PAN AFRICAN
RESOURCES

UNAUDITED INTERIM FINANCIAL RESULTS

for the six months ended 31 December 2019

PROFITABLE • SUSTAINABLE • STAKEHOLDERS • GROWTH

Evander Mines – 7 Shaft headgear

CHIEF EXECUTIVE OFFICER'S STATEMENT

Key features reported in US dollars (USD) and South African rand (ZAR or rand)
Pan African Resources Plc (Pan African Resources or the Company or the Group)

Highlights:

- Gold sold increased by 13.6% to 90,602oz (2018: 79,765oz)
- Revenue increased by 36.2% to USD132.8 million (2018: USD97.5 million) and adjusted EBITDA increased by 83.4% to USD44.2million (2018:USD24.1million)
- Profit for the period increased by 125.8% to USD21.9 million (2018: USD9.7 million) with earnings per share increased by 128.0% to USD1.14 cents per share (2018: USD0.50 cents per share)
- Group net debt decreased to USD123.7 million (2018: USD131.1 million)
- The Group's lost-time injury frequency rate improved to 1.69 (2018: 1.77) per million man hours and there were zero fatalities during the period
- The Group remains firmly on track to deliver 185,000oz of gold production for the year ending 30 June 2020 (2019: 170,000oz)

INTRODUCTION

"Our business strategy of delivering safe, sustainable and high-margin gold production has yielded improved operational, financial and safety results for the six months ended 31 December 2019 (the current reporting period).

In the current reporting period, our team delivered a robust operational performance, with gold sales volumes increasing by 13.6% to 90,602oz.

Despite the increase in the Group's overall all-in sustaining costs (AISC) for the current reporting period, our tailings businesses operated at exceptional margins, with Elikhulu producing at an AISC of USD708/oz and our Barberton Tailings Retreatment Plant (BTRP) reporting an AISC of USD643/oz. We are pleased to maintain our previous guidance of gold production of 185,000oz, at an AISC below USD1,000/oz, for the full 2020 financial year.

Previously, we committed to increasing margins at our higher-cost underground operations and we are encouraged by progress made in achieving this objective. Evander Mine's 8 Shaft pillar (8 Shaft pillar) project, where all development milestones were achieved on-schedule and on-budget, will reach commercial production in the next few weeks, adding further high-margin production from our operations in the second half of this year. At Barberton's New Consort Mine, we will also commence mining the Prince Consort (PC) Shaft pillar in March, adding incremental gold production and considerably reducing the unit cost of production from this operation. Critically, we are conducting pillar mining activities in a way that does not sterilise the longer-term future of the operations.

We have successfully completed the mining feasibility study on Evander Mines' Egoli project, which demonstrates its technical viability and compelling economic returns. This study is currently subject to an independent technical review. The Group is exploring several non-dilutive funding options for Egoli, which will enable Pan African Resources to continue its strategy of de-gearing its balance sheet and increasing dividends. To this end, we are engaging with several financial institutions who have expressed an interest in the continued financing of the Group's organic growth projects. Our attractive pipeline of near- to medium-term growth projects, including the Egoli project and Barberton Mines' Royal Sheba project, have the potential to significantly boost Group production in the coming years.

CHIEF EXECUTIVE OFFICER'S STATEMENT continued

Despite some challenges, including electricity supply constraints and illegal mining, Pan African Resources has demonstrated the ability to operate successfully in South Africa. We will continue to use our experience and resources to improve the lives of all our stakeholders and grow shareholder value.

Management's key focus for the remainder of the 2020 financial year includes further improving the safety performance, delivering on production guidance, reducing operational costs, managing cash flow generation and strengthening the Group's financial position by reducing senior debt."

OPERATIONAL REVIEW

- Total gold sold increased by 13.6% to 90,602oz (2018: 79,765oz) due to an increase in production by Evander Mines
- Gold produced by the Group increased by 14.7% to 92,941oz (2018: 81,014oz)
- Barberton Mines:
  - Production from the Barberton Mines complex decreased by 6.3% to 47,356oz (2018: 50,556oz)
  - Production from underground and surface mining decreased by 4.7% to 36,737oz (2018: 38,550oz), due to community unrest experienced during July 2019 and challenging geological conditions at Barberton's Fairview operation, which is expected to be mitigated by increased mining flexibility in the remainder of the financial year
  - BTRP's production decreased by 11.6% to 10,619oz (2018: 12,006oz), as per the mine plan and in line with production guidance.
- Evander Mines:
  - Elikhulu Tailings Retreatment Plant (Elikhulu) contributed to the Group's operational performance for the full six-month period, whereas in the corresponding period it was still being commissioned. Production from Elikhulu increased by 91.6% to 29,301oz (2018: 15,292oz)
  - Production from remnant mining and surface sources increased by 7.4% to 16,284oz (2018: 15,166oz)
  - The 8 Shaft pillar project produced first gold in August 2019. To date, the 8 Shaft pillar project has produced 2,335oz. The revenue and costs associated with the project are being capitalised until steady-state production is achieved, which is expected in March 2020.
- The Group maintained its excellent safety performance during the current reporting period
- South Africa's operating environment remains challenging, with key issues being electricity availability, illegal mining, community protests and disruptions, escalating costs and regulatory uncertainty. These challenges are successfully mitigated by employing pre-emptive risk management initiatives and by Pan African Resources' pro-active management approach.

GROUP SAFETY

We remain committed to and focussed on ensuring the safety of all our employees, while we continue to strive towards a zero-harm environment.

- The Group had no fatalities during the current reporting period (2018: no fatalities)
- The Group's lost-time injury frequency rate improved to 1.69 (2018: 1.77) per million man hours
- The reportable injury frequency rate regressed to 0.85 (2018: 0.53) per million man hours, due to Evander Mines' (excluding Elikhulu) reportable injury frequency rate increasing to 3.71 (2018: 2.41). Barberton Mines achieved an excellent reportable injury frequency rate of 0.00 (2018: 0.26) per million man hours.

FINANCIAL REVIEW

- Group profit after taxation increased by 125.8% to USD21.9 million (2018: USD9.7 million), due to the improved production performance at Evander Mines and the prevailing robust USD and rand gold price.
- Group adjusted earnings before interest, taxation, depreciation and amortisation, impairment reversals and fair value adjustments on derivative financial assets and liabilities (adjusted EBITDA) increased considerably by 83.4% to USD44.2 million (2018: USD24.1 million)
- Earnings per share (EPS) more than doubled to USD1.14 cents per share (2018: USD0.50 cents per share)
- The average rand gold price received for the current reporting period increased by 24.1% to R692,045/kg (2018: R557,446/kg) and, in USD terms, it increased by 19.8% to USD1,464/oz (2018: USD1,222/oz)
- Group revenue increased by 36.2% to USD132.8 million (2018: USD97.5 million), due to an increase in gold sales by Evander Mines, following a full six-month contribution from Elikhulu to the Group's production profile and also the increase in production from remnant mining and surface sources
- Cash cost per kilogramme increased by 11.4% in rand terms to R451,228/kg (2018: R405,216/kg) and, in USD terms, it increased by 7.5% to USD955/oz (2018: USD888/oz)
- Group AISC per kilogramme increased by 18.3% in rand terms to R526,150/kg (2018: R444,946/kg) and, in USD terms, it increased by 14.2% to USD1,113/oz (2018: USD975/oz)
- Group net debt decreased to USD123.7 million (2018: USD131.1 million).

Salient features	Units	Six months ended 31 December 2019	Six months ended 31 December 2018	Movement %
Gold sold	(oz)	90,602	79,765	13.6
Revenue	(USD million)	132.8	97.5	36.2
Average gold price received	(USD/oz)	1,464	1,222	19.8
	(R/kg)	692,045	557,446	24.1
Cash costs	(USD/oz)	955	888	7.5
	(R/kg)	451,228	405,216	11.4
AISC (note 1 and detailed commentary)	(USD/oz)	1,113	975	14.2
	(R/kg)	526,150	444,946	18.3
All-in costs (note 1)	(USD/oz)	1,192	1,435	(16.9)
	(R/kg)	563,466	654,470	(13.9)
Adjusted EBITDA (note 2)	(USD million)	44.2	24.1	83.4
Attributable earnings	(USD million)	21.9	9.7	125.8
Headline earnings	(USD million)	21.7	9,7	123.7
EPS	(USD cents)	1.14	0.50	128.0
HEPS (note 3)	(USD cents)	1.13	0.50	126.0
Net debt (note 3)	(USD million)	123.7	131,1	(5.6)
Total sustaining capital expenditure	(USD million)	7.3	4.7	55.3
Total capital expenditure	(USD million)	14.5	41.3	(64.9)
Net asset value per share (note 3)	(USD cents)	10.5	8.0	31.3
Weighted average number of shares in issue	(million)	1,928.3	1,928.3	–
Average exchange rate	(ZAR:USD)	14.70	14.19	3.6
Closing exchange rate	(ZAR:USD)	14.08	14.36	(1.9)

Note 1: The AISC per kilogramme and all-in cost per kilogramme excludes unrealised derivative mark-to-market fair value gains/losses relating to the current gold mining operations. Refer to the Alternative Performance Measure (APM) summary report for the current reporting period.

Note 2: Adjusted EBITDA comprises earnings before interest, taxation, depreciation and amortisation, impairment reversals and fair value adjustments on derivative financial assets and liabilities.

Note 3: Refer to the APM summary report for the current reporting period.

CHIEF EXECUTIVE OFFICER'S STATEMENT continued

GROUP AISC

The Group's AISC for the reporting period was adversely impacted by the costs of Evander Mines' underground operations and by Barberton Mines' Consort Mine operations. If these costs are excluded from the Group's AISC, AISC reduces to R460,924/kg (USD975/oz). This is a more appropriate reflection of the Group's AISC going forward, given that imminent growth and improvement projects will contribute to the Group's production at considerably lower AISC in the next six months.

