PAN AFRICAN
RESOURCES

PROVISIONAL SUMMARISED AUDITED RESULTS for the year ended 30 June 2021

PROFITABLE / SUSTAINABLE / STAKEHOLDERS / GROWTH

RESULTS HIGHLIGHTS

Pan African Resources PLC (Pan African or the Company or the Group)

Key features are reported in US dollar (US$) and South African rand (ZAR)

12.4%
increase in Group gold production to
201,777oz

36.0%
increase in mining profit to
US$128.0 million

14.0%
improvement in all-in sustaining cost (AISC) margin to
30.9%

Record profit after tax of
US$74.7 million

68.3%
increase in earnings per share (EPS) to
US 3.87 cents per share
and
69.0%
increase in headline earnings per share (HEPS)

28.5%
increase in final proposed dividend of
ZAR402.2 million
(or US$28.3 million at the prevailing exchange rate)

45.6%
decrease in net senior debt to
US$33.7 million
(2020: US$62.0 million)

The following tools will assist you throughout the report:

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

Alternative performance measures (APMs)

This announcement contains inside information

CHIEF EXECUTIVE OFFICER'S STATEMENT

Over the past year, our Group's operations demonstrated their resilience, with gold production in excess of the revised guidance for the year ended 30 June 2021 (current financial year).

SUMMARY OF SALIENT FEATURES

Salient features	Unit	Year ended 30 June 2021	Year ended 30 June 2020	Movement %
Gold produced	oz	**201,777**	179,457	12.4
Gold sold[1]	oz	**201,777**	173,864	16.1
Revenue	US$ million	**368.9**	274.1	34.6
Average gold price received	US$/oz	**1,826**	1,574	16.0
	ZAR/kg	**903,849**	793,121	14.0
Cash costs	US$/oz	**1,035**	911	13.6
	ZAR/kg	**512,394**	459,151	11.6
AISC (note 2 and detailed commentary)	US$/oz	**1,261**	1,147	9.9
	ZAR/kg	**624,519**	577,887	8.1
All-in costs[2]	US$/oz	**1,401**	1,289	8.7
	ZAR/kg	**693,478**	649,480	6.8
Adjusted EBITDA[3]	US$ million	**144.1**	86.5	66.6
Attributable earnings	US$ million	**74.7**	44.3	68.6
Headline earnings	US$ million	**74.7**	44.2	69.0
EPS	US cents	**3.87**	2.30	68.3
HEPS	US cents	**3.87**	2.29	69.0
Net debt	US$ million	**39.0**	76.4	(49.0)
Total sustaining capital expenditure	US$ million	**16.7**	16.4	1.8
Total capital expenditure	US$ million	**49.1**	41.1	19.5
Net asset value per share	US cents	**14.71**	9.52	54.5
Weighted average number of shares in issue	Million	**1,928.3**	1,928.3	–
Average exchange rate	US$/ZAR	**15.40**	15.67	(1.7)
Closing exchange rate	US$/ZAR	**14.28**	17.33	(17.6)

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

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

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

OPERATIONAL HIGHLIGHTS

- Improvements in both the lost-time injury frequency rate (LTIFR) and reportable injury frequency rate (RIFR), compared to the 2020 financial year (prior financial year)
- Excellent production performance, with an increase in Group gold production of 12.4% to 201,777oz for the financial year ended 30 June 2021 (current financial year) (2020: 179,457oz)
- Renewal of Barberton Mines' mining rights granted for a 30-year period to May 2051
- Barberton Mines successfully concluded a multi-year wage agreement with its representative unions
- Continued implementation of stringent COVID-19 pandemic mitigation policies and protocols to protect our employees and operations, resulting in a relatively low infection rate.

FINANCIAL HIGHLIGHTS

- Net cash generated by operating activities increased by 52.8% to US$82.2 million (2020: US$53.8 million)
- Record profit after taxation, with an increase of 68.6% to US$74.7 million (2020: US$44.3 million)
- EPS increased to US 3.87 cents per share (2020: US 2.30 cents per share), an increase of 68.3%, and HEPS increased by 69.0% to US 3.87 cents per share (2020: US 2.29 cents per share)
- Record final proposed dividend of ZAR402.2 million or US$28.3 million at the prevailing exchange rate
- Reduction in net senior debt of 45.6% to US$33.7 million (2020: US$62.0 million)
- Receipt of a credit-approved and underwritten term sheet from Rand Merchant Bank (RMB) for a new revolving credit facility (RCF), at a reduced margin, of ZAR1 billion to replace the existing RCF, which expires in June 2022
- Successfully established a JSE Limited (JSE) approved Domestic Medium-term Note programme.

COST PERFORMANCE

- The Group's AISC for the current financial year increased by 9.9% to US$1,261/oz (2020: US$1,147/oz), resulting in an AISC margin of 30.9%
- In rand terms, AISC increased by only 8.1% to ZAR624,519/kg (2020: ZAR577,887/kg)
- Lower-cost operations, which account for more than 75% of annual Group production, or approximately 155,000oz, achieved an AISC of US$1,151/oz for the current financial year
- Evander Mines' 8 Shaft pillar mining delivered in line with expectations for the second half of the current financial year, resulting in a decreased AISC for the operation to US$995/oz for this period
- Target AISC for the next financial year is less than US$1,200/oz, assuming an exchange rate of US$/ZAR:15.00
- Solar energy and water recycling initiatives to contribute to future AISC reductions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE INITIATIVES

- Environmental, social and governance (ESG) projects, including the 9.975MW solar photovoltaic renewable energy plant at Evander Mines and a large-scale agriculture project at Barberton Mines, are on track for commissioning in the 2022 financial year
- The Group is currently conducting a bankable feasibility study for a solar photovoltaic renewable energy plant at Barberton Mines, as well as an expansion study for Evander Mines' solar photovoltaic renewable energy plant
- The board has approved the construction of Evander Mines' water retreatment plant to replace municipally sourced water with recycled underground water.

OUTLOOK AND GROWTH

- The Group maintains its production guidance of a minimum of 195,000oz for the 2022 financial year, with this forecast underpinned by:
  - the multiple mining footprints at Barberton Mines' Fairview 256, 257, 258 and 358 high-grade platforms, which have improved mining flexibility and support the current production profile from this operation
  - improved recoveries from the Elikhulu Tailings Retreatment Plant (Elikhulu) with this operation forecasting gold production of 55,000oz in the 2022 financial year
  - the production from Evander Mines' 8 Shaft pillar, with excellent results from this operation in the past months
- Pan African is also well positioned from a growth perspective:
  - The internal technical and economic study for the mining of 2 Decline at Evander Mines' 24 Level has been completed, and the board has approved the project. First production is scheduled for the 2023 financial year, increasing the life of Evander Mines' underground operations to a minimum of five years.

Cobus Loots, Pan African's chief executive officer, commented:

Overview

"We are, once again, pleased to report major positive strides in Pan African's operational and financial performance, despite the challenges of the ongoing COVID-19 pandemic. The operational flexibility afforded by our multiple producing assets has enabled the Group to improve margins, achieve record profits and realise our second-highest annual gold production. We are also proposing our highest-ever dividend for approval at the upcoming annual general meeting (AGM).

Financial performance

Our excellent financial performance has improved HEPS by 69.0% and enabled a 45.6% reduction in Group net senior debt. We remain on track with our forecast degearing, while continuing to invest in our assets and increasing dividends to shareholders.

Above-inflation increases in electricity tariffs and the marginal strengthening of the South African rand have resulted in Group AISC increasing by 9.9% to US$1,261/oz (2020: US$1,147). Included in the current financial year, AISC is a realised hedge loss of US$7.2 million which, if excluded, reduces the Group's AISC to US$1,226/oz. The Group's low-cost operations (Barberton Mines' underground, the Elikhulu and the Barberton Tailings Retreatment Plant (BTRP)), which account for more than 75% of the Group's total production, achieved an AISC of US$1,151/oz, resulting in an AISC margin of 37.0% on the average gold price of US$1,826/oz earned by the Group from these operations.

Health and safety and COVID-19

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

Operational and growth projects overview

Operationally, the Group has performed exceptionally well, particularly at our underground operations, as a result of the development initiatives and innovations implemented over the past years.

The availability, for the first time, of four high-grade mining platforms and expanded footprints in the mining areas at Fairview Mine have contributed to an increase of 29.4% in annual production from Barberton Mines' underground operations. Ramp-up of production at Evander Mines' 8 Shaft pillar operation highlights the potential of this high-grade underground orebody, with production now in line with mining plans. The AISC at the 8 Shaft pillar decreased substantially to US$995/oz in the second half of the financial year after we resolved the production difficulties experienced in the first half of the financial year. The sub-US$1,000/oz AISC achieved in the second half of the current financial year is indicative of the expected mining cost for the remainder of the 8 Shaft pillar's life-of-mine (LoM).

The renewal of Barberton Mines' mining rights by the Department of Mineral Resources and Energy (DMRE) for a further 30 years endorses our technical work and the long-term LoM plans submitted for these Mineral Resources.

Earlier this year, we announced the reassessment of our organic growth opportunities and resultant reprioritisation of capital expenditure. This gave rise to a reschedule of the Egoli project's development timelines, as well as a re-evaluation of existing underground mining opportunities at Evander Mines' 8 Shaft 24, 25 and 26 Levels, post cessation of mining at the 8 Shaft pillar. Independent reviews have confirmed that no fatal flaws exist in the Group's internal technical and economic studies, which indicate compelling recovered grades and gold production from these areas. Mining at the Egoli project and 25 and 26 Levels will now be phased in, following the cessation of underground operations at 24 Level. The capital expenditure on these projects will be funded from internal sources, subject to the current gold price environment prevailing.

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

Environmental, social and governance

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

Progress at the Blueberries project in Barberton has received widespread attention from the media and from other stakeholders. Approximately 96,000 plants have been delivered to site as part of phase 1, from which first production is expected by June 2022. Social benefits of this project in the surrounding communities are already evident with the creation of employment and increased trading opportunities for local small businesses. Also in Barberton, we have partnered with the Barberton Nature Reserve and conservation agencies to protect and preserve the biodiversity and natural resources of the region, including funding the care of orphaned rhinos.

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

Outlook for the 2022 financial year

The Group remains on track to produce a minimum of 195,000oz of gold for the financial year ending 30 June 2022, which is in line with existing planned production profiles, until the growth projects currently being progressed are brought into production.

The Pan African board has approved the initiation of a share buy-back programme (buy-back programme). The buy-back programme will be executed in accordance with the Company's general authority to make on-market purchases which was approved by shareholders at the Company's AGM on 26 November 2020. The Company will make further announcements in due course.

We are committed to continuing to create value for our stakeholders with an increased focus on ESG through our 'beyond compliance' philosophy, while maintaining our track record as a sustainable, safe, high-margin and long-life gold producer with excellent growth potential through exploration, organic growth and acquisition initiatives."

OPERATIONAL AND FINANCIAL COMMENTARY

COVID-19 update

For the current financial year, the Group reported 242 positive cases of COVID-19, with 10 active cases at 30 June 2021, two employees losing their lives and a 95% recovery rate.

The Group developed and implemented measures, policies and procedures to protect its employees, curtail the spread of COVID-19 and minimise the impact on livelihoods and business continuity. In addition to these measures, a successful roll-out of voluntary flu vaccines and multi-vitamins to employees was concluded in May 2021. These well-being initiatives were beneficial in aiding the increased immunity of our employees, thus reducing the burden of flu, hospitalisations and deaths on the country's healthcare system. Our operations have partnered with nearby hospitals and pharmacy service providers, in support of the national roll-out of COVID-19 vaccines for our employees. We continue to assist and encourage our employees to get vaccinated as we manage the impacts of the pandemic.

Pan African COVID-19 dashboard at 30 June 2021

	Positive	Active	Quarantine	Deaths	Hospi-talised	% Recovery total
Barberton Mines	180	8	7	1	1	95
Evander Mines	58	2	4	1	0	95
Corporate office	4	0	1	0	0	100
Group	242	10	12	2	1	95

Subsequent to the current financial year-end, two employees at Barberton Mines regrettably succumbed to COVID-19-related complications. We convey our sincere condolences to the families of these employees.

GROUP SAFETY

The Group has achieved an overall reduction in recordable injuries following the implementation of several safety initiatives and interventions:

- The Group reported an improvement in the RIFR to 0.63 (2020: 0.80) per million man hours for the current financial year
- The Group's LTIFR also improved to 1.41 (2020: 1.70) per million man hours for the current financial year
- Evander Mines' underground operations achieved significant safety improvements during the past 12 months, despite the increased number of underground crews deployed
- Regrettably, the Group experienced one fatality at Barberton Mines during July 2020 (2020: zero). Details of the accident were provided in the prior financial year results announcement.

Pan African will endeavour to further improve its commendable and industry-leading safety record in the coming years through various new initiatives in pursuit of a zero-harm environment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Our commitment to ESG continues to strengthen and evolve, forming part of the fabric of Pan African's operations. This is demonstrated by our investments in renewable energy projects, ongoing land rehabilitation, biodiversity conservation and large-scale agriculture project initiatives where we manage the risk, impacts and leverage opportunities in the ESG landscape.

Other sustainable economic initiatives in which the Group continues to invest include ecotourism, infrastructure development in health and education, as well as local supplier and procurement development to create sustainable businesses in our communities.

