IFRS 9 accounting adjustments • IFRS 16 lease liabilities • Restricted cash • Instalment sales 	Excludes the impact of accounting adjustments from debt obligations of the Group

ALTERNATIVE PERFORMANCE MEASURES continued**Cash cost**

Direct production costs attributable to gold sold by the Group.

All-in sustaining costs

Incorporates costs related to sustaining current production. AISC are defined by the World Gold Council as operating costs plus costs not already included therein relating to sustaining the current production, including sustaining capital expenditure. The value of by-product revenue is deducted from operating costs as it effectively reduces the cost of gold production.

All-in costs

Includes additional costs which relate to the growth of the Group. All-in costs start with AISC and adds additional costs which relates to the growth of the Group, including non-sustaining capital expenditure not associated to current operations and includes costs such as voluntary severance pay.

AISC and all-in costs are reported on the basis of a rand per kilogramme of gold and US\$ per ounce of gold. The US\$ equivalent is converted at the average exchange rate applicable for the current financial year as disclosed in the Group's production summary on pages 42 to 45. A kilogramme of gold is converted to an ounce of gold at a ratio of 1:32.1509.

Other items continued

ALTERNATIVE PERFORMANCE MEASURES continued

The following tables set out a reconciliation of Pan African's cost of production as calculated in accordance with IFRS to AISC and all-in costs for the financial year ended 30 June 2020 and 30 June 2019. The equivalent of a rand per kilogramme and US\$ per ounce basis is disclosed in the Group's production summary table on pages 42 to 45.

	Mining operations			Tailings operations				Total operations		
	Barberton Mines ZAR million	Evander Mines ZAR million	Total ZAR million	BTRP ZAR million	ETRP ZAR million	Elikhulu ZAR million	Total ZAR million	Barberton Mines total ZAR million	Evander Mines total ZAR million	Group total ZAR million
Year ended 30 June 2020										
Gold cost of production	1,184.6	313.7	1,498.3	248.2	218.9	517.6	984.7	1,432.8	1,050.2	2,483.0
Cash cost¹	1,184.6	313.7	1,498.3	248.2	218.9	517.6	984.7	1,432.8	1,050.2	2,483.0
Royalties	8.1	2.4	10.5	0.9	–	1.0	1.9	9.0	3.4	12.4
Community cost related to gold operations	17.1	0.1	17.2	–	–	–	–	17.1	0.1	17.2
By-products credits	(0.4)	(5.9)	(6.3)	–	–	–	–	(0.4)	(5.9)	(6.3)
Corporate general and administrative costs	77.2	253.1	330.3	–	–	46.3	46.3	77.2	299.4	376.6
Reclamation and remediation – accretion and amortisation (operating sites)	(4.1)	(0.4)	(4.5)	–	–	–	–	(4.1)	(0.4)	(4.5)
Sustaining capital – development	74.2	–	74.2	–	–	–	–	74.2	–	74.2
Sustaining capital – maintenance	110.7	29.0	139.7	1.7	22.4	8.6	32.7	112.4	60.0	172.4
AISC¹	1,467.5	591.9	2,059.4	250.8	241.3	573.6	1,065.7	1,718.3	1,406.8	3,125.1
Expansion capital – capital expenditure	106.4	268.5	374.9	3.9	8.4	–	12.3	110.3	276.9	387.2
All-in costs¹	1,573.9	860.4	2,434.3	254.7	249.7	573.6	1,078.0	1,828.6	1,683.7	3,512.3
Year ended 30 June 2019										
Gold cost of production	1,118.3	421.7	1,540.0	187.9	82.5	360.5	630.9	1,306.2	864.7	2,170.9
Cash cost¹	1,118.3	421.7	1,540.0	187.9	82.5	360.5	630.9	1,306.2	864.7	2,170.9
Royalties	6.6	0.9	7.5	0.3	–	1.5	1.8	6.9	2.4	9.3
Community cost related to gold operations	21.2	3.3	24.5	–	–	–	–	21.2	3.3	24.5
By-products credits	(0.6)	(3.7)	(4.3)	–	–	–	–	(0.6)	(3.7)	(4.3)
Corporate general and administrative costs	49.4	6.1	55.5	–	–	19.0	19.0	49.4	25.1	74.5
Reclamation and remediation – accretion and amortisation (operating sites)	(3.6)	(4.7)	(8.3)	–	–	–	–	(3.6)	(4.7)	(8.3)
Sustaining capital – development	69.7	–	69.7	–	–	–	–	69.7	–	69.7
Sustaining capital – maintenance	70.2	–	70.2	–	–	–	–	70.2	–	70.2
AISC¹	1,331.2	423.5	1,754.7	188.1	82.5	381.0	651.6	1,519.3	887.0	2,406.3
Expansion capital – capital expenditure	81.2	38.1	119.3	8.1	–	534.6	542.7	89.3	572.7	662.0
All-in costs¹	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