These projects include:

- 8 Shaft pillar project: Costs for the current reporting period at Evander Mines' underground operations were inflated due to the deep-level remnant mining, which will be replaced by the 8 Shaft pillar project's high-grade lower-cost production in the second half of the financial year. The 8 Shaft pillar project is forecast to produce at an AISC of less than USD1,000/oz, once steady-state production is achieved
- PC Shaft pillar project: Consort Mine contributed 19.8% of Barberton Mines' underground production for the current reporting period at an AISC of R967,141/kg (USD2,046/oz). The PC Shaft pillar project is expected to reduce the AISC materially during the last quarter of the 2020 financial year and for three years thereafter, due to the higher grade of the pillar resources, as per the mine plan.

The Group's lower-cost operations, constituting Barberton's Fairview Mine, the BTRP and Elikhulu performed well, achieving a combined AISC of R402,486/kg (USD852/oz) during the current reporting period. The AISC for Elikhulu was negatively impacted by employee share option costs of USD0.4 million, which if excluded would reduce the AISC for Elikhulu to R327,873/kg (USD694/oz). Based on the actions and projects detailed above, the Group confirms its guided gold production of 185,000oz, at an AISC of below USD1,000, for the full 2020 financial year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Pan African Resources is committed to the highest standards of corporate citizenship. We proactively engage with all our stakeholders to ensure we make a positive contribution to society. We uphold the highest standards of environmental stewardship and seek to responsibly manage our use of the natural resources around our operations.

Environmental, Social and Governance (ESG) highlights:

- A bankable feasibility study has been completed to construct a 10-megawatt solar plant at Evander Mines, capable of delivering the entire Elikhulu plant's power needs during day-light hours. This will reduce the Group's reliance on grid power, and simultaneously reduce our carbon footprint
- We commenced construction of the new Cathyville community clinic development within the Barberton Mines community in November 2019. The new clinic will include a waiting area, consulting rooms, a pediatric consulting room, a boardroom and dispensary. It is expected that the clinic will be completed and handed over to the Mpumalanga Department of Health during 2020 and that the project will create several employment opportunities
- The Group donated four mobile libraries to schools surrounding Evander Mines
- Through our participation in the Adopt -A- School Foundation, we have initiated the third education development project at the Kaapvallei Primary School. This new school will be located in the host community of the Sheba Mine, at Barberton Mines, and USD0.7 million will be invested over five years, catering for 375 students
- We believe that ongoing and effective talent development is essential for our continued competitiveness, transformation and sustainable growth. Our skills development and training initiatives focus on investing in our employees to ensure we have the necessary skills to meet our strategic objectives and operational needs. The Group invested USD0.8 million in skills and development training and USD0.04 million on bursaries in the current reporting period
- As part of Evander Mines' mine closure strategy and environmental rehabilitation plan a total of USD0.9 million was spent on rehabilitation activities, which included the closure of old Shafts No. 2, 5 and 9. The total environmental closure liability is fully funded.

SOUTH AFRICAN OPERATING ENVIRONMENT

Pan African Resources has a demonstrated track record of operating successfully in South Africa.

To combat illegal mining and safeguard operations from criminal activity, the Group has embarked on the following initiatives:

- Development and implementation of an integrated multifaceted security strategy and implementation plan for the Group
- Increased deployment of security resources, both human and technological, in and around high-risk areas
- Enhanced information-sharing and cooperation with the local, provincial and national law enforcement agencies and prosecuting authorities
- Modernisation of detection and crime prevention security technology at all facilities
- Increased execution of intensive targeted crime combating operations in and around our facilities.

Group operations were impacted by power supply constraints during the latter part of the current reporting period. Due to sufficient processing capacity flexibility, the Evander operations can reduce power consumption during critical times, with limited impact on production. A bankable feasibility study has been completed to construct a 10-megawatt solar plant at Evander Mines, capable of delivering Elikhulu's power needs during day-light hours. On receipt of the requisite regulatory approvals, the intent is to fund the project's development in a non-dilutive manner.

MINERAL RESERVES AND MINERAL RESOURCES

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

- Attributable gold Mineral Resources of 335.8Mt at 3.33g/t for 35.97Moz as at 30 June 2019 (30 June 2018: 331.2Mt at 3.13g/t for 33.30Moz).

Gold Mineral Resources	Tonnes Mt	Grade g/t	Gold t	Gold Moz
Barberton Mines hard rock	12.6	7.8	97.9	3.2
BTRP	21.8	1.3	28.0	0.9
Evander Mines underground	97.9	9.5	934.1	30.0
Elikhulu	203.6	0.3	58.4	1.9
Total	**335.8**	**3.3**	**1,118.5**	**36.0**

- Attributable gold Mineral Reserves of 216.6Mt at 1.57g/t for 10.92Moz as at 30 June 2019 (30 June 2018: 239.1Mt at 1.46g/t for 11.22Moz).

Gold Mineral Reserves	Tonnes Mt	Grade g/t	Gold t	Gold Moz
Barberton Mines hard rock	8.0	5.7	45.1	1.5
BTRP	10.1	1.7	16.8	0.5
Evander Mines underground	27.9	8.3	231.7	7.5
Elikhulu	170.6	0.3	46.2	1.5
Total	**216.6**	**1.6**	**339.8**	**10.9**

CHIEF EXECUTIVE OFFICER'S STATEMENT continued

In determining our Mineral Resources and Mineral Reserves, a gold price of R700,000/kg (USD1,534/oz at ZAR14.19:USD1) and R600,000/kg (USD1,315/oz at ZAR14.19:USD1) was used for Mineral Resources and Mineral Reserves quantification, 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 calculating each operations' cut-off grade. The Mineral Resources and Mineral Reserves are reported in accordance with the guidelines of the SAMREC Code. Mineral Resources are reported inclusive of Mineral Reserves. The Mineral Resources and Mineral Reserves are all attributable to Pan African Resources.

There have been no material changes to the Group's Mineral Resource and Mineral Reserve statement since the year ended 30 June 2019.

The competent person for Pan African Resources, Hendrik Pretorius, reviewed and approved the information contained in this document as it pertains to Mineral Resources and Mineral Reserves. He is an employee of Pan African Resources and a member of the South African Council for Natural Scientific Professions as well as a member in good standing of the Geological Society of South Africa.

Refer to the annual Mineral Resource and Mineral Reserve Report, dated 30 June 2019, as published on our website www.panafricanresources.com, for more detail.

NEAR- TO MEDIUM-TERM GROWTH PROJECTS

Barberton Mines' sub-vertical shaft project at Fairview

The development at the top and bottom access of the sub-vertical shaft is progressing as planned. Shaft reaming will commence once adequate ore reserves for near term mining are established in the Main Reef Complex (11-block). The project's construction is expected to be completed over a period of two years, after which it is expected to produce an additional 7,000oz to 10,000oz per annum.

Barberton Mines' Prince Consort Shaft pillar project

The Group has taken a strategic decision to mine the PC Shaft pillar at the New Consort Mine, to improve output from the New Consort operations. The available resource will enable the New Consort operation to supplement its production with a calculated 10kg to 20kg of recovered gold per month. Mining the PC Shaft pillar will be conducted in a way that does not impact the stability of the shaft barrel and therefore does not sterilise any exploration targets beneath the shaft pillar elevation (42 Level to 44 Level). An execution plan for the safe extraction of the PC Shaft pillar is currently being prepared and first gold production is expected in the last quarter of the 2020 financial year. It is expected that steady-state production from the pillar could be achieved within the first quarter of commissioning. Unit costs for the pillar extraction are expected to be relatively low due to the short material hauling distance and the grade of the Mineral Resource.

The additional gold production will enable the operation to focus on investigating identified exploration targets within the New Consort mining district and mining right. The aim of these exploration activities is to ensure a sustainable life-of-mine for the New Consort operation.

The PC Shaft Mineral Resource is listed below:

			Contained gold			
As at 30 June 2019	Category	Tonnes	Grade (g/t)	Tonnes (Gold)	Ounces(Koz)
Mineral Resources	Measured	14,980	46.55	0.7	22.42
	Indicated	15,830	18.45	0.3	9.39
	Inferred	18,010	14.28	0.3	8.27
	Total	48,820	25.54	1.20	40.08

Mineral Resources are reported in accordance with the SAMREC Code. Mineral Resources would be the same if reported according to the guidelines of the Canadian Institute of Mining's (CIM) National Instrument 43-101. Cut-off values are calculated at 2.75g/t for the PC Shaft, applying a gold price of R700,000/kg (USD1,534/oz at ZAR14.19:USD1). Mineral Resources are reported inclusive of Mineral Reserves. All Mineral Resources reported exclude geological structures. Mineral Resources are reported as in-situ tonnes (2.73t/m^3). Any discrepancies in totals are due to rounding. Effects of mining and recovery losses have been considered in the cut-off grade calculations.

Barberton Mines' Royal Sheba project

The Group has taken a decision to start a trial mining programme in the fourth quarter of the 2020 financial year to test the grade continuity of the Royal Sheba orebody, using the existing surface adit for access.

A preliminary economic assessment is being conducted on the deeper underground excavation of Royal Sheba. The 23-Level haulage continues to be developed from the Sheba ZK Shaft to access the virgin orebody at Royal Sheba previously reported as phase 2 of the project. Approximately 390m of development remains to complete the haulage. The Royal Sheba phase 2 project contains a total Mineral Resource of 4.15Mt at 3.62g/t for 482koz (Measured: 1.76Mt at 3.31g/t for 187koz; and Indicated: 1.64Mt at 4.10g/t for 217koz).

Evander Mines' Egoli project

The mining feasibility study (MFS) for Evander Mines' Egoli project has been completed and the results demonstrate a viable and value-enhancing project, surpassing the findings of previous technical and financial assessments. The MFS is currently undergoing an independent confirmatory technical review.

The Egoli project is adjacent to the 7 Shaft infrastructure and extends from the boundary of Taung Gold International Limited's 6 Shaft mining right. Historical development at Evander Mines' 7 Shaft has made ready access to the orebody possible within a relatively short timeframe, coupled with low execution risk.

The project has an expected initial life-of-mine of approximately nine years and is expected to produce approximately 90,000oz per annum as an average over the life-of-mine. The mining method to be employed at the Egoli project is underground mining, applying conventional breast mining, and access development is to be done with trackless mobile machinery (on-reef development).