Environment

Climate change – Evander Mines' solar photovoltaic renewable energy plant

Construction of Evander Mines' 9.975MW solar photovoltaic renewable energy plant is progressing well, with work expected to be completed by November 2021. Pan African was awarded a National Energy Regulator of South Africa generation licence for this facility in August 2021, and the plant is expected to produce an estimated 30% of Elikhulu's power requirements from this energy source. The plant will result in a reduction in the use of fossil fuel-generated power and an expected annual CO_2 saving of more than 26,000t in the first full year of operation, contributing to an estimated 5% GHG emissions reduction for the Group.

The Company has also subsequently commenced feasibility work on an extension to Evander Mines' solar facility to provide an estimated capacity of 26MW, with the additional 16MW to be utilised by Evander Mines' underground operations. A feasibility study for a 10MW solar photovoltaic renewable energy plant at Barberton Mines is also being undertaken.

Water management – water retreatment plant at Evander Mines

Water is a strategic natural resource for South Africa and is vital to Pan African's business. The Group's commitment to responsible and sustainable water use is embedded in its water management policy and water-use licences, which focus on the efficient use of water through reuse and recycling.

In June 2021, a bankable feasibility study on a water retreatment plant was finalised to incorporate the new mining plan for Evander Mines and the associated increase in water consumption. The study investigated the recycling of water pumped from the underground workings, Evander Mines' 7 and 8 Shafts and the Elikhulu plant. The proposed plant design will enable the treatment of approximately 3ML of water a day using reverse osmosis technology, producing potable water for daily consumption and replacing municipally sourced water, resulting in substantial cost savings for the Group. In addition, this water recycling process will result in a positive environmental impact. The findings of the study are detailed below:

- Capital investment: ZAR35.2 million
- Operating cost of reverse osmosis water plant: ZAR4.25/kℓ
- Current Rand Water cost of water: ZAR13.53/kℓ
- Year one net saving: ZAR10.9 million
- Year 10 net saving: ZAR85.6 million
- Payback period: 4.2 years
- Life of reverse osmosis water plant: >10 years.

Savings projections are based on a 10% annual increase in the Rand Water tariff and the inflation-linked increase in operational and maintenance costs of the water retreatment plant (it is noted that Rand Water has imposed an average annual tariff increase of 11.14% over the past five years). The board has approved the construction of this project and it will be completed in the next year.

Biodiversity conservation and land rehabilitation

Pan African embraces the importance of its stewardship in preserving biodiversity and the rich natural heritage of the Makhonjwa Mountains (also known as the Barberton Mountain Land) where it operates. Approximately 80% of Barberton Mines' mining rights are located within the promulgated Barberton Nature Reserve.

Conservation Outcomes, a non-profit environmental organisation specialising in managing protected areas, has been appointed to manage the partnership between Barberton Mines and the Barberton Nature Reserve. A management plan is in the process of being formulated for the nature reserve, which will include initiatives to support the coexistence of nature conservation and mining activities. Some of the key objectives of the plan include:

- minimising degradation and preservation of biodiversity
- alien vegetation eradication
- promoting ecotourism and mining/geoheritage tourism initiatives in the area.

Barberton Mines' sponsorship of Care for Wild Rhino Sanctuary, a non-profit organisation, is an initiative where the mine works in collaboration with the non-profit organisation, located near Barberton, to preserve the country's rhinoceros population in an effort to conserve the environment within which the mine operates. The rehabilitation of the rhinos includes fully equipped and secure facilities, feeding, medication and supplements, and veterinary services to ensure the protection and survival of this endangered species.

The Group's environmental liabilities and rehabilitation guarantees are fully funded at approximately US$25.8 million. The environmental rehabilitation and implementation of integrated mine closure plans are key sustainability focus areas for the Group, including the restoration of historical mining sites to reduce their environmental impact in the areas in which we operate.

Social responsibility and investment

The Group is committed to its social responsibility and good corporate citizenship to maintain its social licence to operate. By contributing to employee health and well-being, community advancement and the creation of economic opportunities, we endeavour to promote a socio-economic environment in which our business and stakeholders can prosper.

Corporate social investment and local economic development update

During the current financial year, the Group invested US$1.8 million (2020: US$1.3 million) in corporate social investment contributions, local economic development projects and bursaries in our host communities, in addition to US$1.1 million (2020: US$1.7 million) for employee development programmes.

Barberton Mines and Evander Mines invested in community education, safety and healthcare infrastructure projects, arts and culture projects and other youth development initiatives. Highlights include the following:

- Successful completion by Barberton Mines of the Cathyville Clinic, in collaboration with the Mpumalanga Province Department of Health, which commenced operations in June 2021
- Commenced construction of the Kaapvallei and Ngwane Primary Schools at Barberton Mines
- The Sakhisizwe and Embalenhle townships' public lighting projects at Evander Mines, a much-needed public safety initiative requested by the communities. Progress has been made with plans for eight solar-powered high-mast lights to be installed as part of the Govan Mbeki Municipality's integrated development plan
- A total of 99 new entrants were registered on the Group's supply chain database as part of the community small enterprise development programme, in our endeavour to support local economic development and inclusivity
- Support for numerous non-governmental organisations in our host communities as part of our community social support and transformation initiatives.

Job creation – Barberton Blueberries project update

The Group has partnered with Primocane Capital (an independent company with an established track record in blueberry farming) to develop a blueberry farm on land and with infrastructure made available by Barberton Mines. Phase 1, which comprises a 15ha project housing some 96,000 blueberry plants, was successfully commissioned on 14 June 2021. First production is expected in June 2022. The total investment for phase 1 is estimated at approximately US$2.7 million, and indicative of the 'beyond compliance' approach adopted by the Group in its endeavour to create sustainable development opportunities in its communities.

During the construction phase of the farm, an estimated 80 temporary local jobs were created, with 21 of these individuals retained on a permanent basis for the operational phase. In addition, 375 seasonal jobs will be created for local community members during the five-month annual harvesting season.

The socio-economic impact of the Barberton Blueberries project and related downstream activities for the host communities surrounding Barberton Mines will be significant and will contribute to meaningfully reducing the current high unemployment rates in the area.

MULTI-YEAR WAGE AGREEMENT

Barberton Mines has successfully concluded a three-year wage agreement with the National Union of Mineworkers (NUM) (the NUM agreement) and a five-year wage agreement with the United Association of South Africa – The Union (UASA) (the UASA agreement). NUM and UASA represent the majority of employees at Barberton Mines.

The NUM agreement provides for an average annual wage increase of approximately 5.6%, compounded annually, for the bargaining unit over a three-year term, effective from 1 July 2021 and terminating on 30 June 2024.

The UASA agreement, effective from 1 July 2021 and terminating on 30 June 2026, provides for the following:

- Years one and two – an average annual increase of 5.0%
- Year three – an average annual increase of 5.0% or the annual South African Consumer Price Index (CPI) rate, whichever is higher, capped at 6.0%
- Years four and five – an average annual increase of 5.0% or CPI, whichever is higher, capped at 6%. The parties have, however, agreed to consider renegotiating these increases in the event of the CPI being lower than 4% or higher than 7.5% for each of these two years.

Assuming a CPI rate of 5.0% for the initial three-year period, the above-mentioned wage increases will result in an average annual increase of approximately 5.4%, compounded annually, for these bargaining units over the period.

The Barberton Mines agreement also sets a precedent for increases at the Group's other operations in the coming years.

GROUP AISC AND GEOLOGICAL OPTIMISATION INITIATIVES

The Group endeavours to improve gold production and reduce unit costs at its higher-cost operations by pursuing a number of initiatives.

The Group's AISC for the current financial year increased by 9.9% to US$1,261/oz (2020: US$1,147/oz), impacted by the following:

- The weakening of the average US$/ZAR exchange rate by 1.7% to US$/ZAR:15.40 (2020: US$/ZAR:15.67) adversely affected the Group's AISC in US$ terms
- The AISC for the Group includes realised hedge losses of US$7.2 million (2020: US$12.1 million), which if excluded, would reduce the AISC for the Group to US$1,226/oz
- Barberton Mines' underground AISC remained stable at US$1,380/oz (2020: US$1,375/oz)

- Evander Mines' underground AISC decreased by 36.0% to US$1,604/oz (2020: US$2,506/oz). The AISC for the second half of the financial year decreased to US$995/oz, which is in line with the targeted AISC of sub-US$1,000/oz after the production problems experienced during the first half of the financial year were resolved
- Elikhulu's AISC increased by 37.8% to US$846/oz (2020: US$614/oz) due to lower gold recoveries, as well as inflationary cost increases.

AISC from the Group's lower-cost operations (Barberton Mines' underground, Elikhulu and BTRP), accounting for more than 75% or approximately 155,000oz of the Group's annual production, was US$1,151/oz for the current financial year.

The Prince Consort (PC) Shaft Level 42 project at Barberton Mines' New Consort operation contributed to reducing the AISC from this operation by 33.0% to US$1,375/oz (2020: US$2,052/oz) for the current financial year.

Mining of the Thomas orebody at Sheba Mine has greatly improved Sheba Mine's production profile and emphasis is now being placed on accessing high-grade cross-fractures within the Zwartkoppie (ZK) orebody on the newly accessed 37 Level, as well as Project Dibanisa as outlined in the paragraphs below.

Plans for the next financial year include an increase in broader-scale exploration drilling targeting the Hope Reef, Main Muiden Reef (MMR) and Golden Quarry Reef, with desktop studies being conducted on various known but unmined lower-grade Mineral Resource blocks at all of Barberton Mines' operations.

UPDATE ON GROUP OPERATIONS

Barberton Mines' Fairview operation

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

The design and development of the subvertical shaft project at Fairview Mine is progressing as planned. This project should be completed over a two-year period, after which it is expected to increase production by an estimated 7,000oz to 10,000oz per annum.

Barberton Mines' Sheba operation

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

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

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

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

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

Barberton Mines' New Consort operation

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

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

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

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

Barberton Tailings Retreatment Plant

The BTRP surface operation is located within Fairview Mine's mining right footprint and contributes high-margin ounces to the Group's production profile. The BTRP produced 18,239oz for the current financial year at an AISC of US$946/oz (2020: US$795/oz). Mining of the Harper North, Harper South, Segalla calcine material and Vantage dams is progressing as per the mine plan. The remaining LoM is estimated at three years.

Additional feed sources are being investigated and include the possible conversion of the BTRP to a hard rock plant to increase its production life. By constructing a run-of-mine crusher circuit, the BTRP will be able to treat approximately 35,000tpm of run-of-mine material, thereby extending the life of the operation and ensuring its sustained output in future. Within the next three years, production at the BTRP is expected to be supplemented with ore from Barberton Mines' Royal Sheba orebody, where development is in progress, as detailed in this report.

Elikhulu

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

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

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

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

Evander Mines' 8 Shaft pillar project

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

Evander Mines' 8 Shaft and surface sources produced 28,084oz in the second half of the current financial year, an improvement of 8,915oz from the first half of the current financial year.

Group capital expenditure budget

The operational capital budget for the next financial year comprises:

Operation	Sustaining capital US$ million[1]	Expansion capital US$ million[1]
Barberton Mines	19.5	7.5
Evander Mines' underground (including the Egoli and 24 Level projects)	4.8	25.2
Elikhulu	2.5	18.7
Total	**26.8**	**51.4**

[1] *Budgeted capital converted to US$ at an exchange rate of US$/ZAR:15.00.*

Major items included in expansion capital are:

- Expansion of Barberton Mines' TSF to accommodate the treatment of Royal Sheba material at a cost of US$2.9 million and Royal Sheba drilling and bulk sampling costs of US$3.1 million
- Evander Mines' refrigeration plant for the 24 Level project (and possible extension to 25 and 26 Levels) of US$9.8 million, the Egoli project dewatering and initial developing and equipping cost of US$6.0 million and 7 and 8 Shaft expansion capital expenditure of US$7.1 million which includes shaft steelwork and development costs
- The Elikhulu TSF extension and the establishment of the Leslie/Bracken pump station of US$17.7 million.

MINERAL RESOURCES AND MINERAL RESERVES

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

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

- Fairview Mine and the combined Sheba Mine and Royal Sheba project have a remaining life of 20 years
- The Group's flagship tailings retreatment operation, Elikhulu, has a remaining life of 12 years
- New Consort Mine and the BTRP have remaining lives of eight and three years, respectively. At the end of its life, the BTRP is expected to be converted to process hard rock feedstock from Royal Sheba
- Evander Mines' 8 Shaft operations have a life of five years (8 Shaft pillar and 24 Level).

The Group's Mineral Resources and Mineral Reserves at 30 June 2021, in compliance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2016 edition (SAMREC Code), and independently audited by VBKom Proprietary Limited, are summarised as follows:

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

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

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

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

* *Any discrepancies in totals are due to rounding.*

In determining our Mineral Resources and Mineral Reserves, gold prices of ZAR900,000/kg (US$1,866/oz) and ZAR800,000/kg (US$1,659/oz) were used, respectively. All Mineral Resources and Mineral Reserves are reported as in situ tonnes at an estimated head grade. Mining losses, plant recovery factors and costs were used in the calculation of each operation's 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. Mineral Reserves are reported inclusive of diluting and contaminating material delivered to the respective metallurgical plants for treatment and beneficiation. The Mineral Resources and Mineral Reserves are all attributable to Pan African.

The Group's Mineral Resources increased by 4% year-on-year, mainly due to changes to cut-off grades at Evander Mines. The changes in the cut-off grade are affected by the higher gold price used in the cut-off grade estimations, relative to previous declarations. Mineral Reserves decreased marginally, year-on-year, with a decrease of 0.6% recorded. This is inclusive of 190.5Koz depleted from the Mineral Reserves due to mining and processing, and excludes surface sources not accounted for in our Mineral Reserves.

