



PAN AFRICAN
RESOURCES

UNAUDITED INTERIM FINANCIAL RESULTS for the six months ended 31 December 2021

PROFITABLE  SUSTAINABLE  STAKEHOLDERS  GROWTH

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)

Excellent safety record maintained, and 81% COVID-19 vaccination rate achieved by the Group ▲

Group gold production increased by ▲

9.9%

to a record half-year production of

108,085oz

(2020: 98,386oz)

All-in sustaining costs (AISC) for the six months ended 31 December 2021 (Current Reporting Period) of ▼

US\$1,173/oz,

an improvement of

6.3%

when compared to US\$1,252/oz for the six months ended 31 December 2020

(Comparative Reporting Period)

Full-year production guidance increased to approximately ▲

200,000oz

Net cash generated by operating activities increased by ▲

54.4%

to

US\$43.4 million

(2020: US\$28.1 million)

Profit after taxation and headline earnings of ▲

US\$46.1 million

(2020: US\$40.8 million)

Earnings per share (EPS) and headline earnings per share (HEPS) increased by ▲

13.3%

to

US 2.39 cents per share

(2020: US 2.11 cents per share)

Record net rand dividend payment in December 2021, converted to presentation currency, of ▲

US\$21.6 million

(2020: US\$17.8 million)

Net debt reduced by ▼

56.7%

Evander Mines' underground life-of-mine (LoM) ▲

extended to 13 years, with increased ▲

expected gold production and development capital internally funded

Agreement for the evaluation of the Mintails tailings retreatment opportunity **extended**

Environmental, social and governance (ESG) initiatives, including renewable energy and large-scale agriculture projects, **on track**

Share buy-back **platform established**

for future implementation

SUMMARY OF SALIENT FEATURES

Salient features	Unit	Six months ended 31 December 2021	Six months ended 31 December 2020	Movement %
Gold produced ¹	oz	108,085	98,386	9.9
Gold sold	oz	107,142	98,386	8.9
Revenue	US\$ million	193.6	183.8	5.3
Average gold price received	US\$/oz	1,804	1,865	(3.3)
	ZAR/kg	872,175	975,187	(10.6)
Cash costs ²	US\$/oz	1,011	999	1.2
	ZAR/kg	489,084	522,023	(6.3)
AISC ³ (note 2 and detailed commentary)	US\$/oz	1,173	1,252	(6.3)
	ZAR/kg	567,023	654,399	(13.4)
All-in costs ²	US\$/oz	1,320	1,379	(4.3)
	ZAR/kg	638,235	720,783	(11.5)
Adjusted EBITDA ³	US\$ million	76.3	76.4	(0.1)
Attributable earnings	US\$ million	46.1	40.8	13.0
Headline earnings ²	US\$ million	46.1	40.8	13.0
EPS	US cents	2.39	2.11	13.3
HEPS ²	US cents	2.39	2.11	13.3
Net debt ²	US\$ million	28.2	65.2	(56.7)
Total sustaining capital expenditure	US\$ million	8.7	6.7	29.9
Total capital expenditure	US\$ million	33.5	19.2	74.5
Net asset value per share ²	US cents	14.2	12.6	12.7
Weighted average number of shares in issue	Million	1,928.3	1,928.3	–
Average exchange rate	US\$/ZAR	15.04	16.26	(7.5)
Closing exchange rate	US\$/ZAR	16.00	14.70	8.8

¹ Gold produced in the Current Reporting Period includes 943oz (2020: nil) produced but not sold at period-end.

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 Current and Comparative Reporting Periods 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.

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

OPERATIONAL HIGHLIGHTS

- Improvements in both the lost-time injury frequency rate (LTIFR) and the reportable injury frequency rate (RIFR), compared to the Comparative Reporting Period
- The Group has achieved a COVID-19 vaccination rate of 81% (at the end of January 2022) and continues to implement and maintain stringent policies and protocols to mitigate the effects of the ongoing COVID-19 pandemic on employees and operations
- Gold production from Barberton Mines for the Current Reporting Period was 49,117oz (2020: 52,354oz), while Elikhulu Tailings Retreatment Plant (Elikhulu) and Evander Mines produced 25,900oz (2020: 26,863oz) and 33,068oz (2020: 19,169oz), respectively. Group gold production increased by 9.9% to a half-year record of 108,085oz (2020: 98,386oz).

FINANCIAL HIGHLIGHTS

- Net cash generated by operating activities increased by 54.4% to US\$43.4 million (2020: US\$28.1 million)
- Profit after taxation and headline earnings of US\$46.1 million (2020: US\$40.8 million)
- EPS and HEPS increased to US 2.39 cents per share (2020: US2.11 cents per share), an increase of 13.3%
- Net debt reduced by 56.7% to US\$28.2 million (2020: US\$65.2 million)
- New ZAR1 billion revolving credit facility (new RCF) became effective in November 2021.

COST PERFORMANCE

- The Group's AISC for the Current Reporting Period decreased by 6.3% to US\$1,173/oz (2020: US\$1,252/oz)
- Target AISC for the full financial year is approximately US\$1,200/oz, assuming an exchange rate of US\$/ZAR:15.50
- Solar energy and water recycling, together with other initiatives to increase the Group's future gold production, are expected to contribute to future AISC reductions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE INITIATIVES

- Evander Mines' 9.975MW solar photovoltaic (PV) renewable energy plant is on track for commissioning in March 2022
- First harvest for the large-scale blueberry farming project in the Barberton Mines host community area is expected during May 2022, with almost 400 seasonal jobs created
- Construction of the water retreatment plant at Evander Mines has commenced.

OUTLOOK AND GROWTH

- Pan African is increasing its full-year production guidance to approximately 200,000oz
- Organic growth projects are on track, with further production growth possible from the Mintails and/or Blyvoor Gold tailings retreatment opportunities.

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

"Pan African has again delivered an excellent operational performance, achieving record gold production in excess of 108,000oz for the Current Reporting Period, and exceeding our previous guidance.

Safety remains our number-one priority, with targeted safety campaigns and incentives to encourage and reward safe practices in pursuit of our ultimate goal of achieving zero harm. The Group has maintained its commendable safety performance, with improvements in both the Group's LTIFR and RIFR. The Group has achieved a COVID-19 vaccination rate of 81% and continues to implement and maintain stringent policies and protocols to mitigate the adverse impact of the ongoing COVID-19 pandemic on employees and production.

Group AISC was US\$1,173/oz for the Current Reporting Period, which is in line with our target AISC of approximately US\$1,200/oz for the year ending 30 June 2022.

Net cash generated by operating activities increased by 54.4%, together with a 13.3% increase in EPS and HEPS.

The reduction in the Group's net senior debt to US\$23.9 million represents a 60.1% decrease relative to

the outstanding net senior debt at 31 December 2020, notwithstanding the payment of a record final rand dividend for the June 2021 financial year.

Barberton Mines produced 49,117oz of gold for the Current Reporting Period, and is on track to achieve full-year production guidance of approximately 100,000oz. We are expecting an improved performance from Elikhulu during the second half of the financial year, where production was adversely impacted as a result of inclement weather conditions experienced during November and December 2021.

Evander Mines' 8 Shaft (8 Shaft) pillar delivered an excellent performance during the Current Reporting Period, again demonstrating the potential of this operation. Elevated grades and improved mining rates, as a result of improved face availability, increased production from the pillar and surface sources by 72.5% to 33,068oz for the Current Reporting Period.

Following the reprioritised capital programme, as announced in the Group's 2021 final results, work continues in preparation for the commencement of mining 8 Shaft's 2 Decline on 24 Level. Mining from this level is anticipated to commence in the 2023 financial year, as the current pillar mining reaches completion. The board has now also approved the development capital for Evander Mines' 25 and 26 Level project, which is expected to increase the LoM for 8 Shaft to 13 years, with expected annual production from these levels of approximately 65,000oz.

At Barberton Mines' Royal Sheba project, development work is ongoing. Project Dibanisa, which effectively connects the underground workings of the Fairview and Sheba Mines, is also progressing on schedule and will reduce the operational cost of underground operations.

At Mintails, the definitive feasibility study on Mogale Gold's tailings storage facilities (TSFs) is being finalised, and we look forward to communicating the results of this study in due course.

At the end of last year, the Group announced the conditional acquisition of one of the last remaining large-scale gold tailings resources available in South Africa; the Blyvoor Gold TSFs (Blyvoor assets). This acquisition has the potential of further building on the Group's track record of successfully bringing tailings retreatment operations to fruition. An independent fatal flaw assessment and gap analysis has commenced on the Blyvoor assets, with this study expected to be completed by April 2022.

The 9.975MW solar PV renewable energy plant at Evander Mines is on track to be commissioned in March 2022, following minor delays due to port disruptions and inclement weather. This plant, which will be delivered on budget, will be one of the first of its kind in the South African mining sector and demonstrates our commitment to sustainable energy solutions, with the benefits of cost savings and certainty of power supply. A feasibility study to expand the solar PV renewable energy plant to 21.98MW is underway, with the additional capacity designated for Evander Mines' underground growth projects. A feasibility study for a similar-size solar PV renewable energy plant at Barberton Mines has been completed, with environmental permitting and detailed engineering design work progressing to plan and, in conjunction with several other advanced ESG projects, these plants will contribute to underpinning the Group's profitability and sustainability in the longer term.

The Group is on track to produce approximately 200,000oz of gold for the financial year ending 30 June 2022, in line with our increased production guidance. We are committed to continuing to create value for our stakeholders by positioning Pan African as a sustainable, safe, high-margin and long-life gold producer with an attractive pipeline of growth projects."

OPERATIONAL AND FINANCIAL COMMENTARY

COVID-19 update

The emergence of the Delta and, more recently, the Omicron variants of COVID-19, resulted in a resurgence of positive cases across the Group during the Current Reporting Period. Since the onset of the pandemic, the Group has reported a total of 454 positive cases, a 99% recovery rate and a vaccination rate of 81%, at 31 January 2022.

The Group remains vigilant in preventing and managing the spread of COVID-19 among our employees and continues to reinforce the message of vaccination, mask wearing, maintaining social distance and regularly sanitising.

In addition to these measures, our operations have partnered with nearby hospitals and pharmacies in support of the roll-out to fully vaccinate our mine employees.

