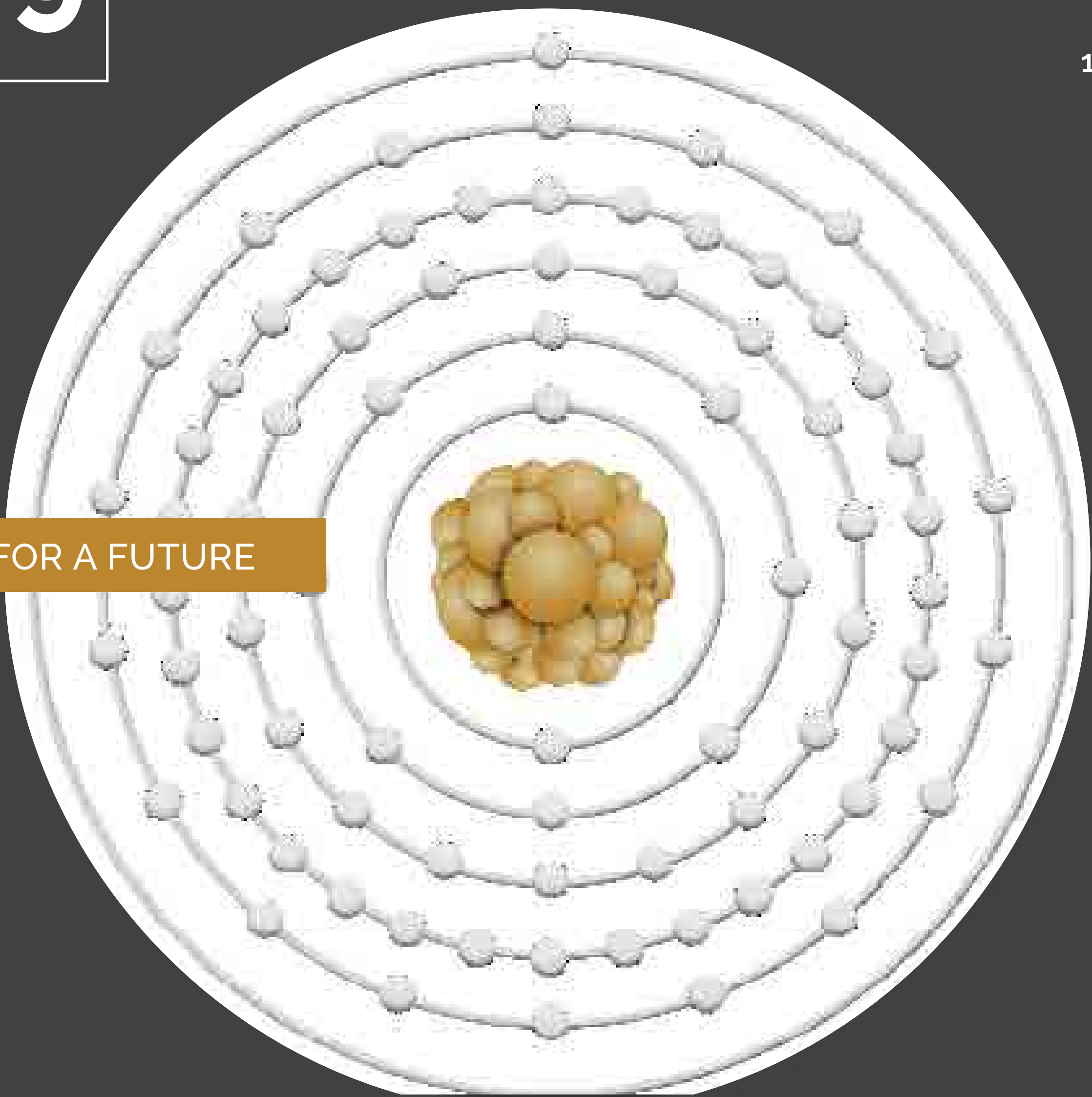
PAN AFRICAN
RESOURCES

79

Au
Gold
196.97
p: 79
n: 118



MINING FOR A FUTURE

2023
INTEGRATED ANNUAL REPORT

for the year ended 30 June

REPORT NAVIGATION

The following tools will assist you throughout this report:

Integrated thinking in action

Find more information on our website, www.panafricanresources.com/

Alternative performance measures (APMs) as reconciled on **pages 254** to **261**.

Limited assurance obtained

CAPITALS

Financial capital

Manufactured capital

Intellectual capital

Human capital

Social and relationship capital

Natural capital

Refer to **pages 12** and **13**.

STAKEHOLDERS

Providers of capital

Customers

Suppliers

Employees and unions

Communities

Governments and regulatory bodies

Collaboration partners

The environment

Refer to **pages 36** to **45**.

MATERIAL MATTERS

Execution

Health, safety and security

Growth

Talent and skills

Cost

Unemployment and social responsibility

Electricity

Beyond compliance

Geology

Tailings management

Innovation and opportunity

Biodiversity and decarbonisation

Refer to **pages 26** and **27**.

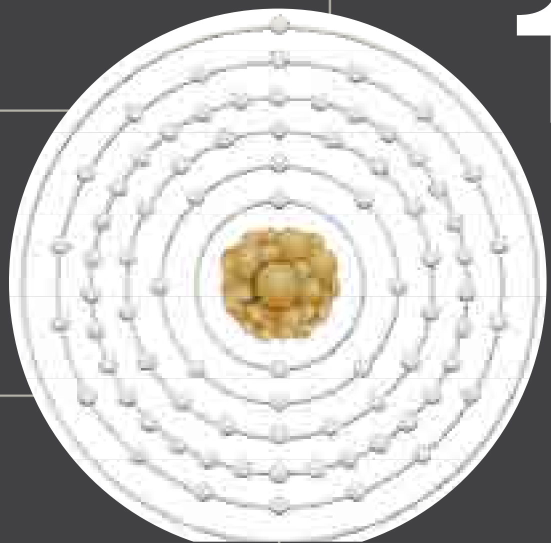
CONTENTS

GOLD

Gold is a chemical element with the symbol Au (from Latin aurum) and atomic number 79. This makes it one of the higher-atomic-number elements that occur naturally. It is a bright, slightly orange-yellow, dense, soft, malleable and ductile metal in pure form.

Energy levels:
6

Neutrons:
118



Electrons:
79

Protons:
79

Atomic radius (pm):
174

Gold is a transition metal in group 11, period 6 and the d-block of the periodic table. It has a melting point of 1,064 °C. The trends across the transition metals are due to electrons filling an inner d-subshell, shielding the outer (valence) electrons from the increasing nuclear charge.

ABOUT OUR REPORT

Pan African Resources PLC's (Pan African or the Company or the Group) integrated annual report provides stakeholders with a clear, concise and accurate overview of the Group's activities, performance and its impact on financial, environmental and governance matters. The report encompasses our strategy, operations, financial and non-financial performance and environmental and social responsibility initiatives.

We are committed to building a sustainable future through responsible mining and integrated thinking. We understand that our business success depends on our ability to balance economic, environmental and social considerations.

In this report, we invite you to explore how Pan African continues to create long-term value for our stakeholders.

OUR FOCUS THIS YEAR

We have made this report easier to read and understand by:

- highlighting the benefits of integrated thinking for our business
- providing a clearer investment case
- focusing on short-, medium- and long-term time horizons
- improving balance and ensuring comprehensive coverage
- strengthening the links between our strategy, performance and outlook.

INTEGRATED THINKING

In our business model, we embrace integrated thinking by incorporating it into our decision-making processes, strategies and operations. We recognise that our financial performance is not the sole measure of our success, but is intertwined with our impact on the environment, society and governance practices. We strive to integrate environmental, social and governance considerations into our day-to-day activities and strategic initiatives, rather than treating them as separate silos.

REPORTING COMPLIANCE

Compiling this report has been guided by but not limited to the following:

- Alternative Investment Market (AIM) Rules of the London Stock Exchange (LSE) for companies
- Global Reporting Initiative (GRI) Standards
- International Financial Reporting Standards (IFRS)
- International Integrated Reporting Framework (<IR> Framework) of the IFRS Foundation
- JSE Limited (JSE) Listings Requirements
- JSE Sustainability Disclosure Guidance
- King IV Report on Corporate Governance for South Africa, 2016™ (King IV™)
- Principles of the United Nations Global Compact
- South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2016 edition (SAMREC Code)
- South African Companies Act, 71 of 2008 (South African Companies Act)
- South African Institute of Chartered Accountants (SAICA) Financial Reporting Guidelines
- United Kingdom (UK) Companies Act 2006 (Companies Act 2006)
- United Nations Sustainable Development Goals (UN SDGs)
- Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

MATERIALITY

Materiality is a key concept in our reporting. It refers to information that could reasonably be expected to influence the decisions of our stakeholders. We have included information on all material events that occurred after 30 June 2023 and up to the date the board approved this report. Management is not aware of any material information that was unavailable or subject to legal publication prohibitions.

Our materiality process involves identifying, evaluating and prioritising the most significant issues based on their potential impact on our ability to create and preserve value over the short (one year), medium (two to three years) and long term (more than three years).

Throughout the report:

- we indicate positive impacts, movements and effects in green ▲▼●
- negative outcomes in red ▲▼●
- and neutral results in black ▶.

How we identify our macroeconomic issues and material matters	Our materiality process is outlined on **page 26**
Our macroeconomic issues	Our operating environment is discussed on **pages 46** to **49**
Material matters are analysed under each of our capitals	The six capitals are defined on **page 12** and their associated material matters are analysed on **pages 96** to **128**

We have introduced ***information boxes*** *to provide additional background or simple explanations of terminology.*

BOUNDARY AND SCOPE

This report covers all of Pan African's operations and exploration programmes and is published annually. It includes our progress for the year from 1 July 2022 to 30 June 2023.

Our integrated reporting boundary				
Integrated annual report	Environmental, social and governance report (ESG report)	Task Force on Climate-related Financial Disclosures report (TCFD report)	Notice of annual general meeting	Mineral Resources and Mineral Reserves report
Strategy	Operating environment	Primary risks and opportunities	Six capitals used or impacted	Stakeholder relationships

Our financial reporting boundary

Annual financial statements

Our integrated reporting boundary aligns with our financial statement reporting boundary and includes details of our investments in subsidiaries, associates and listed investments

Holding company – Pan African

Corporate		Gold mining and tailings retreatment operations	
100%	Pan African Resources SA Holdings Proprietary Limited	100%	Barberton Mines Proprietary Limited
100%	Pan African Resources Funding Company Proprietary Limited	100%	Evander Gold Mining Proprietary Limited
49.9%	PAR Gold Proprietary Limited	100%	Evander Gold Mines Proprietary Limited
100%	Pan African Resources Management Services Company Proprietary Limited	100%	Mogale Tailings Retreatment Proprietary Limited (MTR)
100%	Pan African Resources Properties Proprietary Limited	100%	Mogale Gold Proprietary Limited (Mogale Gold)
100%	Concrete Rose Proprietary Limited	100%	Mintails SA Soweto Cluster Proprietary Limited (MSC)

Agricultural, solar and ESG projects		Exploration programmes	
80%	Barberton Blue Proprietary Limited	80%	Pan African Resources Minerals DMCC
100%	Evander Solar Solutions Proprietary Limited	100%	Pan African Resources Minerals Co Limited
100%	Barberton Green Proprietary Limited		

ALTERNATIVE PERFORMANCE MEASURES

We use financial and non-financial measures to assess our performance, including APMs that assist in illustrating the underlying financial performance of the Group. The purpose of each of these measures is defined and explained on **pages 254** to **261**, and a reconciliation to the equivalent IFRS measures is provided. It is important to note that these APMs should be considered in addition to, and not as a substitute for, or as superior to, measures reported in accordance with IFRS. Also, these APMs may not be comparable with similarly titled measures by other companies, including those in the gold mining industry.

FORWARD-LOOKING STATEMENTS

Certain statements in this integrated annual report may be regarded as forward-looking statements or forecasts, but do not represent an earnings forecast. All forward-looking statements are based solely on the judgement and expectations of the directors at the time of preparing this report. Emerging risks, uncertainties and other important factors may materially change the results from our expectations. These statements have not been reviewed and are not reported on by the external auditor.

STRATEGIC REPORT

Our strategic report, including our investment case, on **pages 4** to **144**, was reviewed and approved by the board on 13 September 2023.

LIMITED ASSURANCE

Reported values containing the gold seal of approval indicate limited assurance granted by PricewaterhouseCoopers Inc. (PwC). The limited assurance report from PwC can be found on **pages 79** and **80** of the 2023 ESG report.

ASSURANCE

We apply a combined assurance model:

- The board and the audit and risk committee assessed the effectiveness of controls for the year ended 30 June 2023 as satisfactory after a review of internal control policies and reports from internal audit and other assurance providers and confirmation from executive management. Refer to the statement of directors' responsibilities on **page 164**
- The PwC LLP opinion on our 2023 annual financial statements is set out on **pages 172** to **177**
- PwC Inc. has assured key sustainability information
- The execution of our combined assurance model is monitored by the audit and risk committee which reports to the board, on an annual basis, on the execution of the combined assurance plan.

BOARD APPROVAL

The board assumes ultimate responsibility for the integrity of this report. The board is satisfied that the report addresses all material matters and fairly presents the Group's performance for the financial year 1 July 2022 to 30 June 2023. The report is an accurate reflection of our strategic commitments for the short, medium and long term.

The board is of the opinion that the 2023 integrated annual report complies in all material respects with the relevant statutory and regulatory requirements – particularly the <IR> Framework, IFRS and the Companies Act 2006.

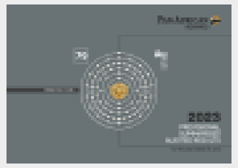
This report is prepared under the supervision of senior management and is subject to an internal and external review process. The audit and risk committee reviews the content of this report and the collation process, relying on the assurance provided at the various reporting levels.

On the recommendation of the audit and risk committee, the board approved the integrated annual report and the Group's annual financial statements on 13 September 2023.

Keith Spencer	**Dawn Earp**	**Thabo Mosololi**	**Charles Needham**	**Yvonne Themba**	**Cobus Loots**	**Deon Louw**
Chairman	*Lead independent director*	*Director*	*Director*	*Director*	*Chief executive officer*	*Financial director*

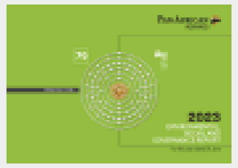
All signatures have been removed to protect the security and privacy of the signatories.