The competent person for Pan African, Hendrik Pretorius, the manager for Group technical services, signs off on the Mineral Resources and Mineral Reserves for the Group. He is a member of the South African Council for Natural Scientific Professions (SACNASP No. 400051/11 – Management Enterprise Building, Mark Shuttleworth Street, Innovation Hub, Pretoria, South Africa), as well as a member in good standing of the Geological Society of South Africa (GSSA No. 965978 – CSIR Mining Precinct, Corner Rustenburg and Carlow Roads, Melville, South Africa). Hendrik has 18 years' experience in economic geology and mineral resource management. He is based at The Firs Building, 2nd Floor, Office 204, Corner Cradock and Biermann Avenues, Rosebank, Johannesburg, South Africa. He holds a BSc (Hons) degree in Geology from the University of Johannesburg as well as a Graduate Diploma in Mining Engineering from the University of the Witwatersrand. Hendrik has reviewed and approved the information contained in this document as it pertains to Mineral Resources and Mineral Reserves.

For more detail on the reported Mineral Resources and Mineral Reserves, the annual Mineral Resources and Mineral Reserves report for the 2021 financial year will be published on our website at www.panafricanresources.com on 15 September 2021.

UPDATE ON GROUP PROJECTS

Evander Mines' underground strategy – 24 Level and Egoli projects

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

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

24 Level project

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

Key inputs used in the internal technical and financial assessment include:

- Real discount rate post-tax – 10.71%
- Gold price – US$1,770/oz
- Exchange rate – US$/ZAR:14.50
- Net present value – ZAR126.1 million (US$8.7 million at an exchange rate of US$/ZAR:14.50)
- RATIRR[1] – 26.6% (calculated based on phase 1 cash flows only)
- Project capital required – approximately ZAR320 million, to be funded internally and from existing facilities.

[1] *Real after-tax internal rate of return.*

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

An integral component of the phase 1 study was to identify risk mitigating measures to address the major challenges previously encountered during the mining of the Kinross orebody.

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

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

Egoli project

As detailed in previous paragraphs, a more phased approach for the development of the Egoli project will be followed, concurrent with the 8 Shaft phase 1 and possible phase 2 developments at 24, 25 and 26 Levels, as described above.

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

The Egoli project is a stand-alone operation that will use existing mining and metallurgical infrastructure with on-reef development conducted by a hybrid mining method, where stoping will be conducted on a conventional basis with hand-held equipment and development by trackless machinery. The Egoli project will be accessed directly from the 7 Shaft (twin shaft system) with one decline (3 Decline). Feasibility studies demonstrated that approximately 560m of underground development will be required from the breakaway position of the current 3 Decline to intersect the Egoli orebody. The project has all the required permitting in place through Evander Mines' mining right which is valid until 2038. The substantial existing infrastructure which is currently operational comprises a vertical shaft system (7 Shaft) to a depth of 1,681m, hoisting infrastructure and processing facilities at the Kinross metallurgical plant. In addition, the necessary surface and engineering infrastructure such as offices, change house, lamp room, workshop, electricity supply, metallurgical plant and TSFs are already in place and only require refurbishment and upgrading, where applicable. The Egoli project can increase Evander Mines' underground gold production profile materially at a relatively low capital cost using the existing shaft and metallurgical facilities.

Mintails transaction

Introduction

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

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

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

Financial evaluation

The following table shows the key outputs of the financial evaluation conducted during the DRA Projects Proprietary Limited (DRA) prefeasibility study:

Financial outcomes (pre-tax)

Net present value[10.71%]	ZAR million	849
	US$ million	56.6
Real internal rate of return – pre-tax	%	22
Payback period (undiscounted, post commissioning)	Years	2.7
Gold price	US$/oz	1,690
Exchange rate	US$/ZAR	15.00

The prefeasibility study demonstrated a cash cost of US$955/oz, with an average AISC of US$1,087/oz for the operation over its life.

Mineral Resources

Following a survey and drilling programme, the final Mogale Gold Mineral Resources statement, which is compliant with the SAMREC Code, is detailed in the table below. All Mineral Resources are reported above a minimum global cut-off due to the low selectivity in the mining method. All metallurgical test work results were included in the 3D grade model, which enables the end user of the model to estimate the recoverable resource from each TSF.

Mineral Resources reported for the Mogale Cluster, CJM Consult (2021)

Dump	Tonnage Mt	Gold g/t	Gold kg	Gold oz
Indicated				
1L25	47.53	0.33	15,684.90	504,281
1L13	22.96	0.25	5,740.00	184,545
1L28	21.57	0.24	5,176.80	166,438
1L10	0.51	0.41	209.10	6,723
Total Indicated	**92.57**	**0.29**	**26,810.80**	**861,987**
Inferred				
1L25	13.02	0.23	2,994.60	96,279
1L13	7.00	0.23	1,610.00	51,763
1L8	2.51	0.25	627.50	20,175
South Sand	4.44	0.29	1,287.60	41,397
North Sand	7.61	0.32	2,435.20	78,293
Total Inferred	**34.58**	**0.26**	**8,955**	**287,907**
Total	**127.15**	**0.28**	**35,765.70**	**1,149,894**

Capital and operating costs

The engineering design, together with capital and operating cost estimates, were performed by DRA for the hydraulic mining, process plant and infrastructure (primarily water and electricity supplies). Epoch Resources performed the detailed work on tailings deposition. The planned process plant throughput was fixed at 800ktpm based on the outcome of the previous financial evaluation.

The initial capital requirement for the hydraulic mining, plant, TSF and associated infrastructure is ZAR1,991 million, with a further ZAR1,031 million sustaining (and developmental) capital required during the estimated 11-year LoM.

Following the positive finding of the prefeasibility study, the definitive feasibility study is expected to be completed by the end of December 2021. The decision to conclude the acquisition is subject to Pan African's sole and absolute discretion.

FUTURE GROWTH

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

OUTLOOK AND PROSPECTS

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

- Continuing to improve its safety performance in pursuit of its zero-harm drive
- Continuing to manage the impact of the COVID-19 pandemic on employees and operations
- Delivering on our guided gold production of a minimum of 195,000oz for the year ending 30 June 2022, and further reducing unit production costs
- Pursuing our 'beyond compliance' ESG approach through collaboration and partnerships with specialists in community, conservation and sustainability initiatives, for the benefit of all stakeholders
- Successfully executing on capital projects that will sustain and increase annual gold production in the future

- Further reducing senior debt to strengthen the Group's capital structure
- Increasing returns to shareholders, including cash dividends
- Advancing organic growth projects within our mining rights areas and investigating potential exploration and mining opportunities outside South Africa.

APPRECIATION

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

FINANCIAL PERFORMANCE

Exchange rates and their impact on results

All Group subsidiaries are incorporated in South Africa and their functional currency is the South African rand (ZAR or rand). The Group's business is conducted in rand and the accounting records are maintained in this same currency, except precious metal product sales, which are conducted in US dollar (US$) prior to conversion into rand. The ongoing review of the operational results by executive management and the directors of the Company is also performed in rand.

During the current financial year, the average US$/ZAR exchange rate was US$/ZAR:15.40 (2020: US$/ZAR:15.67) and the closing US$/ZAR exchange rate at 30 June 2021 was US$/ZAR:14.28 (2020: US$/ZAR:17.33). The year-on-year change in the average and closing exchange rates of 1.7% and 17.6%, respectively, must be considered when comparing year-on-year results.

The commentary below analyses the current financial year and prior financial year's results in US$, and pertinent rand figures are disclosed in the body of this commentary.

Analysing the Group's financial performance

Revenue

Revenue increased during the current financial year by 34.6% to US$368.9 million (2020: US$274.1 million) predominantly due to:

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

Cost of production

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

Cost of production comprises primarily of:

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

Mining depreciation and amortisation

The Group's mining depreciation and amortisation costs increased by 49.3% to US$32.1 million (2020: US$21.5 million). The increase in depreciation is attributed to:

- the Group incurred an additional US$6.2 million in depreciation costs following the commissioning of the 8 Shaft pillar
- an increase in capital expenditure of 19.5% to US$49.1 million (2020: US$41.1 million), which increased the depreciation expense commensurately
- as the depreciation charge is based on the estimated available units of production (tonnes) over the lives of the mines, the current financial year's depreciation charge increased consistent with the 12.4% increase in gold production, relative to the prior financial year.

Other expenses and income

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

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

Royalty costs

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

Finance costs

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

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

Taxation

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

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

EPS and HEPS

EPS increased to US 3.87 cents per share (2020: US 2.30 cents per share), an increase of 68.3%, relative to the prior financial year. Headline earnings increased by 69.0% to US$74.7 million (2020: US$44.2 million) resulting in an increase of 69.0% in HEPS to US 3.87 cents per share (2020: US 2.29 cents per share).

EPS and HEPS are calculated by applying the Group's weighted average number of shares of 1,928.3 million shares (2020: 1,928.3 million shares) outstanding to attributable and headline earnings.

Debt and cash flows

Net debt decreased by 49.0% to US$39.0 million (2020: US$76.4 million) and net senior debt decreased by 45.6% to US$33.7 million (2020: US$62.0 million).

Net cash generated by operating activities improved by 52.8% to US$82.2 million (2020: US$53.8 million), supported by the Group's improved operational performance.

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

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

Performance metrics	Unit	Year ended 30 June 2021	Year ended 30 June 2020
Attributable cash flow per share	US cents	**1.12**	0.06
Dividend yield at the last traded price	%	**4.11**	0.6
Cash flow yield per share	%	**4.70**	0.28
Return on shareholders' funds	%	**32.0**	24.1
Return on capital employed	%	**36.3**	22.1

Over the current financial year, the Group generated attributable cash flow of US$21.6 million (2020: US$1.1 million), which resulted in the improvement in the attributable cash flow per share. The Group's return on shareholder funds, return on capital employed and dividend yield, year-on-year, also improved relative to the prior financial year.

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

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

DIVIDENDS

Proposed dividend for the financial year ended 30 June 2021

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

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

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

Annual general meeting	Thursday, 25 November 2021
Currency conversion date	Thursday, 25 November 2021
Currency conversion announcement released by 11:00 (South African time)	Friday, 26 November 2021
Last date to trade on the JSE	Tuesday, 30 November 2021
Last date to trade on the LSE	Wednesday, 1 December 2021
Ex-dividend date on the JSE	Wednesday, 1 December 2021
Ex-dividend date on the LSE	Thursday, 2 December 2021
Record date on the JSE and LSE	Friday, 3 December 2021
Payment date	Tuesday, 14 December 2021

The pound sterling (GBP) and US$ proposed final dividend was calculated based on a total of 2,234,687,537 shares in issue and an illustrative exchange rate of US$/ZAR:14.21 and GBP/ZAR:19.66, respectively.

No transfers between the Johannesburg and London registers, between the commencement of trading on Wednesday, 1 December 2021 and close of business on Friday, 3 December 2021 will be permitted.

No shares may be dematerialised or rematerialised between Wednesday, 1 December 2021 and Friday, 3 December 2021, both days inclusive.

The South African dividend taxation rate is 20% per ordinary share for shareholders who are liable to pay dividend taxation, resulting in a net dividend of ZA 14.40000 cents per share for these shareholders. Foreign investors may qualify for a lower dividend taxation rate, subject to completing a dividend taxation declaration and submitting it to Computershare Investor Services Proprietary Limited or Link Asset Services, who manage the South African and UK registers, respectively. The Company's South African income taxation reference number is 9154588173. The proposed dividend will be paid out of the Company's retained earnings, without drawing on any other capital reserves.

Dividend policy

Pan African aspires to pay a regular dividend to its shareholders. In balancing this cash return to shareholders with the Group's strategy of generic and acquisitive growth, Pan African believes a target payout ratio of 40% of net cash generated from operating activities, after allowing for the cash flow impact of sustaining capital, contractual debt repayments and the cash flow impact of one-off items, is appropriate. This measure aligns dividend distributions with the cash generation potential of the business. In proposing a dividend, the board will also take into account the Company's financial position, prospects, satisfactory solvency and liquidity assessments and other factors deemed relevant at the time. The board, having applied its discretion, believes that a deviation from the dividend policy is justified for the 2021 financial year given the favourable gold price environment, robust 2021 cash flows and the encouraging prospects for the 2022 financial year.

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

DIRECTORSHIP CHANGES AND DEALINGS

No directorship changes took place during the current financial year.

Hester Hickey has elected to resign as a director subsequent to the release of the Group's results on 16 September 2021. Dawn Earp will join the board as a lead independent director and the audit and risk committee chairperson subject to satisfactory completion of certain regulatory due diligence.

The following dealings in securities by directors took place during the current financial year:

- Cobus Loots and LTS Ventures Proprietary Limited (LTS), an entity associated with him, entered into the following share transactions:
  - Acquisition of 2,399,500 ordinary shares at ZAR4.75 per share on 9 November 2020 by LTS
  - Acquisition of 651,435 ordinary shares at ZAR4.57 per share on 10 November 2020 by LTS
  - Settled 400,000 long contracts for difference (CFDs) at 21.90 pence per share on 10 November 2020 in his personal capacity
  - Acquisition of 387,200 ordinary shares at ZAR4.24 per share on 12 November 2020 by LTS
  - Acquisition of 639,570 ordinary shares at ZAR3.16 per share on 30 March 2021 by LTS
  - Acquisition of 639,475 ordinary shares at ZAR3.17 per share on 31 March 2021 by LTS
  - Acquisition of 331,324 ordinary shares at ZAR3.93 per share on 8 June 2021 by LTS
  - Disposal of 23,512 ordinary shares at ZAR3.93 per share on 8 June 2021 in his personal capacity
  - Disposal of 174,253 ordinary shares at ZAR3.81 per share on 9 June 2021 in his personal capacity.