The Egoli project mining block will be accessed via the existing No. 3 decline infrastructure, approximately 1.5km from Evander Mines' 7 Shaft, which is fully operational.

An initial production rate of 45,000 tonnes per month is targeted with the potential to increase production as resources are converted into reserves. First gold is anticipated in month 20, calculated from the start of the project.

Ore will be treated at Evander Mines' Kinross plant which is 300m away from 7 Shaft and has the capacity to handle ore material from the Egoli project's underground operations. The current tailings storage facilities (TSFs) at Elikhulu are sufficient to handle production from the Egoli project. The project falls under Evander Mines' existing mining right and all permits and licences are in place.

CHIEF EXECUTIVE OFFICER'S STATEMENT continued

Once the independent technical review has been completed, the results of the MFS will be disseminated to the market, along with non-dilutive project development funding options.

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 USD prior to conversion into rand. The ongoing review of the operational results by executive management and the directors of the Company (Board) is also performed in rand.

The Group's presentation currency was changed during the June 2019 reporting period from "pounds" to USD. Reporting in USD provides a more comparable presentation of the Group's financial position, financial performance and cash flow to its peer group.

During the current reporting period, the average ZAR:USD exchange rate was ZAR14.70:USD1 (2018: ZAR14.19:USD1) and the closing ZAR:USD exchange rate was ZAR14.08:USD1 (2018: ZAR14.36:USD1). The year-on-year change in the average and closing exchange rates of 3.6% and (1.9%), respectively, must be considered when comparing period-on-period results. The closing exchange rate as at 30 June 2019 was ZAR14.08:USD1 (2018: ZAR13.72:USD1).

Analysing the Group's financial performance

Revenue

Group revenue improved period-on-period by 36.2% to USD132.8 million (2018: USD97.5 million) predominantly due to:

- an increase of 13.6% in gold sold from operations to 90,602oz (2018: 79,765oz)
- the average USD gold price received increasing by 19.8% to USD1,464/oz (2018: USD1,222/oz), and in rand terms, it increased by 24.1% to R692,045/kg (2018: R557,446/kg).

Cost of production

The Group's cost of gold production increased by 22.2% to USD86.5 million (2018: USD70.8 million). All costs are incurred in rand and therefore the variance explanations below, in functional currency, do not include the effects of exchange rate fluctuations giving a more accurate explanation of comparative variances.

Group production costs consist mainly of:

- Salaries and wages (representing 27.6% of the total cost of production) increased by 5.3% to USD23.9 million (2018: USD22.7 million). In rand terms, salaries and wages increased by 9.0%, mainly due to the inclusion of Elikhulu salaries for a full period
- Mining and processing costs (representing 37.3% of the total cost of production) increased by 7.7% to USD32.3 million (2018: USD30.0 million). In rand terms, mining and processing costs increased by 11.3% as a direct result of toll treating additional surface material to maximise available plant capacity
- Electricity costs (representing 15.9% of the cost of production) increased by 62.4% to USD13.8 million (2018: USD8.5 million). In rand terms, the increase was 67.9% as a result of a 13.9% regulatory increase combined with increased consumption by Elikhulu operating for the full reporting period, and as a result of cost increases at the Evander underground operations
- Engineering and technical costs (representing 10.3% of cost of production) increased by 122.5% to USD8.9 million (2018: USD4.0 million). In rand terms, the increase was 129.9% mainly due to optimisation after the commissioning of Elikhulu
- Security costs (representing 3.9% of the cost of production) increased by 3.0% to USD3.4 million (2018: USD3.3 million). In rand terms the increase was 6.6%, due to an increased focus on addressing illegal mining activities and once-off costs incurred during instances of community unrest
- Realisation costs (representing 0.7% of the cost of production) relating largely to refining costs, decreased to USD0.6 million (2018: USD0.8 million). In rand terms, the decrease was 21.2% largely due to the depletion of available gold recovery projects previously undertaken in the Evander Mines' Kinross metallurgical plant.

Mining depreciation and amortisation

The Group's mining depreciation, calculated on a unit of production basis, and amortisation costs increased by 54.4% to USD10.5 million (2018: USD6.8 million). The increase in depreciation is attributed to:

- Elikhulu contributed to the Group's depreciation charge for the full six-month period following its commissioning in September 2019. In the comparative reporting period, Elikhulu's depreciation charge was only for a three-month period, following its commissioning in September 2019
- The Group recognised an impairment reversal of USD17.9 million in Evander Mines at June 2019 due to the commencement of Evander Mines' 8 Shaft Pillar project, which resulted in an increase in the asset value, that is to be depreciated over the remaining life of the project
- As the depreciation charge is based on the estimated available units of production (tonnes) over the life of the operations, the depreciation charge increased with the increase in production in the current reporting period.

Other expenses

Other expenses decreased to USD1.0 million (2018: USD2.1 million), predominantly due to gains derived from the Group's gold hedges of USD1.0 million (2018: USDnil) in the current reporting period.

Taxation

The Group taxation charge increased to USD5.3 million (2018: USD2.3 million) due to:

- an increase in the deferred tax expense to USD2.8 million (2018: USD0.5 million)
- an increase in the current taxation charge to USD2.5 million (2018: USD1.8 million), resulting from the increased taxable income at Barberton Mines due to the 24.1% increase in the rand gold price received.

EPS and HEPS

The Group's EPS increased by 128.0% to USD1.14 cents per share (2018: USD0.50 cents per share), with an increase of 126.0% in HEPS to USD1.13 cents per share (2018: USD0.50 cents per share).

The EPS and HEPS are calculated by applying the Group's weighted average number of shares in issue to the attributable earnings and headline earnings. The weighted average number of shares in issue remained constant at 1,928.3 million shares (2018: 1,928.3 million shares).

Net debt and cash flows

The Group net debt decreased to USD123.7 million (2018: USD131.1 million), which included:

- total senior debt facilities of USD113.1 million (2018: USD126.4 million)
- gold loan of USD14.0 million (2018: USD8.0 million gold pre-payment)
- cash and cash equivalents of USD7.4 million (2018: USD3.5 million).

Cash generated by operating activities decreased to USD10.1 million (2018: USD21.3 million), mainly due to the following:

- The adverse impact of 10,000oz of gold delivered, in settlement of the gold loan entered into in July 2018, of which the cash flow consequences are disclosed in cash flows from financing activities. For purposes of comparing the cash generated in the current reporting period to the corresponding period, an amount of USD11.2 million should be added to the current period's operating cash flows to account for these ounces, on a comparative basis
- An additional working capital investment of USD14.2million, including the negative impact of gold with a value of USD3.3 million delivered to the refinery but not settled at the end of the current reporting period
- Payment of a net dividend of USD2.9 million (2018: USDnil) in the current period.

CHIEF EXECUTIVE OFFICER'S STATEMENT continued

Cash outflows from investing activities decreased to USD1.1 million (2018: USD40.5 million). This decrease is mainly attributable to capital expenditure decreasing to USD14.5 million (2018: USD40.9 million), as the capital expenditure attributable to the Elikhulu project decreased to USD0.9 million (2018: USD34.9 million).

Net cash inflows from financing activities decreased to USD4.0 million (2018: USD21.4 million), largely due to a decline in the utilisation of the Group's senior debt facilities to fund Elikhulu's construction.

The Group remain compliant with its debt covenants – refer to note 8 to the condensed consolidated interim financial statements for calculations.

OUTLOOK

The Group is committed to creating stakeholder value by driving its sustainable mining operating model. Our key focus areas are:

- continuing to improve our safety performance and levels of ESG compliance across all operations
- delivering on our gold production guidance of approximately 185,000oz (2019: 170,000oz) and reducing the unit cost of production
- successfully delivering competitively costed capital projects that will maintain 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.

DIRECTORSHIP CHANGES AND DEALINGS

Ms YN Themba and Mr CDS Needham were appointed as independent non-executive directors effective 17 July 2019.

The following dealings in securities by directors took place:

- On 20 September 2019, Mr GP Louw purchased 250,000 shares at an average price of R2.14 per share. He had 507,450 shares outstanding at period end, representing 0.02% of total issued shares
- On 20 September 2019, Mr JAJ Loots purchased 423,000 shares at R2.08 per share. He had 1,091,675 shares outstanding at period end, representing 0.05% of total issued shares
- On 25 September 2019, Mr CDS Needham purchased 25,000 shares at an average price of R2.25 per share. He had 25,000 shares outstanding at period end, representing 0.001% of total issued shares.

JSE LIMITED LISTING

The Company has a dual primary listing on the Main Board of the JSE Limited (JSE) and the Alternative Investment Market (AIM) of the London Stock Exchange.

The Group's interim results have been prepared and presented in accordance with, and containing the information required by IAS 34: *Interim Financial Reporting*, 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.

AIM LISTING

The financial information for the period ended 31 December 2019 does not constitute statutory accounts as defined in sections 435 (1) and (2) of the Companies Act 2006.

The Group's announcement has been prepared in accordance with IFRS and International Financial Reporting Interpretation Committee interpretations adopted for use by the European Union, with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

FORWARD-LOOKING INFORMATION

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

Appreciation

I would like to thank my fellow board members for their guidance, support and insight during the past six months and extend my appreciation to our management teams and all other staff for their continued hard work.