Pan African COVID-19 dashboard at 31 January 2022

	Positive	Active	Deaths	Hospitalisation	Recovery total %	Vaccination rate %
Group	454	1	4	–	99	81

GROUP SAFETY

The Group continued to maintain an industry-leading safety performance, focusing on ongoing safety initiatives in its pursuit of a zero-harm working environment.

- The Group's LTIFR improved to 0.98 (2020: 1.64) per million man-hours
- The Group's RIFR improved to 0.28 (2020: 0.65) per million man-hours
- Barberton Mines achieved an excellent RIFR of 0.20 (2020: 0.67) per million man-hours
- Elikhulu unfortunately experienced one reportable injury, which resulted in a regression in its LTIFR to 1.50 (2020: 0.00) per million man-hours
- Evander Mines achieved an excellent RIFR of 0.00 (2020: 1.01) per million man-hours.

MINERAL RESOURCES AND MINERAL RESERVES

There have been no material changes to the Group's Mineral Resources and Mineral Reserves statements since the 30 June 2021 financial year.

For more detail on the reported Mineral Resources and Mineral Reserves, the annual Mineral Resources and Mineral Reserves report for the year ended 30 June 2021 is available on our website at

www.panafricanresources.com

UPDATE ON GROUP OPERATIONS AND PROJECTS

Barberton Mines

Barberton Mines' production decreased by 6.2% to 49,117oz (2020: 52,354oz) for the Current Reporting Period, with gold production in line with the mine plan. Underground production decreased by 5.6% to 39,991oz (2020: 42,350oz) and Barberton Tailings Retreatment Plant's (BTRP) production decreased by 8.8% to 9,126oz (2020: 10,004oz).

The decrease in production from Barberton Mines is principally due to:

- the decrease in mining rates from the high-grade 42 Level block within New Consort Mine's Prince Consort (PC) Shaft project area, while additional access points to the down-dip extension on 43 Level are being established
- Sheba Mine's Zwartkoppie (ZK) Shaft hoisting was switched to a newly commissioned winder that entailed realigning the sheath wheels and stabilising the steel frame headgear. Hoisting of ore was suspended for a seven-day period while this changeover was being implemented
- waste development at Fairview Mine to access the high-grade 259 Platform within the Main Reef Complex (MRC) orebody. It is expected that high-grade ore on the 259 Platform elevation will be intersected within the third quarter of the 2022 financial year

- lower gold production from the BTRP is as a result of lower-grade feed sources being processed. BTRP did, however, achieve 102% of its budgeted gold production.

Elikhulu

- Gold production from Elikhulu decreased by 3.6% to 25,900oz (2020: 26,863oz) during the Current Reporting Period, primarily as a result of above-average rainfall and associated lightning storms during November and December 2021, which prevented increased tonnage throughput to mitigate a reduction in plant recoveries from 43% to 37%, with the decrease in recoveries mainly attributable to the nature of material currently being remined.

Gold production from Elikhulu is expected to improve in the second half of the 2022 financial year, consistent with the mine plan.

Evander Mines' 8 Shaft pillar and surface sources

Production from Evander Mines' operations increased by 72.5% to 33,068oz (2020: 19,169oz).

Underground production increased by 116.6% to 27,312oz (2020: 12,607oz), attributable to increased production from the 8 Shaft pillar during the Current Reporting Period, as a result of:

- higher than anticipated mining face grades, with an average head grade of 13g/t (2020: 9g/t)
- improved mining rates, post the extraction of the core around the 8 Shaft barrel, with tonnes mined increasing to 69,790t (2020: 50,634t).

Gold production from the 8 Shaft pillar is expected to reduce during the second half of the 2022 financial year, as mining progresses to areas with lower estimated grades.

The decreased production from surface sources by 12.3% to 5,756oz (2020: 6,562oz) resulted from lower-grade surface sources being processed by the Kinross metallurgical plant, and a focus on processing more internal resources, which have higher margins.

Evander Mines' 24 Level project

The 2 Decline at Evander Mines' 24 Level project is currently in the construction phase. The commissioning and handover of phase 1 of the refrigeration plant is planned for June 2022, with phase 2 planned for

completion during December 2022. Initial production is scheduled for the 2023 financial year.

Mining at 24 Level will extend 8 Shaft's production profile, post cessation of the 8 Shaft pillar mining, for an additional two and a half years and maintain annual production at approximately 34,000oz per year.

GROUP AISC

The Group endeavours to improve gold production and reduce unit costs at its higher-cost operations by pursuing a number of initiatives with the objective of reducing AISC to approximately US\$1,200/oz for the 2022 financial year, assuming an exchange rate of US\$/ZAR15:50.

The Group's AISC for the Current Reporting Period improved by 6.3% to US\$1,173/oz (2020: US\$1,252/oz), impacted by the following:

- The strengthening of the average US\$/ZAR exchange rate by 7.5% to US\$/ZAR:15.04 (2020: US\$/ZAR:16.26) adversely affected the Group's AISC in US\$ terms
- Barberton Mines' underground AISC increased by 20.9% to US\$1,519/oz (2020: US\$1,256/oz), largely attributable to the decreased production from New Consort Mine's PC Shaft Level 42 project, which contributed significantly to lower unit costs in the Comparative Reporting Period
- Elikhulu's AISC increased by 27.1% to US\$937/oz (2020: US\$737/oz), mainly due to an increase in salary costs as a result of a change in the incentive structure, an increase in headcount and a decrease in recoveries and production, as detailed in the preceding paragraphs
- Evander Mines' underground AISC improved by 60.5% to US\$983/oz (2020: US\$2,491/oz) due to the increased production from the 8 Shaft pillar extraction in the Current Reporting Period to 27,312oz (2020: 12,607oz).

Group capital expenditure budget

The operational capital budget for the year ending 30 June 2022 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:

- The 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 an extension to 25 and 26 Levels) of US\$9.8 million, the Egoli project's dewatering and initial developing and equipping cost for 7 Shaft infrastructure of US\$6.0 million, and the 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Pan African has demonstrated its resilience and agility and delivered on its business strategy, which has an integrated approach to sustainability at its core.

Our 'beyond compliance' approach to ESG continues to evolve and is integral to all our initiatives.

This is demonstrated by the Group's investments in renewable energy projects, land rehabilitation, biodiversity conservation, community development programmes and large-scale agri-project initiatives, which contribute to managing risks, impacts and opportunities that improve our ESG landscape.

Environment

Climate change – Evander Mines' solar PV renewable energy plant

Construction of Evander Mines' 9.975MW solar PV renewable energy plant, which will provide an estimated 30% of Elikhulu's power requirements from renewable energy, is nearing full commissioning stage. The operation of the solar PV renewable energy plant is expected to result in a reduction in the use of fossil fuel-generated power consumption and an expected annual CO₂ emissions saving of more than 26,000t in the first full year of operation, contributing to an estimated 5% reduction in Group emissions.

juwi Renewable Energies will complete hot commissioning of the solar PV renewable energy plant and 100% plant generating capacity by April 2022.

The Group commenced with feasibility work for an extension of the solar PV renewable energy plant with the intent of increasing its capacity by an additional 12MW that will be utilised by Evander Mines' underground operations.

A feasibility study for an 8MW solar PV renewable energy plant at Barberton Mines has been completed, with environmental permitting and detailed engineering design work progressing to plan.

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 espouse the efficient use of water through recycling.

Following the successful findings of a bankable feasibility study on a water retreatment plant for Evander Mines, the project commenced in November 2021 and the water retreatment plant will be operational and fully commissioned at the end of 2022.

The water retreatment plant will provide an average of 91 million litres of potable water per month to Elikhulu and 8 Shaft operations.

Barberton Mines will be undertaking a feasibility study for a similar water retreatment plant to assess its merits.

Biodiversity conservation and land rehabilitation

Pan African is conscious of the importance of its stewardship in preserving biodiversity and the rich natural heritage of Barberton's Makhonjwa Mountains that form part of the adjacent and recently declared UNESCO world heritage site. Conservation Outcomes, a non-profit environmental organisation specialising in managing protected areas, has been appointed to manage the partnership between Barberton Mines, the Barberton Nature Reserve and the Mpumalanga Tourism and Parks Agency. A management plan has been formulated for the nature reserve, which includes the coexistence of nature conservation and mining activities. Some of the key objectives of this plan include minimising degradation and preservation of biodiversity, alien vegetation eradication, promoting local community involvement and eco and mining tourism initiatives in the area.

Since May 2021, Pan African has sponsored three orphaned rhinos at the Care for Wild Rhino Sanctuary in Barberton to assist with their rehabilitation, which will lead to their eventual rewilding.

The Group's environmental liabilities are fully funded at an estimated US\$24.1 million. The environmental rehabilitation and ongoing implementation of integrated mine closure plans are key sustainability priorities in restoring the historical mining areas in which we operate.

Social

The Group is committed to supporting social development and good corporate citizenship in our host communities as part of our social licence to operate. By contributing to employee health and well-being, community upliftment and the creation of sustainable economic opportunities, Pan African's initiatives contribute to a socio-economic environment in which our business and stakeholders can prosper.

Corporate social investment and local economic development update

During the Current Reporting Period, the Group invested directly in corporate social investment initiatives, local economic development projects and bursaries in our host communities.

Job creation – Barberton Blueberries farm project update

The Group partnered with Primocane Capital (an independent company with a well-established track record in blueberry farming) to develop a large-scale blueberry farm which became fully operational during October 2021. The total investment for phase 1 is approximately US\$2.7 million and forms part of the 'beyond compliance' approach adopted by the Group in its endeavour to create sustainable local communities beyond mining.

The farm currently employs 26 permanent employees from the surrounding communities and will employ approximately 400 local community members during the peak harvesting season. Early harvest is planned for late May 2022, with full harvesting scheduled for July and August 2022.

OPTIMISATION INITIATIVES AND GROWTH PROJECTS

Barberton Mines' optimisation initiatives

The PC Shaft Level 42 project at Barberton Mines' New Consort operation contributed significantly in the Comparative Reporting Period to Barberton Mines' underground production. Following this performance, a cemented backfill grout plant was commissioned at New Consort Mine to assist with supporting the poor ground conditions associated with the highly altered and high-grade schistose orebody. The grout plant also enhances the extraction volume from the orebody. Secondary support on the strike and down-dip extensions of the orebody is being installed, while the final cuts of the 42 Level block are extracted at a slower rate due to unfavourable ground conditions. It is envisaged that the down-dip extension of the orebody could be accessed during the fourth quarter of the 2022 financial year. Furthermore, additional high-grade mineralisation was identified on the PC Shaft's 20 Level, where exploration and establishment activities are underway.