  He held 5,048,504 indirect beneficial shares, representing 0.2259% of the Company's issued share capital, and 1,373,982 direct beneficial shares, representing 0.0615% of the Company's issued share capital at the end of the current financial year, as well as 114,280 CFDs.
- Deon Louw and Figit Proprietary Limited (Figit), an entity associated with him, purchased the following shares:
  - Acquisition of 1,119,500 ordinary shares at ZAR4.87 per share on 9 November 2020 by Figit
  - Acquisition of 989,315 ordinary shares at ZAR4.57 per share on 10 November 2020 by Figit
  - Acquisition of 76,650 ordinary shares at ZAR4.57 per share on 10 November 2020 in his personal capacity
  - Acquisition of 407,430 ordinary shares at ZAR3.16 per share on 30 March 2021 by Figit
  - Acquisition of 407,370 ordinary shares at ZAR3.17 per share on 31 March 2021 by Figit
  - Acquisition of 198,734 ordinary shares at ZAR3.93 per share on 8 June 2021 by Figit
  - Disposal of 150,000 ordinary shares at ZAR3.81 per share on 9 June 2021 in his personal capacity.

  He held 3,122,349 indirect beneficial shares, representing 0.1397% of the Company's issued share capital, and 538,112 direct beneficial shares outstanding representing 0.0241% of the Company's issued share capital at the end of the current financial year.
- On 9 November 2020, Thabo Mosololi purchased 10,000 shares at ZAR4.50 per share. He held 110,000 shares at the end of the current financial year, representing 0.0049% of the Company's issued share capital.

JSE LISTING

The Company has a dual primary listing on the exchange operated by the JSE in South Africa and the Alternative Investment Market (AIM) of the London Stock Exchange (LSE) as well as a sponsored Level 1 American Depository Receipt (ADR) programme in the US through the Bank of New York Mellon (BNY Mellon). This provisional summarised audited results announcement has been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS and the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, and the Financial Pronouncements as issued by the Financial Reporting Standards Council. It contains the minimum information as required by International Accounting Standard (IAS) 34. The accounting policies are in accordance with IFRS and are consistent with those applied in the 2020 consolidated annual financial statements.

The Group's external auditors, PricewaterhouseCoopers LLP (PwC), have issued their opinion on the consolidated annual financial statements for the year ended 30 June 2021. The audit of the consolidated annual financial statements was conducted in accordance with the International Standards on Auditing. PwC has expressed an unmodified opinion on the consolidated annual financial statements. A copy of the audited annual financial statements and the audit report is available for inspection at the issuer's registered office. Any reference to future financial performance included in this provisional summarised audited results announcement has not been reviewed or reported on by the Group's external auditors.

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

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

AIM LISTING

The financial information for the year ended 30 June 2021 does not constitute statutory accounts as defined in sections 435(1) and 435(2) of the UK Companies Act 2006 (Companies Act 2006) but has been derived from those accounts. Statutory accounts for the year ended 30 June 2020 have been delivered to the Registrar of Companies and those for 2021 will be delivered following the Company's AGM. PwC, the external auditors registered in the UK, has reported on these accounts for the year ended 30 June 2021.

PwC's audit report for 30 June 2021 is unqualified, does not include a reference to any matters to which auditors draw attention by way of emphasis of matter, and does not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006. These statutory accounts have been prepared in accordance with IFRS and the IFRS Interpretations Committee interpretations with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

ADR PROGRAMME

On 2 July 2020, Pan African established a sponsored Level 1 ADR programme on the over-the-counter (OTC) market in the US with BNY Mellon being the appointed depository.

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

On 23 October 2020, in order to enhance the Company's visibility and provide better access to prospective US retail investors, the ADR programme was upgraded and approved for listing on the OTCQX Best Market in the US. To qualify for trading on the OTCQX, which is the highest tier of the OTC market, Pan African has complied with the necessary requirements including high financial standards, corporate governance requirements and compliance with applicable securities laws.

FORWARD-LOOKING INFORMATION

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

Cobus Loots
Chief executive officer

15 September 2021

PROVISIONAL SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2021

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

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

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

	Note	30 June 2021 US$ thousand	30 June 2020 US$ thousand
ASSETS			
Non-current assets			
Property, plant and equipment and mineral rights		**346,921.8**	270,286.3
Other intangible assets		**505.4**	493.0
Deferred taxation asset		**2,216.9**	4,416.1
Long-term inventory		**333.5**	411.3
Long-term receivables		**428.6**	626.4
Goodwill		**21,252.9**	17,512.5
Investments		**1,064.0**	1,216.2
Rehabilitation fund		**25,810.2**	20,006.4
		398,533.3	314,968.2
Current assets			
Inventories		**11,356.0**	7,626.1
Current taxation asset		**677.5**	1,247.1
Trade and other receivables		**24,394.1**	10,864.0
Current portion of long-term receivables		**12,816.9**	381.4
Derivative financial assets		**180.1**	–
Cash and cash equivalents		**35,133.4**	33,529.8
		84,558.0	53,648.4
Total assets		**483,091.3**	368,616.6
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	**38,150.6**	38,150.6
Share premium		**235,063.2**	235,063.2
Retained earnings		**211,254.8**	154,344.3
Reserves		**(200,837.1)**	(243,938.6)
Equity attributable to owners of the Parent		**283,631.5**	183,619.5
Total equity		**283,631.5**	183,619.5
Non-current liabilities			
Long-term provisions		**13,608.8**	9,200.1
Long-term liabilities – financial institutions		**28,011.2**	73,332.7
Long-term liabilities – other		**17,347.4**	6,781.3
Deferred taxation liability		**34,514.8**	16,961.5
		93,482.2	106,275.6
Current liabilities			
Trade and other payables		**54,708.7**	35,181.8
Derivative financial liabilities		**–**	9,639.0
Current portion of long-term liabilities – financial institutions		**30,674.8**	15,916.0
Current portion of long-term liabilities – other		**19,468.9**	16,164.5
Current taxation liability		**1,125.2**	1,820.2
		105,977.6	78,721.5
Total equity and liabilities		**483,091.3**	368,616.6

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2021

	Note	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Revenue		**368,914.7**	274,106.8
Cost of production		**(208,814.8)**	(158,457.3)
Mining depreciation and amortisation		**(32,074.2)**	(21,503.2)
Mining profit		**128,025.7**	94,146.3
Other (expenses)/income		**(12,819.1)**	(28,681.9)
Royalty costs		**(3,454.1)**	(473.8)
Impairment reversal		**–**	88.6
Net income before finance income and finance costs		**111,752.5**	65,079.2
Finance income	4	**755.6**	464.8
Finance costs	4	**(7,674.6)**	(13,346.2)
Profit before taxation for the year		**104,833.5**	52,197.8
Income taxation expense	5	**(30,141.4)**	(7,904.5)
Profit after taxation for the year		**74,692.1**	44,293.3
Items that have been or may subsequently be reclassified to the statement of profit or loss (net of taxes)			
Investment measured at fair value through other comprehensive income adjustment		**(1,603.6)**	(4,766.8)
Taxation on investment measured at fair value through other comprehensive income adjustment		**26.8**	1,067.8
Foreign currency translation reserve		**44,950.1**	(37,890.6)
Other comprehensive income/(loss)		**43,373.3**	(41,589.6)
Total comprehensive income for the year		**118,065.4**	2,703.7
Profit attributable to:			
Owners of the Parent		**74,692.1**	44,293.3
Total comprehensive income/loss attributable to:			
Owners of the Parent		**118,065.4**	2,703.7
Basic and diluted earnings per share (US cents)		**3.87**	2.30
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

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2021

	Share capital US$ thousand	Share premium US$ thousand	Retained earnings US$ thousand	Reserves US$ thousand	Total US$ thousand
Balance as at 1 July 2019	38,150.6	235,063.2	112,984.2	(202,616.1)	183,581.9
Total comprehensive income/(loss)	–	–	44,293.3	(41,589.6)	2,703.7
Profit for the year	–	–	44,293.3	–	44,293.3
Other comprehensive loss	–	–	–	(41,589.6)	(41,589.6)
Dividends paid	–	–	(3,399.1)	–	(3,399.1)
Reciprocal dividend – PAR Gold Proprietary Limited (PAR Gold)[1]	–	–	465.9	–	465.9
Share-based payment – charge for the year	–	–	–	267.1	267.1
Balance as at 30 June 2020	**38,150.6**	**235,063.2**	**154,344.3**	**(243,938.6)**	**183,619.5**
Total comprehensive income/(loss)	**–**	**–**	**74,692.1**	**43,373.3**	**118,065.4**
Profit for the year	**–**	**–**	**74,692.1**	**–**	**74,692.1**
Other comprehensive loss	**–**	**–**	**–**	**43,373.3**	**43,373.3**
Dividends paid	**–**	**–**	**(20,606.6)**	**–**	**(20,606.6)**
Reciprocal dividend – PAR Gold[1]	**–**	**–**	**2,825.0**	**–**	**2,825.0**
Share scheme cancellation	**–**	**–**	**–**	**(551.3)**	**(551.3)**
Share-based payment – charge for the year	**–**	**–**	**–**	**279.5**	**279.5**
Balance as at 30 June 2021	**38,150.6**	**235,063.2**	**211,254.8**	**(200,837.1)**	**283,631.5**

[1] *Reciprocal dividend – PAR Gold refers to the inter-company transaction which relates to the dividend paid on the treasury shares held by the Group in PAR Gold – refer to note 12. PAR Gold holds 13.7% of the issued share capital of Pan African.*

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2021

	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Cash flow from operating activities		
Net cash generated by operating activities before dividends, taxation, royalties and net finance costs and income	**124,549.3**	73,399.4
Dividend paid	**(20,606.6)**	(3,399.1)
Reciprocal dividend received	**2,825.0**	465.9
Income taxation paid	**(15,402.3)**	(4,876.7)
Royalties paid	**(3,500.1)**	(926.9)
Finance costs paid	**(6,106.9)**	(11,157.6)
Finance income received	**484.4**	323.3
Net cash generated by operating activities	**82,242.8**	53,828.3
Cash flow from investing activities		
Additions to property, plant and equipment and mineral rights	**(44,396.4)**	(34,557.3)
Additions to other intangible assets	**(48.1)**	(174.6)
Repayment of long-term loan receivable	**289.8**	1,798.5
Rehabilitation funds withdrawn	**146.2**	2,084.7
Increase in investment	**(142.2)**	–
Proceeds from disposal of property, plant and equipment and mineral rights	**2.8**	206.7
Net cash utilised in investing activities	**(44,147.9)**	(30,642.0)
Cash flow from financing activities		
Borrowings raised	**15,963.0**	48,468.0
Borrowings repaid	**(59,405.8)**	(44,158.1)
Capital repayment on instalment sale obligations	**(169.9)**	(166.9)
Capital repayment on lease obligations	**(857.2)**	(803.6)
Cash (utilised in)/generated from financing activities	**(44,469.9)**	3,339.4
Net (decrease)/increase in cash equivalents	**(6,375.0)**	26,525.7
Cash at the beginning of the year	**33,529.8**	5,341.2
Effect of foreign currency rate changes	**7,978.6**	1,662.9
Cash and cash equivalents at the end of the year	**35,133.4**	33,529.8

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2021

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

The accounting policies applied in compiling the summarised consolidated annual financial statements, in accordance with IFRS, are consistent with those applied in preparing the Group's annual financial statements for the year ended 30 June 2021.

The financial information set out in this announcement does not constitute the Company's statutory accounts for the year ended 30 June 2021.

The results have been prepared and presented in accordance with, and contain 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 the Financial Reporting Standards Council.

Going concern

The Group closely monitors and manages its liquidity risk by means of a centralised treasury function. Cash forecasts are regularly produced and sensitivities are run for different scenarios including, but not limited to, changes in commodity prices and different production profiles from the Group's operations. The Group had US$42.0 million (2020: US$8.1 million) of available debt facilities and US$35.1 million (2020: US$33.5 million) of cash and cash equivalents as at 30 June 2021. The RCF debt facility matures on 30 June 2022. Based on the current status of the Group's finances, having considered going concern forecasts and reasonably possible downside scenarios, including a rand gold price of ZAR760,000/kg (US$1,534/oz at an average exchange rate of US$/ZAR:15.40), and reduced production volumes also potentially impacted by the COVID-19 pandemic as outlined below, the Group's forecasts based on the board approved budgets, demonstrate it will have sufficient liquidity headroom to meet its obligations in the ordinary course of business, and will comply with financial covenants for the 12 months from the date of approval of the summarised consolidated annual financial statements.

The Group is conscious of the ongoing impact of the COVID-19 pandemic and will continue to implement stringent preventative and precautionary measures to limit incidences of infection among its employees and in our host communities and minimise the potential adverse impact of the pandemic on the Group's production.

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

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

- Mining was considered an essential service according to government lockdown regulations imposed during the pandemic, enabling production to continue to a certain extent
- Both Evander Mines and Barberton Mines have local workforces which limits the risk and exposure of transmitting the disease and also reduces the time to ramp-up production after any potential lockdown impositions
- The Group's operations are diversified and include surface remining and processing activities which are less prone to lockdown restrictions when compared to underground operations
- The Group maintains a minimum liquidity level of ZAR250 million to ensure that it has sufficient liquidity to withstand possible interruptions to its operations over the short term.

The board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Group continued to adopt the going concern basis of accounting in the preparation of the 30 June 2021 summarised consolidated annual financial statements.

Alternative performance measures

The Group makes reference to APMs in conjunction with IFRS measures when assessing the Group's reported financial performance, financial position and cash flows. APMs should be considered in addition to, and not as a substitute for or superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS. Further information on APMs is provided on **pages 40** to **49**.

2. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

Critical accounting judgements

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

Impairment and impairment reversals of assets

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

Assets (other than goodwill) that have previously been impaired must be assessed for indicators of both impairment and impairment reversal. Such assets are recorded in the statement of financial position at their recoverable amount at the date of the last impairment assessment. Therefore, a change in operational plans, assumptions or economic conditions may result in a further impairment or an impairment reversal, if an indicator is identified.

Cash flow projections and key assumptions

Expected future cash flows used in discounted cash flow models are inherently uncertain and may materially change over time. Cash flow projections are significantly affected by a number of factors, including Mineral Resources and Mineral Reserves, and economic factors such as commodity prices, discount rates, estimates of production costs and future capital expenditure. Where discounted cash flow models, based on management's assumptions are used, the resulting fair value measurements are considered to be at Level 3 in the fair value hierarchy, as defined in IFRS 13: *Fair Value Measurement*, as they depend to a significant extent on unobservable valuation inputs.

Cash flow projections are based on financial forecasts and LoM plans incorporating key assumptions as detailed below:

- **Mineral Resources and Mineral Reserves**: Mineral Reserves and, where considered appropriate, Mineral Resources, are incorporated in projected cash flows, based on Mineral Resources and Mineral Reserves statements (in accordance with the SAMREC Code for South African properties) and exploration and evaluation work undertaken by appropriately qualified persons. Mineral Resources are included where management has a high degree of confidence in their economic extraction, despite additional evaluation still being required prior to meeting the required confidence for conversion to Mineral Resources
- **Commodity prices**: Commodity prices are based on the latest internal forecasts, benchmarked to external sources of information, to ensure that they are within the range of available analyst forecasts. Where existing sales contracts or hedging arrangements are in place, the effects of such contracts are considered in determining future cash flows
- **Discount rates**: Value in use and fair value, less cost of disposal, projections are sensitive to changes in the discount rate
- **Operating costs, capital expenditure and other operating factors**: Operating costs and capital expenditure are based on financial budgets. Cash flow projections are based on LoM plans and internal management forecasts. Cost assumptions incorporate management experience and expectations, as well as the nature and location of the operation and the risks associated therewith (for example, the grade of Mineral Resources and Mineral Reserves varying significantly over time and unforeseen operational issues).

2. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES continued

Sources of estimation uncertainty

Impairment and impairment reversals of assets

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

Other significant accounting judgements

Deferred taxation rate

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

South African income taxation on gold mining income is determined in accordance with a formula (the gold formula) that takes into account the taxable income and revenue from gold mining operations. Judgement was applied in the determination of the future expected deferred taxation rates of the Group's mining operations.

The Group prepares nominal cash flow models to calculate the expected average income taxation rate over the LoM. The key assumptions in the cash flow models are the same as those noted in the previous cash flow projections and key assumptions section.

Rehabilitation and decommissioning provision

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

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

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

An assessment of the Group's environmental rehabilitation plan identified a risk relating to the potential pollution of groundwater at Barberton Mines. As a result of, inter alia, the amendments to the Financial Closure Provision Regulations as promulgated in terms of the National Environmental Management Act (NEMA), the Group may have a potential exposure to rehabilitate Barberton Mines' groundwater. The Group has undertaken several detailed assessments of this risk and is in the process of completing a groundwater modelling study to ascertain the latent and residual environmental risk associated with potential pollution of groundwater with a greater level of finality to determine and quantify the impact of any such liability. If such a liability is identified, the mine will account for the groundwater rehabilitation exposure as an environmental liability, and if material in the Group context, may have an adverse impact on the Group's annual financial statements.

Cash-settled share option liability

The Company applies the requirements of IFRS 2: *Share-based Payment* to cash-settled share-based payments made to employees in terms of the Group's incentive schemes. These are measured at fair value at grant date and, at each subsequent reporting date, the Company revises the estimated fair value of these schemes 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 pertaining to a number of valuation assumptions.

Contingent liabilities

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

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

3. SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Pan African's executive committee (Exco). The operating segments of the Group are determined based on the reports used to make strategic decisions that are reviewed by the Exco. The Exco considers the business principally according to the location and nature of the products and services provided, with each segment representing a strategic business unit.

The segments reported on are located in South Africa and comprise the following:

- Barberton Mines (including BTRP) located in Barberton and Evander Mines (Elikhulu, 8 Shaft pillar and surface sources) located in Evander. These segments derive their revenue from mining, extraction, production and the sale of gold
- Agricultural ESG projects mainly comprise the Barberton Blueberries project, as well as other small-scale agricultural projects in the Barberton Mines host community area
- Solar projects currently consist of the solar photovoltaic renewable energy plant located at Evander Mines
- Funding Company is the centralised treasury function of the Group located in Johannesburg
- Corporate consists mainly of the Group holding company and management services which render services to the Group and is located in Johannesburg.

The segment results have been presented based on the Exco's reporting format, in accordance with the disclosures presented as follows.

3. SEGMENTAL REPORTING continued

	30 June 2021		30 June 2021				
	Barberton Mines US$ thousand	Evander Mines US$ thousand	Agri-cultural ESG projects US$ thousand	Solar projects US$ thousand	Corporate US$ thousand	Funding Company US$ thousand	Group US$ thousand
Revenue[1]	189,696.5	179,218.2	–	–	–	–	368,914.7
Cost of production	(108,151.9)	(100,662.9)	–	–	–	–	(208,814.8)
Mining depreciation and amortisation	(11,405.2)	(20,668.2)	(0.8)	–	–	–	(32,074.2)
Mining profit	70,139.4	57,887.1	(0.8)	–	–	–	128,025.7
Other (expenses)/income[2]	(3,299.5)	79.1	(0.2)	(8.3)	(8,925.7)	(664.5)	(12,819.1)
Royalty costs	(3,071.4)	(382.7)	–	–	–	–	(3,454.1)
Net income/(loss) before finance income and finance costs	63,768.5	57,583.5	(1.0)	(8.3)	(8,925.7)	(664.5)	111,752.5
Finance income	6.3	4.4	0.4	–	375.8	368.7	755.6
Finance costs	(301.1)	(1,291.7)	–	–	(11.0)	(6,070.7)	(7,674.6)
Profit/(loss) before taxation	63,473.7	56,296.2	(0.6)	(8.3)	(8,560.9)	(6,366.5)	104,833.5
Income taxation expense	(13,400.0)	(11,999.5)	–	–	(4,628.2)	(113.7)	(30,141.4)
Profit/(loss) after taxation for the year	50,073.7	44,296.6	(0.6)	(8.3)	(13,189.1)	(6,480.3)	74,692.1
Inter-company transactions							
Management fees	(5,765.7)	(5,412.5)	–	–	11,308.1	(129.9)	–
Interest – inter-company	1,556.4	(7,421.7)	(102.7)	–	(1,058.9)	7,026.8	–
Profit/(loss) after taxation and inter-company charges	45,864.4	31,462.5	(103.3)	(8.3)	(2,939.9)	416.7	74,692.1
Segment assets (total assets excluding goodwill)	143,439.4	257,151.4	3,325.4	2,036.2	24,253.9	31,632.1	461,838.4
Segment liabilities	49,799.8	53,170.9	39.3	9,920.9	22,955.0	63,573.9	199,459.8
Net assets (excluding goodwill)[3]	93,639.6	203,980.5	3,286.1	(7,884.7)	1,298.9	(31,941.8)	262,378.6
Goodwill	21,252.9	–	–	–	–	–	21,252.9
Capital expenditure[4]	27,075.3	17,653.9	2,575.7	1,665.9	142.2	–	49,113.0
Reconciliation of adjusted EBITDA							
Net income/(loss) before taxation, finance income and finance costs	63,768.5	57,583.5	(1.0)	(8.3)	(8,925.7)	(664.5)	111,752.5
Adjust: mining depreciation and amortisation	11,405.2	20,668.2	0.8	–	–	–	32,074.2
Adjust: non-mining depreciation and amortisation	–	–	–	–	314.6	–	314.6
Adjusted EBITDA[5]	75,173.7	78,251.7	(0.2)	(8.3)	(8,611.1)	(664.5)	144,141.3

1 *All gold sales were made in South Africa and the revenue was earned from sales to South African financial institutions.*
2 *Other expenses and income exclude inter-company management fees and dividends.*
3 *The segmental assets and liabilities above exclude inter-company balances.*
4 *Capital expenditure comprises additions to property, plant and equipment, mineral rights and intangible assets.*
5 *Adjusted EBITDA comprises earnings before interest, taxation, mining depreciation and amortisation and the reversal of impairments.*

3. SEGMENTAL REPORTING continued

	Barberton Mines US$ thousand	Evander Mines US$ thousand	Corporate US$ thousand	Funding Company US$ thousand	Group US$ thousand
	30 June 2020				
Revenue[1]	139,437.4	134,669.4	–	–	274,106.8
Cost of production	(91,433.5)	(67,023.8)	–	–	(158,457.3)
Depreciation and amortisation	(7,424.3)	(14,078.9)	–	–	(21,503.2)
Operating profit	40,579.6	53,566.7	–	–	94,146.3
Other (expenses)/income[2]	(9,070.5)	(24,825.0)	4,427.3	786.3	(28,681.9)
Impairment reversal	–	88.6	–	–	88.6
Royalty costs	(577.6)	103.8	–	–	(473.8)
Net income/(loss) before finance income and finance costs	30,931.5	28,934.1	4,427.3	786.3	65,079.2
Finance income	7.4	46.6	209.9	200.9	464.8
Finance costs	(452.9)	(1,860.4)	(27.0)	(11,005.9)	(13,346.2)
Profit/(loss) before taxation	30,486.0	27,120.3	4,610.2	(10,018.7)	52,197.8
Income taxation (expenses)/income	(4,052.5)	(3,264.9)	(735.8)	148.7	(7,904.5)
Profit/(loss) after taxation for the year	26,433.5	23,855.4	3,874.4	(9,870.0)	44,293.3
Inter-company transactions					
Management fees	(7,376.9)	(3,491.0)	10,995.6	(127.7)	–
Interest – inter-company	1,464.7	(10,234.6)	(907.7)	9,677.6	–
Profit/(loss) after taxation and inter-company charges	20,521.3	10,129.8	13,962.3	(320.1)	44,293.3
Segment assets (total assets excluding goodwill)	98,632.3	212,267.7	7,716.7	32,487.4	351,104.1
Segment liabilities	33,546.7	47,355.5	14,824.0	89,270.9	184,997.1
Net assets (excluding goodwill)[3]	65,085.6	164,912.2	(7,107.3)	(56,783.5)	166,107.0
Goodwill	17,512.5	–	–	–	17,512.5
Capital expenditure[4]	18,955.0	21,500.1	648.7	–	41,103.8
Reconciliation of adjusted EBITDA					
Net income/(loss) before taxation, finance income and finance costs	30,931.5	28,934.1	4,427.3	786.3	65,079.2
Adjust: depreciation and amortisation	7,424.3	14,078.9	–	–	21,503.2
EBITDA	38,355.8	43,013.0	4,427.3	786.3	86,582.4
Adjust: impairment reversal	–	(88.6)	–	–	(88.6)
Adjusted EBITDA[5]	38,355.8	42,924.4	4,427.3	786.3	86,493.8

[1] *All gold sales were made in South Africa and the revenue was earned from sales to South African financial institutions.*
[2] *Other expenses and income exclude inter-company management fees and dividends.*
[3] *The segmental assets and liabilities above exclude inter-company balances.*
[4] *Capital expenditure comprises additions to property, plant and equipment, mineral rights and intangible assets.*
[5] *Adjusted EBITDA comprises earnings before interest, taxation, mining depreciation and amortisation and the reversal of impairments.*

4. NET FINANCE COSTS

	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Finance income related to financial instruments		
Finance income – financial institutions	**394.2**	317.2
Finance income – other	**361.1**	114.0
	755.3	431.2
Finance income – other		
Finance income – South African Revenue Service (SARS)	**0.3**	33.6
	0.3	33.6
Finance income – total	**755.6**	464.8
Finance costs related to financial instruments		
Finance costs – financial institutions	**(6,163.5)**	(11,097.2)
Finance costs – other	**–**	(57.8)
	(6,163.5)	(11,155.0)
Finance costs – other		
Finance costs – lease liability	**(495.4)**	(518.3)
Finance costs – instalment sale	**(23.8)**	(38.1)
Finance costs – SARS	**(0.1)**	(6.9)
Finance costs – rehabilitation fund provision	**(991.8)**	(1,627.9)
	(1,511.1)	(2,191.2)
Finance costs – total	**(7,674.6)**	(13,346.2)
Net finance costs	**(6,919.0)**	(12,881.4)

5. TAXATION

	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Income taxation expense		
South African normal taxation		
Current year	**14,364.2**	7,989.4
Prior year	**(80.9)**	(267.7)
Deferred taxation		
Current year	**15,858.1**	200.9
Prior year	**–**	(18.1)
Total taxation expense	**30,141.4**	7,904.5

	Assessed loss		Unredeemed capital carried forward	
	30 June 2021 US$ thousand	30 June 2020 US$ thousand	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Evander Mines	**90.2**	–	**145,621.5**	150,763.4