OUR REPORTING SUITE



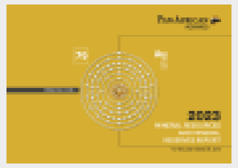
Our **provisional summarised audited results** are available on our website at:

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



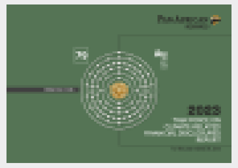
Our **environmental, social and governance report** contains additional non-financial disclosures and is available on our website at:

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



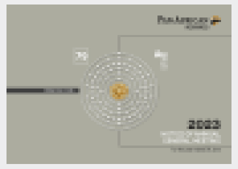
Our **Mineral Resources and Mineral Reserves report** provides technical information in compliance with the SAMREC Code and is available on our website at:

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



Our **Task Force on Climate-related Financial Disclosures report** is available on our website at:

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

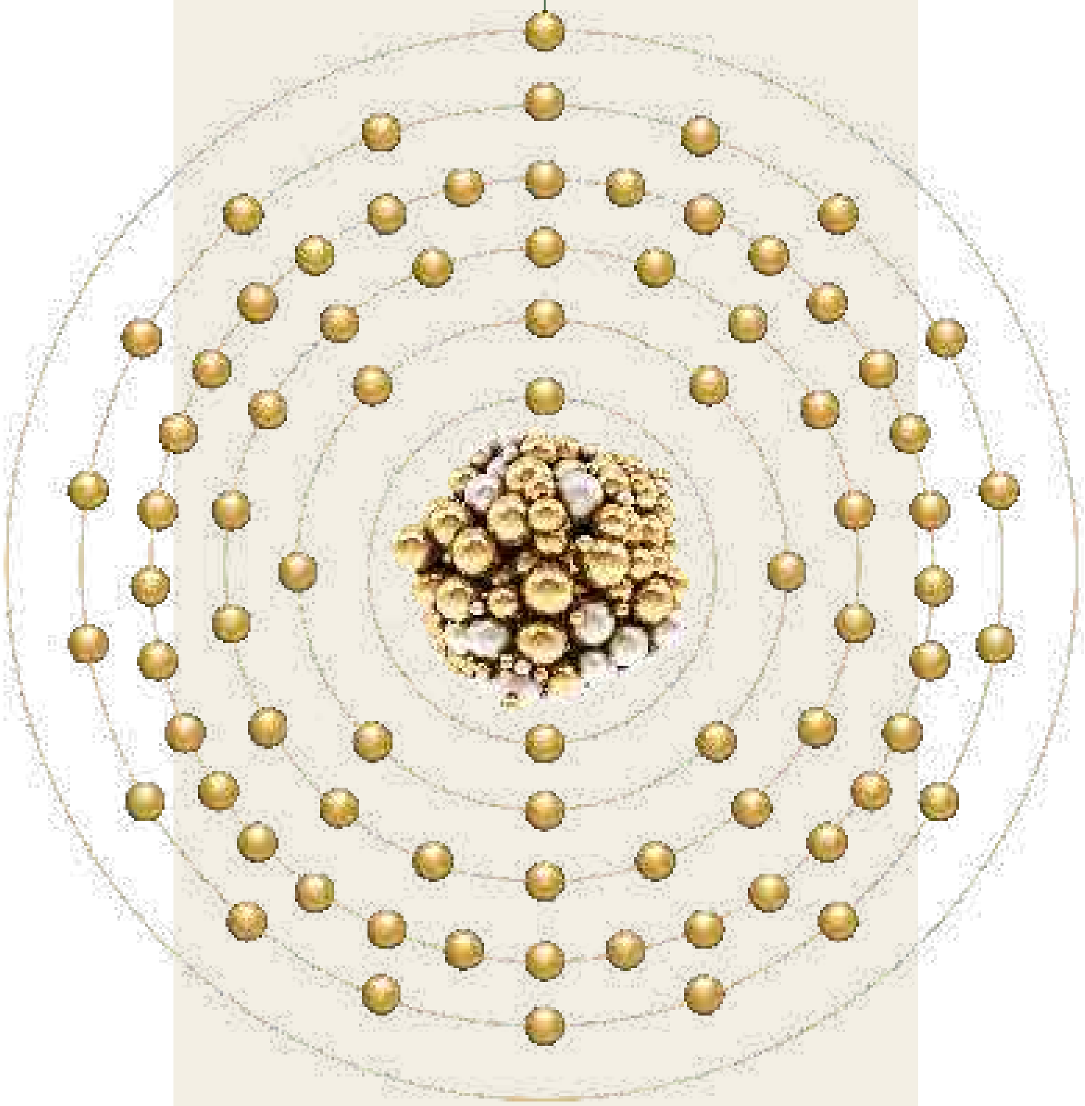


Our **notice of annual general meeting** will be available on our website on 31 October 2023 at:

https://www.panafricanresources.com/investors/shareholder-announcements/

Energy levels:

6



Energy levels (or electron shells) are fixed distances from the nucleus of an atom where electrons may be found. A gold atom has six levels.

OUR BUSINESS AND STRATEGY

Pan African is a sustainable, safe, high-margin and long-life gold producer.

ABOUT PAN AFRICAN

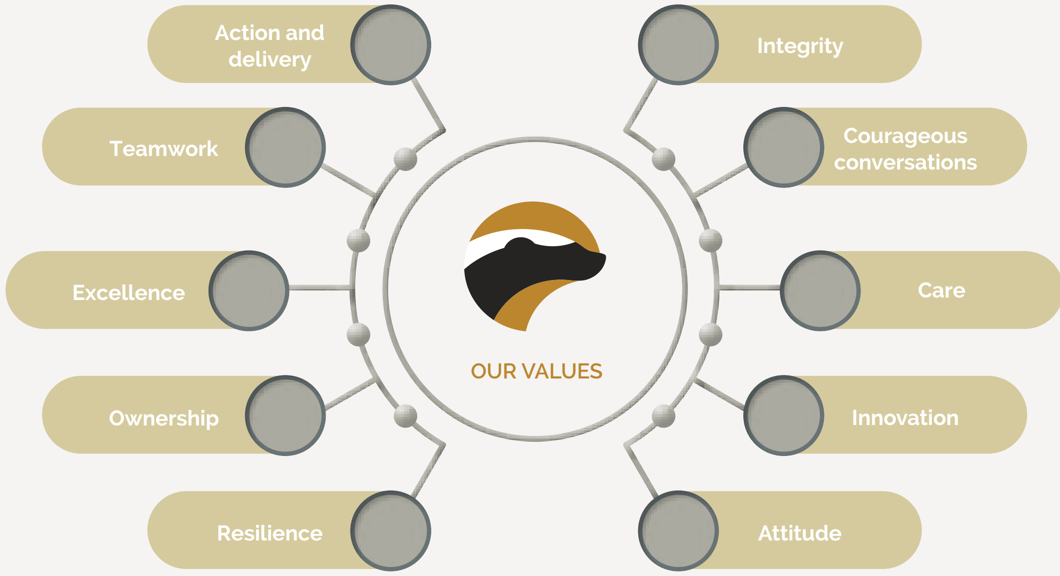
WHO WE ARE

Pan African is a mid-tier, African-focused gold producer. Our shares trade as follows:

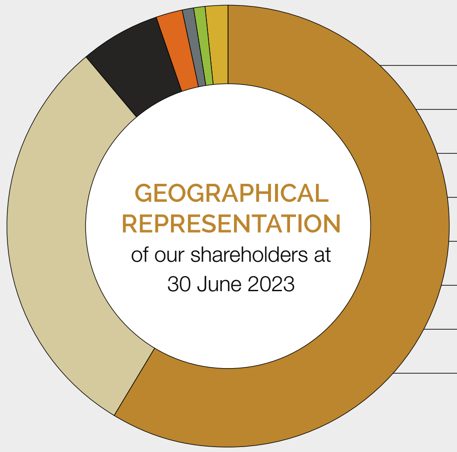
- In the **UK** through a primary listing on the AIM of the LSE (ticker: PAF)
- In **South Africa** through a primary listing on the Main Board of the JSE (ticker: PAN) and a secondary listing on the A2X Market (A2X)
- In the **United States of America** (USA) on the OTCQX Best Market (OTCQX) through a Level 1 American Depository Receipt (ADR) programme sponsored by the Bank of New York Mellon (ticker: PAFRY) and ordinary shares (ticker: PAFRF).

OUR VALUE-CREATING STRATEGY

To safely and efficiently extract value from our mineral deposits while prioritising the long-term sustainability of our business. We leverage our combined knowledge and skills base to approach mining in an entrepreneurial manner, generating compelling returns for our stakeholders. For more information, refer to **pages 18** and **19**.



Geographical representation of our shareholders



South Africa	58.7%
UK	30.3%
USA	5.8%
Denmark	2.0%
Switzerland	0.9%
France	0.9%
Other (<0.5%)	1.4%

OUR PURPOSE

We are committed to optimally and consistently extracting gold from mineral deposits while creating sustainable value for all our stakeholders through responsible mining

OUR VISION

We aspire to further develop Pan African as a leading mid-tier gold producer that upholds its purpose

OUR SUSTAINABILITY COMMITMENT

Our commitment to sustainability extends beyond compliance. We collaborate with experts in community engagement, conservation and sustainability initiatives to benefit all stakeholders. Our approach prioritises ESG considerations, including the use of renewable energy

OUR STRATEGIC PILLARS

PROFITABILITY

We aim to maintain a strong focus on profitability by being one of the highest-margin producers of gold in Southern Africa

GROWTH

Our growth strategy is based on a combination of organic portfolio growth and production-enhancing, value-accretive projects

SUSTAINABILITY

Our sustainability is centred on creating long-term value for all stakeholders by balancing economic, environmental and social considerations

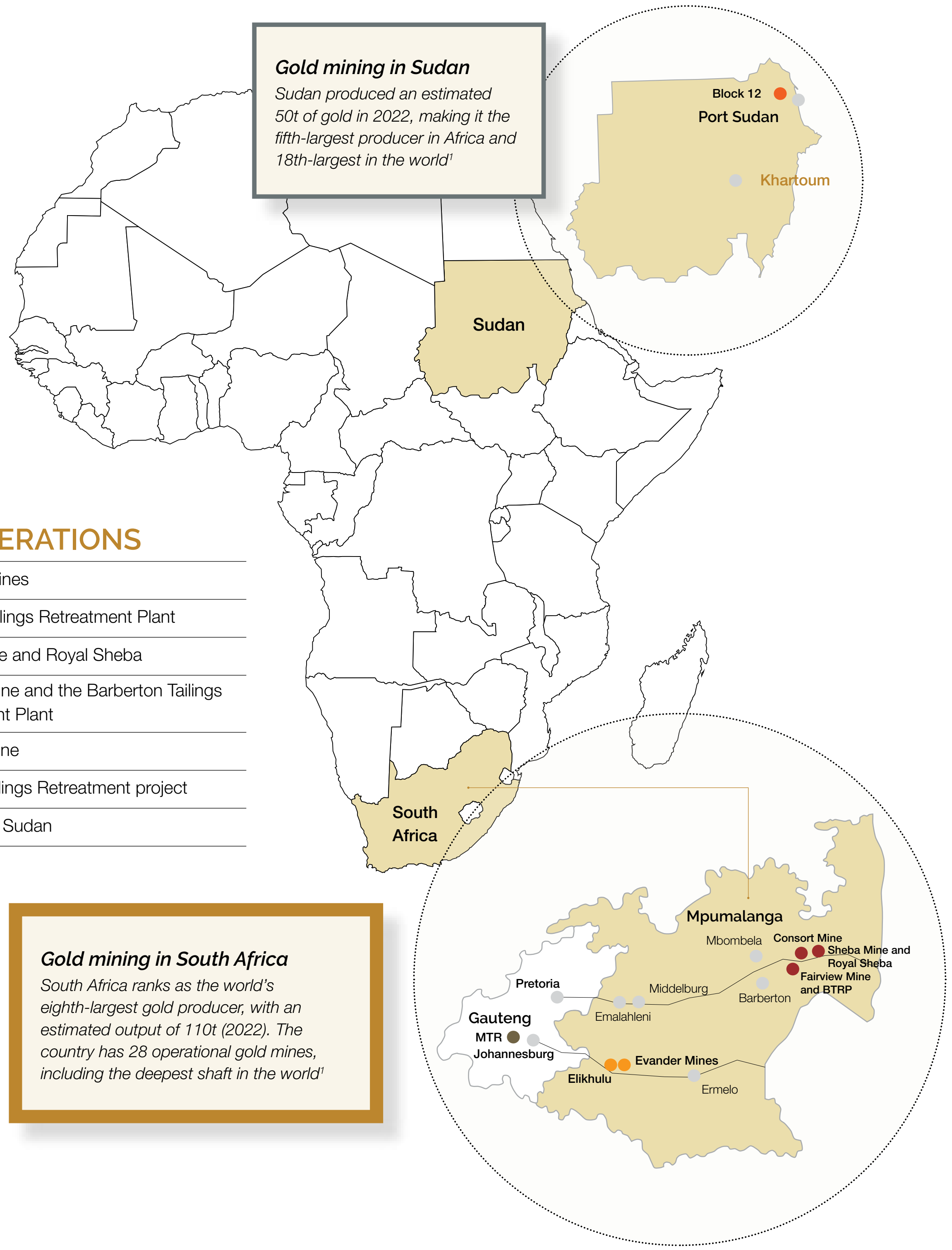
STAKEHOLDERS

We believe that an integrated stakeholder approach is crucial for our success and prioritise the health and well-being of our employees and host communities

ABOUT PAN AFRICAN continued

OUR OPERATING GOLD MINES

A unique combination of African underground and surface mining operations.