Cobus Loots
Chief executive officer

18 February 2020

> Barberton Mines – Fairview 11-block stoping

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2019

CONDENSED CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
as at 31 December 2019

	Unaudited 31 December 2019 USD thousand	Restated (note 1) Unaudited 31 December 2018 USD thousand	Audited 30 June 2019 USD thousand
ASSETS			
Non-current assets			
Property, plant and equipment and mineral rights	**315,654.0**	276,964.0	305,354.7
Other intangible assets	**561.2**	39.8	655.2
Deferred taxation	**2,465.7**	6,474.4	2,141.1
Long-term inventory	**614.5**	714.9	614.5
Long-term receivables	**919.8**	1,626.1	1,021.9
Goodwill (note 2)	**21,554.8**	21,134.5	21,554.8
Investments	**4,627.8**	8,657.4	6,802.0
Rehabilitation fund	**25,626.1**	25,752.6	25,021.1
	372,023.9	341,363.7	363,165.3
Current assets			
Inventories	**8,066.4**	5,205.0	5,708.5
Current taxation asset	**259.2**	646.2	1,888.6
Trade and other receivables	**14,782.4**	15,188.2	15,101.3
Current portion of long-term receivables	**353.5**	1,327.6	1,924.8
Derivative financial assets	**2,319.5**	–	–
Cash and cash equivalents	**7,437.1**	3,490.0	5,341.2
	33,218.1	25,857.0	29,964.4
Total assets	**405,242.0**	367,220.7	393,129.7
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	**38,150.6**	38,150.6	38,150.6
Share premium	**235,063.2**	235,063.2	235,063.2
Translation reserve	**(137,993.1)**	(141,998.8)	(138,857.1)
Share option reserve	**2,737.7**	2,624.7	2,624.7
Retained earnings	**131,956.6**	84,654.2	112,984.2
Realisation of equity reserve	**(18,121.7)**	(18,121.7)	(18,121.7)
Treasury capital reserve	**(24,871.4)**	(24,871.4)	(24,871.4)
Merger reserve	**(21,637.4)**	(21,637.4)	(21,637.4)
Other reserve	**(3,440.4)**	(176.3)	(1,753.2)
Equity attributable to owners of the parent	**201,844.1**	153,687.1	183,581.9
Total equity	**201,844.1**	153,687.1	183,581.9
Non-current liabilities			
Long-term provisions	**13,371.9**	17,285.3	15,781.3
Long-term liabilities – financial institutions	**98,886.4**	113,714.5	109,617.7
Long-term liabilities – other	**6,570.7**	1,715.5	1,727.2
Deferred taxation	**21,372.3**	18,315.3	18,567.1
	140,201.3	151,030.6	145,693.3
Current liabilities			
Trade and other payables	**29,388.8**	40,201.0	35,921.3
Derivative financial liabilities	**84.7**	118.2	917.7
Current portion of long-term liabilities – financial institutions	**14,204.5**	12,705.5	24,147.7
Current portion of long-term liabilities – other	**18,498.5**	8,553.6	2,390.9
Current taxation liability	**1,020.1**	924.7	476.9
	63,196.6	62,503.0	63,854.5
Total equity and liabilities	**405,242.0**	367,220.7	393,129.7

Note 1: The Group changed its presentation currency for its 2019 financial results from GBP to USD. This change in presentation currency represents a voluntary change in an accounting policy in terms of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors.
Note 2: Goodwill was restated in the prior financial year, refer to note 16.

CONDENSED CONSOLIDATED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the period ended 31 December 2019

	Unaudited six months ended 31 December 2019 USD thousand	Restated (note 1) Unaudited six months ended 31 December 2018 USD thousand
Revenue	**132,668.3**	97,462.7
Other revenue	**180.9**	68.4
Revenue and other revenue	**132,849.2**	97,531.1
Cost of production (note 2)	**(86,501.4)**	(70,847.3)
Mining depreciation and amortisation	**(10,526.4)**	(6,840.1)
Mining profit	**35,821.4**	19,843.7
Other expenses	**(961.5)**	(2,077.1)
Impairment reversal	**109.0**	–
Royalty costs	**(208.2)**	(473.6)
Net income before finance income and finance costs	**34,760.7**	17,293.0
Finance income	**207.0**	443.0
Finance costs	**(7,759.7)**	(5,699.3)
Profit before taxation for the period	**27,208.0**	12,036.7
Taxation	**(5,302.5)**	(2,324.5)
Profit after taxation for the period	**21,905.5**	9,712.2
Other comprehensive income		
Items that have been or may subsequently be reclassified to the statement of profit or loss		
Investment measured at fair value through other comprehensive income adjustment	**(2,174.2)**	4,938.0
Taxation on investment measured at fair value through other comprehensive income adjustment	**487.0**	(1,106.1)
Items that will not be reclassified to the statement of profit or loss		
Foreign currency translation differences	**864.1**	(6,844.6)
Total comprehensive income for the period	**21,082.4**	6,699.5
Profit attributable to:		
Owners of the parent	**21,905.5**	9,712.2
Total comprehensive income attributable to:		
Owners of the parent	**21,082.4**	6,699.5
Earnings per share (USD cents)	**1.14**	0.50
Diluted earnings per share (USD cents)	**1.14**	0.50
Weighted average number of shares in issue (thousand)	**1,928,329.5**	1,928,329.5
Diluted average number of shares in issue (thousand)	**1,928,329.5**	1,928,329.5

Note 1: The Group changed its presentation currency for its 2019 financial results from GBP to USD. This change in presentation currency represented a voluntary change in an accounting policy in terms of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors.
Note 2: Cost of production was restated in the prior reporting period. Refer to note 16.

CONDENSED CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY
for the period ended 31 December 2019

	Unaudited six months ended 31 December 2019 USD thousand	Unaudited six months ended 31 December 2018 USD thousand
Shareholders' equity as at the beginning of the period	183,581.9	146,987.6
Other comprehensive income	(823.1)	(3,012.7)
Profit for the period	21,905.5	9,712.2
Share-based payment for the period	113.0	–
Dividends paid	(3,399.1)	–
Reciprocal dividend – PAR Gold Proprietary Limited (PAR Gold) (note 1)	465.9	–
Total equity	201,844.1	153,687.1

Note 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 Resources.

CONDENSED CONSOLIDATED
STATEMENT OF CASH FLOWS
for the period ended 31 December 2019

	Unaudited six months ended 31 December 2019 USD thousand	Unaudited six months ended 31 December 2018 USD thousand
Cash flow from operating activities		
Net cash generated by operating activities before dividend, taxation, royalties, finance costs and finance income (note 17)	19,187.9	29,535.9
Income taxation paid	(1,404.0)	(1,480.0)
Royalties refunded/(paid)	617.3	(372.5)
Finance costs paid	(5,485.0)	(6,499.6)
Finance income received	112.3	114.7
Net dividends paid	(2,933.2)	–
Net cash generated by operating activities	10,095.3	21,298.5
Cash flow from investing activities		
Additions to property, plant and equipment and mineral rights	(14,474.2)	(40,992.6)
Rehabilitation funds withdrawn	475.1	531.9
Proceeds from disposal of property, plant and equipment and mineral rights	220.3	–
Repayment of long-term loans receivable	1,665.2	–
Cash utilised in investing activities	(12,113.6)	(40,460.7)
Cash flow from financing activities		
Borrowings raised	39,606.2	24,676.5
Borrowings repaid	(35,210.1)	(3,260.9)
Settlement of IFRS 16 leases – principal	(378.1)	–
Settlement of IFRS 16 leases – interest	(22.0)	–
Cash inflow from financing activities	3,996.0	21,415.6
Net increase in cash equivalents	1,977.7	2,253.4
Cash and cash equivalents at the beginning of period	5,341.2	921.8
Effect of foreign currency rate changes	118.2	314.8
Cash and cash equivalents at end of period	7,437.1	3,490.0

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the period ended 31 December 2019

1. BASIS OF PREPARATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

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

The financial information set out in this announcement does not constitute the Company's statutory accounts for the period ended 31 December 2019.

The interim results have been prepared and are 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.

The interim results have not been reviewed or reported on by the Group's external auditor.

Going concern

The Group closely monitors and manages its liquidity risk through its centralised treasury function. Cash forecasts are produced regularly and sensitivities are run for different scenarios including, but not limited to, changes in commodity prices and different production profiles from the Group's producing assets. The Group had USD30.1 million (2018: USD21.3 million) in available debt facilities and USD7.4 million (2018: USD3.5 million) in cash and cash equivalents as at 31December 2019. Based on the current status of the Group's finances, having considered going concern forecasts and reasonable possible downside scenarios, including a rand gold price of R591,000/kg (USD1,250/oz) at a prevailing ZAR:USD average exchange rate of R14.70, and reduced production volumes, the Group's forecasts from current operations demonstrate that 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 condensed consolidated interim financial statements.

The Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis of accounting in preparation of its condensed consolidated interim financial statements.

Alternative performance measures

The Group makes reference to Alternative Performance Measures (APMs) alongside IFRS measures when assessing and discussing 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 as superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS. Further information on APMs is provided on page 32.

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

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 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 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 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 at 1 July 2019.

For the six months ended 31 December 2018, operating lease costs of USD157.4 thousand were recognised in the statement of profit or loss and other comprehensive income. On the adoption of IFRS 16: *Leases* for the six months ended 31 December 2019, depreciation of USD376.6 thousand on the right-of-use asset and finance costs of USD135.9 thousand associated to 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 39 to the Group's 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:

	USD thousand
IAS 17 operating lease commitments as at 30 June 2019	3,935.2
Impact of discounting operating lease commitments to present value	(1,071.5)
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 USD5.7 million previously classified as operating leases were included in net debt with the corresponding right-of-use assets of USD5.7 million included in capital employed.

In the condensed consolidated interim statement of cash flows for the six months ended 31 December 2019, the total amount of cash paid in respect of leases is separated between repayment of principal and repayment of interest, both presented in cash flows from financing activities. For the six months ended 31 December 2018, lease repayments were recognised in cash flows from operating activities.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, the directors are required to make certain judgements, estimates and assumptions that are not readily apparent from other sources and that may materially affect the carrying amounts of assets and liabilities, the reported revenue and expense during the reported period and the related disclosures. The estimates and judgements are based on historical experience, current and expected future economic conditions and other factors. Actual results may differ from these estimates.

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

Significant sources of estimation uncertainty

- Assessing the recoverable amount of long-lived assets

  Mining operations require significant technical and financial resources to operate. Their value may be sensitive to a range of characteristics unique to each asset and key sources of estimation uncertainty, which include ore reserve estimates and cash flow projections.

Other significant accounting judgements

- Deferred taxation rate

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS continued

for the year ended 31 December 2019

The Group prepares nominal cash flow models to calculate the expected average income taxation rate over the life-of-mine. The deferred taxation rates have not changed from those used at June 2019.