6. FINANCIAL INSTRUMENTS

	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Financial assets		
Measured at amortised cost		
Cash and cash equivalents	**35,133.4**	33,529.8
Long-term receivables	**13,245.5**	1,007.8
Trade and other receivables[1]	**16,447.8**	6,222.0
Measured at fair value through other comprehensive income		
Listed investments	**1,064.0**	1,216.2
Financial assets at fair value through profit or loss		
Rehabilitation fund	**25,810.2**	20,006.4
Derivative financial assets	**180.1**	–
Financial liabilities		
Measured at fair value through profit or loss		
Derivative financial liabilities	**–**	9,639.0
Measured at amortised cost		
Trade and other payables[2]	**44,921.3**	28,417.1
RCF	**16,669.2**	43,086.0
Term loan facility	**42,016.8**	46,162.7
Redink Rentals (RF) Limited loan	**9,920.9**	–

[1] *At the end of the current financial year, the Group had no trade receivables that are past overdue and not impaired. Receivables exclude prepayments and value-added taxation (VAT) receivable.*

[2] *Trade and other payables exclude VAT payable.*

Fair value of financial instruments

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

Fair value hierarchy

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

The levels are classified as follows:

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

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

6. FINANCIAL INSTRUMENTS continued

Fair value of financial instruments continued

Fair value hierarchy continued

	Level 1 US$ thousand	Level 2 US$ thousand	Total US$ thousand
30 June 2021			
Investments – other[1]	**1,064.0**	**–**	**1,064.0**
Rehabilitation fund[2]	**–**	**25,810.2**	**25,810.2**
30 June 2020			
Investments – other[1]	1,216.2	–	1,216.2
Rehabilitation fund[2]	–	20,006.4	20,006.4
Derivative financial liabilities	–	9,639.0	9,639.0

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

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

7. BORROWINGS AND FINANCIAL COVENANTS

	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Interest-bearing borrowings		
RCF – current portion	**16,669.2**	4,375.3
RCF – long-term portion	**–**	38,710.7
Term loan facility – current portion	**14,005.6**	11,540.7
Term loan facility – long-term portion	**28,011.2**	34,622.0
Total interest-bearing borrowings	**58,686.0**	89,248.7
Available debt facilities		
RCF	**32,212.9**	–
General banking facility	**9,803.9**	8,078.5
Total available debt facilities	**42,016.8**	8,078.5

Financial covenants

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

Covenant[1]	Measurement at year-end	30 June 2021	30 June 2020
Net debt-to-equity ratio	Must be less than 1:1	**0.1**	0.4
Net debt-to-net adjusted EBITDA ratio	Must be less than 2:1	**0.3**	0.7
Interest cover ratio	Must be greater than 4.5 times	**23.0**	10.1
Debt service cover ratio	Must be greater than 1.3 times	**3.0**	3.4

[1] *Refer to the APM summary report under 'other items' for the covenant reconciliation and calculations.*

7. BORROWINGS AND FINANCIAL COVENANTS continued

Financial covenants continued

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

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

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

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

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

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

8. CAPITAL EXPENDITURE

		Development capital US$ thousand	Maintenance capital US$ thousand	Expansion capital US$ thousand	Total US$ thousand
Barberton Mines	**30 June 2021**	**6,081.6**	**8,524.9**	**12,468.8**	**27,075.3**
	30 June 2020	4,735.6	7,173.4	7,038.6	18,947.6
Evander Mines	**30 June 2021**	**–**	**1,473.5**	**12,010.3**	**13,483.9**
	30 June 2020	–	3,279.5	17,668.9	20,948.4
Elikhulu	**30 June 2021**	**–**	**546.4**	**3,623.7**	**4,170.0**
	30 June 2020	–	551.7	–	551.7
Corporate	**30 June 2021**	**–**	**74.0**	**68.2**	**142.2**
	30 June 2020	–	648.7	–	648.7
Agricultural ESG projects	**30 June 2021**	**–**	**–**	**2,575.7**	**2,575.7**
	30 June 2020	–	–	–	–
Solar projects	**30 June 2021**	**–**	**–**	**1,665.9**	**1,665.9**
	30 June 2020	–	–	–	–
Total	**30 June 2021**	**6,081.6**	**10,618.8**	**32,412.6**	**49,113.0**
	30 June 2020	4,735.6	11,653.3	24,707.5	41,096.4

9. SHARE CAPITAL

	30 June 2021 Number	30 June 2020 Number
Issued		
Number of ordinary shares issued and fully paid[1]	**2,234,687,537**	2,234,687,537
Treasury shares	**(306,358,058)**	(306,358,058)
	1,928,329,479	1,928,329,479

[1] *No additional ordinary shares were issued during the current financial year (2020: nil).*

	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Share capital	**38,150.6**	38,150.6

10. DISPOSALS AND ACQUISITIONS

There were no disposals during the current or prior financial years. During the current financial year, the Group acquired the issued share capital of Rapid Pearl Proprietary Limited for an amount of US$0.1 million. The only asset of the newly acquired company consists of an historic building in Barberton. There were no acquisitions in the prior financial year.

11. COMMITMENTS, CONTINGENT LIABILITIES AND GUARANTEES

	30 June 2021 US$ million	30 June 2020 US$ million
Outstanding open orders	**14,347.2**	12,330.0
Authorised commitments not yet contracted for	**79,711.8**	37,084.1
IFRS 16 lease commitments – due within the next 12 months	**474.8**	342.0
Guarantees – Eskom Holdings SOC Limited	**1,627.7**	1,041.0
Instalment sale commitment – due within the next 12 months	**173.4**	129.0
Guarantees – DMRE	**27,172.8**	21,644.5

The Group identified no material contingent liabilities for the current or prior financial year.

12. RELATED PARTY TRANSACTIONS

The related party transactions are summarised as follows:

- Inter-company interest and management fees – refer to segmental reporting note 3
- Inter-company loans have no specific repayment terms, are repayable on demand and bear interest in relation to the treasury function provided by Funding Company
- Inter-company PAR Gold reciprocal dividend – refer to the condensed consolidated statement of changes in equity
- Loans granted to directors and employees, as an advances against money due to them in terms of the Group share schemes, are included in the current portion of long-term receivables in the statement of financial position. Refer to the following explanatory note on the restructure of the share scheme.

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

12. RELATED PARTY TRANSACTIONS continued

Restructure of Group long-term employee incentive schemes

Certain of the Group's long-term incentive schemes were restructured during the current financial year, as detailed in the announcement of 17 September 2020.

In terms of the rules of the restructured scheme, participants are entitled to a short-term advance, on market-related terms (South African Repo lending rate plus a margin of 1%), once a monetary value has vested and locked-in. This rate is applied to all participants of the scheme. Advances of US$12.3 million (2020: US$nil) were made to scheme participants and are included in the current portion of long-term receivables of US$12.8 million (2020: US$0.4 million) in the statement of financial position.

As detailed in the above-mentioned announcement, all listing and regulatory requirements were complied with in the restructure of these incentive schemes and loans advanced to scheme participants.

13. LITIGATION AND CLAIMS

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

14. EVENTS AFTER THE CURRENT FINANCIAL YEAR

Post the current financial year, the Group received a credit-approved and underwritten term sheet for a ZAR1 billion RCF from RMB, to replace the existing RCF which expires in June 2022. The balance of US$16.7 million owing on the current RCF facility was classified under current liabilities in accordance with its remaining term of less than 12 months. The new RCF has a three-year term and provides the Group with access to a flexible and cost-effective working capital facility. The existing term loan, which was raised to fund the Elikhulu plant will be consolidated into the new RCF. The legal agreements for the new RCF are being negotiated and it is expected that the facility will become effective in the final quarter of this calendar year.

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

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

	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Profit before taxation for the year	104,833.5	52,197.8
Adjusted for:	44,356.0	38,545.7
Impairment reversal	–	(88.6)
Share option costs	7,272.0	5,595.3
Change in share-based payment schemes	(271.8)	–
Finance income	(755.6)	(464.8)
Finance costs	7,674.6	13,346.2
Profit on disposal	(1.4)	(92.9)
Royalty costs	3,454.1	473.8
Deferred executive incentive expenses	–	(263.1)
Profit/(loss) arising from realised and unrealised financial instruments	(3,808.0)	21,943.8
Change in estimate of the environmental rehabilitation provision	–	(3,045.7)
Debt refinance modification adjustment	(177.2)	(53.8)
Fair value adjustments on rehabilitation funds	(1,419.5)	(1,728.2)
Non-mining depreciation and amortisation	314.6	277.5
Mining depreciation and amortisation	32,074.2	21,503.2
Realisation of gold loan	–	(18,857.0)
Operating cash flows before working capital changes	**149,189.5**	90,743.5
Working capital changes	(1,050.0)	(1,412.2)
(Increase) in inventory	(1,794.5)	(1,714.4)
(Increase)/decrease in trade and other receivables	(10,394.5)	4,237.3
Increase/(decrease) in trade and other payables	11,139.0	(739.5)
Other non-cash items	–	(3,195.6)
Settlement of cash-settled share option costs	(5,047.0)	(1,236.2)
Loans advanced – employee incentive schemes	(11,132.5)	–
Rehabilitation costs incurred	(204.6)	(2,587.4)
Settlement of derivative financial instruments	(7,206.1)	(12,108.3)
Net cash generated by operating activities before dividend, taxation, royalties, net finance costs and income	**124,549.3**	73,399.4

ALTERNATIVE PERFORMANCE MEASURES

Introduction

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

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

- **Financial APMs:** These financial measures are usually derived from the annual financial statements, prepared in accordance with IFRS. Certain financial measures cannot be directly derived from the annual financial statements as they contain additional information such as financial information from earlier periods or profit estimates or projections. The accounting policies applied when calculating APMs are, where relevant and unless otherwise stated, the same as those disclosed in the Group's consolidated annual financial statements for the year ended 30 June 2021.
- **Non-financial APMs:** These measures incorporate certain non-financial information that management believes is useful when assessing the Group's performance.
- **Ratios:** Ratios calculated using any of the APMs referred to above, IFRS measures, or a combination of APMs and IFRS measures.

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

Financial APMs

Group APM	Equivalent IFRS measure	Adjustments to reconcile to primary statements	Rationale for adjustment
Performance			
AISC	Gold cost of production	• Other related costs as defined by the World Gold Council, including royalty costs, community costs, sustaining and development capital (excluding non-gold operations)	The objective of AISC and all-in-cost metrics is to provide key stakeholders (i.e. management, shareholders, government, local communities, etc.) with comparable metrics that reflect, as close as possible, the full cost of producing and selling an ounce of gold, and which are fully and transparently reconcilable back to amounts reported under Generally Accepted Accounting Principles as published by the International Accounting Standards Board, also referred to as IFRS
All-in cost	Gold cost of production	• Once-off capital costs	As per the above for AISC with additional expansionary capital and once-off non-production-related cost adjustments
Adjusted EBITDA	Profit after taxation	• Taxation • Mining depreciation and amortisation • Net finance costs • Impairment reversals	Excludes the impact of non-recurring items or certain accounting adjustments that can mask underlying changes in performance

ALTERNATIVE PERFORMANCE MEASURES continued

Financial APMs continued

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 • Impairment reversal • Taxation on impairment reversal	Indicates to shareholders the extent of the Group's normalised earnings
Statement of financial position			
Net debt	Borrowings from financial institutions less cash and related hedges	• IFRS 9 accounting adjustments • IFRS 16 lease liabilities • Restricted cash • Instalment sales	Excludes the impact of accounting adjustments from the net debt obligations of the Group
Net senior debt	Borrowings from financial institutions less cash	• IFRS 9 accounting adjustments • IFRS 16 lease liabilities • Restricted cash • Instalment sales	Excludes the impact of accounting adjustments from debt obligations of the Group

Cash cost

Direct production costs attributable to gold sold by the Group.

All-in sustaining costs

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

All-in costs

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

AISC and all-in costs are reported on the basis of a rand per kilogramme of gold and US$ per ounce of gold. The US$ equivalent is converted at the average exchange rate applicable for the current financial year as disclosed in the Group's production summary on **pages 50** to **53**. A kilogramme of gold is converted to a troy ounce of gold at a ratio of 1:32.1509.

ALTERNATIVE PERFORMANCE MEASURES continued

All-in costs continued

The following table sets out a reconciliation of Pan African's cost of production as calculated in accordance with IFRS to AISC and all-in costs for the financial years ended 30 June 2021 and 30 June 2020. The equivalent of a rand per kilogramme and US$ per ounce basis is disclosed in the Group's operational production table on **pages 50** to **53**.