Gold mining in Sudan

Sudan produced an estimated 50t of gold in 2022, making it the fifth-largest producer in Africa and 18th-largest in the world[1]

OUR OPERATIONS

- Evander Mines
- Elikhulu Tailings Retreatment Plant
- Sheba Mine and Royal Sheba
- Fairview Mine and the Barberton Tailings Retreatment Plant
- Consort Mine
- Mogale Tailings Retreatment project
- Block 12 – Sudan

Gold mining in South Africa

South Africa ranks as the world's eighth-largest gold producer, with an estimated output of 110t (2022). The country has 28 operational gold mines, including the deepest shaft in the world[1]

[1] https://www.statista.com/statistics/264628/world-mine-production-of-gold/

OUR OPERATIONS

Production (oz/annum) 2023 (2022)	Mineral Reserves 2023 (2022)	Mineral Resources 2023 (2022)	Production (tonnes milled and processed) 2023 (2022)	Recovered grade (g/t) 2023 (2022)	AISC® (US$/oz) 2023 (2022)	Life-of-mine (years) 2023 (2022)
BARBERTON MINES (UNDERGROUND MINING OPERATIONS) A long-life, high-grade operation comprising three underground mines: Fairview, Sheba and Consort						
64,586 (75,738)	**5.5Mt at 6.49g/t (1.14Moz)** (14.2Mt at 3.51g/t) (1.60Moz)	**24.1Mt at 4.14g/t (3.20Moz)** (24.1Mt at 4.30g/t) (3.3Moz)	**342,622** (322,038)	**5.9** (7.3)	**1,810** (1,645)	**20** (20)
BARBERTON TAILINGS RETREATMENT PLANT (BTRP) The plant was completed in June 2013 and adds high-margin and low-risk ounces to our production profile						
19,875 (19,560)	**3.9Mt at 3.03g/t (0.38Moz)** (6.1Mt at 1.57g/t) (0.31Moz)	**22.7Mt at 1.25g/t (0.91Moz)** (22.6Mt at 1.27g/t) (0.9Moz)	**921,753** (908,198)	**0.7** (0.7)	**717** (891)	**3** (2)
ELIKHULU TAILINGS RETREATMENT PLANT (ELIKHULU) This plant exploits tailings deposited on the Kinross, Leslie/Bracken and Winkelhaak tailings storage facilities (TSFs) in Evander. It commenced production in 2018						
50,573 (52,220)	**140.9Mt at 0.27g/t (1.24Moz)** (159.3Mt at 0.28g/t) (1.44Moz)	**163.4Mt at 0.27g/t (1.42Moz)** (167.3Mt at 0.28g/t) (1.5Moz)	**13,587,371** (13,732,147)	**0.1** (0.1)	**1,008** (1,003)	**10** (11)
EVANDER MINES (UNDERGROUND MINING OPERATIONS) Extraction of the 8 Shaft pillar and the development of the 24, 25 and 26 Level high-grade areas at Evander Mines						
33,256 (48,850)	**3.5Mt at 6.82g/t (0.77Moz)** (3.3Mt at 7.20g/t) (0.77Moz)	**24.0Mt at 10.28g/t (7.95Moz)** (24.4Mt at 10.31g/t) (8.1Moz)	**159,063** (129,087)	**6.4** (11.8)	**1,158** (1,112)	**13** (14)
EVANDER MINES (SURFACE SOURCES) The purchase of gold-bearing material from third parties – leveraging the excess capacity of Evander Mines' metallurgical plants						
6,919 (9,320)	**Not reported**	**Not reported**	**248,575** (261,338)	**0.9** (1.1)	**1,718** (1,650)	**Not reported**
MOGALE TAILINGS RETREATMENT PROJECT (MTR PROJECT) A plant is being constructed to process gold tailings deposited onto the Mogale Gold and MSC TSFs *Figures in the table below are based on the expected definitive feasibility study results announced in June 2022*						
50,000	**227.7Mt at 0.29g/t (2.1Moz)**	**259.8Mt at 0.30g/t (2.5Moz)**	**9,600,000**	**0.2**	**<1,000**	**21**
EXPLORATION PROGRAMME IN SUDAN The Group has five exploration concession areas in north-eastern Sudan. Exploration activities were placed under care and maintenance due to the outbreak of violence in Sudan during April 2023. The Group remains positive that it will continue with exploration activities once the situation has stabilised. After year-end, the Group resumed its Sudanese activities, following a detailed risk assessment of the operational environment in the exploration area						

HOW WE CREATE VALUE

EXPLORE

On-mine growth projects and greenfield exploration contribute to our Mineral Resources, which potentially extend the life of our mining operations.

DEVELOP

Successful development of our orebodies and execution of our capital projects improves our costs and production profile and increases the economic life of our operations.

MINE

We extract gold-bearing ore through underground mining and vamping using various methods, including conventional breast and up-dip mining and trackless cut-and-fill mining.

We remine gold-bearing tailings through hydro-mining.

Read more in the abridged Mineral Resources and Mineral Reserves report on **page 103**.

PROCESS

Gold is extracted from tailings sources and concentrate after being processed through our plants at Elikhulu and the BTRP utilising industry best practice.

Third-party gold-bearing ore is processed through a supply contract at Evander Mines' Kinross plant. We also treated, on a trial basis, third-party gold-bearing ore at the Consort Mine and BTRP plants.

Refractory gold-bearing ore is treated at our BIOX® plant at Barberton Mines. Specialised bacteria break down insoluble sulphide minerals, which expose the gold for efficient extraction. The BIOX® concentrate is sent to the cyanide circuit at Fairview Mine for chemical processing, where gold doré is produced.

Non-refractory gold-bearing ore undergoes physical and chemical processing into gold doré at our Fairview, Consort, Sheba, BTRP, Elikhulu or Kinross plants.

REFINE

Gold doré is transported to Rand Refinery Proprietary Limited (Rand Refinery) where it is refined into gold bullion.

MONETISE

Gold sales transactions are entered into with authorised bullion banks and other credible parties. Our customers and gold investors include the gold bullion export market, Rand Refinery, Gold Exchange Traded Funds and the makers of Krugerrands and gold jewellery.

REHABILITATE

Consultation with affected communities is necessary during a mine's life-of-mine to ensure social and economic stability after the closure of a mine. These consultations help develop initiatives through the mine's Social and Labour Plan (SLP) for post-closure economic sustainability. When the mine reaches the end of its life, the Group manages its closure responsibly and safely to minimise disruption to natural resources and communities.

Read more about our 'beyond compliance' approach on **page 125**.

Note: The illustrations in the graphic are for display purposes only. The models are digitally generated and have no bearing in real world projects and facilities.

VALUE-CREATION TIMELINE

2001 to 2006[1]

- Incorporated
- Exploration phase

2007 to 2009

- Acquired Barberton Mines
- AIM listing
- JSE listing

2013 to 2015

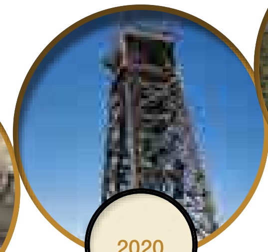
- Acquired Evander Mines
- Commissioned the BTRP
- Commissioned the Evander Tailings Retreatment Plant

2016 to 2018

- Constructed and commissioned Elikhulu

2019

- Egoli project and Evander Mines' 8 Shaft pillar mining – commissioned feasibility studies

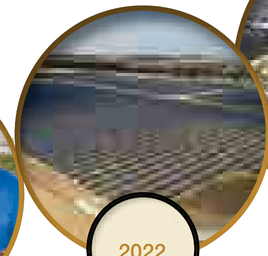


2020

- 8 Shaft pillar – production commenced
- ADR programme established
- COVID-19 – proactive management response
- Egoli project – feasibility study completed
- Evander Mines – solar plant approved
- Barberton Blueberries – project approved

2021

- Entered into conditional agreements to acquire Mogale Gold and MSC
- Evander Mines – commenced construction of the solar plant
- Evander Mines – completed the water retreatment plant feasibility study
- Barberton Blueberries – commissioned the project

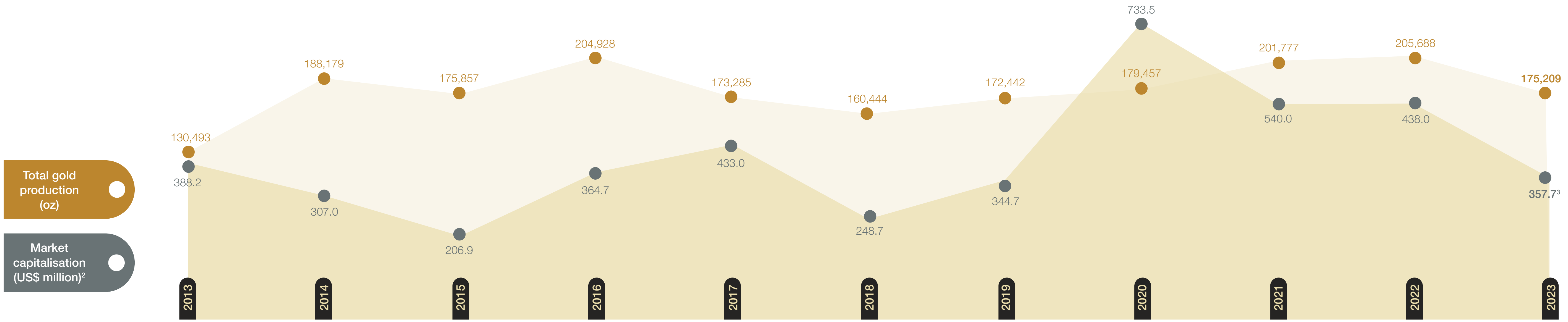


2022

- A2X listing
- Sudan – commenced gold assay exploration
- Sudan – established a gold laboratory
- Completed the share buy-back programme
- Completed a definitive feasibility study on the Mogale Gold and MSC TSFs
- Barberton Mines – completed the solar plant feasibility study
- Evander Mines – completed the solar plant expansion feasibility study
- Evander Mines – commissioned the 9.9MW solar plant
- Evander Mines – commenced construction of the water retreatment plant
- Barberton Blueberries project – first commercial harvest

2023

- One of the first mining companies in South Africa to issue a sustainability-linked bond
- Mogale Gold and MSC – acquisitions finalised
- MTR project – commenced construction in July 2023
- Barberton Mines – commenced construction of the solar plant
- 40MW Sturdee Energy power purchase agreement for the provision of wheeled power for up to 15 years



[1] *The timeline represents the period spanning the start of one financial year to the end of the subsequent financial year.*

[2] *Source: JSE's Trading and Market Services. Calculated at the end of each calendar year at quoted prices and the closing US$/ZAR exchange rate.*

[3] *Source: JSE's Trading and Market Services. Calculated at 30 June 2023 using the quoted price and the closing US$/ZAR exchange rate at that date.*

VALUE CREATED AND DISTRIBUTED IN 2023

Pan African enhanced and preserved its valuable capitals in the past year.

Performance
▲ Positive increase (green) ▲ Negative increase (red)
▼ Positive decrease (green) ▼ Negative decrease (red)
▶ Unchanged

Our capitals	Capitals defined	SDGs	Value created and distributed	2023	2022	%Δ	
FINANCIAL CAPITAL	Equity, debt and surplus cash from our operating activities	8 Decent work and economic growth	Revenue	US$321.6 million	US$376.4 million	(14.6)	▼
			Finance income	US$1.1 million	US$1.1 million	–	▶
			Finance costs paid to debt funders	US$6.3 million	US$4.0 million	57.5	▲
			Dividend paid	US$23.2 million	US$25.0 million	(7.2)	▼
MANUFACTURED CAPITAL	Infrastructure, orebodies and tailings retreatment operations at Barberton Mines, Evander Mines and the MTR project	7 Affordable and clean energy; 6 Clean water and sanitation	All-in sustaining cost (AISC)	US$1,327/oz	US$1,284/oz	3.3	▲
			Infrastructure investment	US$112.7 million	US$82.7 million	36.3	▲
			• Including: Solar plants	US$2.3 million	US$8.8 million	(73.9)	▼
			Water retreatment plant	US$2.0 million	US$1.0 million	100	▲
INTELLECTUAL CAPITAL	More than 130 years of mining the unique Barberton Greenstone Belt orebodies and an established track record in surface tailings remining	9 Industry, innovation and infrastructure; 17 Partnerships for the goals	Utilising modern exploration techniques and mine planning systems expands the resource base, assists in gaining insight into the geological complexities and enhances the effectiveness of our decision-making processes				
			• Metres drilled	16,665m	11,683m	42.6	▲
			• Datamine software costs	US$0.1 million	US$0.4 million	(75.0)	▼
			Integrated security plan and modernisation of security technology				
			• Security costs	US$7.4 million	US$8.1 million	(8.6)	▼
			Collaboration with government bodies and peer companies to combat illegal mining and criminality. Refer to **page 87** for more information				
HUMAN CAPITAL	Employees and contractors who are knowledgeable, competent and adequately skilled, supported by a robust safety culture in pursuit of a zero-harm working environment	1 No poverty; 3 Good health and well-being	Employee salaries, wages and benefits paid[1]	US$48.5 million	US$50.9 million	(4.7)	▼
			Permanent employees	2,469	2,198	12.3	▲
			Contractors	4,338	2,920	48.6	▲
			Safety initiatives	US$1.4 million	US$1.2 million	16.7	▲
			Skills and development training	US$2.2 million	US$0.8 million	>100	▲
			Health and wellness initiatives	US$0.3 million	US$0.5 million	(40.0)	▼
SOCIAL AND RELATIONSHIP CAPITAL	The quality of our stakeholder relationships, the initiatives we have implemented to improve the well-being of our employees and host communities and our commitment to regulatory compliance and responsible business practices	10 Reduced inequalities; 17 Partnerships for the goals; 11 Sustainable cities and communities; 4 Quality education; 16 Peace, justice and strong institutions	Value-added tax (VAT) received	US$35.7 million	US$34.2 million	4.4	▲
			Royalties and income taxes paid	US$7.7 million	US$8.5 million	(9.4)	▼
			Withholding tax paid	US$2.3 million	US$1.4 million	64.3	▲
			Employee taxes paid	US$11.9 million	US$14.2 million	(16.2)	▼
			Corporate social investment (CSI)	US$1.7 million	US$1.9 million	(10.5)	▼
			Alternative employment opportunities through the Barberton Blueberries project				
			• Permanent jobs	25	26	(3.8)	▼
			• Seasonal jobs	272	175	55.4	▲
			• Salaries and wages paid	US$0.3 million	US$0.2 million	50.0	▲
NATURAL CAPITAL	The responsible use of fuel, energy, water, air and land resources while aspiring to do minimal harm to the environment	6 Clean water and sanitation; 7 Affordable and clean energy; 12 Responsible consumption and production; 13 Climate action; 15 Life on land	Water consumption	9,178ML	8,232ML	11.5	▲
			Energy consumption	1,447.17TJ	1,405.45TJ	3.0	▲
			Carbon emissions intensity per ounce produced	1.92tCO_2 e/oz Au	1.68tCO_2 e/oz Au	14.3	▲
			Direct greenhouse gas (GHG) emissions Scope 1	3.7ktCO_2e	4.1ktCO_2e	(8.6)	▼

SUSTAINABLE DEVELOPMENT GOALS

The UN SDGs comprise 17 interlinked objectives for peace and prosperity for people and the planet now and into the future. The SDGs emphasise the interconnected environmental, social and economic aspects of sustainable development by putting sustainability at their centre. The SDGs were formulated in 2015 by the UN General Assembly and adopted in a resolution called the 2030 Agenda as most targets are to be achieved by 2030.