Mining of the high-grade Thomas and Verster orebodies at Sheba Mine has assisted in maintaining Sheba's production profile over the past two reporting periods. Development on the 37 Level haulage in the ZK orebody has intersected high-grade cross-fractures

which are currently being explored and prepared for mining activities to commence. Furthermore, Project Dibanisa, which effectively connects the underground workings of the Fairview and Sheba Mines, is progressing on schedule. This project is aimed at decreasing the operational cost of the Sheba operation by hoisting the ore from Sheba Mine's ZK Shaft, utilising Fairview Mine's infrastructure above 2 Decline. It is estimated that this project will be completed by the end of the 2022 financial year. Project Dibanisa further creates capacity at Sheba Mine's ZK Shaft for the hoisting of Royal Sheba ore from 23 Level, when the 23 Level development intersects the Royal Sheba lowers.

During the Current Reporting Period, Barberton Mines conducted 5,003m of near-mine and exploration drilling (2020: 3,502m), delineating and de-risking the near-term mine planning and scheduling.

Plans for the next six months at Barberton Mines include an increase in near-mine and broader-scale exploration drilling. Exploration targets include the Hope Reef, MRC, Consort Contact Reef and Main Muiden Reef, with desktop studies being conducted on various known but unmined lower-grade Mineral Resource blocks at all of Barberton Mines' operations.

ORGANIC GROWTH PROJECTS

Barberton Mines' Royal Sheba project

Development at Barberton Mines' Royal Sheba orebody commenced during May 2021 at the already established surface adit, which is located only 1.2km east of the existing Sheba metallurgical plant. The decline and associated cross-cut are expected to provide access for the extraction of the 10,000t bulk sample during 2022. The development has progressed through the historically mined voids, filling them with waste rock followed by capping with steel beams and sets, while aerated cement was used to stabilise workings.

The ore extracted from the bulk sample area will be treated at the New Consort and Sheba metallurgical plants. First ore from this project is expected early in the 2023 financial year.

Evander Mines' 25 Level, 26 Level and Egoli projects

The Group has internally evaluated the potential for continued mining on 25 and 26 Levels from 24 Level at 8 Shaft, where the 2 Decline extends from the bottom of 18 Level. Development leading from the existing

24 Level footwall infrastructure will allow access to both 25 and 26 Levels, with an on-reef decline layout. The mining of 25 and 26 Levels demonstrates a compelling business case and will extend 8 Shaft's production profile, post cessation of mining of the 8 Shaft pillar and the 24 Level complex, for an additional eight years, with annual production of approximately 65,000oz.

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

- Real discount rate post tax: 10.7%
- Gold price: US\$1,770/oz
- Exchange rate: US\$/ZAR:15.50
- Net present value: ZAR1,239.1 million (US\$79.9 million at an exchange rate of US\$/ZAR:15.50)
- Real after-tax internal rate of return: 45%
- Pre-commissioning project capital required: approximately ZAR934.0 million and peak funding of approximately ZAR807.0 million, to be funded internally and from existing facilities
- Capital required for year one to three amounts to ZAR2.0 million, ZAR23.0 million and ZAR566.6 million, respectively.

The project development plan is as follows. The existing 24 Level footwall infrastructure will intersect the reef horizon on 25 Level. A twin-barrel on-reef decline system will then access the higher-grade ore extending deeper to the north-west of the current 24 Level mining area. Due to the shallower dip in the area, sublevels will be introduced to limit mining back-lengths to around 150m.

The mining method employed at 25 and 26 Levels will be a hybrid of conventional breast mining and mechanised trackless on-reef development. Stope faces will be drilled utilising handheld pneumatically driven air leg-assisted rock drills. Blasted ore will be cleaned by means of a series of scraper winches from the face into strike and centre gullies. Ore will be collected in ore loading bays at the bottom of the raise and then loaded with diesel-driven load haul drivers and tipped onto strike conveyors running along the sublevel strike drives. The strike conveyors will deposit the ore onto the decline dip conveyor, which will tip the ore into ore silos between 24 and 25 Levels. Ore will then be drawn on 25 Level and transferred by diesel locomotive to the existing 2 Decline conveyor on 25 Level.

As a result of the on-reef development layout, limited waste from 25 and 26 Levels will be blended with the ore stream and processed at the Kinross metallurgical plant.

The ventilation and refrigeration studies for mining the 2 Decline on the 25 and 26 Level project were completed by an independent consulting company.

The previously announced reprioritisation of organic growth opportunities and associated capital expenditure plans have resulted in the reappraisal of the Egoli project's development scheduling and fast-tracking of mining opportunities at Evander Mines' 24, 25 and 26 Levels, with these areas accessible from existing 8 Shaft infrastructure.

This reprioritisation is expected to result in improved cash returns and will require a materially reduced capital outlay when compared to Egoli's earlier development plan. Egoli will now be developed in a phased approach, with dewatering expected to start before the end of the current financial year, followed by Mineral Reserve delineation drilling to accurately define the payshoot for early mining.

PROGRESS UPDATE ON THE MINTAILS AND BLYVOOR CONDITIONAL ACQUISITIONS

Mintails

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 potential Mineral Resources potential were detailed in the announcement of 6 November 2020.

Following the positive prefeasibility study findings, the Group is currently finalising a definitive feasibility study, led by DRA Global, which is scheduled to be completed in quarter one of the 2022 calendar year. A concept study on the MSC is also progressing under the auspices of DRA Global.

Subsequent to the court judgement that Mintails will remain in provisional liquidation, the Group has engaged with the provisional liquidator to progress the transaction and has agreed to extend the due date for the fulfilment of the conditions precedent and initial due diligence period to 31 August 2022.

The Group is currently in the process of finalising the definitive feasibility study on this potential acquisition, the outcome of which is one of the suspensive conditions to the transaction becoming effective.

Blyvoor

Shareholders are referred to the announcement of 15 December 2021 containing the proposed transaction details to acquire the Blyvoor assets. Subsequent to the announcement, the Group has engaged independent consultants to conduct a fatal flaw assessment and gap analysis as part of the initial due diligence. These studies will be completed by April 2022, in accordance with the timelines of the staged acquisition process.

FUTURE GROWTH

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

OUTLOOK AND PROSPECTS

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 zero harm to our employees
- Delivering on our increased guided gold production of approximately 200,000oz for the year ending 30 June 2022 and further reducing the 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 into capital projects that will sustain and increase 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 existing operations and investigating potential exploration and mining opportunities.

APPRECIATION

I extend my gratitude and appreciation to our management teams, employees and contractors for their continued hard work and commitment. I would also like to thank my fellow board members for their support and guidance. 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 the same currency, except precious metal product sales, which are conducted in 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 Reporting Period, the average US\$/ZAR exchange rate was US\$/ZAR:15.04 (2020: US\$/ZAR:16.26) and the closing US\$/ZAR exchange rate at 31 December 2021 was US\$/ZAR:16.00 (2020: US\$/ZAR:14.70). The year-on-year change in the average and closing exchange rates of 7.5% and 8.8%, respectively, must be considered when comparing period-on-period results.

The commentary below analyses the Current Reporting Period and Comparative Reporting Period 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 Reporting Period by 5.3% to US\$193.6 million (2020: US\$183.8 million) predominantly due to:

- gold sold increasing by 8.9% to 107,142oz (2020: 98,386oz)

- offset by the average US\$ gold price received decreasing by 3.3% to US\$1,804/oz (2020: US\$1,865/oz).

Cost of production

All costs are incurred in rand, the Group's functional currency, whereas US\$ variances are impacted by exchange rate fluctuations. The Group's cost of production increased by 10.4% to US\$108.4 million (2020: US\$98.2 million).

Cost of production consists mainly of:

- Salaries and wages (representing 26.7% of the total cost of production) increased by 14.2% to US\$29.0 million (2020: US\$25.4 million). In rand terms, salaries and wages increased by 5.7%. The average annual salary increase across the Group was approximately 5.0%. The increase in costs above the annual increase is mainly due to production incentives paid due to the increased production at Evander Mines during the Current Reporting Period
- Mining and processing costs (representing 41.2% of the total cost of production) increased by 12.3% to US\$44.6 million (2020: US\$39.7 million). In rand terms, mining and processing costs increased by 3.9% primarily as a result of:
 - increase in mining costs at Evander Mines' underground operations by 35% in the Current Reporting Period, due to an increase of 38% in tonnes extracted from the 8 Shaft pillar
 - a reduction in toll treating surface material by 52% at Evander Mines due to a limited supply being available and focus on the processing of internal resources
 - increased support installed in working areas with challenging ground conditions at Barberton Mines and increased support costs relating to the 8 Shaft pillar
 - an average increase in reagent costs of 5.6%
- Electricity costs (representing 15.8% of the cost of production) increased by 10.3% to US\$17.1 million (2020: US\$15.5 million). In rand terms, the increase was 2.4% as a result of a 15.63% regulatory increase combined with:
 - capitalisation of electricity costs associated with the 24 Level development in the Current Reporting Period, leading to a decrease of 9.3% in Evander Mines' underground electricity costs

- Engineering and technical costs (representing 9.2% of the cost of production) increased by 20.5% to US\$10.0 million (2020: US\$8.3 million). In rand terms, the increase to this cost was 11.8% due to:
 - increased secondary support installed in working areas with challenging ground conditions at Barberton Mines
 - an increase in the engineering cost for repairs and maintenance carried out on the load haul drivers at Barberton Mines
 - an increase in the engineering costs for pump replacements at Elikhulu
- Security costs (representing 3.6% of the cost of production) increased by 2.6% to US\$3.9 million (2020: US\$3.8 million). In rand terms, the decrease was 3.3% as a result of cost reduction initiatives.

Mining depreciation and amortisation

The Group's mining depreciation and amortisation costs increased by 4.7% to US\$13.3 million (2020: US\$12.7 million).

As the depreciation charge is based on actual production in relation to the estimated available mineable tonnes over the life of the operations, the depreciation charge for Evander Mines' underground operations decreased significantly due to the extension of the LoM as a result of the 24 Level project, giving rise to the decreased depreciation charge.