- **Rehabilitation and decommissioning provision**
  At each reporting date the Group estimates the rehabilitation and decommissioning provision. A change in estimate will impact the carrying amount of the liability and corresponding decommissioning asset. There is judgement in the input assumptions used in determining the estimated rehabilitation and decommissioning provision. Inputs used which require judgement include:
  - closure costs which are determined in accordance with regulatory requirements
  - inflation rate, which has been adjusted for a long-term view
  - nominal rate of interest, which is compounded annually and linked to the life-of-mine.
- **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 the cash-settled share option liability is subject to judgement.
- **Contingencies**
  By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events. Such contingencies include, but are not limited to, litigation or regulatory procedures.

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

4. SEGMENTAL REPORTING

Pan African Resources' operations are involved in gold mining activities and the investments are held inside 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

	Unaudited six months ended 31 December 2019				
Condensed unaudited segment report for the period ended 31 December 2019	Barberton Mines USD thousand	Evander Mines USD thousand	Corporate USD thousand	Funding Company USD thousand	Group USD thousand
Revenue (note 1)	69,947.5	62,720.8	–	–	132,668.3
Other revenue	10.9	170.0	–	–	180.9
Revenue and other revenue	69,958.4	62,890.8	–	–	132,849.2
Cost of production	(49,134.6)	(37,366.8)	–	–	(86,501.4)
Depreciation and amortisation	(4,011.7)	(6,514.7)	–	–	(10,526.4)
Operating profit	16,812.1	19,009.3	–	–	35,821.4
Other (expenses)/income (note 2)	227.4	3,096.7	(4,582.5)	296.9	(961.5)
Impairment reversal	–	109.0	–	–	109.0
Royalty costs	(442.0)	233.8	–	–	(208.2)
Net income / (loss) before finance income and finance costs	16,597.5	22,448.8	(4,582.5)	296.9	34,760.7
Finance income	1.6	30.5	118.1	56.8	207.0
Finance costs	(238.1)	(1,230.9)	(19.7)	(6,271.0)	(7,759.7)
Profit/(loss) before taxation	16,361.0	21,248.4	(4,484.1)	(5,917.3)	27,208.0
Taxation	(3,435.9)	(1,687.2)	(155.6)	(23.8)	(5,302.5)
Profit/(loss) for the period	12,925.1	19,561.2	(4,639.7)	(5,941.1)	21,905.5
Inter-company transactions					
Management fees	(2,231.6)	(1,787.1)	4,086.7	(68.0)	–
Inter-company interest charges	634.4	(6,303.8)	(515.6)	6,185.0	–
Profit/(loss) after taxation after inter-company charges	11,327.9	11,470.3	(1,068.6)	175.9	21,905.5
Segmental assets (total assets excluding goodwill)	113,740.9	254,479.1	9,787.8	5,679.4	383,687.2
Segmental liabilities	41,082.4	44,716.2	4,356.3	113,243.0	203,397.9
Goodwill	21,554.8	–	–	–	21,554.8
Net assets (excluding goodwill) (note 3)	72,658.5	209,762.9	5,431.5	(107,563.6)	180,289.3
Capital expenditure (note 4)	7,511.0	6,874.6	88.6	–	14,474.2
Reconciliation of adjusted EBITDA					
Net income/(loss) before taxation, finance income and finance costs	16,597.5	22,448.8	(4,582.5)	296.9	34,760.7
Adjust: Mining depreciation and amortisation	4,011.7	6,514.7	–	–	10,526.4
EBITDA	20,609.2	28,963.5	(4,582.5)	296.9	45,287.1
Adjust: Impairment reversal	–	(109.0)	–	–	(109.0)
Fair value adjustment on derivative financial assets and liabilities	–	(1,022.0)	22.9	–	(999.1)
Adjusted EBITDA (note 5)	20,609.2	27,832.5	(4,559.6)	296.9	44,179.0

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

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

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

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

Note 5: In the current financial period, the adjusted EBITDA is represented by earnings before interest, taxation, depreciation and amortisation, reversal of impairments and fair value adjustments on derivative financial assets and liabilities.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS continued

for the year ended 31 December 2019

4. SEGMENTAL REPORTING continued

Condensed unaudited segment report for the period ended 31 December 2019	Unaudited six months ended 31 December 2018				
	Barberton Mines USD thousand	Evander Mines USD thousand	Corporate USD thousand	Funding Company USD thousand	Group USD thousand
Revenue (note 1)	60,166.1	37,296.6	–	–	97,462.7
Other revenue	–	68.4	–	–	68.4
Revenue and other revenue	60,166.1	37,365.0	–	–	97,531.1
Cost of production	(44,020.5)	(26,826.8)	–	–	(70,847.3)
Depreciation and amortisation	(3,587.5)	(3,252.6)	–	–	(6,840.1)
Operating profit	12,558.1	7,285.6	–	–	19,843.7
Other (expenses)/income (note 2)	(361.6)	1,614.7	(3,328.8)	(1.4)	(2,077.1)
Royalty costs	(286.4)	(187.2)	–	–	(473.6)
Net income/(loss) before finance income and finance costs	11,910.1	8,713.1	(3,328.8)	(1.4)	17,293.0
Finance income	18.2	130.7	165.5	128.6	443.0
Finance costs	(0.2)	(33.6)	(0.1)	(5,665.4)	(5,699.3)
Profit/(loss) before taxation	11,928.1	8,810.2	(3,163.4)	(5,538.2)	12,036.7
Taxation	(1,979.0)	(48.9)	(247.3)	(49.3)	(2,324.5)
Profit/(loss) for the period	9,949.1	8,761.3	(3,410.7)	(5,587.5)	9,712.2
Inter-company transactions					
Management fees	(1,220.0)	(843.6)	2,134.1	(70.5)	–
Inter-company interest charges	108.2	(5,909.2)	(262.4)	6,063.4	–
Profit/(loss) after taxation after inter-company charges	8,837.3	2,008.5	(1,539.0)	405.4	9,712.2
Segmental assets (total assets excluding goodwill)	99,967.5	229,512.7	13,241.7	3,364.3	346,086.2
Segmental liabilities	38,598.9	46,372.5	2,149.9	126,412.3	213,533.6
Goodwill	21,134.5	–	–	–	21,134.5
Net assets (excluding goodwill) (note 3)	61,368.6	183,140.0	11,091.8	(123,047.8)	132,552.6
Capital expenditure (note 4)	6,401.6	34,881.1	63.1	–	41,345.8
Reconciliation of adjusted EBITDA					
Net income/(loss) before taxation, finance income and finance costs	11,910.1	8,713.1	(3,328.8)	(1.4)	17,293.0
Adjust: Mining depreciation and amortisation	3,587.5	3,252.6	–	–	6,840.1
EBITDA	15,497.6	11,965.7	(3,328.8)	(1.4)	24,133.1
Adjusted EBITDA (note 5)	15,497.6	11,965.7	(3,328.8)	(1.4)	24,133.1

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

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

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

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

Note 5: In the current financial period, the adjusted EBITDA is represented by earnings before interest, taxation, depreciation, amortisation, reversal of impairments and fair value adjustments on derivative financial assets and liabilities.

5. NET FINANCE (COSTS)/INCOME

	Unaudited six months ended 31 December 2019 USD thousand	Unaudited six months ended 31 December 2018 USD thousand
Finance income related to financial instruments		
Finance income – bank	**110.8**	112.9
Finance income – other	**63.9**	192.9
Finance income – investment in rehabilitation funds	**–**	137.2
	174.7	443.0
Finance income – other		
Finance income – SARS	**32.3**	–
	32.3	–
Finance income – total	**207.0**	443.0
Finance costs related to financial instruments		
Finance costs – bank	**(6,319.7)**	(5,699.1)
Finance costs – other	**(0.2)**	(0.2)
	(6,319.9)	(5,699.3)
Finance costs – other		
Finance costs – SARS	**(6.9)**	–
Finance costs – rehabilitation fund provision	**(1,275.0)**	–
Finance costs – IFRS 16 leases	**(135.9)**	–
Finance costs – instalment sale	**(22.0)**	–
	(1,439.8)	–
Finance costs – total	**(7,759.7)**	(5,699.3)
Net finance (costs)/income (note 1)	**(7,552.7)**	(5,256.3)

Note1: The net finance (costs)/income from financial assets and liabilities are not measured at fair value through profit or loss except for interest income from investment in rehabilitation funds.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS continued

for the year ended 31 December 2019

6. TAXATION

	Unaudited six months ended 31 December 2019 USD thousand	Unaudited six months ended 31 December 2018 USD thousand
Income taxation expense		
South African normal taxation		
– current year	**2,460.1**	1,778.5
Deferred taxation		
– current year	**2,842.4**	546.0
Total taxation expense	**5,302.5**	2,324.5

Unredeemed capital and assessed loss expenditure (note 1)	Unaudited six months ended 31 December 2019 USD thousand	Unaudited six months ended 31 December 2018 USD thousand
Evander Mines – unredeemed capital	**196,233.8**	172,429.1
Evander Mines – assessed loss	**1,458.4**	35,323.8
	197,692.2	207,752.9

Note 1: Deferred taxation assets have been recognised in respect of all assessed losses and unredeemed capital expenditure.