A detailed review of our performance in contributing to the UN SDGs is provided in our separate ESG report.

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

[1] *Excludes employee-related taxes paid to the South African government.*

INVESTMENT CASE

As a sustainable and safety-focused gold producer committed to creating long-term value for stakeholders, Pan African presents an attractive investment opportunity with a strong pipeline of growth projects.

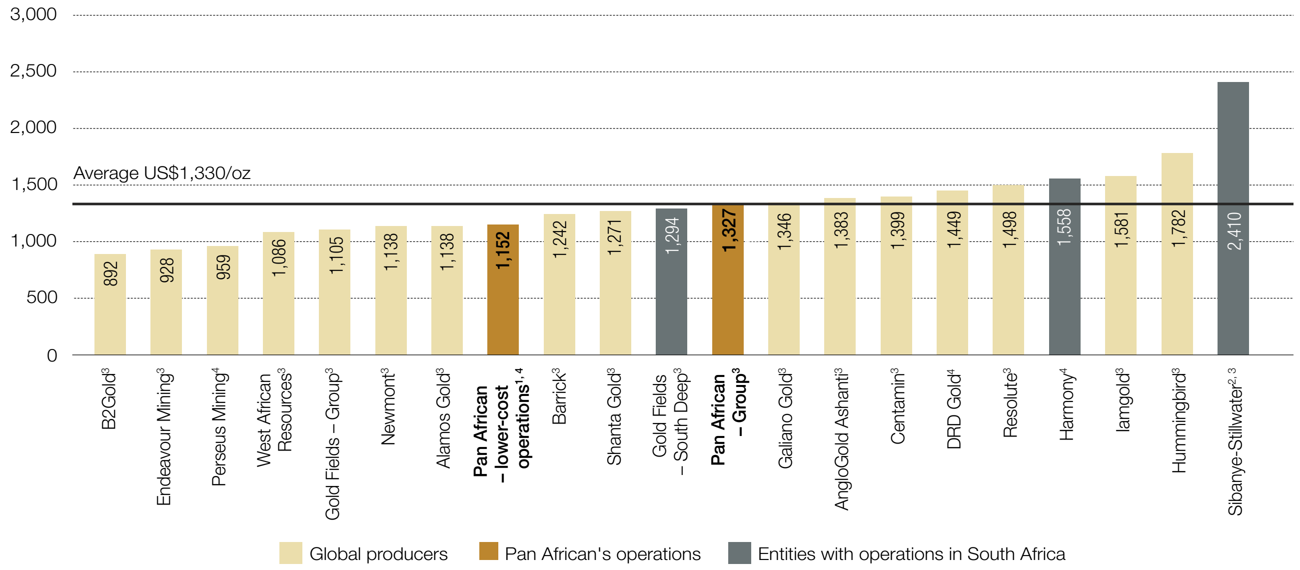
	Value enhancers		
FINANCIAL CAPITAL	**Diversified operations**	A unique combination of South African underground and surface remining operations	• Long-life, high-grade underground mining • Low-cost surface remining operations • Long-term mining rights at Evander Mines (to 2038) and Barberton Mines (to 2051)
	Low production cost	One of the lowest-cost gold producers in South Africa	• AISC® of US$1,152/oz for our lower-cost operations, comprising all operations, excluding Sheba Mine and Consort Mine, which account for 81.4% of annual production • AISC® of US$1,327/oz for total operations • Return on shareholders' funds® of 20.6% (2022: 25.9%)
MANUFACTURED CAPITAL	**High production capacity**	Ability to meet and exceed our production guidance, with an increasing production profile	• Production capacity >200,000oz of gold per annum • 2023 production: 175,209oz (2022: 205,688oz) • 2023 production guidance was revised to 175,000oz, with increased production expected for 2024
INTELLECTUAL CAPITAL	**Agile and flexible**	Sustainable, safe, high-margin and long-life operations	• Surface remining track record and processing experience • BIOX® processing plant with high recoveries of refractory gold deposits • Successfully mining highly variable greenstone belt orebodies • Increased use of mechanisation and technology
HUMAN CAPITAL	**Focus on health and safety**	Industry-leading safety performance in pursuit of a zero-harm working environment	• Surface remining operations – a low employee complement • Proactive and effective safety culture • Constant reinforcement of safety practices and innovative communications • Awareness programmes aimed at employees and communities to curb illegal mining
SOCIAL AND RELATIONSHIP CAPITAL	**Sustainable stakeholder value creation**	'Beyond compliance' approach to promoting sustainable communities beyond mining	• Established long-life mines • Established sustainable renewable energy and agricultural projects • Land rehabilitation for alternative development purposes • Continued investment in local community businesses to stimulate sustainable economic development and job creation
NATURAL CAPITAL	**Low carbon footprint**	Lower carbon dioxide emissions contribute to reducing the impact of climate change	• Surface remining operations • First mining company in South Africa to commission a large-scale grid-tied solar plant
	Responsible and sustainable water use	Moving towards zero use of potable water	• 3ML water retreatment plant at Evander Mines complex

INVESTMENT CASE continued

AISC® (US$/oz)

The Group's AISC of US$1,327/oz is below the peer group average of US$1,330/oz.

Read more on **page 57**.

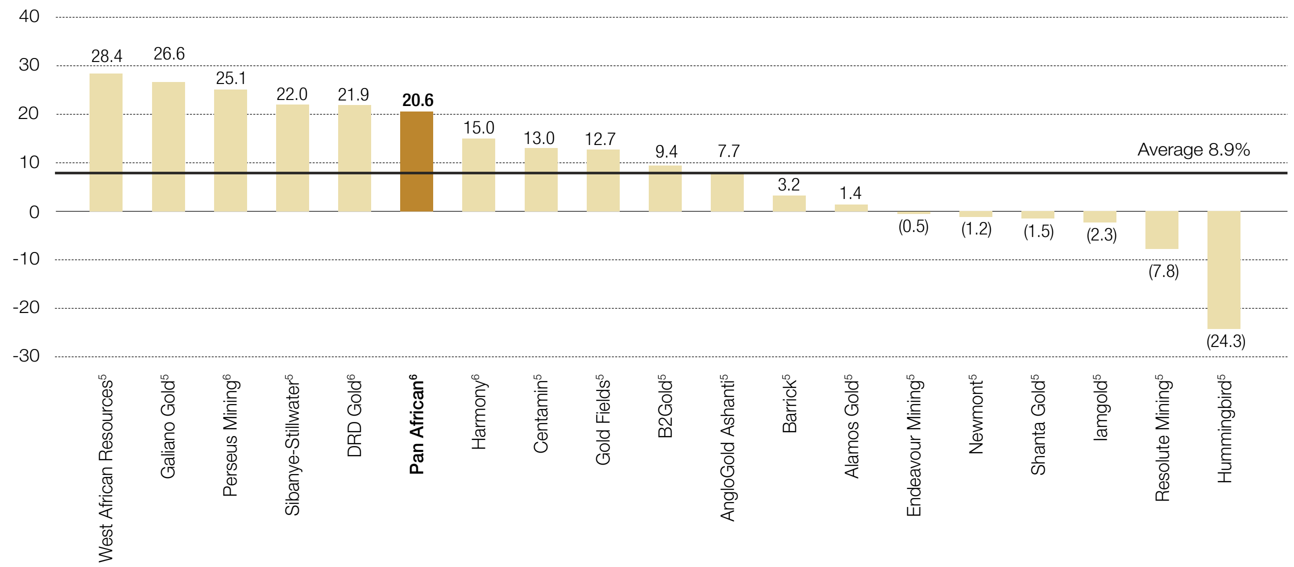


[1] *All of Pan African's operations excluding Sheba Mine and Consort Mine.*
[2] *South African operations.*
[3] *AISC for the respective company at 31 December 2022.*
[4] *AISC for the respective company at 30 June 2023.*
Source: Individual company websites and presentations.

RETURN ON SHAREHOLDERS' FUNDS® (%)

Our return on shareholders' funds comfortably exceeds the peer group average.

Read more on **page 81**.

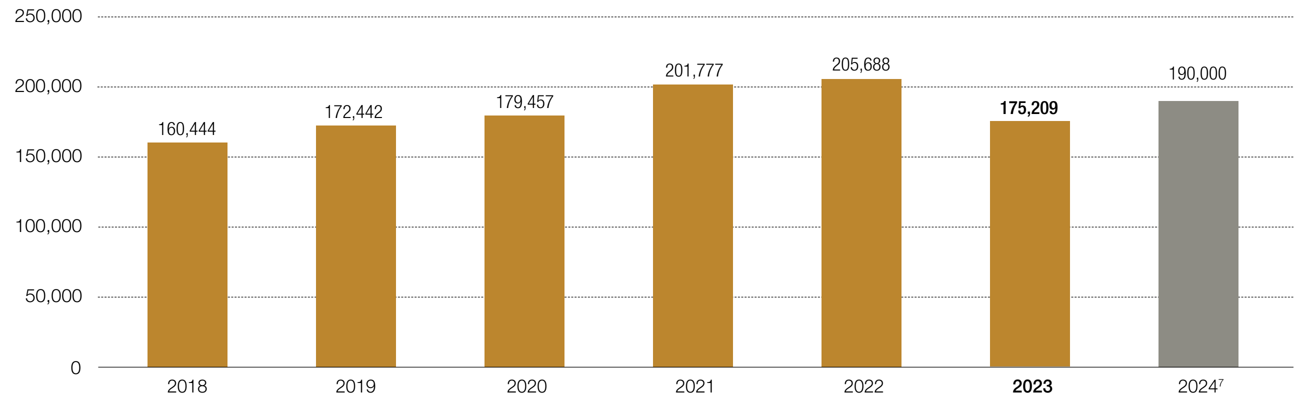


[5] *The respective companies have a 31 December 2022 financial year-end.*
[6] *The respective companies have a 30 June 2023 financial year-end.*
As calculated, using the most recent calculated annual financial statements of the respective companies.

PRODUCTION PROFILE (oz)

We aim to steadily increase our production profile with a pipeline of organic and expansionary projects.

Read more on **pages 57** and **82**.

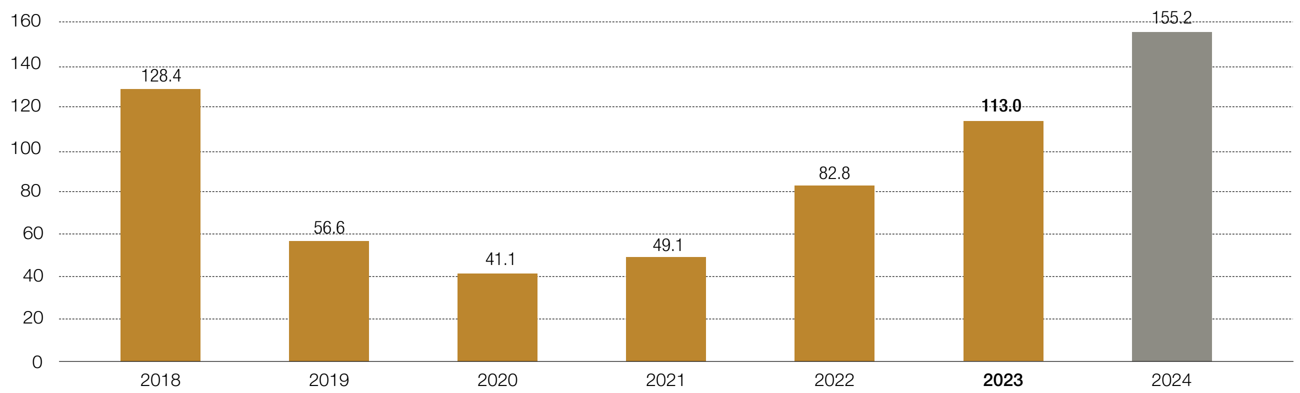


[7] *2024 production guidance is expected to be between 178,000oz and 190,000oz.*

CAPITAL EXPENDITURE (US$ million)

We continue to reinvest in our mines to ensure sustainability and to generate the requisite returns. We strive to balance reinvestment with other capital allocation priorities.

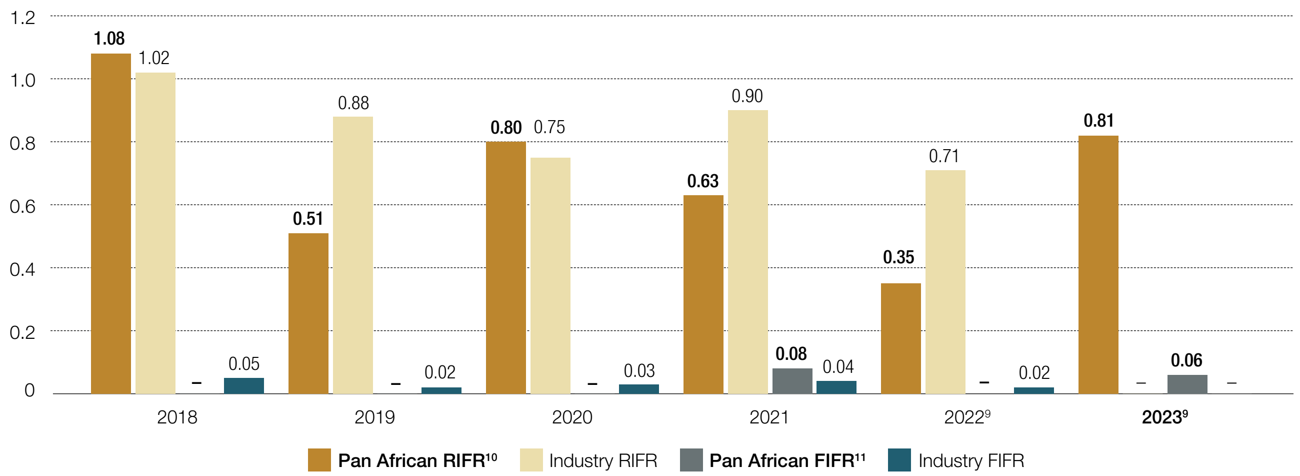
Read more on **page 58**.



[8] *Forecast capital expenditure converted at an exchange rate of US$/ZAR:18.50.*

SAFETY PERFORMANCE (per million man hours)

Read more on **page 57**.