The decrease in depreciation was, however, offset in US\$ terms by the appreciation in the US\$/ZAR exchange rate, relative to the Corresponding Reporting Period.

Other expenses and income

Other expenses and income increased to US\$7.7 million (2020: US\$6.7 million), mainly due to growth in business development expenditure.

Taxation

The taxation charge for the year decreased to US\$15.6 million (2020: US\$19.2 million), resulting in an effective tax rate of 25.3% (2020: 32.1%). The decrease in the current taxation charge is mainly due to the reversal of temporary deferred tax differences relating to the settlement of certain long-term incentive share schemes.

EPS and HEPS

EPS and HEPS increased to US 2.39 cents per share (2020: US 2.11 cents per share), an increase of 13.3% relative to the Comparative Reporting Period.

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

Debt and cash flows

Net debt decreased by 56.7% to US\$28.2 million (2020: US\$65.2 million), and net senior debt decreased by 60.1% to US\$23.9 million (2020: US\$59.9 million).

The Group's new ZAR 1 billion RCF became effective on 25 November 2021. The new RCF consolidates the previous RCF, which expires in June 2022 and the previous Elikhulu term loan (term loan). The new RCF is provided by Rand Merchant Bank and Nedbank, has a three-year term and bears interest at a reduced margin of 275 basis points over the applicable JIBAR rate, compared to the 380 and 330 basis points over JIBAR, applicable to the term loan and previous RCF, respectively.

The available capacity on the new RCF reduces to ZAR850 million and ZAR700 million on 31 December 2022 and 31 December 2023, respectively, with a final maturity date of 30 June 2024.

The new RCF's covenant compliance is measured semi-annually for a rolling 12-month period, as follows:

- Debt service cover ratio must be greater than 1.3 times
- Interest cover ratio must be greater than 4 times
- Net debt-to-equity ratio must be less than 1:1
- Net debt-to-EBITDA ratio must be less than 2:1.

Net cash generated by operating activities increased by 54.4% to US\$43.4 million (2020: US\$28.1 million) primarily as a result of an increase in gold sold during the Current Reporting Period.

Net cash utilised in investing activities increased by 72.9% to US\$33.2 million (2020: US\$19.2 million) primarily due to an increase in capital expenditure across the Group's operations.

Net cash utilised in financing activities decreased to US\$5.1 million (2020: US\$15.3 million) due to a net decrease in principal debt redemptions and advances.

DIRECTORSHIP CHANGES AND DEALINGS

Following the resignation of Hester Hickey on 16 September 2021, Dawn Earp was appointed to the board as the lead independent non-executive director and as the chairperson of the audit and risk committee, with effect from 21 September 2021.

The following dealings in securities by directors took place during the Current Reporting Period:

- Cobus Loots entered into the following share transactions:
 - Acquisition of 200,000 ordinary shares at GBP0.167 per share and 100,000 ordinary shares at GBP0.173 per share on 15 September 2021.

He held 5,048,504 indirect beneficial shares, representing 0.2259% of the Company's issued share capital, and 1,673,982 direct beneficial shares, representing 0.0749% of the Company's issued share capital at the end of the Current Reporting Period and 114,280 long contracts for difference.

- Deon Louw entered into the following share transaction:
 - Acquisition of 220,000 ordinary shares at ZAR3.42 per share on 15 September 2021.

He held 3,122,349 indirect beneficial shares, representing 0.1397% of the Company's issued share capital, and 758,112 direct beneficial shares outstanding, representing 0.0339% of the Company's issued share capital at the end of the Current Reporting Period

- Thabo Mosololi purchased 50,000 shares at ZAR3.15 per share on 21 September 2021.

He held 160,000 shares at the end of the Current Reporting Period, representing 0.0072% of the Company's issued share capital.

JSE LIMITED LISTING

The Company has a dual primary listing on the Johannesburg Stock Exchange (JSE) 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 United States of America (USA) through the Bank of New York Mellon (BNY Mellon).

The Group's interim results have been prepared and presented in accordance with and contain the information required by IAS 34: *Interim Financial Reporting*, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and the Financial Pronouncements as issued by the Financial Reporting Standards Council. The interim results contain the minimum information as required by International Accounting Standard 34. The accounting policies are in accordance with IFRS and are consistent with those applied in the 2021 consolidated annual financial statements.

SECONDARY LISTING ON A2X MARKETS

Pan African's ordinary shares also traded on the A2X Markets (A2X) exchange effective Monday, 13 December 2021, the A2X listing date.

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

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

AIM LISTING

The financial information for the period ended 31 December 2021 does not constitute statutory accounts as defined in sections 435(1) and 435(2) of the UK Companies Act 2006 (Companies Act 2006).

The Group's announcement has been prepared in accordance with IFRS and International Financial Reporting Interpretation 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, to enhance the Company's visibility and provide better access to prospective USA retail investors, the ADR programme was upgraded and approved for listing on the OTCQX Best Market in the USA. 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 the required financial standards, corporate governance requirements and compliance with applicable securities laws. The Company's ordinary shares trade under the symbol PAFRF on the OTCQX.

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 auditors.



Cobus Loots
Chief executive officer

16 February 2022

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2021

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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.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

Note	Unaudited 31 December 2021 US\$ thousand	Unaudited 31 December 2020 US\$ thousand	Audited 30 June 2021 US\$ thousand
ASSETS			
Non-current assets			
Property, plant and equipment and mineral rights	329,181.8	325,685.1	346,921.8
Other intangible assets	126.2	559.1	505.4
Deferred taxation	2,113.6	1,919.8	2,216.9
Long-term inventory	244.6	416.5	333.5
Long-term receivables	–	522.5	428.6
Goodwill	18,968.2	20,645.7	21,252.9
Investments	939.7	1,478.6	1,064.0
Rehabilitation fund	24,090.1	24,424.3	25,810.2
	375,664.2	375,651.6	398,533.3
Current assets			
Inventories	12,124.9	9,392.5	11,356.0
Current taxation asset	495.6	109.9	677.5
Trade and other receivables	13,263.5	12,826.5	24,394.1
Current portion of long-term receivables	538.1	9,409.1	12,816.9
Derivative financial assets	284.5	–	180.1
Cash and cash equivalents	35,204.3	27,979.9	35,133.4
	61,910.9	59,717.9	84,558.0
Total assets	437,575.1	435,369.5	483,091.3
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9 38,150.6	38,150.6	38,150.6
Share premium	235,063.2	235,063.1	235,063.2
Retained earnings	235,748.8	177,335.2	211,254.8
Reserves	(234,232.8)	(207,148.0)	(200,837.1)
Equity attributable to owners of the Parent	274,729.8	243,400.9	283,631.5
Total equity	274,729.8	243,400.9	283,631.5
Non-current liabilities			
Long-term provisions	12,746.8	10,909.1	13,608.8
Long-term liabilities – financial institutions	48,245.4	73,940.9	28,011.2
Long-term liabilities – other	14,203.7	8,957.9	17,347.4
Deferred taxation	41,935.3	26,748.6	34,514.8
	117,131.2	120,556.5	93,482.2
Current liabilities			
Trade and other payables	33,706.1	34,357.7	54,708.7
Current portion of long-term liabilities – financial institutions	325.6	13,640.4	30,674.8
Current portion of long-term liabilities – other	6,787.7	15,912.5	19,468.9
Current taxation liability	4,894.7	7,501.5	1,125.2
	45,714.1	71,412.1	105,977.6
Total equity and liabilities	437,575.1	435,369.5	483,091.3

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the period ended 31 December 2021

Notes	Unaudited six months ended 31 December 2021 US\$ thousand	Unaudited six months ended 31 December 2020 US\$ thousand
Revenue		
	193,574.0	183,751.1
Cost of production	(108,368.3)	(98,244.6)
Mining depreciation and amortisation	(13,268.0)	(12,740.9)
Mining profit		
	71,937.7	72,765.6
Other expenses and income	(7,711.1)	(6,704.2)
Royalty costs	(1,316.4)	(2,404.4)
Net income before finance income and finance costs		
	62,910.2	63,657.0
Finance income	4 660.8	300.1
Finance costs	4 (1,945.4)	(3,946.1)
Profit before taxation for the period		
	61,625.6	60,011.0
Income taxation expense	5 (15,572.6)	(19,238.5)
Profit after taxation for the period		
	46,053.0	40,772.5
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	(10.5)	(978.5)
Taxation on investment measured at fair value through other comprehensive income adjustment	2.3	28.1
Items that will not be reclassified to the statement of profit or loss		
Foreign currency translation reserve	(33,387.5)	37,313.9
Other comprehensive (loss)/income	(33,395.7)	36,363.5
Total comprehensive income for the period		
	12,657.3	77,136.0
Profit attributable to:		
Owners of the Parent	46,053.0	40,772.5
Total comprehensive income attributable to:		
Owners of the Parent	12,657.3	77,136.0
Earnings per share (US cents)	2.39	2.11
Diluted earnings per share (US cents)	2.39	2.11
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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 31 December 2021

	Unaudited six months ended 31 December 2021 US\$ thousand	Unaudited six months ended 31 December 2020 US\$ thousand
Shareholders' equity at the beginning of the period	283,631.5	183,619.5
Other comprehensive income	(33,395.7)	36,363.5
Profit for the period	46,053.0	40,772.5
Dividends paid	(24,984.1)	(20,606.6)
Reciprocal dividends – PAR Gold Proprietary Limited (PAR Gold) ¹	3,425.1	2,825.0
Share-based payment – charge for the period	–	427.0
Total equity	274,729.8	243,400.9

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 9. PAR Gold holds 13.7% of the issued share capital of Pan African.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the period ended 31 December 2021

	Unaudited six months ended 31 December 2021 US\$ thousand	Unaudited six months ended 31 December 2020 US\$ thousand
Cash flow from operating activities		
Net cash generated by operating activities before dividends, taxation, royalties and net finance costs and income	70,772.5	57,070.2
Income taxation paid	(3,646.3)	(6,689.1)
Royalties paid	(1,015.0)	(1,128.9)
Finance costs paid	(1,551.7)	(3,533.9)
Finance income received	360.4	209.7
Dividend paid	(24,984.1)	(20,606.6)
Reciprocal dividend received	3,425.1	2,825.0
Net cash generated by operating activities	43,360.9	28,146.4
Cash flow from investing activities		
Additions to property, plant and equipment and mineral rights	(33,518.3)	(19,232.5)
Additions to investments	–	(143.1)
Proceeds from sale of assets	–	2.4
Repayment of loans receivable	310.8	166.6
Cash utilised in investing activities	(33,207.5)	(19,206.6)
Cash flow from financing activities		
Borrowings raised	12,903.2	6,673.0
Borrowings repaid	(17,448.9)	(21,717.9)
Capital repayment on lease obligations	(463.2)	(180.2)
Capital repayment on instalment sale obligations	(87.2)	(67.0)
Cash utilised in financing activities	(5,096.1)	(15,292.1)
Net increase/(decrease) in cash equivalents	5,057.3	(6,352.3)
Cash at the beginning of the period	35,133.4	33,529.8
Effect of foreign currency rate changes	(4,986.4)	802.4
Cash and cash equivalents at the end of the period	35,204.3	27,979.9

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the period ended 31 December 2021

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

The accounting policies applied in compiling the condensed consolidated interim financial statements, 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 period ended 31 December 2021.