¹ This total may not reflect the sum of the line items due to rounding.

Other items continued

ALTERNATIVE PERFORMANCE MEASURES continued

Net debt

Net debt is calculated as total borrowings from financial institutions (before IFRS 9 accounting adjustments) less cash and cash equivalents (including derivatives that are entered into for protection against, or benefit from, fluctuation in exchange rate or commodity prices). A reconciliation to the consolidated statement of financial position is provided in note 34 to the consolidated annual financial statements.

	30 June 2020 US\$ million	30 June 2019 US\$ million
Cash and cash equivalents	(33.5)	(5.3)
Restricted cash	0.4	–
Revolving credit facility	43.1	62.7
Term loan facility	46.1	71.1
Gold loan	5.7	–
Add: Derivative financial liability	9.6	0.9
IFRS 16 lease liability	4.5	–
Instalment sale liability	0.3	–
Less: Refinancing modification adjustment	(0.3)	(0.4)
Less: Facilities arranging fees	0.5	0.9
Net debt	76.4	129.9

Adjusted EBITDA

Adjusted EBITDA is a measure of the Group's operating performance and is calculated as net profit or loss for the Group before interest and taxation, before any amount attributable to the amortisation of intangible assets and the depreciation of tangible assets and before any extraordinary items or the impairment of assets.

	Mining operations			Tailings operations				Total operations		
	Barberton Mines ZAR million	Evander Mines ZAR million	Total ZAR million	BTRP ZAR million	ETRP/ Surface sources ZAR million	Elikhulu ZAR million	Total ZAR million	Barberton Mines total ZAR million	Evander Mines total ZAR million	Group total ZAR million
Adjusted EBITDA by operation										
Net income before finance income and finance costs	385.0	(362.9)	22.1	151.6	59.0	760.2	970.8	536.6	456.3	992.9
Mining depreciation and amortisation	82.3	83.7	166.0	34.1	–	136.9	171.0	116.4	220.6	337.0
EBITDA	467.3	(279.2)	188.1	185.7	59.0	897.1	1,141.8	653.0	676.9	1,329.9
Impairment reversal	–	(1.5)	(1.5)	–	–	–	–	–	(1.5)	(1.5)
Adjusted EBITDA – 2020	467.3	(280.7)	186.6	185.7	59.0	897.1	1,141.8	653.0	675.4	1,328.4
Net income before finance income and finance costs	206.9	218.3	425.2	145.4	61.3	318.6	525.3	352.3	598.2	950.5
Mining depreciation and amortisation	71.0	0.2	71.2	32.6	3.7	122.8	159.1	103.6	126.7	230.3
EBITDA	277.9	218.5	496.4	178.0	65.0	441.4	684.4	455.9	724.9	1,180.8
Impairment reversal	–	(251.4)	(251.4)	–	–	–	–	–	(251.4)	(251.4)
Adjusted EBITDA – 2019	277.9	(32.9)	245.0	178.0	65.0	441.4	684.4	455.9	473.5	929.4

ALTERNATIVE PERFORMANCE MEASURES continued

Net senior debt

Net senior debt includes senior, interest-bearing debt including the outstanding gold loan balance, net of available cash.