[9] *2023 industry rates were not available at the time of this report.*
[10] *Reportable injury frequency rate (RIFR) per million man hours.*
[11] *Fatal injury frequency rate (FIFR) per million man hours.*

OUR STRATEGY

INTEGRATED THINKING

Our unique purpose is clearly articulated. It is embraced by our board, management, employees, customers, suppliers and local communities. We all work together towards the Group's long-term sustainability.

Our strategy is to safely and efficiently extract value from our mineral deposits while prioritising the long-term sustainability of our business. We leverage our combined knowledge and skills base to approach mining in an entrepreneurial manner, generating compelling returns for our stakeholders.

Incorporating the six capitals, defined on **page 12**, in the execution of our strategy and business activities, discussed on **pages 8** and **9**, is essential to achieving our strategic objectives. Annually, we consider our strategic initiatives to ensure they remain aligned with our purpose, vision and commitment to sustainable value creation, thereby allowing us to effectively utilise our resources to deliver value to all our stakeholders.

Our strategic initiatives are designed to align with each of the six capitals, enabling us to meet our objectives while creating sustainable value for our stakeholders. The trade-offs between the capitals are thoughtfully considered to create and preserve sustainable stakeholder value. By adopting this approach, we ensure that our strategic initiatives holistically consider how value is created across all aspects of our operations while safeguarding the environment and prioritising the well-being of our people.

We are committed to the highest standards of governance, ethics and integrity.

Given our **strategic pillars**, defined on **page 5**, we identify **material matters** that influence our ability to create value in the short, medium and long term; manage and assess **risks and opportunities**; understand and address key **stakeholder** concerns and execute value-creating growth projects.

MATERIAL MATTERS

- Execution
- Growth
- Cost
- Electricity
- Geology
- Innovation and opportunity
- Health, safety and security
- Talent and skills
- Unemployment and social responsibility
- Beyond compliance
- Tailings management
- Biodiversity and decarbonisation

Our material matters are defined on **pages 26** and **27**.

RISKS AND OPPORTUNITIES

01 Constrained electricity
02 Social instability
03 Operational execution
04 Safety
05 Inflation
06 Geological variability
07 Ageing mines
08 Macroeconomic volatility
09 Skills
10 Capital allocation

Our risks and opportunities are described on **pages 28** to **35**.

OPERATING ENVIRONMENT

Our **operating environment** has a material impact on our strategy and business activities.

- Gold price
- US$/ZAR exchange rate
- South African economy
- Crime and corruption
- Geopolitical tension
- Activism, special interest groups and regulatory uncertainty

Refer to **pages 46** to **49**.

OUR STRATEGIC OBJECTIVES AND INITIATIVES

- Short-term focus (one year)
- Medium-term focus (two to three years)
- Long-term focus (three years or more)

Integrated thinking is essential to delivering our strategy, managing our risks and identifying opportunities. It informs our strategic initiatives, which are approved annually by the board.

INTEGRATED THINKING

Management reviews and updates the Group's strategic objectives based on insights gained from the integrated planning process.

	FINANCIAL CAPITAL	MANUFACTURED CAPITAL	INTELLECTUAL CAPITAL	HUMAN CAPITAL	SOCIAL AND RELATIONSHIP CAPITAL	NATURAL CAPITAL
STRATEGIC OBJECTIVES	**Ensure adequate, competitively priced and flexible financial resources for the funding of our operations and disciplined capital allocation for sustainable long-term value creation**	**Unlock the full potential of our Mineral Resources and Mineral Reserves through sustainable extraction and processing, while embracing renewable energy, to pave the way for a responsible and prosperous mining future**	**Optimise the use of technology and harness the expertise of our teams to consistently deliver safe, reliable, efficient and responsible mining operations**	**Attract, cultivate and retain exceptional talent while fostering a culture of safety, respect and continuous learning**	**Engage stakeholders to build positive relationships, maintain our social licence to operate and create sustainable value**	**Manage our operations with climate-conscious practices that preserve and protect natural resources and promote sustainability**
STRATEGIC INITIATIVES	Further strengthen the Group's **capital structure** and funding flexibility	Successfully execute **capital projects** to sustain and increase future gold production	**Optimise the Group's existing operations** to achieve their targeted operational objectives	**Work towards zero fatalities** and an annual improvement in the **total recordable injury frequency rate (TRIFR)** to **3.86%**	**Rehabilitate 41%** of MTR's surface area **by 2030**, while concurrently conducting remining operations	Commence construction of the **8.75MW solar plant at Barberton Mines**
	Ensure adequate **liquidity** for operational requirements and debt redemptions	Successfully execute operational **restructuring programmes** and other initiatives to sustain and increase the production run rate	**Use technology to improve mine production, efficiency, safety and security**	**Develop employee skills** and introduce **retention** programmes for scarce skills	**Curtail illegal mining** and property theft through cooperation between all stakeholders	Commission the **water retreatment plant at Evander Mines**
	Ensure appropriate medium-term **funding** for organic growth, exploration and acquisitive opportunities	Achieve production **guidance of 195,000oz to 205,000oz per annum**	**Evaluate organic and acquisitive growth opportunities** and exploration projects	Maintain an **entrepreneurial and performance-driven culture**	**Hand over phase 3 of the Sheba** (formerly Kaapvallei) **and Ngwenya Primary Schools** in Barberton to the **Department of Basic Education**	**Expand** Evander Mines' **solar plant by 12MW**
	Innovative funding solutions to raise capital and manage financial risk	Diversify the Group's solar energy sources by entering into a 40MW power purchase agreement with an independent power producer	Investigate **potential exploration and mining opportunities outside South Africa** that meet the Group's stringent investment criteria		**Operate TSFs** in line with **the Global Industry Standard on Tailings Management (GISTM)** as far as reasonably practicable	Construct a **10MW solar plant at the MTR project**
	Prioritise sustainable **returns** to shareholders	Reduce AISC® at all operations in real terms, through optimisation and cost-reduction initiatives, as well as increased ounce production			**Address the gaps** identified in the **2022 PwC ESG readiness review report**, publish **the Group's maiden TCFD report in 2023 and obtain assurance on selected ESG key performance indicators (KPIs)**	Progress the **implementation of TSF audit recommendations** and advance compliance with the **GISTM** as far as reasonably practicable

OUR BUSINESS MODEL

Performance
- ▲ Positive increase
- ▼ Positive decrease
- ▶ Unchanged
- ▲ Negative increase
- ▼ Negative decrease

INTEGRATED THINKING

We recognise the need to make trade-offs in the use of our capitals in order to create and preserve value in the short, medium and long term. This experience has provided us with a competitive advantage.

Our business model utilises our inputs in a balanced manner to achieve the desired outputs and outcomes through sustainable trade-offs.

	INPUTS				OUTCOMES		OUTPUTS				
	Our capital resources	2023	2022	Trade-offs made	What we want to achieve	Stakeholders affected	Value created, preserved or eroded	2023	2022	%Δ	
FINANCIAL CAPITAL	Shareholders' equity	US$294.6 million	US$294.6 million	• While we have no control over the US$ gold price or US$/ZAR exchange rate, we mitigate potential adverse impacts through disciplined financial capital management, strict cost control and hedging strategies	• Achieve production targets and optimise performance through disciplined capital allocation • Manage financial risk • Meet stakeholder expectations • Enhanced shareholder returns	• Providers of capital • Customers • Suppliers • Governments and regulatory bodies	Revenue	US$321.6 million	US$376.4 million	(14.6)	▼
	Available debt facilities	US$49.9 million	US$42.4 million				Profit for the period	US$60.7 million	US$75.0 million	(19.1)	▼
							Net cash from operating activities	US$100.1 million	US$110.0 million	(9.0)	▼
							Net debt	US$22.0 million	US$13.0 million	69.2	▲
MANUFACTURED CAPITAL	Mineral Resources	40.50Moz gold	38.65Moz gold	• Investment in our mining assets ensures long-term sustainability • Balancing organic growth and value-enhancing acquisitions to increase our production profile	• Excellent safety performance • Cost-effectiveness • Progress exploration and mining projects • Rehabilitate land • Increase Mineral Reserves	• Providers of capital • Customers • Suppliers • Employees and unions • Communities	Gold produced	175,209oz	205,688oz	(14.8)	▼
	Mineral Reserves	12.81Moz gold	11.31Moz gold				AISC	US$1,327/oz	US$1,284/oz	3.3	▲
	Investment in infrastructure	US$112.7 million	US$82.7 million								
	Production costs before depreciation and amortisation	US$198.8 million	US$226.4 million								
INTELLECTUAL CAPITAL	Mining and prospecting rights			• Investing in technology and efficiency-improving processes • Growing tailings and processing expertise	• Competitive advantage • Efficient extraction of gold from mined ore • Increased production portfolio • Continued Sudanese gold exploration • Improved valuation and wider shareholder base	• Employees and unions • Providers of capital • Collaboration partners	Maximised resource utilisation				
	Sudanese exploration licences						Increased annual production ounces to improve our profile and attract larger fund managers				
	Key personnel with requisite skills						Effective and efficient technology application at Elikhulu				
	Management and board expertise						Diversified the Group's Mineral Resources base outside of South Africa in a value-enhancing manner				
	Expansion and integration of technologies at our operations						Improved trading liquidity				
	Increasing our investor outreach to new markets										
	Sudanese gold assay laboratory										
HUMAN CAPITAL	Employees and contractors	6,857	5,118	• Tailings retreatment lends itself to automation, is less labour-intensive and inherently safer • Employee earnings supplement the local community's income • Multi-year wage agreements concluded at Barberton Mines, contributing to employee relations stability and cost containment	• Safe working environment • Employment opportunities created	• Employees and unions • Providers of capital • Governments and regulatory bodies	Fatalities	1	None		▲
	Women permanently employed	406	331				TRIFR (per million man hours)	7.96	8.95	(11.1)	▼
	Percentage of women in mining	16.1	14.7				Employee remuneration	US$60.4 million	US$65.1 million	(7.2)	▼
	Skills development and training	US$2.2 million	US$0.8 million								

OUR BUSINESS MODEL continued

Performance
- ▲ Positive increase
- ▼ Positive decrease
- ▶ Unchanged
- ▲ Negative increase
- ▼ Negative decrease

	INPUTS				OUTCOMES		OUTPUTS				
	Our capital resources	2023	2022	Trade-offs made	What we want to achieve	Stakeholders affected	Value created, preserved or eroded	2023	2022	%Δ	
SOCIAL AND RELATIONSHIP CAPITAL	CSI, local economic development (LED) projects and bursaries	US$1.7 million	US$1.9 million	• Investing in socio-economic development secures our social licence to operate and contributes to stable long-term operations • Investment in projects to establish a sustainable local economy not reliant on mining • Stakeholder engagement forums in place in communities to address issues before they escalate	• Build trust with local communities • Secure social licence to operate through SLP and 'beyond compliance' initiatives • New employment opportunities created to sustain communities	• Suppliers • Employees and unions • Communities • Governments and regulatory bodies	Government taxes paid excluding VAT	US$21.9 million	US$24.2 million	(9.5)	▼ Positive decrease
	Enterprise development programmes in place at Barberton Mines and Evander Mines						Percentage of mining goods procured from suppliers controlled by historically disadvantaged persons (HDPs)	37.6%	34.8%	2.8	▲ Positive increase
	Stakeholder engagement and relationship policy statement to guide and enable constructive stakeholder engagement						Percentage of services procured from suppliers controlled by HDPs	40.5%	29.0%	11.5	▲ Positive increase
							Preferential procurement	US$66.8 million	US$55.2 million	(21.0)	▲ Positive increase
							Socio-economic development of host communities Refer to **page 124** for more information				
NATURAL CAPITAL	Energy consumption	1,447.17TJ	1,405.45TJ	• Our environmental footprint reduces as surface tailings remining operations are expanded • Rehabilitation programmes expand local supplier development and create job opportunities	• Reduce environmental footprint and carbon emissions • Responsible extraction of ore and rehabilitation • Land for housing and agriculture to sustain communities after surface remining	• The environment • Communities • Governments and regulatory bodies • Providers of capital	Carbon emission intensity per ounce produced	1.92tCO_2 e/oz Au	1.68tCO_2 e/oz Au	14.3	▲ Negative increase
	Water consumption	9,178ML	8,232ML				Independent rehabilitation closure cost assessments conducted at all operations				
	Tonnes milled and processed	15,259,384t	15,352,808t				Reduced TSF footprint through the combined Elikhulu and Kinross TSFs and the rehabilitation of the Leslie/ Bracken and Winkelhaak TSF footprints				
	Electricity generated by solar plants at our operations	23,770MWh	–								

OUR MATERIAL MATTERS

INTEGRATED THINKING

We clearly identify our material issues and determine their effect on our business model and our ability to execute our strategy.

Our material matters are factors that have the potential to substantially impact our performance and ability to create, preserve or erode value in the short, medium and long term. Identifying these material matters constitutes a vital part of our strategic planning and integrated reporting activities.

HOW WE DEFINE OUR MATERIAL MATTERS

1. Review and analyse our business model, operating environment and risks and opportunities
2. Engage with our key stakeholders through various platforms
3. Brainstorm with executive and senior management in a dedicated, externally facilitated material matters workshop
4. Collate, analyse and categorise information to identify and prioritise those matters that have the potential to materially impact our business
5. Present the identified material matters annually to the board for review
6. Identified material matters are addressed and, to the extent possible, reported on with the aim of providing all our stakeholders with a balanced view of our business

Our material matters are integrated into our strategy and inform our strategic objectives (refer to **pages 20** and **21**).

Performance against the strategic objectives is tracked through clearly identified KPIs set by the remuneration committee (Remco) and monitored by the board.

OPERATING ENVIRONMENT

The operating environment presents factors which have the potential to materially impact our performance or future value. These items are almost entirely of an external nature and are therefore not included in our list of material matters.