The interim 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 the Financial Pronouncements as issued by the Financial Reporting Standards Council.

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

Going concern

The Group closely monitors and manages its liquidity risk by means of a centralised treasury function. Cash forecasts are regularly produced and sensitivities run for different scenarios including, but not limited to, changes in commodity prices and different production profiles from the Group's operations. The Group had US\$21.3 million (2020: US\$19.1 million) of available debt facilities and US\$35.2 million (2020: US\$28.0 million) of cash and cash equivalents as at 31 December 2021. Based on the current status of the Group's finances, having considered going concern forecasts at a rand gold price of ZAR900,000/kg (US\$1,681/oz converted at an average exchange rate of US\$/ZAR:15.04) and reasonable potential downside scenarios, including reduced production volumes due to the potential impact of the COVID-19 pandemic, as outlined below, and adverse movements in the gold price, the Group's forecasts demonstrate that it will have sufficient liquidity headroom to meet its obligations in the ordinary course of business, and will comply with its financial covenants for the 12 months from the date of approval of the condensed consolidated interim financial statements.

The Group is conscious of the ongoing impact of the COVID-19 pandemic. It will continue to implement and maintain stringent preventative and precautionary measures to limit incidents of infection among its employees and in 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% potential production loss over a four-month period was considered.

In determining the potential adverse impact of the COVID-19 pandemic on the Group's production, the following risk mitigants were considered:

- Mining was designated an essential service in terms of government-imposed lockdown regulations enabling production to continue to a limited extent
- Both Evander Mines and Barberton Mines have mostly local workforces which limits the risk and exposure of transmitting the virus and also reduces the time to ramp up production after a lockdown imposition
- 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 US\$15.6 million to ensure that it has sufficient liquidity to withstand possible interruptions to its operations over the short term.

Considering the above, the board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group continued to adopt the going concern basis of accounting in the preparation of the 31 December 2021 condensed consolidated interim financial statements.

Alternative performance measures

The Group makes reference to APMs, in conjunction with IFRS measures, when assessing its 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 38 to 45**.

2. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's condensed consolidated interim 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 condensed consolidated interim financial statements and the reported amounts of revenue and expenses during the Current Reporting Period.

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

Critical accounting judgements

The following are areas of judgement, apart from those involving estimations, that have the most significant effect on the amounts recognised in the condensed consolidated interim 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 in the preceding paragraphs.

Other significant accounting judgements

Deferred taxation rate

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

South African income taxation on gold mining income is determined 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 and

judgement is applied in determining the 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 groundwater pollution at Barberton Mines. As a result of, *inter alia*, the amendment to the Financial Closure Provision Regulation, as promulgated in terms of the National Environmental Management Act, the Group may have a potential exposure to rehabilitate Barberton Mines' groundwater. The Group has undertaken several detailed assessments of this risk and is in the process of completing a groundwater modelling study to ascertain the latent and residual environmental risks associated with the potential pollution of groundwater with a greater level of certainty to determine and quantify the impact of any such liability. If such a liability is identified, Barberton Mines will account for the groundwater rehabilitation exposure as an environmental liability, and if material in the Group context, this may have an adverse impact on the Group's financial statements.

Cash-settled share option liability

The Company applies the requirements of IFRS 2: *Share-based Payments* to cash-settled share-based payments made to employees 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 PV 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS *continued*
for the period ended 31 December 2021

3. SEGMENTAL REPORTING *continued*

	Unaudited six months ended 31 December 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
Revenue¹	86,378.6	107,195.4	-	-	-	-	193,574.0
Cost of production	(55,185.2)	(53,183.1)	-	-	-	-	(108,368.3)
Mining depreciation and amortisation	(4,944.4)	(8,323.6)	-	-	-	-	(13,268.0)
Operating profit	26,249.0	45,688.7	-	-	-	-	71,937.7
Other expenses and income ²	(830.7)	1,040.6	(23.5)	(8.4)	(8,269.5)	380.4	(7,711.1)
Royalty costs	(1,005.7)	(310.7)	-	-	-	-	(1,316.4)
Net income/(loss) before finance income and finance costs	24,412.6	46,418.6	(23.5)	(8.4)	(8,269.5)	380.4	62,910.2
Finance income	0.6	0.8	0.5	-	339.9	319.0	660.8
Finance costs	(204.1)	(728.5)	-	-	(11.4)	(1,001.4)	(1,945.4)
Profit/(loss) before taxation	24,209.1	45,690.9	(23.0)	(8.4)	(7,941.0)	(302.0)	61,625.6
Income taxation (expense)/income	(4,918.2)	(10,620.1)	-	-	37.8	(72.1)	(15,572.6)
Profit/(loss) for the period	19,290.9	35,070.8	(23.0)	(8.4)	(7,903.2)	(374.1)	46,053.0
Inter-company transactions							
Management fees	(3,194.6)	(3,165.1)	-	-	6,426.2	(66.5)	-
Interest – inter-company	958.3	(2,259.4)	(150.6)	75.9	(788.5)	2,164.3	-
Profit/(loss) after taxation and inter-company charges	17,054.6	29,646.3	(173.6)	67.5	(2,265.5)	1,723.7	46,053.0
Segment assets (total assets excluding goodwill)	130,362.0	232,821.3	3,380.6	9,795.1	10,799.4	31,448.5	418,606.9
Segment liabilities	40,231.4	56,300.3	(2.3)	8,691.1	9,054.0	48,570.8	162,845.3
Net assets (excluding goodwill)³	90,130.6	176,521.0	3,382.9	1,104.0	1,745.4	(17,122.3)	255,761.6
Goodwill	18,968.2	-	-	-	-	-	18,968.2
Capital expenditure⁴	12,410.9	12,011.2	443.9	8,139.8	512.5	-	33,518.3
Reconciliation of adjusted EBITDA							
Net income/(loss) before taxation, finance income and finance costs	24,412.6	46,418.6	(23.5)	(8.4)	(8,269.5)	380.4	62,910.2
<i>Adjust:</i> depreciation and amortisation	4,944.4	8,323.6	-	-	-	-	13,268.0
<i>Adjust:</i> non-mining depreciation and amortisation	-	-	2.4	-	128.8	-	131.2
Adjusted EBITDA⁵	29,357.0	54,742.2	(21.1)	(8.4)	(8,140.7)	380.4	76,309.4

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, depreciation and amortisation.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS *continued*
for the period ended 31 December 2021

3. SEGMENTAL REPORTING *continued*

Unaudited six months ended 31 December 2020

	Barberton Mines US\$ thousand	Evander Mines US\$ thousand	Agri- cultural ESG US\$ thousand	Solar projects US\$ thousand	Corporate US\$ thousand	Funding Company US\$ thousand	Group US\$ thousand
Revenue¹	98,305.7	85,445.4	–	–	–	–	183,751.1
Cost of production	(50,663.9)	(47,580.7)	–	–	–	–	(98,244.6)
Mining depreciation and amortisation	(4,276.7)	(8,464.2)	–	–	–	–	(12,740.9)
Operating profit	43,365.1	29,400.5	–	–	–	–	72,765.6
Other expenses and income ²	(3,457.7)	(1,911.2)	–	–	(619.5)	(715.8)	(6,704.2)
Royalty costs	(2,258.5)	(145.9)	–	–	–	–	(2,404.4)
Net income/(loss) before finance income and finance costs	37,648.9	27,343.4	–	–	(619.5)	(715.8)	63,657.0
Finance income	5.5	3.3	–	–	127.4	163.9	300.1
Finance costs	(150.9)	(649.6)	–	–	(4.4)	(3,141.2)	(3,946.1)
Profit/(loss) before taxation	37,503.5	26,697.1	–	–	(496.5)	(3,693.1)	60,011.0
Income taxation (expense)/income	(9,929.9)	(5,012.9)	–	–	(4,128.2)	(167.5)	(19,238.5)
Profit/(loss) for the period	27,573.6	21,684.2	–	–	(4,624.7)	(3,860.6)	40,772.5
Inter-company transactions							
Management fees	(1,534.4)	(2,257.9)	–	–	3,853.8	(61.5)	–
Interest – inter-company	602.7	(4,105.6)	–	–	(453.8)	3,956.7	–
Profit/(loss) after taxation and inter-company charges	26,641.9	15,320.7	–	–	(1,224.7)	34.6	40,772.5
Segment assets (total assets excluding goodwill)	124,482.4	247,567.9	–	–	16,979.4	25,694.1	414,723.8
Segment liabilities	42,818.7	36,965.6	–	–	18,379.9	93,804.4	191,968.6
Net assets (excluding goodwill)³	81,663.7	210,602.3	–	–	(1,400.5)	(68,110.3)	222,755.2
Goodwill	20,645.7	–	–	–	–	–	20,645.7
Capital expenditure⁴	11,653.1	6,749.1	–	–	830.3	–	19,232.5
Reconciliation of adjusted EBITDA							
Net income/(loss) before taxation, finance income and finance costs	37,648.9	27,343.4	–	–	(619.5)	(715.8)	63,657.0
<i>Adjust:</i> depreciation and amortisation	4,276.7	8,464.2	–	–	–	–	12,740.9
Adjusted EBITDA⁵	41,925.6	35,807.6	–	–	(619.5)	(715.8)	76,397.9