	Mining operations			Tailings operations				Total operations		
	Barberton Mines ZAR million	Evander Mines ZAR million	Total ZAR million	BTRP ZAR million	Evander Mines' surface sources ZAR million	Elikhulu ZAR million	Total ZAR million	Barberton Mines total ZAR million	Evander Mines total ZAR million	Group total ZAR million
Year ended 30 June 2021										
Gold cost of production	**1,403.6**	**679.6**	**2,083.2**	**261.9**	**280.6**	**590.0**	**1,132.5**	**1,665.5**	**1,550.2**	**3,215.7**
Cash cost[1]	**1,403.6**	**679.6**	**2,083.2**	**261.9**	**280.6**	**590.0**	**1,132.5**	**1,665.5**	**1,550.2**	**3,215.7**
Royalties	**45.1**	**4.9**	**50.0**	**2.2**	**–**	**1.0**	**3.2**	**47.3**	**5.9**	**53.2**
Community cost related to gold operations	**25.2**	**5.3**	**30.5**	**–**	**–**	**–**	**–**	**25.2**	**5.3**	**30.5**
By-products credits	**(1.7)**	**(7.2)**	**(8.9)**	**–**	**–**	**–**	**–**	**(1.7)**	**(7.2)**	**(8.9)**
Corporate general and administrative costs	**119.1**	**211.9**	**331.0**	**–**	**–**	**71.3**	**71.3**	**119.1**	**283.2**	**402.3**
Reclamation and remediation – accretion and amortisation (operating sites)	**(4.7)**	**(4.7)**	**(9.4)**	**–**	**–**	**–**	**–**	**(4.7)**	**(4.7)**	**(9.4)**
Sustaining capital – development	**93.7**	**–**	**93.7**	**–**	**–**	**–**	**–**	**93.7**	**–**	**93.7**
Sustaining capital – maintenance	**122.2**	**–**	**122.2**	**1.6**	**10.3**	**8.4**	**20.3**	**123.8**	**18.7**	**142.5**
AISC[1]	**1,802.5**	**889.5**	**2,692.0**	**265.7**	**291.0**	**670.7**	**1,227.4**	**2,068.2**	**1,851.2**	**3,919.4**
Expansion capital – capital expenditure	**192.0**	**185.0**	**377.0**	**–**	**–**	**55.8**	**55.8**	**192.0**	**240.8**	**432.8**
All-in costs[1]	**1,994.6**	**1,074.5**	**3,069.1**	**265.7**	**291.0**	**726.5**	**1,283.2**	**2,260.3**	**2,092.0**	**4,352.3**
Year ended 30 June 2020										
Gold cost of production	1,184.6	313.7	1,498.3	248.2	218.9	517.6	984.7	1,432.8	1,050.2	2,483.0
Cash cost[1]	1,184.6	313.7	1,498.3	248.2	218.9	517.6	984.7	1,432.8	1,050.2	2,483.0
Royalties	8.1	2.4	10.5	0.9	–	1.0	1.9	9.0	3.4	12.4
Community cost related to gold operations	17.1	0.1	17.2	–	–	–	–	17.1	0.1	17.2
By-products credits	(0.4)	(5.9)	(6.3)	–	–	–	–	(0.4)	(5.9)	(6.3)
Corporate, general and administrative costs	77.2	253.1	330.3	–	–	46.3	46.3	77.2	299.4	376.6
Reclamation and remediation – accretion and amortisation (operating sites)	(4.1)	(0.4)	(4.5)	–	–	–	–	(4.1)	(0.4)	(4.5)
Sustaining capital – development	74.2	–	74.2	–	–	–	–	74.2	–	74.2
Sustaining capital – maintenance	110.7	29.0	139.7	1.7	22.4	8.6	32.7	112.4	60.0	172.4
AISC[1]	1,467.5	591.9	2,059.4	250.8	241.3	573.6	1,065.7	1,718.3	1,406.8	3,125.1
Expansion capital – capital expenditure	106.4	268.5	374.9	3.9	8.4	–	12.3	110.3	276.9	387.2
All-in costs[1]	1,573.9	860.4	2,434.3	254.7	249.7	573.6	1,078.0	1,828.6	1,683.7	3,512.3

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

ALTERNATIVE PERFORMANCE MEASURES continued

Net debt

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

	30 June 2021 US$ million	30 June 2020 US$ million
Cash and cash equivalents	**(35.1)**	(33.5)
RCF	**16.7**	43.1
Term loan facility	**42.0**	46.2
Redink Rentals (RF) Limited loan facility	**9.9**	–
Add: derivative financial liability/(asset)	**(0.2)**	9.6
Gold loan	**–**	5.7
Lease liability	**5.3**	4.4
Instalment sale liability	**0.2**	0.3
Restricted cash	**0.1**	0.4
Refinancing modification adjustment	**(0.2)**	(0.3)
Facilities arranging fees	**0.3**	0.5
Net debt	39.0	76.4

Adjusted EBITDA

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

	Mining operations			Tailings operations				Total operations		
Adjusted EBITDA by operation	Barberton Mines ZAR million	Evander Mines ZAR million	Total ZAR million	BTRP ZAR million	Evander Mines' surface sources ZAR million	Elikhulu ZAR million	Total ZAR million	Barberton Mines total ZAR million	Evander Mines total ZAR million	Group total ZAR million
Net income before finance income and finance costs	**831.0**	**202.4**	**1,033.4**	**151.1**	**38.4**	**646.0**	**835.5**	**982.1**	**886.8**	**1,868.9**
Mining depreciation and amortisation	**134.6**	**177.6**	**312.2**	**41.0**	**0.7**	**140.0**	**181.7**	**175.6**	**318.3**	**493.9**
EBITDA	**965.6**	**380.0**	**1,345.6**	**192.1**	**39.1**	**786.0**	**1,017.2**	**1,157.7**	**1,205.1**	**2,362.8**
Adjusted EBITDA – June 2021	**965.6**	**380.0**	**1,345.6**	**192.1**	**39.1**	**786.0**	**1,017.2**	**1,157.7**	**1,205.1**	**2,362.8**
Net income before finance income and finance costs	385.0	(362.9)	22.1	151.6	59.0	760.2	970.8	536.6	456.3	992.9
Mining depreciation and amortisation	82.3	83.7	166.0	34.1	–	136.9	171.0	116.4	220.6	337.0
EBITDA	467.3	(279.2)	188.1	185.7	59.0	897.1	1,141.8	653.0	676.9	1,329.9
Impairment reversal	–	(1.5)	(1.5)	–	–	–	–	–	(1.5)	(1.5)
Adjusted EBITDA – June 2020	467.3	(280.7)	186.6	185.7	59.0	897.1	1,141.8	653.0	675.4	1,328.4

ALTERNATIVE PERFORMANCE MEASURES continued

Net senior debt

Net senior debt includes secured, interest-bearing debt, provided by financial institutions, including the outstanding gold loan balance, net of available cash.

	30 June 2021 US$ million	30 June 2020 US$ million
Cash and cash equivalents	**(35.1)**	(33.5)
Restricted cash	**0.1**	0.3
RCF	**16.7**	43.0
Term loan facilities	**42.0**	46.2
Redink Rentals (RF) Limited loan facility	**9.9**	–
Gold loan	**–**	5.7
Less: refinancing modification adjustment	**(0.2)**	(0.2)
Less: facilities arranging fees	**0.3**	0.5
Net senior debt	33.7	62.0

ALTERNATIVE PERFORMANCE MEASURES continued

Net adjusted EBITDA

Net adjusted EBITDA starts with adjusted EBITDA, adjusted for unrealised fair value gains or losses on financial derivative instruments that are entered into in the normal course of business as part of the Group's financial risk management process.

Headline earnings

Headline earnings, a JSE-defined performance measure, is reconciled to profit after taxation below.

	30 June 2021 US$ million	30 June 2020 US$ million
Basic earnings	**74,692.10**	44,293.3
Profit on disposal of property, plant and equipment	**(1.40)**	(92.9)
Taxation on profit on disposal of property, plant and equipment	**–**	26.0
Impairment reversal	**–**	(88.6)
Taxation on impairment	**–**	20.4
Headline earnings	**74,690.7**	44,158.2
Weighted average number of shares in issue	**1,928,329**	1,928,329
Headline earnings per share	**3.87**	2.29

RATIOS

Net debt-to-equity ratio

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

Net debt to net adjusted EBITDA ratio

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

Interest cover ratio

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

Debt service cover ratio

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

ALTERNATIVE PERFORMANCE MEASURES – RATIOS continued

Covenant reconciliation and calculation

	30 June 2021 US$ thousand	30 June 2020 US$ thousand
Components of capital and financial covenants		
Cash and cash equivalents	**(35,133.4)**	(33,529.8)
RCF	**16,669.2**	43,086.0
Term loan facility	**42,016.8**	46,162.7
Redink Rentals (RF) Limited loan facility	**9,920.9**	–
Add: derivative financial (asset)/liability	**(180.1)**	9,639.0
Gold loan	**–**	5,683.5
Lease liability	**5,303.2**	4,429.3
Instalment sale liability	**173.4**	271.9
Restricted cash	**89.9**	389.8
Refinancing modification adjustment	**(165.5)**	(293.8)
Facilities arranging fees	**309.3**	532.9
Net debt[1]	**39,003.7**	76,371.6
Total equity	**283,631.6**	183,619.6
Net debt-to-equity ratio	**0.1**	0.4
Finance costs – RCF	**2,369.6**	4,339.5
Finance costs – term loan facility	**3,565.6**	6,152.8
Finance costs – Redink Rentals (RF) Limited loan	**122.8**	–
Finance costs – general banking facility	**48.9**	214.6
Total finance costs – interest-bearing facilities	**6,106.9**	10,706.9
Adjusted EBITDA[2]	**144,141.3**	86,493.7
Fair value losses from financial instruments	**(3,808.0)**	21,943.9
Net adjusted EBITDA	**140,333.3**	108,437.6
Interest cover ratio	**23.0**	10.1
Net debt	**39,003.7**	76,371.6
Net adjusted EBITDA[3]	**140,333.3**	108,437.6
Net debt-to-net adjusted EBITDA	**0.3**	0.7
Net adjusted EBITDA[3]	**140,333.3**	108,437.6
Net working capital change	**(1,050.0)**	(1,412.3)
Add: non-cash flow items	**9,482.4**	17,694.0
Total capital expenditure less capital funded through permitted indebtedness	**(44,396.4)**	(36,793.9)
Less: net dividends paid[4]	**(17,781.6)**	(2,933.2)
Less: taxation paid	**(18,902.5)**	5,803.6
Free cash flow	**67,685.2**	90,795.9
Finance costs from interest-bearing facilities	**6,106.9**	10,706.9
Obligatory debt capital repayments	**16,225.2**	15,891.1
Debt service obligation	**22,332.1**	26,598.0
Debt service cover ratio	**3.0**	3.4

[1] *The Group's net debt excludes the refinancing modification adjustment and facilities arranging fees.*
[2] *Adjusted EBITDA is represented by earnings before interest, taxation, depreciation, amortisation and impairment reversal.*
[3] *Net adjusted EBITDA is the adjusted EBITDA excluding realised and unrealised gains and losses from financial instruments.*
[4] *Net dividend paid represents the total dividend paid less the reciprocal dividend received from PAR Gold.*

ALTERNATIVE PERFORMANCE MEASURES – RATIOS continued

Net asset value per share

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

	Unit	30 June 2021	30 June 2020
Total equity	US$ million	283.6	183.6
Shares in issue	Number million	2,234.7	2,234.7
Treasury shares	Number million	(306.4)	(306.4)
Net asset value per share	US cents	14.71	9.52

AISC margin

Is calculated as the margin between the average gold price received and AISC expressed as a percentage of the average gold price received.

	Unit	30 June 2021	30 June 2020
Average US$ gold price received	US$	1,826.0	1,574.0
AISC	US$/oz	1,261.0	1,147.0
AISC margin	%	30.9	27.1

Attributable cash flow per share

Is calculated as net cash generated by operating activities less additions to property, plant and equipment and mineral rights add capital expenditure funded through permitted indebtedness less obligatory borrowings repaid divided by the total number of shares in issue less treasury shares held by the Group.

	Unit	30 June 2021	30 June 2020
Net cash generated by operating activities	US$ thousand	82,242.8	53,828.3
Less: capital expenditure less capital funded through permitted indebtedness	US$ thousand	(44,396.4)	(36,793.9)
Less: obligatory debt capital repayments	US$ thousand	(16,225.2)	(15,891.1)
Attributable cash flow		21,621.2	1,143.3
Shares in issue	Number thousand	2,234,688	2,234,688
Treasury shares	Number thousand	(306,358)	(306,358)
Total		1,928,329	1,928,329
Attributable cash flow per share	US cents per share	1.12	0.06

ALTERNATIVE PERFORMANCE MEASURES – RATIOS continued

Cash flow yield per share

Is calculated as the attributable cash flow per share expressed as a percentage of the price per Pan African share as at 30 June 2021.

	Unit	30 June 2021	30 June 2020
Attributable cash flow per share	US cents per share	1.12	0.06
Price per Pan African share[1]	US cents per share	23.90	21.35
Cash flow yield per share	%	4.70	0.28

[1] *Amounts converted at the 30 June 2021 closing rate of US$/ZAR:14.28 (2020: US$/ZAR:17.33).*

Return on shareholder funds

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

Return on capital employed

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

	Unit	30 June 2021	30 June 2020
Earnings before finance costs and taxation	US$ million	111.8	65.1
Average equity	US$ million	233.6	183.6
Average debt from financial institutions	US$ million	74.0	111.5
Return on capital employed	%	36.3	22.1

Dividend yield at the last traded share price

Is calculated as the dividend per share expressed as a percentage of the last traded share price as at 30 June.