	Factor	Description
FINANCIAL CAPITAL	**Gold price**	The price of gold in US$ has a significant impact on our overall profitability and cash flows
	US$/ZAR exchange rate	As the rand is our functional currency, US$/ZAR exchange rate fluctuations have a direct impact on our revenue and profitability. The fragility of South Africa's post-pandemic economic recovery has adversely affected the valuation of the rand relative to the major currencies and we monitor it closely to manage our financial risks
	South African economy	The current state of the economy is characterised by poor employment figures, worsening consumer sentiment, rising borrowing costs, a depreciating currency and other concerns over diplomatic relations, compounded by the electricity crisis and challenges faced by Eskom
SOCIAL AND RELATIONSHIP CAPITAL	**Crime and corruption**	Illegal mining, vandalism and corruption have resulted in extensive measures to protect the Group's assets, resulting in increased security-related operational costs
	Geopolitical tension	The ongoing conflict in Ukraine has resulted in volatility in global commodity prices, supply chain disruptions and increased interest rates, which have had an adverse impact on our production and profitability
NATURAL CAPITAL	**Activism, special interest groups and regulatory uncertainty**	Gold holds a distinct position in the global economy, safeguarding financial security while driving advancements in various sectors. Responsible gold mining fosters socio-economic development, creating jobs, generating tax revenues and benefiting local communities, while the industry's commitment to decarbonisation aligns with sustainability goals

For an in-depth discussion on our operating environment, refer to **pages 46** to **49**.

Level of influence: High | Medium | Low

- Short-term focus (one year)
- Medium-term focus (two to three years)
- Long-term focus (three years or more)

MATERIAL MATTERS

Primary capital affected	Other	Material matters	Level of influence	Focus
FINANCIAL CAPITAL	Intellectual, Human	**Execution** Our profitability is influenced by several factors, including our production levels and efficiency in extracting high-grade gold through cost containment, productivity improvements and operational resilience	High	Short-term
	Intellectual, Human	**Growth** Our portfolio of growth projects and expansion opportunities has been rigorously evaluated and meets our strict investment criteria, ensuring that we can deliver long-term value to our shareholders	High	Medium-term, Long-term
	Manufactured	**Cost** We prioritise sustainable profitability, growth and expansion through disciplined cost and cash flow management, strategic capital allocation and prudent capital spending	Medium	Short-term, Medium-term, Long-term
MANUFACTURED CAPITAL	Financial, Intellectual, Social and relationship	**Electricity** The availability and cost of electricity are critical input factors in achieving our production targets and maintaining profitability. We strive to continuously improve the efficient use of water and electricity at our operations	High	Short-term, Medium-term, Long-term
	Intellectual, Natural	**Geology** We continuously explore for new mineral deposits and down-dip extents of our known deposits, while improving underground mining efficiency and flexibility as well as further optimising our tailings operations	Medium	Medium-term, Long-term
INTELLECTUAL CAPITAL	Human, Social and relationship	**Innovation and opportunity** Our entrepreneurial and performance-driven culture fosters innovation, while diversifying our portfolio and investing in sustainable solutions enhance long-term profitability and contribute to a sustainable future	Medium	Medium-term, Long-term
HUMAN CAPITAL	Intellectual, Social and relationship	**Health, safety and security** We prioritise employee health and safety and maintain stringent physical and cybersecurity measures to ensure responsible and sustainable operations. This creates a safe working environment that fosters employee trust and confidence	Medium	Short-term, Medium-term, Long-term
	Intellectual	**Talent and skills** We prioritise the development and retention of our people through transparent and constructive relationships with our employees and unions to address diversity, inclusivity and the challenge of an ageing workforce	Medium	Short-term, Medium-term
SOCIAL AND RELATIONSHIP CAPITAL		**Unemployment and social responsibility** We manage community expectations and mitigate social unrest through development projects and employment opportunities	Low	Short-term, Medium-term, Long-term
		Beyond compliance We adopt a 'beyond compliance' approach, ensuring adherence to regulatory requirements while actively seeking opportunities to exceed these requirements for the benefit of our stakeholders	Medium	Short-term, Medium-term, Long-term
NATURAL CAPITAL	Social and relationship	**Tailings management** We are committed to responsible tailings management, including the rehabilitation and recycling of waste products, to minimise the impact on the environment, mitigate risks, ensure regulatory compliance and uphold stakeholder trust	Medium	Short-term, Medium-term, Long-term
	Social and relationship	**Biodiversity and decarbonisation** We uphold environmental preservation as a top priority and actively participate in programmes aimed at promoting biodiversity and supporting decarbonisation efforts. This commitment contributes to stakeholder value by minimising environmental impacts, mitigating regulatory risks and fostering positive community relationships	Low	Medium-term, Long-term

For a discussion of the key outcomes related to each of these material matters, refer to **pages 96** to **128**.

OUR PRIMARY RISKS AND OPPORTUNITIES

INTEGRATED THINKING

The Group has a robust cross-functional risk management process. Management identifies future opportunities during the strategic planning process and assesses these opportunities in the context of the associated strategic risks.

Risk management is integrated into Pan African's culture and business activities.

RISK MANAGEMENT PROCESS

Our risk management process is fundamental to managing the uncertainties we face. Effective risk management enables us to deliver on our strategic objectives while protecting stakeholder value and promoting our long-term sustainability and is based on a structured and systematic process that takes into account risks that arise from strategic and operational matters as well as external events outside of our control.

RISKS AND OPPORTUNITIES ARE MANAGED ON FOUR TIERS

1 Board

The board oversees the Group's risk management process and is guided by its committees, own experience and knowledge of the business, internal risk assessments and reviews of risk reports. The tone, risk management culture and risk appetite are set and monitored by the board.

Each year, the board reviews the Group's risk appetite for ongoing relevance in relation to the Group's strategy. The board monitors the effectiveness of the Group's risk management process and the implementation of risk-mitigating strategies.

2 Board committees

The audit and risk committee supports the board and is complemented by the safety, health, environment, quality and community (SHEQC) committee, the social and ethics committee and Remco which oversee activities and provide feedback to the board.

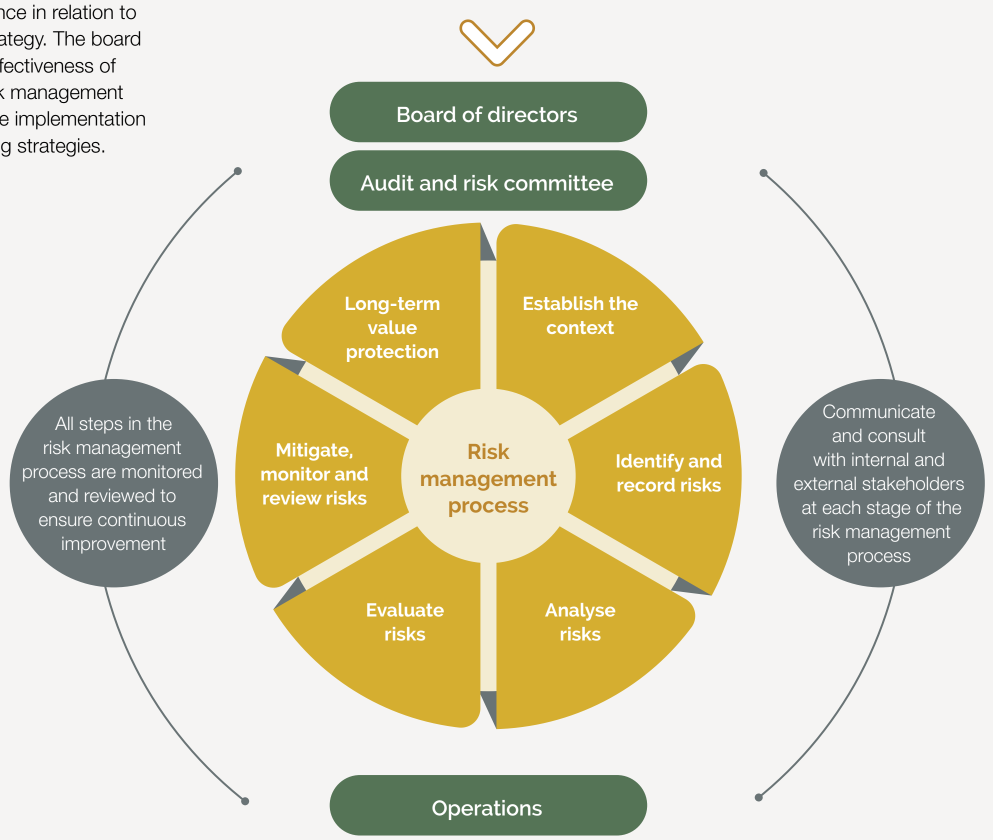
The Group's risks are reviewed quarterly by the audit and risk committee.

3 Executive management

Management at operational levels implements and monitors day-to-day compliance with the Group's risk management process. Risk consciousness and a culture of safety are embedded in day-to-day operations.

4 Employees

We continually reinforce the message that managing risk is the responsibility of everyone at Pan African.



Residual risk

- High
- Medium to high
- Low to medium
- Medium
- Low

Capitals

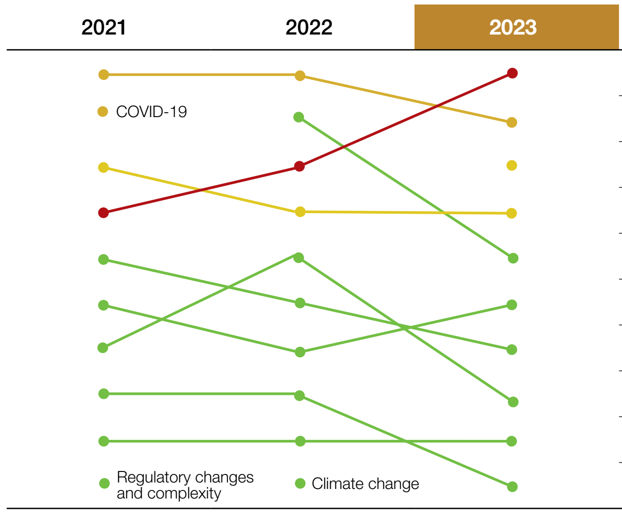
- Financial capital
- Manufactured capital
- Intellectual capital
- Human capital
- Social and relationship capital
- Natural capital

- Internal
- External

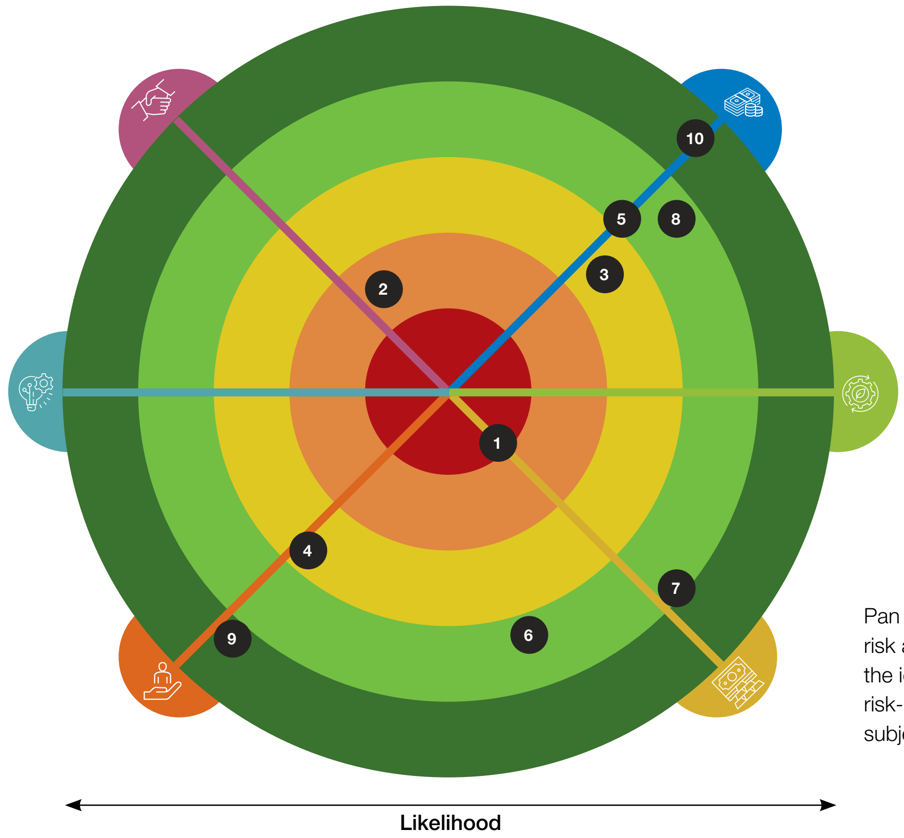
OUR TOP 10 STRATEGIC RISKS

We identified the top 10 risks that pose a potential threat to the execution of our business strategy and assessed these risks based on the likelihood of their occurrence, velocity and potential impact. Through mitigating actions and controls, we endeavour to reduce inherent risks to an acceptable level of residual risk. These risks have also been benchmarked against risks identified by our mining peers to ascertain whether these risks are industry-specific.

RESIDUAL RISK RANKING



	Key risks	Internal	External
1	Constrained electricity		●
2	Social instability		●
3	Operational execution	●	
4	Safety	●	
5	Inflation	●	●
6	Geological variability	●	●
7	Ageing mines	●	
8	Macroeconomic volatility		●
9	Skills	●	
10	Capital allocation	●	



Pan African's management follows a collective risk assessment approach. The assessment of the identified risks and the effectiveness of the risk-mitigating controls are, to a large extent, subjective.

OUR PRIMARY RISKS AND OPPORTUNITIES continued

THE IMPACT OF RISKS ON OUR STRATEGY

Each of the risks described in the following pages may have an impact on the Group's material matters which form an integral part of the Group's strategic planning. Refer to **pages 18** to **21** for more on the Group's strategy, strategic objectives and initiatives.

For each of the top 10 risks described, we discuss the mitigating actions, the opportunities and the outlook on the following pages. We also link these risks to our material matters and strategic objectives, as detailed on **pages 96** to **128**. Refer to our key stakeholder relationships section on **pages 36** to **45** for an understanding of the stakeholders affected.