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, depreciation and amortisation.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS continued
for the period ended 31 December 2021

4. NET FINANCE COSTS

	Unaudited six months ended 31 December 2021 US\$ thousand	Unaudited six months ended 31 December 2020 US\$ thousand
Finance income related to financial instruments		
Finance income – financial institutions	326.5	175.4
Finance income – other	334.0	124.7
	660.5	300.1
Finance income – other		
Finance income – South African Revenue Service (SARS)	0.3	–
	0.3	–
Finance income – total	660.8	300.1
Finance costs related to financial instruments		
Finance costs – financial institutions	(1,982.7)	(3,185.1)
Finance costs – other	(1.4)	–
	(1,984.1)	(3,185.1)
Finance costs – other		
Finance costs – lease liability	(248.4)	(250.8)
Finance costs – instalment sale	(6.6)	(13.4)
Finance costs – SARS	(0.8)	–
Finance costs – rehabilitation fund provision	(639.3)	(496.8)
Finance costs – IFRS 9 modification	933.8	–
	38.7	(761.0)
Finance costs – total	(1,945.4)	(3,946.1)
Net finance costs	(1,284.6)	(3,646.0)

5. TAXATION

	Unaudited six months ended 31 December 2021 US\$ thousand	Unaudited six months ended 31 December 2020 US\$ thousand
Income taxation expense		
South African normal taxation		
Current year	3,673.7	10,382.3
Prior year	199.0	(244.9)
Deferred taxation		
Current year	11,699.9	9,101.1
Total income taxation expense	15,572.6	19,238.5

	Assessed loss		Unredeemed capital carried forward	
	Unaudited six months ended 31 December 2021 US\$ thousand	Unaudited six months ended 31 December 2020 US\$ thousand	Unaudited six months ended 31 December 2021 US\$ thousand	Unaudited six months ended 31 December 2020 US\$ thousand
Evander Mines	104.5	70.4	96,155.5	163,765.8

NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS continued
for the period ended 31 December 2021

6. FINANCIAL INSTRUMENTS

	Unaudited six months ended 31 December 2021 US\$ thousand	Unaudited six months ended 31 December 2020 US\$ thousand
Financial assets		
Measured at amortised cost		
Cash and cash equivalents	35,204.3	27,979.9
Long-term receivables	538.1	9,931.6
Trade and other receivables ¹	8,644.5	10,358.4
Measured at fair value through other comprehensive income		
Investments	939.7	1,478.6
Financial assets at fair value through profit or loss		
Rehabilitation fund	24,090.1	24,424.3
Derivative financial assets	284.5	–
Financial liabilities		
Measured at amortised cost		
Trade and other payables ²	33,496.3	34,347.2
RCF	48,571.0	39,962.3
Term loan facility	–	47,619.0
Redink Rentals (RF) Limited loan	8,858.5	–

¹ At the end of the reporting period, the Group had no trade receivables that are past overdue and not impaired. Trade and other receivables exclude prepayments, taxation receivable and value-added tax (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 2, 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
31 December 2021			
Investments ¹	939.7	–	939.7
Rehabilitation fund ²	–	24,090.1	24,090.1
Derivative financial assets	284.5	–	284.5
31 December 2020			
Investments – other ¹	1,478.6	–	1,478.6
Rehabilitation fund ²	–	24,424.3	24,424.3

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

	Unaudited six months ended 31 December 2021 US\$ thousand	Unaudited six months ended 31 December 2020 US\$ thousand
Interest-bearing borrowings		
RCF – current portion	325.6	35.0
RCF – long-term portion	48,245.4	39,927.3
Term loan facility – current portion	–	13,605.4
Term loan facility – long-term portion	–	34,013.6
Redink Rentals (RF) Limited loan facility – current portion	1,009.0	–
Redink Rentals (RF) Limited loan facility – long-term portion	7,849.4	–
Total interest-bearing borrowings	57,429.4	87,581.3
Available debt facilities		
RCF	12,534.9	10,884.3
General banking facility	8,750.0	8,265.3
	21,284.9	19,149.6

NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS continued
for the period ended 31 December 2021

7. BORROWINGS AND FINANCIAL COVENANTS continued

Financial covenants

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

Covenant ¹	Unaudited 31 December 2021 ²	Unaudited 31 December 2020
Net debt-to-equity ratio	0.1	0.3
Net debt-to-net adjusted EBITDA ratio	0.2	0.5
Interest cover ratio	29.0	17.7
Debt service cover ratio	3.0	3.3

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

² Consistent with the new RCF being implemented; the covenants were revised.

Measurement at period end	Ratio
New RCF	
31 December 2021	Must be less than 1.1
31 December 2021	Must be less than 2:0
31 December 2021	Must be greater than 4 times
31 December 2021	Must be greater than 1.3 times
Previous RCF	
31 December 2020	Must be less than 1.1
31 December 2020	Must be less than 2.5
31 December 2020	Must be greater than 4 times
31 December 2020	Must be greater than 1.3 times

8. CAPITAL EXPENDITURE

		Development capital US\$ thousand	Maintenance capital US\$ thousand	Expansion capital US\$ thousand	Total US\$ thousand
Barberton Mines	31 December 2021	3,863.8	2,871.6	5,675.5	12,410.9
	31 December 2020	2,651.8	2,873.7	6,127.6	11,653.1
Evander Mines	31 December 2021	–	259.8	9,829.9	10,089.7
	31 December 2020	–	383.5	4,525.3	4,908.8
Elikhulu	31 December 2021	–	1,648.3	273.2	1,921.5
	31 December 2020	–	–	1,840.3	1,840.3
Corporate	31 December 2021	–	27.2	485.3	512.5
	31 December 2020	–	830.3	–	830.3
Agricultural ESG projects	31 December 2021	–	–	443.9	443.9
	31 December 2020	–	–	–	–
Solar projects	31 December 2021	–	–	8,139.8	8,139.8
	31 December 2020	–	–	–	–
Total	31 December 2021	3,863.8	4,806.9	24,847.6	33,518.3
	31 December 2020	2,651.8	4,087.5	12,493.2	19,232.5

9. SHARE CAPITAL

	Unaudited six months ended 31 December 2021 Number	Unaudited six months ended 31 December 2020 Number	Audited year ended 31 June 2021 Number
Issued			
Number of ordinary shares issued and fully paid ¹	2,234,687,537	2,234,687,537	2,234,687,537
Treasury shares	(306,358,058)	(306,358,058)	(306,358,058)
	1,928,329,479	1,928,329,479	1,928,329,479

¹ No additional ordinary shares were issued during the Current Reporting Period (2020: nil).

	Unaudited six months ended 31 December 2021 US\$ thousand	Unaudited six months ended 31 December 2020 US\$ thousand	Audited year ended 31 June 2021 US\$ thousand
Share capital	38,150.6	38,150.6	38,150.6

10. DISPOSALS AND ACQUISITIONS

There were no disposals or acquisitions during the Current or Comparative Reporting Periods.

11. COMMITMENTS, CONTINGENT LIABILITIES AND GUARANTEES

	Unaudited six months ended 31 December 2021 US\$ thousand	Unaudited six months ended 31 December 2020 US\$ thousand
Outstanding open orders	27,082.0	4,626.9
Authorised commitments not yet contracted for	51,184.5	26,442.3
IFRS 16 lease commitments – due within the next 12 months	465.9	357.4
Guarantees – Eskom Holdings SOC Limited	1,452.7	1,227.2
Instalment sale commitment – due within the next 12 months	79.4	160.1
Guarantees – Department of Mineral Resources and Energy	24,129.1	25,516.9

The Group identified no material contingent liabilities for the Current or Comparative Reporting Periods.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS continued
for the period ended 31 December 2021

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 advance 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 in the Comparative Reporting Period. Refer to the explanatory note below 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 Comparative Reporting Periods.

Restructure of Group long-term employee incentive schemes

Certain of the Group's long-term incentive schemes were restructured during the Comparative Reporting Period, 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, once a monetary value has vested and locked-in. Advances of US\$0 million (2020: US\$7.8 million) were made to scheme participants, and were included in the current portion of long-term receivables of US\$9.4 million on the statement of financial position in the Comparative Reporting Period. In terms of the rules of the scheme, these advances were fully settled on 31 December 2021.

As detailed in the 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 of a material nature.

14. EVENTS AFTER THE REPORTING PERIOD

Post the Current Reporting Period, the Group identified no material events.

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

	Unaudited six months ended 31 December 2021 US\$ thousand	Unaudited six months ended 31 December 2020 US\$ thousand
Profit before taxation for the period	61,625.6	60,011.0
Adjusted for:	16,762.3	17,304.6
Mining depreciation and amortisation	13,268.0	12,740.9
Non-mining depreciation and amortisation	131.2	158.5
Royalty costs	1,316.4	2,404.4
Realisation of gold loan	–	(6,057.5)
IFRS 9 adjustments	5.5	66.1
Profit on sale of assets	–	(1.1)
Change in estimate of environmental rehabilitation provision	–	(246.0)
Profits arising from realised and unrealised derivative financial instruments	(131.6)	(3,448.4)
Fair value adjustment on post-retirement benefits	–	(4.3)
Fair value adjustment on rehabilitation funds	(1,122.0)	(758.0)
Equity-settled share option expenses	–	264.7
Cash-settled share option expenses	2,010.2	8,539.3
Finance income	(660.8)	(300.1)
Finance costs	1,945.4	3,946.1
Operating cash flows before working capital changes	78,387.9	77,315.6
Working capital changes	(7,415.1)	(1,356.1)
Decrease/(increase) in trade and other receivables	9,051.5	(1,962.5)
Increase in inventory	(2,060.3)	(1,766.3)
(Decrease)/increase in trade and other payables	(14,406.3)	84.4
Other non-cash items	–	2,288.3
Settlement of cash-settled share option costs	(196.5)	(4,202.0)
Loans advanced – employee incentive schemes	–	(7,804.5)
Settlement of rehabilitation costs	–	(193.8)
Settlement of post-retirement benefits	(3.8)	–
Settlement of financial instruments	–	(6,689.0)
Net cash generated by operating activities before dividend, taxation, royalties, finance costs and finance income	70,772.5	57,070.2



OTHER INFORMATION

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Gold art and artefacts, such as the work of Gustav Klimt, are visually appealing and another satisfying way of investing in the precious metal.