	30 June 2020 US\$ million	30 June 2019 US\$ million
Cash and cash equivalents	(33.5)	(5.3)
Restricted cash	0.4	–
Revolving credit facility	43.1	62.7
Term loan facility	46.1	71.1
Gold loan	5.7	–
Less: Refinancing modification adjustment	(0.3)	(0.4)
Less: Facilities arranging fees	0.5	0.9
Net senior debt	62.0	129.0

ALTERNATIVE PERFORMANCE MEASURES continued**Net adjusted EBITDA**

Net adjusted EBITDA starts with adjusted EBITDA, adjusted for unrealised fair value gains or losses on financial derivative instruments that are undertaken in the normal course of business.

Headline earnings

Headline earnings, a JSE-defined performance measure, is reconciled to profit/(loss) after taxation below:

	Year ended 30 June 2020			Year ended 30 June 2019		
	Profit/(loss) after taxation for the period	Weighted average number of shares in issue	Earnings per share	Profit/(loss) after taxation for the period	Weighted average number of shares in issue	Earnings per share
Basic earnings per share	44,293.3	1,928,329.5	2.30	38,042.2	1,928,329.5	1.97
Adjustment						
Profit on disposal of property, plant and equipment and mineral rights	(92.9)	–	(0.01)	(181.4)	–	(0.01)
Taxation profit on disposal of property, plant and equipment and mineral rights	26.0	–	–	50.8	–	0.02
Impairment reversal	(88.6)	–	–	(17,853.5)	–	(0.93)
Taxation on impairment reversal	20.4	–	–	2,795.9	–	0.14
Headline earnings per share	44,158.2	1,928,329.5	2.29	22,854.0	1,928,329.5	1.19
Dilutive potential ordinary shares	–	–	–	–	–	–
Diluted earnings per share	44,158.2	1,928,329.5	2.29	22,854.0	1,928,329.5	1.19

RATIOS**Net debt to equity ratio**

This ratio measures the degree to which the Group finances its operations through debt relative to equity and is calculated as net debt divided by total equity.

Net debt to net adjusted EBITDA ratio

This ratio measures the number of years it would take the Group to repay its net debt from net adjusted EBITDA assuming both variables are held consistent, and is calculated as net debt divided by net adjusted EBITDA.

Interest cover ratio

This ratio measures the Group's ability to redeem interest on its outstanding senior debt from net adjusted EBITDA and is calculated as total net adjusted EBITDA divided by interest costs incurred on interest-bearing debt.

Debt service cover ratio

This ratio measures the cash flow available for debt service relative to the Group's principal and interest debt obligations and is calculated as free cash flow available for debt service divided by principal and interest debt obligations.

RATIOS continued**Covenant reconciliation and calculation**

	30 June 2020 US\$ thousand	30 June 2019 US\$ thousand
Net debt	76,371.5	129,868.3
Total equity	183,619.4	183,581.9
Net debt to equity ratio	0.4	0.7
Finance cost – revolving credit facility	4,339.5	6,149.7
Finance cost – term loan facility	6,152.8	7,562.8
Finance cost – general banking facility	214.6	384.3
Total finance cost – interest-bearing facilities	10,706.9	14,096.8
Adjusted EBITDA	86,493.8	56,782.6
Fair value gains and losses on financial instruments	21,943.8	1,190.5
Net adjusted EBITDA	108,437.6	57,973.1
Interest cover ratio	10.1	4.1
Net debt	76,371.5	129,868.3
Net adjusted EBITDA	108,437.6	57,973.1
Net debt to net adjusted EBITDA	0.7	2.2
Net adjusted EBITDA	108,437.6	57,973.1
Net working capital change	(1,412.2)	1,253.8
Add: Non-cash flow items	17,694.1	1,580.5
Total capital expenditure less capital funded through permitted indebtedness	(36,793.9)	(37,161.6)
Less: Dividends paid	(2,933.2)	–
Less: Taxation paid	5,803.6	(4,496.9)
Free cash flow	90,796.0	19,148.9
Finance cost from interest-bearing facilities	10,706.9	14,096.8
Capital repayments	15,981.1	–
Debt service obligation	26,598.0	14,096.8
Debt service cover ratio	3.4	1.4

Net asset value per share

This is calculated as total equity divided by the total number of shares in issue less treasury shares held by the Group.