7. FINANCIAL INSTRUMENTS

	Unaudited six months ended 31 December 2019 USD thousand	Unaudited six months ended 31 December 2018 USD thousand
Financial assets:		
Measured at amortised cost		
Cash and cash equivalents	**7,437.1**	3,490.0
Receivables (note 1)	**8,640.0**	7,535.8
Current portion of long-term receivables	**353.5**	1,327.6
Long-term receivables	**919.8**	1,626.1
Measured at fair value through other comprehensive income		
Investments	**4,627.8**	8,657.4
Financial assets at fair value through profit and loss		
Rehabilitation fund	**25,626.1**	25,752.6
Derivative financial assets	**2,319.5**	–
Financial liabilities:		
Measured at fair value through profit or loss		
Derivative financial liabilities	**84.7**	118.2
Measured at amortised cost		
Trade and other payables (note 2)	**29,388.8**	40,201.0
Revolving credit facility	**49,170.5**	56,782.1
Term loan facility	**63,920.4**	69,637.9

Note 1: At the end of the reporting period the Group did not have any trade receivables that are past overdue and not impaired. Receivables exclude prepayments, taxation receivable and VAT receivable.
Note 2: Trade and other payables exclude taxation and 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS continued

for the year ended 31 December 2019

7. FINANCIAL INSTRUMENTS continued

Fair value of financial instruments continued

Fair value hierarchy continued

	Level 1 USD thousand	Level 2 USD thousand	Level 3 USD thousand	Total USD thousand
31 December 2019				
Investments (note 1)	4,627.8	–	–	4,627.8
Rehabilitation fund (note 2)	–	25,626.1	–	25,626.1
Derivative financial assets (note 3)	–	2,319.5	–	2,319.5
Derivative financial liabilities (note 3)	–	84.7	–	84.7
31 December 2018				
Investments (note 1)	8,657.4	–	–	8,657.4
Rehabilitation fund (note 2)	–	25,752.6	–	25,752.6
Derivative financial liabilities (note 3)	–	118.2	–	118.2

Note 1: The fair values of the investments are treated as Level 1 per the fair value hierarchy, as its market share price is quoted on an active stock exchange.

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

Note 3: Derivative financial assets and liabilities are treated as Level 2 per the fair value hierarchy due to the following market-related inputs used in the valuation: USD gold price as at 31 December 2019 of USD1,478/oz.

8. BORROWINGS AND FINANCIAL COVENANTS

	Unaudited six months ended 31 December 2019 USD thousand	Unaudited six months ended 31 December 2018 USD thousand
Interest bearing borrowings		
Revolving credit facility – current portion	–	5,741.7
Revolving credit facility – long-term portion	49,170.5	51,040.4
Term loan facility – current portion	14,204.5	6,963.8
Term loan facility – long-term portion	49,715.9	62,674.1
Total interest-bearing borrowings/senior debt facilities	113,090.9	126,420.0
Available facilities		
Revolving credit facility	21,519.9	12,883.0
Term loan facility	–	–
General banking facility	8,629.3	8,461.0
	30,149.2	21,344.0

8. BORROWINGS AND FINANCIAL COVENANTS continued

Financial covenants

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

Covenant (note 1)	Measurement at the period end	Unaudited six months ended 31 December 2019	Unaudited six months ended 31 December 2018
Net debt to equity ratio	Must be less than 1:1	0.6	0.9
Net debt to adjusted EBITDA ratio	Must be less than 2.5:1	1.6	3.2
Interest cover ratio	Must be greater than 2.5 times	5.8	3.6
Debt service cover ratio	Must be greater than 1.3 times	3.0	2.9

Note 1: Refer to the APM summary report on page 32 for the covenant reconciliation and calculations.

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

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

Measurement date	Ratio
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 ratios in the table 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 USD thousand	Maintenance capital USD thousand	Expansion capital USD thousand	Total USD thousand
Barberton Mines	31 December 2019	3,019.4	2,498.6	1,993.0	7,511.0
	31 December 2018	2,443.8	2,193.2	1,764.6	6,401.6
Evander Mines	31 December 2019	–	776.4	5,160.5	5,936.9
	31 December 2018	9.2	–	–	9.2
Elikhulu	31 December 2019	–	937.7	–	937.7
	31 December 2018	–	–	34,871.9	34,871.9
Corporate	31 December 2019	–	88.6	–	88.6
	31 December 2018	–	63.1	–	63.1
	31 December 2019	3,019.4	4,301.3	7,153.5	14,474.2
Total	31 December 2018	2,453.0	2,256.3	36,636.5	41,345.8

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS continued

for the year ended 31 December 2019

10. SHARE CAPITAL

	Unaudited six months ended 31 December 2019 Number	Unaudited six months ended 31 December 2018 Number	Audited year ended 30 June 2019 Number
Issued			
Number of ordinary shares issued (note 1)	**2,234,687,537**	2,234,687,537	2,234,687,537
Treasury shares	**(306,358,058)**	(306,358,058)	(306,358,058)
	1,928,329,479	1,928,329,479	1,928,329,479

	Unaudited six months ended 31 December 2019 USD thousand	Unaudited six months ended 31 December 2018 USD thousand	Audited year ended 30 June 2019 USD thousand
Share capital	**38,150.6**	38,150.6	38,150.6

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

11. DISPOSALS AND ACQUISITIONS

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

12. COMMITMENTS, CONTINGENT LIABILITIES AND GUARANTEES

	Unaudited six months ended 31 December 2019 USD thousand	Unaudited six months ended 31 December 2018 USD thousand
Outstanding open orders	**11,020.9**	13,034.3
Authorised commitments not yet contracted for	**9,374.3**	6,020.7
IFRS 16 lease commitments – due within the next 12 months	**743.2**	935.0
Guarantees – Eskom Holdings SOC Limited	**1,746.7**	1,712.6
Instalment sale commitment – due within the next 12 months	**151.0**	–
Guarantees – Department of Mineral Resources	**993.5**	974.2

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 segment report 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; and
- Inter-company PAR Gold reciprocal dividend – refer to condensed consolidated interim 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

The Group had no material events after the reporting period.

16. CORRECTION OF PRIOR PERIOD ERRORS

Translation of goodwill

During June 2019, as a result of the change of the Group's presentation currency from GBP to USD, the Group identified that goodwill was incorrectly disclosed in the prior reporting periods at GBP21,000,714. The goodwill related to Barberton Mines' mining operation CGU and was originally recorded at R303,491,818 upon acquisition of Barberton Mines in July 2007 in its functional currency (rand). The goodwill disclosed in the 31 December 2018 and 31 December 2017 financial years was not translated from rand into the Group's presentation currency at the closing exchange rate. As a consequence this error resulted in both the goodwill and total equity being overstated.

The impact of the error in the 31 December 2018 and 31 December 2017 financial periods is summarised below:

	31 December 2018 Thousands	31 December 2017 Thousands
Statement of financial position		
Goodwill – previously disclosed in GBP	21,000.7	21,000.7
Goodwill – (GBP translated to USD presentation currency at closing exchange rate)	26,746.5	28,380.3
Goodwill – (Rand translated to USD presentation currency at closing exchange rate)	21,131.1	24,529.7
Impact through the foreign currency translation reserve (USD)	5,615.4	3,850.6
Statement of profit and loss and other comprehensive income		
Items that will not be reclassified to the statement of profit or loss		
Foreign currency translation differences impact (USD)	5,615.4	3,850.6

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS continued

for the year ended 31 December 2019

16. CORRECTION OF PRIOR PERIOD ERRORS continued

Translation of goodwill continued

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

- the Group's profit after taxation;
- basic and diluted earnings per share; or
- the condensed consolidated interim statement of cash flows.

Reclassification of the realisation costs to cost of production

To ensure alignment with the new revenue standard IFRS 15, and the Group's focus on decluttering the financial statements, the Group reclassified realisation costs of USD0.7 million from net on-mine revenue to cost of production in the condensed consolidated interim statement of profit or loss and other comprehensive income for the six months ended 31 December 2018. The realisation costs relate to refining costs and by nature is more appropriately disclosed as a cost of production.

The reclassification impacts the line item disclosure in the condensed consolidated interim statement of profit or loss and other comprehensive income for the six months ended 31 December 2018 between on-mine revenue and cost of production.

The reclassification of realisation costs in the condensed consolidated interim statement of profit or loss and other comprehensive income for the six months ended 31 December 2018 had no effect on the:

- condensed consolidated interim statement of profit or loss and other comprehensive income
- condensed consolidated interim statement of financial position
- Group's basic and diluted earnings per share.

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

	Unaudited six months ended 31 December 2019 USD thousand	Unaudited six months ended 31 December 2018 USD thousand
Profit before taxation	27,208.0	12,036.7
Adjusted for:	4,786.7	11,694.5
Mining depreciation and amortisation	10,526.4	6,840.1
Non-mining depreciation and amortisation	140.1	49.0
Reversal of impairment	(109.0)	–
Royalty costs	208.2	473.6
Gold loan amortisation	(11,167.3)	–
IFRS 9 adjustment	200.7	–
Profit on disposal of property, plant and equipment and mineral rights	(99.0)	–
Decrease in environmental rehabilitation provision	(2,646.5)	(328.0)
Increase in deferred consideration provision	–	70.5
Profits arising from realised and unrealised derivative financial instruments	(999.1)	(627.0)
Fair value adjustment on post retirement benefits	(5.1)	(5.6)
Fair value adjustment on rehabilitation funds	(1,067.5)	(785.1)
Equity settled share based payment expenses	142.3	–
Cash settled share based payment expenses	2,109.8	750.7
Finance income	(207.0)	(443.0)
Finance costs	7,759.7	5,699.3
Operating cash flows before working capital changes	31,994.7	23,731.2
Working capital changes	(8,789.1)	5,410.9
Decrease in trade and other receivables	318.9	4,390.3
Increase in inventory	(2,357.9)	(1,643.6)
(Decrease)/increase in trade and other payables	(6,395.6)	3,385.5
Other non-cash items	(354.5)	(721.3)
Settlement of cash-settled share option costs	(780.5)	(29.8)
Settlement of rehabilitation costs	(936.3)	(603.0)
Settlement of deferred compensation	(280.4)	–
(Settlement)/proceeds from financial instruments	(2,020.5)	1,026.6
Net cash generated by operating activities before dividend, taxation, royalties, finance costs and finance income	19,187.9	29,535.9

OTHER ITEMS

ALTERNATIVE PERFORMANCE MEASURES

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

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

- **Financial APMs:** These financial measures are usually derived from the financial statements, prepared in accordance with IFRS. Certain financial measures cannot be directly derived from the financial statements as they contain additional information, such as financial information from earlier periods or profit estimates or projections. The accounting policies applied when calculating APMs are, where relevant and unless otherwise stated, substantially the same as those disclosed in the Group's consolidated annual financial statements for the year ended 30 June 2019, with the exception of the new accounting pronouncement disclosed in note 2.
- **Non-financial APMs:** These measures incorporate certain non-financial information that management believes is useful when assessing the performance of the Group.
- **Ratios:** 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 Resources' 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	Rationale for adjustment
Performance			
All-in sustaining costs	Cost of production	• Other related costs as defined by the World Gold Council, including royalty costs, community costs, sustaining and development capital (excluding non-gold operations)	• A measure that reflects as close as possible, the full cost of producing and selling an ounce of gold, and which is fully and transparently reconcilable back to amounts reported under IFRS
All-in cost	Cost of production	• Once-off capital (excluding the Elikhulu capital expenditure)	• Indicates and measures the Group's ability to fund once-off capital with internal cash flows
Adjusted EBITDA	Profit after taxation	• Taxation • Mining depreciation and amortisation • Net finance costs • Impairment reversal • Gains and losses on derivative financial assets and liabilities	• Excludes the impact of non-recurring items or certain accounting adjustments that can mask underlying changes in performance

Group APM	Equivalent IFRS measure	Adjustments to reconcile to primary statements	Rationale for adjustment
Performance continued			
Headline earnings	Profit after taxation	• Profit on disposal of property, plant and equipment and mineral rights • Taxation on profit on disposal of property, plant and equipment and mineral rights • Fair value movement on asset held for sale • 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	• IFRS 9 accounting adjustments • IFRS 17 lease adjustments	• Excludes the impact of accounting adjustments from the net debt obligations of the Group

Cash cost

Direct production costs attributable to gold sold by the Group.