OTHER ITEMS

ALTERNATIVE PERFORMANCE MEASURES

Introduction

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

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

- **Financial APMs:** These financial measures are usually derived from the annual financial statements, prepared in accordance with IFRS. Certain financial measures cannot be directly derived from the annual financial statements as they contain additional information such as financial information from earlier periods or profit estimates or projections. The accounting policies applied when calculating APMs are, where relevant and unless otherwise stated, the same as those disclosed in the Group's consolidated annual financial statements for the year ended 30 June 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	<ul style="list-style-type: none"> • Other related costs as defined by the World Gold Council, including royalty costs, community costs, sustaining and development capital (excluding non-gold operations) 	The objective of AISC and all-in-cost metrics is to provide key stakeholders (i.e. management, shareholders, governments, local communities, etc.) with comparable metrics that reflect, as close as possible, the full cost of producing and selling an ounce of gold, and which are fully and transparently reconcilable back to amounts reported under Generally Accepted Accounting Principles as published by the International Accounting Standards Board, also referred to as IFRS
All-in cost	Gold cost of production	<ul style="list-style-type: none"> • Once-off capital costs 	As per the above for AISC with additional expansionary capital and once-off non-production-related cost adjustments
Adjusted EBITDA	Profit after taxation	<ul style="list-style-type: none"> • Taxation • Mining depreciation and amortisation • Net finance costs • Impairment/impairment reversal 	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 <small>continued</small>			
Headline earnings	Profit after taxation	<ul style="list-style-type: none"> • Profit on disposal of property, plant and equipment and mineral rights • Taxation on profit on disposal of property, plant and equipment and mineral rights • Impairment/impairment reversal • Taxation on impairment/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	<ul style="list-style-type: none"> • IFRS 9 accounting adjustments • IFRS 16 lease liabilities • Restricted cash • Instalment sales 	Excludes the impact of accounting adjustments from the net debt obligations of the Group
Net senior debt	Borrowings from financial institutions less cash	<ul style="list-style-type: none"> • IFRS 9 accounting adjustments • IFRS 16 lease liabilities • Restricted cash • Instalment sales 	Excludes the impact of accounting adjustments from debt obligations of the Group

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 46 to 49**. 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 six months ended 31 December 2021 and 31 December 2020. The equivalent of a rand per kilogramme and US\$ per ounce basis is disclosed in the Group's operational production table on pages 46 to 49.

	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
Six months ended 31 December 2021										
Gold cost of production	725.5	375.7	1,101.2	104.5	110.4	313.9	528.8	830.0	800.0	1,630.0
Cash cost¹	725.5	375.7	1,101.2	104.5	110.4	313.9	528.8	830.0	800.0	1,630.0
Royalties	14.5	3.8	17.9	0.9	0.4	0.5	1.5	15.1	4.7	19.8
Community cost related to gold operations	10.3	–	10.3	–	–	0.5	0.5	10.3	0.5	10.8
By-product credits	–	(4.6)	(4.6)	–	–	–	–	–	(4.6)	(4.6)
Corporate, general and administrative costs	49.7	28.8	78.9	–	–	25.2	25.2	49.7	54.0	103.7
Sustaining capital – development	58.1	–	58.1	–	–	–	–	58.1	–	58.1
Sustaining capital – maintenance	39.8	–	39.8	3.4	3.9	24.8	32.1	43.2	28.7	71.9
AISC¹	897.9	403.7	1,301.6	108.6	114.7	364.8	588.1	1,006.5	883.2	1,889.7
Expansion capital – capital expenditure	85.4	141.3	226.7	–	6.5	4.1	10.6	85.4	151.9	237.3
All-in costs¹	983.2	545.0	1,528.2	108.6	121.1	368.9	598.6	1,091.8	1,035.0	2,126.8
Six months ended 31 December 2020										
Gold cost of production	686.7	328.9	1,015.6	137.1	158.3	286.5	581.9	823.8	773.7	1,597.5
Cash cost¹	686.7	328.9	1,015.6	137.1	158.3	286.5	581.9	823.8	773.7	1,597.5
Royalties	34.8	1.8	36.6	1.9	–	0.6	2.5	36.7	2.4	39.1
Community cost related to gold operations	10.4	0.1	10.5	–	–	–	–	10.4	0.1	10.5
By-product credits	–	(3.2)	(3.2)	–	–	–	–	–	(3.2)	(3.2)
Corporate, general and administrative costs	44.7	183.1	227.8	–	–	34.7	34.7	44.7	217.8	262.5
Sustaining capital – development	43.1	–	43.1	–	–	–	–	43.1	–	43.1
Sustaining capital – maintenance	45.1	–	45.1	1.6	6.2	–	7.8	46.7	6.2	52.9
AISC¹	864.9	510.7	1,375.6	140.6	164.5	321.9	627.0	1,005.5	997.1	2,002.6
Expansion capital – capital expenditure	99.6	73.6	173.2	–	–	29.9	29.9	99.6	103.5	203.1
All-in costs¹	964.6	584.3	1,548.9	140.6	164.5	351.8	656.9	1,105.1	1,100.6	2,205.7

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.

	Unaudited six months ended 31 December 2021 US\$ million	Unaudited six months ended 31 December 2020 US\$ million
RCF	48.2	40.4
Refinancing modification adjustment	0.9	(0.2)
Term loan facility	–	47.6
Redink Rentals (RF) Limited loan facility	8.9	–
Lease liability	4.5	5.0
Instalment sale liability	0.1	0.2
Derivative financial assets	(0.3)	–
Restricted cash	0.3	–
Cash and cash equivalents	(35.2)	(28.0)
Facility arrangement fee	0.8	0.2
Net debt	28.2	65.2

Adjusted EBITDA

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

	Mining operations				Tailings operations				Total operations		
	Barberton Mines ZAR million	Evander Mines ZAR million	Total ZAR million		BTRP ZAR million	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
Adjusted EBITDA by operation											
Net income before finance income and finance costs	283.0	347.9	630.9		84.1	47.8	302.4	434.3	367.1	698.1	1,065.2
Mining depreciation and amortisation	58.0	60.6	118.6		16.4	–	64.6	81.0	74.4	125.2	199.6
EBITDA	341.0	408.5	749.5		100.5	47.8	367.0	515.3	441.5	823.3	1,264.8
Adjusted EBITDA – December 2021	341.0	408.5	749.5		100.5	47.8	367.0	515.3	441.5	823.3	1,264.8
Net income before finance income and finance costs	495.9	(23.4)	472.5		113.1	39.4	419.6	572.1	609.0	435.6	1,044.6
Mining depreciation and amortisation	48.0	72.4	120.4		21.5	–	65.2	86.7	69.5	137.6	207.1
EBITDA	543.9	49.0	592.9		134.6	39.4	484.8	658.8	678.5	573.2	1,251.7
Adjusted EBITDA – December 2020	543.9	49.0	592.9		134.6	39.4	484.8	658.8	678.5	573.2	1,251.7

ALTERNATIVE PERFORMANCE MEASURES continued**Net senior debt**

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

	Unaudited six months ended 31 December 2021 US\$ million	Unaudited six months ended 31 December 2020 US\$ million
RCF	48.2	40.4
Refinancing modification adjustment	0.9	(0.2)
Term loan facility	–	47.6
Redink Rentals (RF) Limited loan facility	8.9	–
Restricted cash	0.3	–
Cash and cash equivalents	(35.2)	(28.0)
Facility arrangement fee	0.8	0.2
Net senior debt	23.9	59.9

ALTERNATIVE PERFORMANCE MEASURES continued**Net adjusted EBITDA**

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

Headline earnings

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

	Unaudited six months ended 31 December 2021 US\$ thousand	Unaudited six months ended 31 December 2020 US\$ thousand
Basic earnings	46,053.0	40,772.5
Profit on disposal of property, plant and equipment	–	(1.1)
Taxation on profit on disposal of property, plant and equipment	–	0.3
Headline earnings	46,053.0	40,771.7
Headline earnings per share	2.39	2.11

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**

	Unaudited 31 December 2021 US\$ thousand	Unaudited 31 December 2020 US\$ thousand
Net debt	28,226.4	65,165.8
Total equity	274,729.8	243,400.9
Net debt-to-equity ratio	0.1	0.3
Finance costs – RCF ¹	1,549.7	3,232.1
Finance costs – term loan facility ¹	2,793.4	4,336.0
Finance costs – Redink Rentals (RF) Limited loan ¹	615.4	–
Finance costs – general banking facility ¹	0.1	84.3
Total finance costs – interest-bearing facilities¹	4,958.6	7,652.4
Adjusted EBITDA ¹	144,052.8	117,713.5
Fair value (gains)/losses on financial instruments ¹	(491.2)	17,496.4
Net adjusted EBITDA¹	143,561.6	135,209.9
Interest cover ratio	29.0	17.7
Net debt	28,226.4	65,165.8
Net adjusted EBITDA ¹	143,561.6	135,209.9
Net debt-to-net adjusted EBITDA	0.2	0.5
Net adjusted EBITDA ¹	143,561.6	135,209.9
Net working capital change ¹	(7,109.0)	6,957.0
Add: non-cash flow items ¹	1,427.4	(878.6)
Total capital expenditure less capital funded through permitted indebtedness ¹	(58,682.2)	(45,446.0)
Less: dividends paid ¹	(21,559.0)	(17,781.6)
Less: taxation paid ¹	(12,359.5)	(12,834.9)
Free cash flow ¹	45,279.3	65,225.8
Finance cost from interest-bearing facilities ¹	4,958.6	7,652.4
Debt service obligation	15,156.2	12,093.9
Debt service cover ratio	3.0	3.3

¹ These amounts are for the 12-month periods ended 31 December.