	Unit	30 June 2021	30 June 2020
Dividend	ZA cents	14.0	2.2
Last traded price	ZA cents	341.0	370.0
Dividend yield	%	4.11	0.60

GROUP PRODUCTION SUMMARY

	Year ended 30 June	Unit	Mining operations: Barberton Mines	Mining operations: Evander Mines	Mining operations: Total	Tailings operations: BTRP	Tailings operations: Evander Mines' surface sources	Tailings operations: Elikhulu	Tailings operations: Total	Total operations: Barberton Mines total	Total operations: Evander Mines total	Total operations: Group total
Tonnes milled – underground[1]	**2021**	**t**	**255,672**	**120,446**	**376,118**	**–**	**–**	**–**	**–**	**255,672**	**120,446**	**376,118**
	2020	t	233,580	51,436	285,016	–	–	–	–	233,580	51,436	285,016
Tonnes milled – surface	**2021**	**t**	**69,345**	**–**	**69,345**	**–**	**–**	**–**	**–**	**69,345**	**–**	**69,345**
	2020	t	103,824	–	103,824	–	–	–	–	103,824	–	103,824
Tonnes milled – total underground and surface	**2021**	**t**	**325,017**	**120,446**	**445,463**	**–**	**–**	**–**	**–**	**325,017**	**120,446**	**445,463**
	2020	t	337,404	51,436	388,840	–	–	–	–	337,404	51,436	388,840
Tonnes processed – tailings	**2021**	**t**	**–**	**–**	**–**	**946,293**	**–**	**13,054,767**	**14,001,060**	**946,293**	**13,054,767**	**14,001,060**
	2020	t	–	–	–	958,106	–	13,093,574	14,051,680	958,106	13,093,574	14,051,680
Tonnes processed – surface feedstock	**2021**	**t**	**–**	**–**	**–**	**–**	**314,821**	**–**	**314,821**	**–**	**314,821**	**314,821**
	2020	t	–	–	–	–	288,242	–	288,242	–	288,242	288,242
Tonnes processed – total tailings and surface feedstock	**2021**	**t**	**–**	**–**	**–**	**946,293**	**314,821**	**13,054,767**	**14,315,881**	**946,293**	**13,369,588**	**14,315,881**
	2020	t	–	–	–	958,106	288,242	13,093,574	14,339,922	958,106	13,381,816	14,339,922
Tonnes milled and processed – total	**2021**	**t**	**325,017**	**120,446**	**445,463**	**946,293**	**314,821**	**13,054,767**	**14,315,881**	**1,271,310**	**13,490,034**	**14,761,344**
	2020	t	337,404	51,436	388,840	958,106	288,242	13,093,574	14,339,922	1,295,510	13,433,252	14,728,762
Head grade – total	**2021**	**g/t**	**8.7**	**9.7**	**9.0**	**2.2**	**1.8**	**0.3**	**2.1**	**3.9**	**0.4**	**0.7**
	2020	g/t	6.9	9.5	7.2	1.8	2.0	0.3	1.8	3.1	0.4	0.6
Overall recovered grade	**2021**	**g/t**	**8.1**	**9.3**	**8.4**	**0.6**	**1.1**	**0.1**	**0.2**	**2.5**	**0.2**	**0.4**
	2020	g/t	6.3	9.1	7.1	0.7	1.2	0.1	0.2	2.1	0.2	0.4
Overall recovery – underground	**2021**	**%**	**93**	**96**	**94**	**–**	**–**	**–**	**–**	**93**	**96**	**94**
	2020	%	92	96	93	–	–	–	–	92	96	93
Overall recovery – tailings	**2021**	**%**	**–**	**–**	**–**	**28**	**44**	**41**	**38**	**28**	**44**	**38**
	2020	%	–	–	–	37	49	47	46	37	49	46
Gold produced – underground	**2021**	**oz**	**82,694**	**36,016**	**118,710**	**–**	**–**	**–**	**–**	**82,694**	**36,016**	**118,710**
	2020	oz	63,884	20,670	84,554	–	–	–	–	63,884	20,670	84,554
Gold production – surface operations	**2021**	**oz**	**2,132**	**–**	**2,132**	**–**	**–**	**–**	**–**	**2,132**	**–**	**2,132**
	2020	oz	4,245	–	4,245	–	–	–	–	4,245	–	4,245
Gold produced – tailings	**2021**	**oz**	**–**	**–**	**–**	**18,239**	**–**	**51,459**	**69,698**	**18,239**	**51,459**	**69,698**
	2020	oz	–	–	–	20,135	–	59,616	79,751	20,135	59,616	79,751
Gold produced – surface feedstock	**2021**	**oz**	**–**	**–**	**–**	**–**	**11,237**	**–**	**11,237**	**–**	**11,237**	**11,237**
	2020	oz	–	–	–	–	10,907	–	10,907	–	10,907	10,907
Gold produced – total[1]	**2021**	**oz**	**84,826**	**36,016**	**120,842**	**18,239**	**11,237**	**51,459**	**80,935**	**103,065**	**98,712**	**201,777**
	2020	oz	68,129	20,670	88,799	20,135	10,907	59,616	90,658	88,264	91,193	179,457
Gold sold – total	**2021**	**oz**	**84,826**	**36,016**	**120,842**	**18,239**	**11,237**	**51,459**	**80,935**	**103,065**	**98,712**	**201,777**
	2020	oz	68,129	15,077	83,206	20,135	10,907	59,616	90,658	88,264	85,600	173,864

[1] Gold sold in the previous financial year excludes 5,593oz produced by Evander Mines' mining operations between July 2019 and May 2020. The associated revenue and costs were capitalised for accounting purposes prior to the 8 Shaft pillar project reaching steady-state production during May 2020. The tonnes processed between July 2019 and May 2020 were 15,823t.

GROUP PRODUCTION SUMMARY continued

			Mining operations			Tailings operations				Total operations		
	Year ended 30 June	Unit	Barberton Mines	Evander Mines	Total	BTRP	Evander Mines' surface sources	Elikhulu	Total	Barberton Mines total	Evander Mines total	Group total
Average ZAR gold price received	2021	ZAR/kg	909,122	896,612	905,393	918,572	896,689	896,569	901,544	910,794	896,598	903,849
	2020	ZAR/kg	798,287	776,637	794,364	787,206	819,764	788,510	791,981	795,759	790,401	793,121
Average US$ gold price received	2021	US$/oz	1,836	1,811	1,829	1,855	1,811	1,811	1,821	1,840	1,811	1,826
	2020	US$/oz	1,585	1,542	1,577	1,563	1,627	1,565	1,572	1,579	1,569	1,574
ZAR cash cost	2021	ZAR/kg	531,999	606,656	554,250	461,722	802,958	368,613	449,901	519,562	504,910	512,394
	2020	ZAR/kg	559,016	668,927	578,932	396,231	645,376	279,155	349,218	521,878	394,470	459,151
ZAR AISC	2021	ZAR/kg	683,203	794,068	716,245	468,383	832,505	419,041	487,566	645,187	602,940	624,519
	2020	ZAR/kg	692,509	1,262,293	795,753	400,399	711,414	309,333	377,934	625,867	528,412	577,887
ZAR all-in cost	2021	ZAR/kg	755,983	959,181	816,544	468,383	832,505	453,906	509,734	705,087	681,357	693,478
	2020	ZAR/kg	742,716	1,834,880	940,614	406,632	736,067	309,333	382,284	666,041	632,404	649,480
US$ cash cost	2021	US$/oz	1,074	1,225	1,119	933	1,622	744	909	1,049	1,020	1,035
	2020	US$/oz	1,110	1,328	1,149	786	1,281	554	693	1,036	783	911
US$ AISC	2021	US$/oz	1,380	1,604	1,447	946	1,681	846	985	1,303	1,218	1,261
	2020	US$/oz	1,375	2,506	1,579	795	1,412	614	750	1,242	1,049	1,147
US$ all-in cost	2021	US$/oz	1,527	1,937	1,649	946	1,681	917	1,030	1,424	1,376	1,401
	2020	US$/oz	1,474	3,642	1,867	807	1,461	614	759	1,322	1,255	1,289
ZAR cash cost per tonne	2021	ZAR/t	4,319	5,642	4,676	277	891	45	79	1,310	115	218
	2020	ZAR/t	3,511	6,099	3,853	259	759	40	69	1,106	78	169
Capital expenditure	2021	ZAR million	418.3	197.4	615.7	1.6	10.3	64.2	76.1	419.9	271.9	691.8
	2020	ZAR million	291.3	297.5	588.8	5.6	30.8	8.6	45.0	296.9	336.9	633.8
Revenue	2021	ZAR million	2,398.6	1,004.4	3,403.0	521.1	313.4	1,435.0	2,269.5	2,919.7	2,752.8	5,672.5
	2020	ZAR million	1,691.6	364.2	2,055.8	493.0	278.1	1,462.1	2,233.2	2,184.6	2,104.4	4,289.0
Cost of production	2021	ZAR million	1,403.6	679.6	2,083.2	261.9	280.6	590.0	1,132.5	1,665.5	1,550.2	3,215.7
	2020	ZAR million	1,184.6	313.7	1,498.3	248.2	218.9	517.6	984.7	1,432.8	1,050.2	2,483.0
All-in sustainable cost of production	2021	ZAR million	1,802.5	889.5	2,692.0	265.7	291.0	670.7	1,227.4	2,068.2	1,851.2	3,919.4
	2020	ZAR million	1,467.5	591.9	2,059.4	250.8	241.3	573.6	1,065.7	1,718.3	1,406.8	3,125.1
All-in cost of production	2021	ZAR million	1,994.6	1,074.5	3,069.1	265.7	291.0	726.5	1,283.2	2,260.3	2,092.0	4,352.3
	2020	ZAR million	1,573.9	860.4	2,434.3	254.7	249.7	573.6	1,078.0	1,828.6	1,683.7	3,512.3
Adjusted EBITDA	2021	ZAR million	965.6	380.0	1,345.6	192.1	39.1	786.0	1,017.2	1,157.7	1,205.1	2,362.8
	2020	ZAR million	467.3	(280.7)	186.6	185.7	59.0	897.1	1,141.8	653.0	675.4	1,328.4
Average exchange rate	2021	US$/ZAR	15.40	15.40	15.40	15.40	15.40	15.40	15.40	15.40	15.40	15.40
	2020	US$/ZAR	15.67	15.67	15.67	15.67	15.67	15.67	15.67	15.67	15.67	15.67

DEFINITIONS OF TERMS AND ABBREVIATIONS USED IN THIS REPORT

8 Shaft	Evander Mines' 8 Shaft pillar project
ADR	American Depository Receipt programme through the Bank of New York Mellon
AGM	Annual general meeting
AIM	Alternative Investment Market, the LSE's international market for smaller growing companies
AISC	All-in sustaining costs
APMs	Alternative performance measures
Barberton Mines	Barberton Mines Proprietary Limited
BNY Mellon	Bank of New York Mellon
the board	The board of directors of Pan African
BTRP	Barberton Tailings Retreatment Plant, a gold recovery tailings plant owned by Barberton Mines, which reached steady-state production in June 2013
CFD	Contract for difference
CGU	Cash-generating unit
Companies Act 2006	An act of the Parliament of the UK which forms the primary source of UK company law
COVID-19	Coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
CPI	Consumer Price Index
Current financial year	Financial year ended 30 June 2021
DMRE	Department of Mineral Resources and Energy
DRA	DRA Projects Proprietary Limited
EBITDA	Earnings before interest, income taxation expense, depreciation and amortisation, and impairment reversal
Elikhulu	The Elikhulu Tailings Retreatment Plant in Mpumalanga province, with its inaugural gold pour in August 2018
EPS	Earnings per share
ESG	Environmental, social and governance
Evander Mines	Evander Gold Mining Proprietary Limited
Exco	Executive committee of Pan African Resources
Figit	Figit Proprietary Limited
Funding Company	Pan African Resources Funding Company Proprietary Limited
g/t	Grams/tonne
GBP	British pound
GHG	Greenhouse gas
GRI	Global Reporting Initiative
HEPS	Headline earnings per share
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
JSE	JSE Limited incorporating the Johannesburg Securities Exchange, the main bourse in South Africa
kg	Kilogramme
King IV™	King IV Report on Corporate Governance for South Africa, 2016™
kℓ	Kilolitre
Koz	Thousand ounces
ktpm	Thousand tonnes per month
LoM	Life-of-mine
LSE	London Stock Exchange
LTIFR	Lost-time injury frequency rate
LTS	LTS Ventures Proprietary Limited
Mintails SA	Mintails Mining SA Proprietary Limited
ML	Megalitre
MMR	Main Muiden Reef
Mogale Gold	Mogale Gold Proprietary Limited
Moz	Million ounces
MRC	Main Reef Complex
MSC	Mintails SA Soweto Cluster Proprietary Limited
Mt	Million tonnes
NUM	National Union of Mineworkers
OTC	Over-the-counter
OTCQX	OTCQX Best Market in the US
oz	Ounce
Pan African Resources PLC	Holding company – Pan African
PAR Gold	PAR Gold Proprietary Limited
PC	Barberton Mines' Prince Consort Shaft
Prior financial year	Financial year ended 30 June 2020
PwC	PricewaterhouseCoopers LLP
RCF	Revolving credit facility
RIFR	Reportable injury frequency rate
RMB	Rand Merchant Bank, a division of FirstRand Bank Limited
SAMREC Code	South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2016 edition
SARS	South African Revenue Service
t	Tonnes
the Group or the Company or Pan African	Pan African Resources PLC, listed on the LSE's AIM and on the JSE in the Gold Mining sector
TSF	Tailings storage facility
UASA	United Association of South Africa – The Union
UK	United Kingdom
US	United States
US$	United States dollar
VAT	15% value-added tax in South Africa
ZAR	South African rand
ZK	Zwartkoppie

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Participation details for the 2021financial year results presentation are as follows:

DATE

15 September 2021

TIME

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

WEBCAST/DIALLING IN

To participate in the webcast and conference call, please pre-register ahead of time.

Webcast link https://www.corpcam.com/panafricanresources15092021
Dialling in link https://www.diamondpass.net/4416744

A conference playback will be available one hour after the presentation concludes. Please use the following details:
SA/international: +27 10 500 4108
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USA and Canada: 1 412 317 0088
Playback code: 32329#

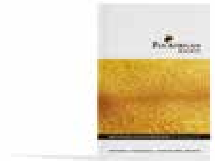
OUR REPORTING SUITE

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

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

It is also available on our website at:

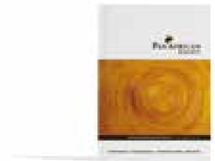
https://www.panafricanresources.com/investors/financial-reports/



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

It is available on our website at:

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



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

It is available on our website at:

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

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

It is available on our website at:

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

FEEDBACK

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

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