Residual risk: High; Medium to high; Low to medium; Medium; Low

Capitals: Financial capital; Manufactured capital; Intellectual capital; Human capital; Social and relationship capital; Natural capital

Predicted trend: Increase; Decrease; Unchanged

01 CONSTRAINED ELECTRICITY

Adverse production impact, safety concerns and increased operating costs

Material matters linked
- Execution
- Growth
- Cost
- Innovation and opportunity
- Electricity
- Biodiversity and decarbonisation

Governance responsibility
- Board
- SHEQC committee
- Social and ethics committee
- Executive committee (Exco)

Cause
- Constrained electricity supply, power surges and power curtailment
- Unstable electricity supply and increasing electricity rates

Potential impact
- Threat to the health and safety of employees and contractors
- Damage to electrical equipment and infrastructure
- Production and operational interruptions
- Increase in the unit cost of production

Mitigating actions taken
- Migration to renewable energy
- Strengthen our relationship with Eskom (South African state-owned utility)
- Flexible scheduling of operations
- Implemented initiatives to improve energy efficiency

Opportunities
- Invest in renewable energy
- Reduce reliance on Eskom
- Improve energy efficiency
- Initiatives to reduce the cost of electricity
- Initiatives to reduce carbon emissions

Outlook
- Constrained electricity supply by Eskom is expected to continue for the foreseeable future
- Increased investment in renewable energy infrastructure is expected to alleviate electricity supply constraints

Capitals impacted: Financial capital, Manufactured capital, Natural capital

Short- to medium-term trend: Increase

02 SOCIAL INSTABILITY

Heightened social instability, political tension and criminality

Material matters linked
- Execution
- Cost
- Health, safety and security
- Unemployment and social responsibility
- Innovation and opportunity
- Beyond compliance

Governance responsibility
- Board
- SHEQC committee
- Social and ethics committee
- Exco

Cause
- Low economic growth
- Poor socio-economic conditions
- 2024 South African general election
- Poverty, unemployment and inequality
- Social discord and unrest
- Criminal mining activities

Potential impact
- Production and operational interruptions
- Increased security costs
- Potential financial losses and damage to assets
- Reputational damage

Mitigating actions taken
- Set up stakeholder engagement forums
- Community liaison managers
- SLP, CSI and 'beyond compliance' ESG initiatives
- Focus on job creation, health, education, poverty alleviation, food security and women and youth development
- Technology-driven crime prevention measures
- Focused security operations and initiatives
- Cooperation with law enforcement

Opportunities
- Enhance our relationships with host communities and related stakeholders
- Job creation
- Create economic opportunities for host communities

Outlook
- Geopolitical risk expected to increase interest rates, inflation, commodity price volatility and unemployment
- Poor socio-economic conditions are expected to worsen
- Constrained electricity supply expected to impact business and investor confidence

Capitals impacted: Financial capital, Human capital, Social and relationship capital, Intellectual capital

Short- to medium-term trend: Increase

03 OPERATIONAL EXECUTION

Not achieving guided production and cost targets

Material matters linked
- Execution
- Growth
- Cost
- Innovation and opportunity
- Health, safety and security
- Talent and skills

Governance responsibility
- Board
- Exco

Cause
- Above-inflationary increases in input costs
- Deeper orebodies and longer travel times reduce mining efficiencies
- Logistical bottlenecks and infrastructure constraints
- Depletion of high-grade reserves through mining
- Inadequate infrastructure
- Unplanned events such as safety-related incidents or regulatory stoppages

Potential impact
- These adversely affect:
  - operational and financial results
  - shareholder returns
  - investor confidence
  - long-term business sustainability
- Increased unit cost of production
- Possible mine closure
- Not meeting shareholder expectations

Mitigating actions taken
- Detailed review of Barberton Mines' underground operations
- Restructured Fairview Mine and Sheba Mine into continuous shift operations
- Converted Consort Mine to a contract mining operation
- Implemented cost savings and production improvement initiatives

Refer to Barberton Mines' operational review on **page 84** for more information

Opportunities
- Reduce AISC® and increase production
- Achieve the Group's strategic objectives
- Meet investor expectations and increase the share price

Outlook
- Continued focus on increasing productivity and mining flexibility while reducing AISC® per unit by implementing optimisation and cost-reducing initiatives and maintaining strict operating and capital cost control
- The mine planning department at Barberton Mines has implemented state-of-the-art planning and scheduling systems
- Barberton Mines' survey and geology department has been equipped with cutting-edge computer-assisted drawing and three-dimensional (3D) systems improving their geological modelling capabilities

Capitals impacted: Financial capital, Manufactured capital, Human capital, Social and relationship capital, Natural capital

Short-term trend: Decrease

OUR PRIMARY RISKS AND OPPORTUNITIES continued

04 SAFETY

Increase in safety incidents and accidents

Material matters linked	Cause	Potential impact
• Execution • Cost • Health, safety and security • Talent and skills **Governance responsibility** • Board • SHEQC committee • Exco	• Inherent safety risks in mining • Fall of ground incidents • Negligent employee actions • Explosion or fire incidents • Breakdowns, failures or incorrect use of mining infrastructure or equipment • Shortage of adequate and appropriate skills	• Loss of life • Increase in safety incidents and accidents • Human suffering • Production and operational interruptions • Reputational damage
	Mitigating actions taken • Targeted safety campaigns and incentives – Fatality prevention – Road safety and road accident prevention – Encouraging employees to avoid taking shortcuts – Prevention of fall of ground incidents, alcohol and substance abuse and fatigue • Independent compliance reviews by regulators and safety experts • Compliance with operational safety standards • Safety audits	**Opportunities** • Provide a safe working environment for our employees and contractors • Incentivise safe behaviour and reward safety achievements
	Outlook • Continue to enhance safety through the combined efforts of our people in pursuit of our ultimate goal of zero harm	**Capitals impacted** Financial capital, Manufactured capital, Human capital, Intellectual capital **Short- to medium-term trend** ▼

Mining industry safety standards

Safety in the mining industry is of the utmost importance. It saves lives and has the potential to prevent thousands of work-related injuries every year.

The safety issues facing the mining industry are vast and include:

- *exposure to dangerous chemicals*
- *exposure to dust or airborne hazards*
- *injury from heavy machinery and ground or shaft failure*
- *injury from explosives, gas or fire*
- *hearing loss resulting from improper use of ear protection*
- *heat and ultraviolet exposure.*

Safety in the South African mining industry is regulated by the Mine Health and Safety Act, 29 of 1996. The Mine Health and Safety Council is a national public entity established in terms of the Act. It has representation from government, employers and labour and operates under the chairmanship of the Chief Inspector of Mines. The MHSC is accountable to Parliament and advises the Minister of Mineral Resources and Energy on occupational health and safety legislation and research outcomes focused on improving and promoting occupational health and safety in South African mines to promote a culture of health and safety in the mining industry.

Residual risk: High | Medium to high | Medium | Low to medium | Low

Capitals: Financial capital | Manufactured capital | Intellectual capital | Human capital | Social and relationship capital | Natural capital

Predicted trend: ▲ Increase | ▼ Decrease | ► Unchanged

05 INFLATION

Increasing mining costs and capital expenditure due to inflation

Material matters linked	Cause	Potential impact
• Execution • Growth • Cost • Innovation and opportunity **Governance responsibility** • Board • Audit and risk committee • Exco	• Above-inflationary price increases • Supply chain disruptions • Geopolitical risks and uncertainty • Commodity price volatility	• Increased interest rates may have a negative impact on the cost of capital funding • Increased AISC® • Reduced profitability, cash flows and shareholder returns • Not meeting shareholder expectations
	Mitigating actions taken • Monthly operational and cost reviews • Optimisation improvement and cost-reducing initiatives • Migration to renewable energy • Provide the market with production and cost guidance • Expansion of the Group's lower-cost tailings retreatment operations	**Opportunity** • Reduce AISC®
	Outlook • Aim to reduce AISC® to US$1,350/oz in 2024 assuming an exchange rate of US$/ZAR:18.50	**Capitals impacted** Financial capital, Manufactured capital, Natural capital **Short- to medium-term trend** ►

06 GEOLOGICAL VARIABILITY

Inherent geological variability in Mineral Resources and Mineral Reserves

Material matters linked	Cause	Potential impact
• Execution • Cost • Geology • Innovation and opportunity **Governance responsibility** • Board • Audit and risk committee • Exco	• Inherent risk in the estimation of Mineral Resources and Mineral Reserves • Geological complexity of orebodies in the hydrothermal lode gold deposits of the Barberton Greenstone Belt	• Not achieving guided production in the short to medium term may adversely affect: – operational and financial results – shareholder returns – investor confidence
	Mitigating actions taken • Mine planning and forecast production supported by modifying factors achieved over the preceding three years • Experience in orebody delineation provides confidence in our predictive ability • Independent exploration Mineral Resources and Mineral Reserves audit conducted in the past two years • The mine planning department at Barberton Mines has implemented state-of-the-art planning and scheduling systems • Barberton Mines' survey and geology department has been equipped with cutting edge computer assisted drawing and 3D systems improving their geological modelling capabilities	**Opportunity** • Maintain a pipeline of Mineral Resources and Mineral Reserves to ensure sustainable future production
	Outlook • Geological complexity inherently holds opportunities in the project pipeline for exploration and delineation of additional ore deposits	**Capitals impacted** Financial capital, Manufactured capital, Intellectual capital **Short- to medium-term trend** ►

OUR PRIMARY RISKS AND OPPORTUNITIES continued

07 AGEING MINES

Infrastructure dependency and constraints due to the ageing nature of infrastructure

Material matters linked
- Execution
- Growth
- Cost
- Health, safety and security
- Innovation and opportunity

Governance responsibility
- Board
- SHEQC committee
- Audit and risk committee
- Exco

Cause
- Breakdowns or failures in mining infrastructure
- Tailings dam failure, fire, explosions or flooding

Potential impact
- Loss of life
- Increase in safety incidents and accidents
- Production and operational interruptions
- Costly and time-consuming repairs
- Damage to property, surrounding communities and the environment
- Reputational damage
- Increased insurance premiums and/or limited appetite from a reducing number of insurers prepared to underwrite the Group's risk exposure

Mitigating actions taken
- Insurance for all underground operations, with specific exclusions
- Planned and proactive maintenance programmes
- Ongoing capital expenditure and prioritisation of maintenance
- Specialist third-party contractors appointed to design, build and operate TSFs in cooperation with the Group's executive management
- The Group's TSF sites are overseen by an appointed competent person
- Implementing controls to ensure ongoing progression to compliance with the GISTM as far as reasonably practicable
- Independently audited procedures to prevent fires and explosions

Opportunities
- Improve safety performance and productivity
- Reduce costs
- Increase flexibility
- Reduce unplanned stoppages

Outlook
- Prioritise capital expenditure and enhance the use of technology

Capitals impacted

Medium-term trend ▼

08 MACROECONOMIC VOLATILITY

Specifically the gold price and currency fluctuations

Material matters linked
- Execution
- Growth
- Cost

Governance responsibility
- Board
- Audit and risk committee
- Exco

Cause
- Volatility in commodity prices and exchange rates
- Commodity prices and exchange rates are affected by macroeconomic factors which are almost entirely outside of our control

Refer to our operating environment on **pages 46** to **49** for more information

Potential impact
- A decline in the US$ gold price or an appreciation in the US$/ZAR exchange rate will adversely affect revenue, cash flow generation, operating margins and shareholder returns

Mitigating actions taken
- Hedging of the US$ gold price and/or the US$/ZAR exchange rate as governed by the Group's financial risk policy
- Monitoring gold market trends
- Cost management and production efficiency improvement initiatives to reduce unit costs
- Disciplined capital expenditure
- Ensuring sufficient and appropriate funding facilities

Opportunities
- Protect margins and cash flows
- Ensure adequate liquidity

Outlook
- The US$/ZAR exchange rate is anticipated to remain volatile due to global geopolitics, macroeconomic developments and specific South African challenges

Capital impacted

Short- to medium-term trend ▶

Residual risk: High | Medium to high | Low to medium | Medium | Low

Capitals: Financial capital | Manufactured capital | Intellectual capital | Human capital | Social and relationship capital | Natural capital

Predicted trend: ▲ Increase | ▼ Decrease | ▶ Unchanged

09 SKILLS

Shortage of adequate and appropriate skills

Material matters linked
- Execution
- Growth
- Cost
- Innovation and opportunity
- Health, safety and security
- Talent and skills

Governance responsibility
- Board
- Remco
- Exco

Cause
- Loss of key employees
- A shortage of employees with specialised skills
- Ageing staff complement

Potential impact
- Impede our ability to meet production targets which may adversely affect:
  - operational and financial results
  - shareholder returns
  - investor confidence
- Increase in safety incidents and accidents

Mitigating actions taken
- Career progression, succession planning and talent management
- Focusing on critical operational roles
- Competitive and incentive-focused remuneration packages to attract and retain sought-after skills

Opportunity
- Promote, attract, retain and develop our employees

Outlook
- The macroeconomic environment sees many professionals emigrating from South Africa, prompting a strong focus on succession planning and identifying, developing and recruiting for critical roles

Capitals impacted

Short-term trend ▼

10 CAPITAL ALLOCATION

Suboptimal allocation of capital resources

Material matters linked
- Execution
- Growth
- Cost
- Electricity
- Innovation and opportunity

Governance responsibility
- Board
- Audit and risk committee
- Exco

Cause
- Poor capital allocation decisions

Potential impact
- Suboptimal return on capital and value destruction adversely impact stakeholder value creation and investor confidence

Mitigating actions taken
- Rigorous investment and capital allocation analysis
- Ensuring that investment decisions have appropriate oversight
- Predefined risk-adjusted return parameters which take into account execution risk
- Monitor ongoing projects to effectively manage execution risks

Opportunities
- Ensure the continued sustainability of our mines
- Maximise the value of our assets and shareholder returns

Outlook
- Macroeconomic pressures and capital scarcity raise the importance of ensuring optimal capital allocations

Capitals impacted

Short-term trend ▲

OUR KEY STAKEHOLDER RELATIONSHIPS

INTEGRATED THINKING

We value the quality of our relationships with all of our stakeholders. We also recognise that this directly impacts our ability to fulfil our purpose.

We recognise the importance of fostering positive relationships with our stakeholders. These individuals, groups and organisations play a crucial role in shaping our business. We are committed to engaging with our stakeholders in an open and transparent manner, taking their views and concerns into account as we make decisions, and strive to create value for all our stakeholders.

Our business environment is complex and dynamic, with a wide range of stakeholders who have diverse and often competing interests. At Pan African, we believe that constructive engagement and collaboration are key to building strong relationships with our stakeholders, and by working together we create sustainable value and make a positive impact on the communities and environments in which we operate.

KEY STAKEHOLDERS

Our licence to operate depends on the quality of our relationships with our various stakeholders.

Our stakeholders represent one of our four strategic pillars (refer to **page 5**). Authentic engagement at all levels of the Group is essential for shaping our strategy, managing risks, identifying opportunities and safeguarding our reputation.

OUR KEY STAKEHOLDER RELATIONSHIPS continued

Financial capital | Human capital | Social and relationship capital | Natural capital

The strength of our key stakeholder relationships is determined by the quality of interactions our relationship managers have with them over the reporting period.