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	Unaudited six months ended 31 December 2021	Unaudited six months ended 31 December 2020
Total equity	US\$ million	274.7	243.04
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	14.2	12.6

GROUP PRODUCTION SUMMARY

	Six months ended 31 Dec	Unit	Mining operations				Tailings operations				Total operations		
			Barberton Mines	Evander Mines	Total		BTRP	Evander Mines' surface sources	Elikhulu	Total	Barberton Mines total	Evander Mines total	Group total
Tonnes milled – underground	2021	t	122,257	69,790	195,047		–	–	–	–	125,257	69,790	195,047
	2020	t	122,199	50,634	172,833		–	–	–	–	122,199	50,634	172,833
Tonnes milled – surface	2021	t	27,740	–	27,740		–	–	–	–	27,740	–	27,740
	2020	t	39,267	–	39,267		–	–	–	–	39,267	–	39,267
Tonnes milled – total underground and surface	2021	t	152,997	60,790	222,787		–	–	–	–	152,997	69,790	222,787
	2020	t	161,466	50,634	212,100		–	–	–	–	161,466	50,634	212,100
Tonnes processed – tailings	2021	t	–	–	–		420,317	–	6,442,397	6,862,714	420,317	6,442,397	6,862,714
	2020	t	–	–	–		485,112	–	6,278,191	6,763,303	485,112	6,278,191	6,763,303
Tonnes processed – surface feedstock	2021	t	–	–	–		–	163,090	–	163,090	–	163,090	163,090
	2020	t	–	–	–		–	188,021	–	188,021	–	188,021	188,021
Tonnes processed – total tailings and surface feedstock	2021	t	–	–	–		420,317	163,090	6,442,397	7,025,804	420,317	6,605,487	7,025,804
	2020	t	–	–	–		485,112	188,021	6,278,191	6,951,324	485,112	6,466,212	6,951,324
Tonnes milled and processed – total	2021	t	152,997	69,790	222,787		420,317	163,090	6,442,397	7,025,804	573,314	6,675,277	7,248,591
	2020	t	161,466	50,634	212,100		485,112	188,021	6,278,191	6,951,324	646,578	6,516,846	7,163,424
Overall recovered grade	2021	g/t	8.13	12.17	9.40		0.68	1.10	0.13	0.18	2.66	0.27	0.46
	2020	g/t	8.16	7.74	8.06		0.64	1.09	0.13	0.19	2.52	0.22	0.43
Overall recovery – underground	2021	%	93	97	95		–	–	–	–	93	97	95
	2020	%	93	91	93		–	–	–	–	93	91	93
Overall recovery – tailings	2021	%	–	–	–		45	82	37	42	45	41	42
	2020	%	–	–	–		28	52	43	39	28	45	39
Gold produced – underground	2021	oz	39,176	27,312	66,488		–	–	–	–	39,176	27,312	66,488
	2020	oz	41,101	12,607	53,708		–	–	–	–	41,101	12,607	53,708
Gold production – surface operations	2021	oz	815	–	815		–	–	–	–	815	–	815
	2020	oz	1,249	–	1,249		–	–	–	–	1,249	–	1,249
Gold produced – tailings	2021	oz	–	–	–		9,126	–	25,900	35,026	9,126	25,900	35,026
	2020	oz	–	–	–		10,004	–	26,863	36,867	10,004	26,863	36,867
Gold produced – surface feedstock	2021	oz	–	–	–		–	5,756	–	5,756	–	5,756	5,756
	2020	oz	–	–	–		–	6,562	–	6,562	–	6,562	6,562
Gold produced – total ¹	2021	oz	39,991	27,312	67,303		9,126	5,756	25,900	40,782	49,117	58,968	108,085
	2020	oz	42,350	12,607	54,957		10,004	6,562	26,863	43,429	52,354	46,032	98,386
Gold sold – total	2021	oz	39,308	27,312	66,620		8,866	5,756	25,900	40,522	48,174	58,968	107,142
	2020	oz	42,350	12,607	54,957		10,004	6,562	26,863	43,429	52,354	46,032	98,386
Average ZAR gold price received	2021	ZAR/kg	866,671	876,639	870,758		866,689	876,944	876,640	874,506	866,674	876,669	872,175
	2020	ZAR/kg	981,381	968,072	978,328		981,496	968,153	968,130	971,212	981,403	968,117	975,187
Average US\$ gold price received	2021	US\$/oz	1,792	1,813	1,801		1,792	1,814	1,813	1,809	1,792	1,813	1,804
	2020	US\$/oz	1,877	1,852	1,871		1,877	1,852	1,852	1,858	1,877	1,852	1,865

¹ Gold produced in the Current Reporting Period includes 943oz (2020:0) produced not sold at period end.

OTHER ITEMS continued

	Six months ended 31 Dec	Unit	Mining operations				Tailings operations				Total operations		
			Barberton Mines	Evander Mines	Total		BTRP	Evander Mines' surface sources	Elikhulu	Total	Barberton Mines total	Evander Mines total	Group total
ZAR cash cost	2021	ZAR/kg	593,380	442,226	531,412		379,001	616,397	389,599	419,496	553,925	436,112	489,084
	2020	ZAR/kg	521,351	838,665	594,142		440,478	775,546	342,917	430,759	505,897	540,362	522,023
ZAR all-in sustaining costs	2021	ZAR/kg	734,391	475,196	628,130		393,691	640,398	452,872	466,561	671,688	481,517	567,023
	2020	ZAR/kg	656,633	1,302,365	804,763		451,700	806,095	385,214	464,123	617,474	696,396	654,399
ZAR all-in cost	2021	ZAR/kg	804,209	641,583	737,538		393,691	676,683	457,974	474,976	728,657	564,364	638,235
	2020	ZAR/kg	732,273	1,490,017	906,098		451,700	806,095	421,028	486,276	678,661	768,690	720,783
US\$ cash cost	2021	US\$/oz	1,227	915	1,099		784	1,275	806	868	1,146	902	1,011
	2020	US\$/oz	997	1,604	1,137		843	1,484	656	824	968	1,034	999
US\$ all-in sustaining cost	2021	US\$/oz	1,519	983	1,299		814	1,324	937	965	1,389	996	1,173
	2020	US\$/oz	1,256	2,491	1,539		864	1,542	737	888	1,181	1,332	1,252
US\$ all-in cost	2021	US\$/oz	1,663	1,327	1,525		814	1,399	947	982	1,507	1,167	1,320
	2020	US\$/oz	1,401	2,850	1,733		864	1,542	805	930	1,298	1,470	1,379
ZAR cash cost per tonne	2021	ZAR/t	4,742	5,383	4,943		249	677	49	75	1,448	120	225
	2020	ZAR/t	4,253	6,496	4,788		283	842	46	84	1,274	119	223
Capital expenditure	2021	ZAR million	183.3	141.3	324.6		3.4	10.4	28.9	42.7	186.7	180.6	367.3
	2020	ZAR million	187.9	73.6	261.5		1.6	6.2	29.9	37.8	189.5	109.7	299.2
Revenue	2021	ZAR million	1,059.6	744.7	1,804.3		239.0	157.0	706.2	1,102.2	1,298.6	1,607.9	2,906.5
	2020	ZAR million	1,292.7	379.6	1,672.3		305.4	197.6	808.9	1,311.9	1,598.1	1,386.1	2,984.2
Cost of production	2021	ZAR million	725.5	375.7	1,101.2		104.5	110.4	313.9	528.8	830.0	800.0	1,630.0
	2020	ZAR million	686.7	328.9	1,015.6		137.1	158.3	286.5	581.9	823.8	773.7	1,597.5
All-in sustaining cost of production	2021	ZAR million	897.9	403.7	1,301.5		108.6	114.7	364.8	588.1	1,006.5	883.2	1,889.7
	2020	ZAR million	864.9	510.7	1,375.6		140.6	164.5	321.9	627.0	1,005.5	997.1	2,002.6
All-in cost of production	2021	ZAR million	983.2	545.0	1,528.2		108.6	121.1	368.9	598.6	1,091.8	1,035.0	2,126.8
	2020	ZAR million	964.6	584.3	1,548.9		140.6	164.5	351.8	656.9	1,105.1	1,100.6	2,205.7
Adjusted EBITDA	2021	ZAR million	341.0	408.5	749.5		100.5	47.8	367.0	515.3	441.5	823.3	1,264.8
	2020	ZAR million	543.9	49.0	592.9		134.6	39.4	484.8	658.8	678.5	573.2	1,251.7
Average exchange rate	2021	US\$/ZAR	15.04	15.04	15.04		15.04	15.04	15.04	15.04	15.04	15.04	15.04
	2020	US\$/ZAR	16.26	16.26	16.26		16.26	16.26	16.26	16.26	16.26	16.26	16.26

DEFINITIONS OF TERMS AND ABBREVIATIONS USED IN THIS REPORT

8 Shaft	Evander Mines' 8 Shaft pillar project
A2X	A2X Markets, a licensed stock exchange authorised to provide a secondary listing venue for companies
ADR	American Depository Receipt programme through the Bank of New York Mellon
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
CGU	Cash-generating unit
Co ₂	Carbon dioxide
Companies Act 2006	An act of the Parliament of the UK which forms the primary source of UK company law
Comparative Reporting Period	Six months ended 31 December 2020
COVID-19	Coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
Current Reporting Period	Six months ended 31 December 2021
Current financial year	Financial Six months 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
Funding Company	Pan African Resources Funding Company Proprietary Limited
g/t	Grams/tonne
GBP	British pound
GRI	Global Reporting Initiative
HEPS	Headline earnings per share
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
JIBAR	Johannesburg Interbank Average Rate
JSE	JSE Limited incorporating the Johannesburg Securities Exchange, the main bourse in South Africa

kg	Kilogramme
km	Kilometre
kℓ	Kilolitre
Koz	Thousand ounces
ktpm	Thousand tonnes per month
LoM	Life-of-mine
LSE	London Stock Exchange
LTIFR	Lost-time injury frequency rate
m	Metre
Mintails SA	Mintails Mining SA Proprietary Limited
MMR	Main Muiden Reef
Mogale Gold	Mogale Gold Proprietary Limited
MRC	Main Reef Complex
MSC	Mintails SA Soweto Cluster Proprietary Limited
MW	Megawatt
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
PV	Photovoltaic
RCF	Revolving credit facility
RIFR	Reportable injury frequency rate
SAICA	South African Institute of Chartered Accountants
SAMREC Code	South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2016 edition
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
UK	United Kingdom
UNESCO	United Nations Educational, Scientific and Cultural Organisation
US	United States
USA	United States of America
US\$	United States dollar
VAT	15% value-added tax in South Africa
ZAR	South African rand
ZK	Zwartkoppie

CORPORATE INFORMATION

PAN AFRICAN RESOURCES PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 3937466 on 25 February 2000)

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Share code on JSE: PAN

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