	Unit	30 June 2020	30 June 2019
Total equity	US\$ million	183.6	183.6
Shares in issue	Number million	2,234.7	2,234.7
Treasury shares	Number million	(306.4)	(306.4)
Net asset value per share	US cents	9.52	9.52

Other items continued

RATIOS continued

Return on shareholders' funds

This ratio measures returns to equity shareholders as a percentage of the capital invested in the Group. It is calculated as profit/(loss) after taxation divided by average total equity for the current and prior Reporting Period.

	Unit	30 June 2020	30 June 2019
Profit after taxation for the period	US\$ million	44.3	38.0
Average equity	US\$ million	183.6	165.3
Return on shareholders' funds	%	24.1	23.0

Return on capital employed

This ratio measures the profitability of the Group's capital investments and shows how effectively assets are generating profits on invested capital for equity shareholders of the Group. It is calculated as earnings before finance costs and taxation divided by the sum of the average total equity for the current and prior Reporting Period and average debt from financial institutions.

	Unit	30 June 2020	30 June 2019
Earnings before finance costs and taxation	US\$ million	65.1	58.4
Average equity	US\$ million	183.6	165.3
Average debt from financial institutions	US\$ million	111.5	126.5
Return on capital employed	%	22.1	20.0

Attributable cash flow per share

Attributable cash flow per share is calculated as net cash generated by operating activities less additions to property, plant and equipment and mineral rights less borrowings repaid divided by the total number of shares in issue less treasury shares held by the Group.

	Unit	30 June 2020	30 June 2019
Net cash generated by operating activities	US\$ thousand	53,828.3	37,706.7
Less: Capital expenditure	US\$ thousand	(34,557.3)	(55,115.7)
Add: Capital expenditure funded through permitted indebtedness	US\$ thousand	36,793.9	37,161.6
Less: Obligatory borrowings redeemed	US\$ thousand	(15,891.1)	–
Attributable cash flow		40,173.8	19,752.6
Shares in issue	Number thousand	2,234,687.5	2,234,687.5
Treasury shares	Number thousand	(306,358.1)	(306,358)
		1,928,329.4	1,928,329
Attributable cash flow per share	US cents per share	2.08	1.02

RATIOS continued

Cash flow yield per share

Is calculated as the attributable cash flow per share divided by the closing price of a Pan African share as at 30 June 2020.

	Unit	30 June 2020	30 June 2019
Attributable cash flow per share	US cents per share	2.08	1.02
Price per Pan African share	US cents per share	21.4	13.0
Cash flow yield per share	%	9.76	7.88

Dividend yield at the last traded share price

Is calculated as the dividend per share in cents divided by the closing price of a Pan African share as at 30 June 2020.

	Unit	30 June 2020	30 June 2019
Dividend per share	ZA cents	2.24	–
Last traded share price	ZA cents	370.0	186.0
Dividend yield at the last traded price	%	0.6	–