All-in sustaining costs

Incorporates costs related to sustaining current production. All-in sustaining costs 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 all-in sustaining costs and adds additional costs which relates to the growth of the Group, including non-sustaining capital expenditure not associated with current operations and includes costs such has voluntary severance pay.

All-in sustaining costs and all-in costs are reported on the basis of a rand per kilogramme of gold and USD per ounce of gold. The USD equivalent is converted at the average exchange rate applicable for the current financial reporting period. A kilogramme of gold is converted to an ounce of gold at a ratio of 1:32.1509.

The following tables set out a reconciliation of Pan African Resources' cost of production as calculated in accordance with IFRS to all-in sustaining costs and all-in costs for the six-month period ended 31 December 2019 and 31 December 2018. The equivalent of a rand per kilogramme-basis and USD per ounce-basis are disclosed in the Group's operational production table on page 40 to 43.

OTHER ITEMS continued

ALTERNATIVE PERFORMANCE MEASURES continued

	Mining operations			Tailings operations				Total operations		
Six months ended 31 December 2019	Barberton Mines R million	Evander Mines R million	Total R million	BTRP R million	Evander Mines R million	Elikhulu R million	Total R million	Barberton Mines total R million	Evander Mines total R million	Group total R million
Gold cost of production	625.7	192.4	818.1	96.6	89.3	267.6	453.5	722.3	549.3	1,271.6
Cash cost^ (note 1)	625.7	192.4	818.1	96.6	89.3	267.6	453.5	722.3	549.3	1,271.6
Royalties	6.1	1.2	7.3	0.4	–	0.5	0.9	6.5	1.7	8.2
Community cost related to gold operations	6.7	–	6.7	–	–	2.7	2.7	6.7	2.7	9.4
By-products credits	–	(2.8)	(2.8)	–	–	–	–	–	(2.8)	(2.8)
Corporate general and administrative costs	22.6	47.2	69.8	–	–	20.3	20.3	22.6	67.5	90.1
Sustaining capital – development	40.9	–	40.9	3.4	–	–	3.4	44.3	–	44.3
Sustaining capital – maintenance	36.7	1.3	38.0	–	10.1	13.8	23.9	36.7	25.2	61.9
All-in sustaining costs^ (note 1)	738.8	239.3	978.1	100.4	99.4	304.8	504.6	839.2	643.5	1,482.7
Expansion capital – capital expenditure	29.3	75.9	105.2	–	–	–	–	29.3	75.9	105.2
All-in costs (note 1)	768.1	315.1	1,083.2	100.4	99.4	304.8	504.6	868.5	719.3	1,587.8

	Mining operations			Tailings operations				Total operations		
Six months ended 31 December 2018	Barberton Mines R million	Evander Mines R million	Total R million	BTRP R million	Evander Mines R million	Elikhulu R million	Total R million	Barberton Mines total R million	Evander Mines total R million	Group total R million
Gold cost of production	541.6	215.7	757.3	83.1	51.0	114.0	248.1	624.7	380.7	1,005.4
Cash cost^ (note 1)	541.6	215.7	757.3	83.1	51.0	114.0	248.1	624.7	380.7	1,005.4
Royalties	3.9	0.8	4.7	0.2	0.5	1.3	2.0	4.1	2.6	6.7
Community cost related to gold operations	9.0	2.4	11.4	–	–	0.3	0.3	9.0	2.7	11.7
By-products credits	–	(3.9)	(3.9)	–	–	–	–	–	(3.9)	(3.9)
Corporate general and administrative costs	13.4	(2.6)	10.8	–	–	7.2	7.2	13.4	4.6	18.0
Sustaining capital – development	34.7	–	34.7	–	–	–	–	34.7	–	34.7
Sustaining capital – maintenance	30.6	0.2	30.8	0.5	–	–	0.5	31.1	0.2	31.3
All-in sustaining costs^ (note 1)	633.2	212.5	845.7	83.8	51.6	122.8	258.2	717.0	386.9	1,103.9
Expansion capital – capital expenditure	23.4	–	23.4	1.6	–	494.8	496.4	25.0	494.8	519.8
All-in costs (note 1)	656.6	212.5	869.1	85.4	51.6	617.6	754.6	742.0	881.7	1,623.7

Note 1: The totals 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 in connection with protection against, or benefit from, fluctuation in exchange rate or commodity price). A reconciliation to the consolidated balance sheet is provided below.

	Unaudited six months ended 31 December 2019 USD thousand	Unaudited six months ended 31 December 2018 USD thousand
Revolving credit facility	49,170.5	56,782.1
IFRS 9 adjustments on the revolving credit facility	367.1	–
Term loan facility	63,920.4	69,637.9
Gold loan	13,990.9	–
Gold pre-payments	–	8,008.4
Derivative financial liabilities	84.7	118.2
IFRS 16 lease liabilities	5,493.4	–
Instalment sale liability	408.4	–
Derivative financial assets	(2,319.5)	–
Cash and cash equivalents	(7,437.1)	(3,490.0)
Net debt	**123,678.8**	**131,056.6**

Headline earnings

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

	31 December 2019 USD thousand	31 December 2018 USD thousand
Basic earnings	21,905.5	9,712.2
Profit on disposal of property plant and equipment	(99.0)	–
Taxation on profit on disposal of property plant and equipment	27.7	–
Impairment reversal	(109.0)	–
Taxation on impairment	17.1	–
Headline earnings	**21,742.4**	**9,712.2**
Headline earnings per share (USD cents)	1.13	0.50

Net asset value per share

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

	31 December 2019	31 December 2018
Total equity (USD thousand)	201.8	153.7
Shares in issue (millions)	2,234.7	2,234.7
Treasury shares (millions)	(306.4)	(306.4)
Net asset value (USD cents)	10.5	8.0

OTHER ITEMS continued

ALTERNATIVE PERFORMANCE MEASURES continued

Adjusted EBITDA

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

	Mining operations			Tailings operations				Total operations		
	Barberton Mines R million	Evander Mines R million	Total R million	BTRP R million	Evander Mines Surface Sources R million	Elikhulu R million	Total R million	Barberton Mines total R million	Evander Mines total R million	Group total R million
Net income before finance income and finance costs	163.6	51.1	214.7	80.4	11.1	267.7	359.2	244.0	329.9	573.9
Mining depreciation and amortisation	41.5	30.4	71.9	17.5	–	65.4	82.9	59.0	95.8	154.8
EBITDA	205.1	81.5	286.6	97.9	11.1	333.1	442.1	303.0	425.7	728.7
Fair value adjustment on derivative financial assets and liabilities	–	(15.0)	(15.0)	–	–	–	–	–	(15.0)	(15.0)
Impairment reversal	–	(1.6)	(1.6)	–	–	–	–	–	(1.6)	(1.6)
Adjusted EBITDA – December 2019	205.1	64.9	270.0	97.9	11.1	333.1	442.1	303.0	409.1	712.1

	Mining operations			Tailings operations				Total operations		
	Barberton Mines R million	Evander Mines R million	Total R million	BTRP R million	Evander Mines Surface Sources R million	Elikhulu R million	Total R million	Barberton Mines total R million	Evander Mines total R million	Group total R million
Net income before finance income and finance costs	101.7	(67.7)	34.0	67.3	87.6	103.8	258.7	169.0	123.7	292.7
Mining depreciation and amortisation	35.5	4.9	40.4	15.4	–	41.3	56.7	50.9	46.2	97.1
EBITDA and adjusted EBITDA – December 2018 (note 1)	137.2	(62.8)	74.4	82.7	87.6	145.1	315.4	219.9	169.9	389.8

Note 1: There were no adjustments to EBITDA for the six-month period ended 31 December 2018 and therefore EBITDA and adjusted EBITDA were equal.

Ratios

Net debt to equity ratio

This ratio measures the degree to which the Group finances its operations through debt and is calculated as net debt divided by total equity. This ratio has been calculated in note 8.

Net debt to net adjusted EBITDA ratio

This ratio measures the number of years it would take for the Group to pay back its debt if net debt and net adjusted EBITDA are held constant and is calculated as net debt divided by net adjusted EBITDA. This ratio has been calculated in note 8.

Interest cover ratio

This ratio measures the Group's ability to pay interest on its outstanding debt and is calculated as net adjusted EBITDA divided by total finance costs for interest-bearing facilities. This ratio has been calculated in note 8.

Debt service cover ratio

This ratio measures the cash flow available for the Group to pay its debt obligations and is calculated as free cash flow divided by total finance cost from interest-bearing facilities and scheduled and mandatory capital repayments. This ratio has been calculated in note 8.

The directors are responsible for preparing the APMs and ensuring that they comply with Practice Note 4/2019 (Performance Measures) of the JSE Listings Requirements.