GROUP PRODUCTION SUMMARY

	Year ended 30 June	Unit	Mining operations			Tailings operations				Total operations		
			Barberton Mines	Evander Mines	Total	BTRP	ETRP	Elikhulu	Total	Barberton Mines total	Evander Mines total	Group total
Tonnes milled – underground	2020	t	233,580	51,436	285,016	–	–	–	–	233,580	51,436	285,016
	2019	t	247,635	63,971	311,606	–	–	–	–	247,635	63,971	311,606
Tonnes milled – surface	2020	t	103,824	–	103,824	–	–	–	–	103,824	–	103,824
	2019	t	45,629	–	45,629	–	–	–	–	45,629	–	45,629
Tonnes milled – total underground and surface	2020	t	337,404	51,436	388,840	–	–	–	–	337,404	51,436	388,840
	2019	t	293,264	63,971	357,235	–	–	–	–	293,264	63,971	357,235
Tonnes processed – tailings ¹	2020	t	–	–	–	958,106	–	13,093,574	14,051,680	958,106	13,093,574	14,051,680
	2019	t	–	–	–	1,114,923	918,809	10,848,209	12,881,941	1,114,923	11,767,018	12,881,941
Tonnes processed – surface feedstock	2020	t	–	–	–	–	288,242	–	288,242	–	288,242	288,242
	2019	t	–	–	–	–	153,224	–	153,224	–	153,224	153,224
Tonnes processed – total tailings and surface feedstock	2020	t	–	–	–	958,106	288,242	13,093,574	14,339,922	958,106	13,381,816	14,339,922
	2019	t	–	–	–	1,114,923	1,072,033	10,848,209	13,035,165	1,114,923	11,920,242	13,035,165
Tonnes milled and processed – total	2020	t	337,404	51,436	388,840	958,106	288,242	13,093,574	14,339,922	1,295,510	13,433,252	14,728,762
	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
Headgrade – total	2020	g/t	6.9	9.5	7.2	1.8	2.0	0.3	1.8	3.1	0.4	0.6
	2019	g/t	8.6	8.7	8.6	1.5	0.5	0.3	1.0	3.0	0.3	0.4
Overall recovered grade	2020	g/t	6.3	9.1	7.1	0.7	1.2	0.1	0.2	2.1	0.2	0.4
	2019	g/t	8.0	8.2	8.0	0.7	0.3	–	0.2	2.2	0.2	0.4
Overall recovery – underground	2020	%	92	96	93	–	–	–	–	92	96	93
	2019	%	94	94	94	–	–	–	–	94	94	94
Overall recovery – tailings	2020	%	–	–	–	37	49	47	46	37	49	46
	2019	%	–	–	–	45	49	49	48	45	49	48
Gold produced – underground	2020	oz	63,884	20,670	84,554	–	–	–	–	63,884	20,670	84,554
	2019	oz	72,864	16,879	89,743	–	–	–	–	72,864	16,879	89,743
Gold production – surface operations	2020	oz	4,245	–	4,245	–	–	–	–	4,245	–	4,245
	2019	oz	2,492	–	2,492	–	–	–	–	2,492	–	2,492
Gold produced – tailings	2020	oz	–	–	–	20,135	–	59,616	79,751	20,135	59,616	79,751
	2019	oz	–	–	–	24,007	3,762	46,201	73,970	24,007	49,963	73,970
Gold produced – surface feedstock	2020	oz	–	–	–	–	10,907	–	10,907	–	10,907	10,907
	2019	oz	–	–	–	–	6,237	–	6,237	–	6,237	6,237
Gold produced – total	2020	oz	68,129	20,670	88,799	20,135	10,907	59,616	90,658	88,264	91,193	179,457
	2019	oz	75,356	16,879	92,235	24,007	9,999	46,201	80,207	99,363	73,079	172,442

¹ Gold sold in the prior Reporting Period excludes 736oz which were 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 tonnes processed during August 2018 were 509,759t.