OTHER ITEMS continued

GROUP PRODUCTION SUMMARY

			Mining operations			Tailings operations				Total operations		
	Period ended 31 December	Units	Barberton Mines	Evander Mines	Total	BTRP	Evader Surface Sources	Elikhulu	Total	Barberton Mines total	Evander Mines total	Group total
Tonnes milled – underground	2019	(t)	117,545	30,044	147,589	–	–	–	–	117,545	30,044	147,589
	2018	(t)	127,858	37,349	165,207	–	–	–	–	127,858	37,349	165,207
Tonnes milled – surface	2019	(t)	47,231	–	47,231	–	–	–	–	47,231	–	47,231
	2018	(t)	12,471	–	12,471	–	–	–	–	12,471	–	12,471
Tonnes milled – total underground and surface	2019	(t)	164,776	30,044	194,820	–	–	–	–	164,776	30,044	194,820
	2018	(t)	140,329	37,349	177,678	–	–	–	–	140,329	37,349	177,678
Tonnes processed – tailings (note 1)	2019	(t)	–	–	–	464,083	–	6,211,028	6,675,111	464,083	6,211,028	6,675,111
	2018	(t)	–	–	–	567,109	918,809	3,534,278	5,020,196	567,109	4,453,087	5,020,196
Tonnes processed – surface feedstock	2019	(t)	–	–	–	–	123,889	–	123,889	–	123,889	123,889
	2018	(t)	–	–	–	–	67,832	–	67,832	–	67,832	67,832
Tonnes processed – total tailings and surface feedstock	2019	(t)	–	–	–	464,083	123,889	6,211,028	6,799,000	464,083	6,334,917	6,799,000
	2018	(t)	–	–	–	567,109	986,641	3,534,278	5,088,028	567,109	4,520,919	5,088,028
Tonnes milled and processed – total	2019	(t)	164,776	30,044	194,820	464,083	123,889	6,211,028	6,799,000	628,859	6,364,961	6,993,820
	2018	(t)	140,329	37,349	177,678	567,109	986,641	3,534,278	5,088,028	707,438	4,558,268	5,265,706
Overall recovered grade	2019	(g/t)	6.93	11.96	7.71	0.71	1.19	0.15	0.20	2.34	0.22	0.41
	2018	(g/t)	8.54	7.35	8.29	0.66	0.20	0.13	0.21	2.22	0.21	0.48
Overall recovery – underground	2019	(%)	92	95	93	–	–	–	–	92	95	93
	2018	(%)	94	94	94	–	–	–	–	94	94	94
Overall recovery – tailings	2019	(%)	–	–	–	47	53	52	51	47	53	51
	2018	(%)	–	–	–	42	46	44	44	4	46	44
Gold produced – underground	2019	(oz)	34,985	11,553	46,538	–	–	–	–	34,985	11,553	46,538
	2018	(oz)	37,735	8,821	46,556	–	–	–	–	37,735	8,821	46,556
Gold production – surface operations	2019	(oz)	1,752	–	1,752	–	–	–	–	1,752	–	1,752
	2018	(oz)	815	–	815	–	–	–	–	815	–	815
Gold produced – tailings (note 1)	2019	(oz)	–	–	–	10,619	–	29,301	39,920	10,619	29,301	39,920
	2018	(oz)	–	–	–	12,006	3,634	15,292	30,932	12,006	18,926	30,932
Gold produced – surface feedstock	2019	(oz)	–	–	–	–	4,731	–	4,731	–	4,731	4,731
	2018	(oz)	–	–	–	–	2,711	–	2,711	–	2,711	2,711
Gold produced – total (note 1)	2019	(oz)	36,737	11,553	48,290	10,619	4,731	29,301	44,651	47,356	45,585	92,941
	2018	(oz)	38,550	8,821	47,371	12,006	6,345	15,292	33,643	50,556	30,458	81,014
Gold sold – total (note 1)	2019	(oz)	36,737	9,214	45,951	10,619	4,731	29,301	44,651	47,356	43,246	90,602
	2018	(oz)	37,829	8,821	46,650	11,478	6,345	15,292	33,115	49,307	30,458	79,765
Average rand gold price received	2019	(R/KG)	698,031	685,658	695,550	698,182	683,657	685,680	688,439	698,065	685,454	692,045
	2018	(R/KG)	556,770	556,928	556,800	556,576	549,783	563,250	558,357	556,725	558,614	557,446

OTHER ITEMS continued

GROUP PRODUCTION SUMMARY continued

			Mining operations			Tailings operations				Total operations		
	Period ended 31 December	Units	Barberton Mines	Evander Mines	Total	BTRP	Evader Surface Sources	Elikhulu	Total	Barberton Mines total	Evander Mines total	Group total
Average USD gold price received	**2019**	**(R/KG)**	**1,477**	**1,451**	**1,472**	**1,477**	**1,447**	**1,451**	**1,457**	**1,477**	**1,450**	**1,464**
	2018	(R/KG)	1,220	1,221	1,220	1,220	1,205	1,216	1,224	1,220	1,224	1,222
Rand cash cost	**2019**	**(R/KG)**	**547,594**	**671,299**	**572,400**	**292,392**	**607,034**	**293,608**	**326,528**	**490,368**	**408,367**	**451,228**
	2018	(R/KG)	460,274	786,084	521,881	232,742	258,520	239,639	240,867	407,308	401,829	405,216
Rand all-in sustaining costs	**2019**	**(R/KG)**	**646,576**	**834,922**	**684,342**	**303,952**	**675,549**	**334,471**	**363,352**	**569,746**	**478,410**	**526,150**
	2018	(R/KG)	538,130	774,698	582,863	234,700	261,276	258,229	250,658	467,496	408,439	444,946
Rand all-in cost	**2019**	**(R/KG)**	**672,216**	**1,099,621**	**757,918**	**303,952**	**675,549**	**334,471**	**363,352**	**589,637**	**534,807**	**563,466**
	2018	(R/KG)	558,017	774,698	598,989	239,294	261,276	1,298,489	732,626	483,823	930,721	654,470
USD cash cost	**2019**	**(USD/oz)**	**1,159**	**1,420**	**1,211**	**619**	**1,284**	**621**	**691**	**1,038**	**864**	**955**
	2018	(USD/oz)	1,009	1,723	1,144	510	567	517	528	893	881	888
USD all-in sustaining cost	**2019**	**(USD/oz)**	**1,368**	**1,767**	**1,448**	**643**	**1,429**	**708**	**769**	**1,206**	**1,012**	**1,113**
	2018	(USD/oz)	1,180	1,698	1,278	514	573	557	549	1,025	895	975
USD all-in cost	**2019**	**(USD/oz)**	**1,422**	**2,327**	**1,604**	**643**	**1,429**	**708**	**769**	**1,248**	**1,132**	**1,192**
	2018	(USD/oz)	1,223	1,698	1,313	525	573	2,803	1,606	1,061	2,040	1,435
Rand cash cost per tonne	**2019**	**(R/t)**	**3,797**	**6,404**	**4,199**	**208**	**721**	**43**	**67**	**1 149**	**86**	**182**
	2018	(R/t)	3,860	5,775	4,262	147	52	32	49	883	84	191
Capital expenditure	**2019**	**(R million)**	**107.0**	**77.2**	**184.2**	**3.4**	**10.1**	**13.8**	**27.3**	**110.4**	**101.1**	**211.5**
	2018	(R million)	88.7	0.2	88.9	2.1	–	494.8	496.9	90.8	495.0	585.8
Revenue	**2019**	**(R million)**	**797.6**	**196.5**	**994.1**	**230.6**	**100.6**	**624.9**	**956.1**	**1,028.2**	**922.0**	**1,950.2**
	2018	(R million)	655.1	152.8	807.9	198.7	108.5	267.9	575.1	853.8	529.2	1,383.0
Cost of production	**2019**	**(R million)**	**625.7**	**192.4**	**818.1**	**96.6**	**89.3**	**267.6**	**453.5**	**722.3**	**549.3**	**1,271.6**
	2018	(R million)	541.6	215.7	757.3	83.1	51.0	114.0	248.1	624.7	380.7	1,005.4
All-in sustainable cost of production	**2019**	**(R million)**	**738.8**	**239.3**	**978.1**	**100.4**	**99.4**	**304.8**	**504.6**	**839.2**	**643.5**	**1,482.7**
	2018	(R million)	633.2	212.5	845.7	83.8	51.6	122.8	258.2	717.0	386.9	1,103.9
All-in cost of production	**2019**	**(R million)**	**768.1**	**315.1**	**1,083.2**	**100.4**	**99.4**	**304.8**	**504.6**	**868.5**	**719.3**	**1,587.8**
	2018	(R million)	656.6	212.5	869.1	85.4	51.6	617.6	754.6	742.0	881.7	1,623.7
Adjusted EBITDA (note 2)	**2019**	**(R million)**	**205.1**	**64.9**	**270.0**	**97.9**	**11.1**	**333.1**	**442.1**	**303.0**	**409.1**	**712.1**
	2018	(R million)	137.2	(62.8)	74.4	82.7	87.6	145.1	315.4	219.9	169.9	389.8
Average exchange rate	**2019**	**(ZAR/USD)**	**14.70**	**14.70**	**14.70**	**14.70**	**14.70**	**14.70**	**14.70**	**14.70**	**14.70**	**14.70**
	2018	(ZAR/USD)	14.19	14.19	14.19	14.19	14.19	14.41	14.19	14.19	14.19	14.19

Note 1: Gold sold excludes 763oz produceds by Elikhulu during August 2018. The associated gold revenue and costs were capitalised for accounting purposes, prior to Elikhulu achieveing commercial production on 1 September 2019. The tonnes processed during August 2018 was 509,759t.

Note 2: Adjusted EBITDA is represented by earnings before interest, taxation, depreciation and amortisation impairment reversals and fair value adjustments on derivative assets and liabilities

COMPANY INFORMATION

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MEETING AND CONFERENCE CALL DETAILS ARE AS FOLLOWS

DATE
18 February 2020

TIME
11:00 (SA time), 09:00 (UK time)

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

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