Other items continued

GROUP PRODUCTION SUMMARY continued

	Year ended 30 June	Unit	Mining operations			Tailings operations				Total operations		
			Barberton Mines	Evander Mines	Total	BTRP	ETRP	Elikhulu	Total	Barberton Mines total	Evander Mines total	Group total
Gold sold – total ^{1,2}	2020	oz	68,129	15,077	83,206	20,135	10,907	59,616	90,658	88,264	85,600	173,864
	2019	oz	75,356	16,879	92,235	24,007	9,999	45,465	79,471	99,363	72,343	171,706
Average ZAR gold price received	2020	ZAR/kg	798,287	776,637	794,364	787,206	819,764	788,510	791,981	795,759	790,401	793,121
	2019	ZAR/kg	577,902	573,722	577,137	578,146	560,446	581,920	578,078	577,961	577,039	577,573
Average US\$ gold price received	2020	US\$/oz	1,585	1,542	1,577	1,563	1,627	1,565	1,572	1,579	1,569	1,574
	2019	US\$/oz	1,267	1,258	1,265	1,267	1,228	1,267	1,267	1,267	1,265	1,266
ZAR cash cost	2020	ZAR/kg	559,016	668,927	578,932	396,231	645,376	279,155	349,218	521,878	394,470	459,151
	2019	ZAR/kg	477,109	803,183	536,781	251,624	265,210	254,925	255,222	422,630	384,266	406,466
ZAR AISC	2020	ZAR/kg	692,509	1,262,293	795,753	400,399	711,414	309,333	377,934	625,867	528,412	577,887
	2019	ZAR/kg	567,947	806,630	611,626	251,973	265,210	269,442	263,633	491,605	394,193	450,564
ZAR all-in cost	2020	ZAR/kg	742,716	1,834,880	940,614	406,632	736,067	309,333	382,284	666,041	632,404	649,480
	2019	ZAR/kg	602,601	879,188	653,216	262,779	265,210	647,489	483,175	520,497	648,711	574,516
US\$ cash cost	2020	US\$/oz	1,110	1,328	1,149	786	1,281	554	693	1,036	783	911
	2019	US\$/oz	1,046	1,761	1,177	552	581	555	559	926	842	891
US\$ AISC	2020	US\$/oz	1,375	2,506	1,579	795	1,412	614	750	1,242	1,049	1,147
	2019	US\$/oz	1,245	1,768	1,341	552	581	587	578	1,078	864	988
US\$ all-in cost	2020	US\$/oz	1,474	3,642	1,867	807	1,461	614	759	1,322	1,255	1,289
	2019	US\$/oz	1,321	1,927	1,432	576	581	1,410	1,059	1,141	1,422	1,259
ZAR cash cost per tonne	2020	ZAR/t	3,511	6,099	3,853	259	759	40	69	1,106	78	169
	2019	ZAR/t	3,813	6,592	4,311	169	77	33	48	928	72	162
Capital expenditure	2020	ZAR million	291.3	297.5	588.8	5.6	30.8	8.6	45.0	296.9	336.9	633.8
	2019	ZAR million	221.2	38.1	259.3	8.1	–	534.6	542.7	229.3	572.7	802.0
Revenue	2020	ZAR million	1,691.6	364.2	2,055.8	493.0	278.1	1,462.1	2,233.2	2,184.6	2,104.4	4,289.0
	2019	ZAR 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
Cost of production	2020	ZAR million	1,184.6	313.7	1,498.3	248.2	218.9	517.6	984.7	1,432.8	1,050.2	2,483.0
	2019	ZAR 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
All-in sustainable cost of production	2020	ZAR million	1,467.5	591.9	2,059.4	250.8	241.3	573.6	1,065.7	1,718.3	1,406.8	3,125.1
	2019	ZAR 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
All-in cost of production	2020	ZAR million	1,573.9	860.4	2,434.3	254.7	249.7	573.6	1,078.0	1,828.6	1,683.7	3,512.3
	2019	ZAR 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
Adjusted EBITDA	2020	ZAR million	467.3	(280.7)	186.6	185.7	59.0	897.1	1,141.8	653.0	675.4	1,328.4
	2019	ZAR million	277.9	(32.9)	245.0	178.0	65.0	441.4	684.4	455.9	473.5	929.4
Average exchange rate	2020	US\$/ZAR	15.67	15.67	15.67	15.67	15.67	15.67	15.67	15.67	15.67	15.67
	2019	US\$/ZAR	14.19	14.19	14.19	14.19	14.19	14.28	14.19	14.19	14.19	14.19

¹ Gold sold during the Reporting Period excludes 5,593oz which were produced by Evander Mines mining operations between July 2019 and May 2020. The associated revenue and costs were capitalised for accounting purposes prior to the 8 Shaft pillar project reaching steady-state production during May 2020. The tonnes processed between July 2019 and May 2020 were 15,823t.

² Gold sold in the prior Reporting Period excludes 736oz which were 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 tonnes processed during August 2018 were 509,759t.

DEFINITIONS OF TERMS AND ABBREVIATIONS USED IN THIS REPORT

8 Shaft	Evander Mines' 8 Shaft pillar project
ADR	American Depository Receipt programme through the Bank of New York Mellon
AGM	Annual general meeting
AIM	Alternative Investment Market, the LSE's international market for smaller growing companies
AISC	All-in sustaining costs
APMs	Alternative performance measures
Barberton Mines	Barberton Mines Proprietary Limited
BNY Mellon	Bank of New York Mellon
the board	The board of directors of Pan African
BTRP	Barberton Tailings Retreatment Plant, a gold recovery tailings plant owned by Barberton Mines, which reached steady-state production in June 2013
CFD	Contract for difference
CGU	Cash-generating unit
Companies Act 2006	An act of the Parliament of the UK which forms the primary source of UK company law
COVID-19	Coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
DRA Global	A global engineering group delivering mining, mineral processing, energy water treatment and infrastructure services
EBITDA	Earnings before interest, income taxation expense, depreciation and amortisation, and impairment reversal
EPS	Earnings per share
ESG	Environmental, social and governance
Evander Mines	Evander Gold Mining Proprietary Limited
Funding Company	Pan African Resources Funding Company Proprietary Limited
GBP	British pound
g/t	Grams/tonne
HEPS	Headline earnings per share
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
JSE	JSE Limited incorporating the Johannesburg Securities Exchange, the main bourse in South Africa
King IV™	King IV™ Report on Corporate Governance for South Africa, 2016
Koz	Thousand ounces
LOM	Life-of-mine

DEFINITIONS OF TERMS AND ABBREVIATIONS USED IN THIS REPORT continued

LSE	London Stock Exchange
LTIFR	Lost-time injury frequency rate
Moz	Million ounces
MRC	Main Reef Complex
Mt	Million tonnes
oz	ounce
Pan African Resources PLC	Holding company – Pan African
PAR Gold	PAR Gold Proprietary Limited
PAR Management Services	Pan African Resources Management Services Company Proprietary Limited
PC Shaft	Barberton Mines' Prince Consort Shaft
PwC	PricewaterhouseCoopers LLP
RIFR	Reportable injury frequency rate
RMB	Rand Merchant Bank, a division of FirstRand Bank Limited
SAMREC Code	South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2016 edition
SARS	South African Revenue Service
South African Companies Act	South African Companies Act, 71 of 2008
t	Tonnes
the Group or the Company or Pan African	Pan African Resources PLC, listed on the LSE's AIM and on the JSE in the Gold Mining sector
UK	United Kingdom
US	United States
US\$	United States dollar
VAT	15% value-added tax in South Africa
ZAR	South African rand

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Participation details for the FY2020 results presentation are as follows:

DATE

16 September 2020

TIME

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

WEBCAST/DIALLING IN

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OUR REPORTING SUITE



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

Our integrated annual report is available on our website at
www.panafricanresources.com/investors/financial-reports/



Our **sustainable development report**, which contains additional non-financial disclosures referencing GRI.

It is available on our website at
www.panafricanresources.com/investors/gri-and-sustainability/



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

It is available on our website at
www.panafricanresources.com/operations-at-a-glance-2/mineral-resource-mineral-reserve-2/



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

It is available on our website at
www.panafricanresources.com/about/corporate-governance/

FEEDBACK

We welcome any feedback stakeholders may have on our reports.
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