Positive | Stable | Challenging

Performance: Positive increase | Negative increase | Positive decrease | Negative decrease | Unchanged

PROVIDERS OF CAPITAL

Investors, shareholders, fund managers, analysts and financial institutions

Their significance and why we engage

- Consistent and clear communication on the Group's strategic direction, operational performance, growth prospects and financial information maintains trust and aligns expectations

Related residual risks

- Constrained electricity
- Social instability
- Operational execution
- Safety
- Inflation
- Geological variability
- Ageing mines
- Macroeconomic volatility
- Skills
- Capital allocation

Material matters linked

- Execution
- Growth
- Cost
- Electricity
- Innovation and opportunity
- Health, safety and security
- Beyond compliance
- Tailings management
- Biodiversity and decarbonisation

Strategic initiatives

- Further strengthen the Group's capital structure and funding flexibility
- Ensure adequate liquidity for operational requirements and debt redemptions
- Ensure appropriate medium-term funding for organic growth, exploration and acquisition opportunities
- Innovative funding solutions to raise capital and manage financial risk
- Prioritise sustainable returns to shareholders
- Successfully execute capital projects to sustain and increase future gold production
- Successfully execute operational restructuring programmes and other initiatives to sustain and increase the production run rate
- Reduce AISC® at all operations in real terms, through optimisation and cost-reduction initiatives as well as increased ounce production

Outputs and performance	2023	2022	%Δ	
Dividend paid to shareholders	US$23.2 million	US$25.0 million	(7.2)	▼
Market capitalisation	US$357.7 million[1]	US$438.0 million[2]	(18.3)	▼
Headline earnings per share®	US 3.15 cents	US 3.93 cents	(19.8)	▼
Return on shareholders' funds®	20.6%	25.9%	(20.5)	▼
Net senior debt®	US$18.9 million	US$9.3 million	>100	▲
AISC®	US$1,327/oz	US$1,284/oz	3.3	▲

Key stakeholder concerns during the year	Actions to address stakeholder concerns
• Consistent financial and operational performance which enable sustainable shareholder returns • Increasing debt levels	• Executed restructuring and other initiatives to improve and maintain consistent operational performance. Refer to the operational performance review for more information on the Group's operations and optimisation initiatives • The Group has raised debt to fund the construction of the MTR project, which is aligned with a key strategic objective of increasing production capacity and driving profitability • Improved communication strategy with analysts through regular engagement
• Delivering capital projects on time and within budget • Shareholder dilution	• A disciplined approach to capital allocation, prioritising investments that preserve and enhance stakeholder value and generate attractive shareholder returns while retaining financial flexibility • Our established track record in constructing and commissioning tailings retreatment plants, coupled with our team's expertise, has enabled us to successfully construct capital projects of this nature on time and within budget, giving us confidence in our ability to construct similar projects in the future • Refer to the chief executive officer's review for more on the Group's organic and future growth projects
• Sustainability performance and reporting	• Developed an ESG policy and framework • Published our maiden TCFD report • Our ESG report now includes key sustainability information independently assured by PwC for the first time

Outcomes	2023	2022	%Δ	
Revenue	US$321.6 million	US$376.4 million	(14.6)	▼
Net cash from operating activities	US$100.1 million	US$110.0 million	(9.0)	▼

Proposed a final dividend of ZAR400.1 million or US$21.2 million at the prevailing exchange rate

- During December 2022, the Group issued its inaugural sustainability-linked bond to the value of US$43.2 million[3] to finance growth projects. This landmark bond issuance not only strengthened the Group's ESG status but also earned recognition as the Metals and Mining Deal of the Year at the Bonds, Loans and ESG Capital Markets Africa Awards 2023
- In March 2023, Pan African secured ZAR400 million in a synthetic gold forward sale transaction (US$21.6 million[3]) as a component of the funding package for the MTR project's construction
- In July 2023, a US$70.3 million[3] debt funding package for the MTR project construction was secured through a credit-approved term loan facility

- The Group aims to generate 40MW of energy from renewable sources by 2027, representing a target of 15% of its total energy consumption
- Pan African was selected as a top-five finalist for the 2022 ESG Producer of the Year Award by Mines and Money in the UK, in recognition of the Company's excellence in ESG

[1]Source: JSE's Trading and Market Services. Calculated at 30 June 2023 using the quoted price and the closing US$/ZAR exchange rate at that date.
[2]Source: JSE's Trading and Market Services. Calculated at 31 December 2022 using the quoted price and the closing US$/ZAR exchange rate at that date.
[3]Source: Converted at an exchange rate of US$/ZAR:18.50.

OUR KEY STAKEHOLDER RELATIONSHIPS continued

Financial capital
Human capital
Social and relationship capital
Natural capital

The strength of our key stakeholder relationships is determined by the quality of interactions our relationship managers have with them over the reporting period.

Positive | Stable | Challenging

Performance

Positive increase | Negative increase
Positive decrease | Negative decrease
Unchanged

EMPLOYEES AND UNIONS

Employees and unions

Their significance and why we engage

- Strong relationships with employees are fundamental to business sustainability
- To achieve our strategic objectives, we focus on building a strong productive culture and up-skilling our employees

Related residual risks	Material matters linked	Strategic initiatives
• Constrained electricity • Operational execution • Safety • Ageing mines • Skills	• Execution • Health, safety and security • Electricity • Geology • Talent and skills • Innovation and opportunity • Unemployment and social responsibility	• Work towards zero fatalities and an annual improvement in the TRIFR to 3.86% • Develop employee skills and introduce retention programmes for scarce skills • Maintain an entrepreneurial and performance-driven culture

Outputs and performance	2023	2022	%Δ	
Employee remuneration	**US$60.4 million**	US$65.1 million	(7.2)	Negative decrease
Skills and development training	**US$2.2 million**	US$0.8 million	>100	Positive increase
Employees and contractors	**6,857**	5,118	34.0	Positive increase
Women permanently employed	**406**	331	22.7	Positive increase

Outcomes	2023	2022	%Δ	
Fatalities	**1**	None		Negative increase
Safety initiatives	**US$1.4 million**	US$1.2 million	16.7	Positive increase
TRIFR (per million man hours)	**7.96**	8.95	(11.1)	Positive decrease
Lost-time injury frequency rate (LTIFR) (per million man hours)	**1.86**	1.04	78.8	Negative increase
RIFR (per million man hours)	**0.81**	0.35	>100	Negative increase

Key stakeholder concerns during the year	Actions to address stakeholder concerns	Outcomes
• Employee safety	• The Group's safety strategy aims to achieve zero harm by implementing targeted safety campaigns and programmes that promote safe operational practices with special emphasis on new employees and continuous reinforcement of safe practices • The Group has introduced several programmes to address safety performance shortcomings at its underground operations. These programmes include pre-emptive safety stoppages to reinforce safety protocols, strengthening the on-site safety teams and conducting a third-party audit of safety systems at both Barberton Mines and Evander Mines to identify areas for improvement • Focused security operations, initiatives and awareness programmes aimed at employees and communities Refer to **page 32** for the mitigating actions taken to address the Group's safety risks	
• Working hours and employee benefits associated with the reconfiguration of Fairview and Sheba Mines into continuous shift operations	• Regular engagement with employees through employee future forums • Close monitoring of the transition to a continuous shift operating cycle • Working hours and employee benefits were restructured in close consultation with employees and unions to ensure a collaborative approach and mutual agreement Refer to Barberton Mines' operational performance review on **page 84** for more information	• Employees have the opportunity to benefit from increased profitability through production bonuses, which are awarded for their contributions to increased production levels • By implementing a continuous shift operating cycle that aligns with the Company's operating model, production efficiency is enhanced and the unit cost of gold production lowered
• Diversity and transformation	• The Group aims to foster a culture of action and accountability, teamwork and compassion through its human capital strategy and core values	• Through its employee share ownership plan, Barberton Mines paid a dividend of US$0.3 million (2022: US$0.1 million) to employees • Women make up 16.4% (2022: 15.1%) of the permanent employees in the Group • The percentage of women in mining has increased to 16.1% (2022: 14.7%)

OUR KEY STAKEHOLDER RELATIONSHIPS continued

Financial capital
Human capital
Social and relationship capital
Natural capital

The strength of our key stakeholder relationships is determined by the quality of interactions our relationship managers have with them over the reporting period.

Positive · Stable · Challenging

Performance
Positive increase · Negative increase · Positive decrease · Negative decrease · Unchanged

COMMUNITIES

Communities

Their significance and why we engage
- We invest in and support initiatives that benefit our host communities and promote their sustainable development
- Managing the impact of mining is integral to maintaining our social licence to operate

Related residual risk
- Social instability

Material matters linked
- Unemployment and social responsibility
- Tailings management
- Biodiversity and decarbonisation

Strategic initiatives
- Hand over phase 3 of the Sheba and Ngwenya Primary Schools in Barberton to the Department of Basic Education
- Rehabilitate 41% of MTR's surface area by 2030, while concurrently conducting operational activities
- Curtail illegal mining and property theft through cooperation between all stakeholders

Key stakeholder concern during the year
- Socio-economic support and opportunities through job creation and infrastructure development

Actions to address stakeholder concern
- Effective stakeholder engagement forums are maintained in Barberton and Evander comprising representatives from host communities and other pertinent community-based structures
- Regular public participation meetings held with Mogale community stakeholders
- The Group prioritises education, healthcare and job creation as part of its socio-economic development initiatives and focuses on meeting its legal compliance requirements as part of its 'beyond compliance' initiatives
- Improved communication with communities through social media

Outputs and performance	2023	2022	%Δ
Transformation trust contributions to communities	**US$1.1 million**	US$1.7 million	(35.3)
Procurement expenditure	**US$178.9 million**	US$207.2 million	(13.7)
Instances of community unrest at Evander Mines			
Community service delivery-related protests at Barberton Mines			

Outcomes	2023	2022	%Δ
CSI, LED programmes and bursary expenditure	**US$1.7 million**	US$1.9 million	(10.5)
Barberton Blueberries permanent jobs	**25**	26	(3.8)
Seasonal jobs	**272**	175	55.4

Proactive engagement between Barberton Mines and its host communities has significantly strengthened relationships, leading to a notable decrease in community unrest incidents

Refer to the social and relationship capital section on **page 123** for more information.

GOVERNMENTS AND REGULATORY BODIES

The South African government, the government of Sudan, the JSE, the A2X, the LSE, the OTCQX and other regulatory authorities

Their significance and why we engage
- Our industry is subject to policies and regulatory requirements set by governments that can have a significant impact on our operations
- Capital providers supply guidelines and frameworks on corporate governance and ESG matters

Related residual risks
- Constrained electricity
- Social instability
- Safety

Material matters linked
- Electricity
- Health, safety and security
- Unemployment and social responsibility
- Beyond compliance
- Tailings management
- Biodiversity and decarbonisation

Strategic initiatives
- Rehabilitate 41% of MTR's surface area by 2030, while concurrently conducting remining operations
- Curtail illegal mining and property theft through cooperation between all stakeholders
- Operate TSFs in line with the GISTM as far as reasonably practicable
- Address the gaps identified in the 2022 PwC ESG readiness review report, publish the Group's maiden TCFD report in 2023 and obtain assurance on selected ESG KPIs

Key stakeholder concern during the year
- Compliance with regulatory requirements

Actions to address stakeholder concern
- Engagement with the regulatory authorities to obtain the necessary environmental approvals for the MTR project's construction process to commence
- Engagement with the Department of Mineral Resources and Energy (DMRE) to obtain approval of Evander Mines' SLP submitted in January 2023

Outputs and performance	2023	2022	%Δ
South African government taxes paid (excluding VAT but including employee taxes)	**US$21.9 million**	US$24.2 million	(9.5)
VAT received from government	**US$35.7 million**	US$34.2 million	4.4
Electricity cost	**US$28.5 million**	US$33.8 million	(15.7)
Electricity consumption	**1,403.02TJ**	1,357.07TJ	3.4

Evander Mines' five-year SLP for July 2023 to June 2028 was submitted to the DMRE in January 2023 for processing and approval

Outcomes
- Strengthened the compliance management function within the Group
- The DMRE has issued the integrated environmental authorisation for the MTR project
- Ongoing engagement with the regulatory authorities to address outstanding matters and ensure compliance
- Submitted a revised scope for LED projects and are awaiting DMRE approval

OUR KEY STAKEHOLDER RELATIONSHIPS continued

Financial capital | Human capital | Social and relationship capital | Natural capital

The strength of our key stakeholder relationships is determined by the quality of interactions our relationship managers have with them over the reporting period.

Positive | Stable | Challenging

Performance: Positive increase | Negative increase | Positive decrease | Negative decrease | Unchanged

THE ENVIRONMENT

Represented by regulators and civil society groups whose primary areas of interest include environmental-related issues

Their significance and why we engage

- To demonstrate that the Group is proactively managing areas of environmental concern and minimising its environmental impact to the extent possible

Related residual risk

- Constrained electricity

Material matters linked

- Electricity
- Tailings management
- Biodiversity and decarbonisation

Strategic initiatives

- Commence construction of the 8.75MW solar plant at Barberton Mines
- Commission the water retreatment plant at Evander Mines
- Expand Evander Mines' solar plant by 12MW
- Construct a 10MW solar plant at the MTR project
- Progress the implementation of TSF audit recommendations and advance compliance with the GISTM as far as reasonably practicable

Key stakeholder concern during the year

- Sustainability performance and reporting

Actions to address stakeholder concern

- Developed an ESG policy and framework
- Published our maiden TCFD report
- The Group's ESG report now includes key sustainability information independently assured by PwC for the first time

Outputs and performance	2023	2022	%Δ	
Carbon emissions intensity per ounce produced	**1.92tCO_2 e/oz Au**	1.68tCO_2 e/oz Au	14.3	▲
Water consumption	**9,178ML**	8,232ML	11.5	▲
Energy consumption	**1,447.17TJ**	1,405.45TJ	3.0	▲

Outcomes

- The Group aims to generate 40MW of energy from renewable sources by 2027, representing a targeted capacity of 15% of its total energy consumption
- Pan African was selected as a top-five finalist for the 2022 ESG Producer of the Year Award by Mines and Money in the UK, in recognition of the Company's excellence in ESG

OUR OPERATING ENVIRONMENT

INTEGRATED THINKING

We respond to current trends in an agile manner to ensure value creation or protection in the short and medium term. We detect early indications of long-term strategic opportunities.

Financial capital | Social and relationship capital | Natural capital

Our operating environment and the external macroeconomic forces that influence it have the potential to materially impact our performance and ability to create or protect value, despite these factors being almost entirely outside of our control.

GEOPOLITICAL TENSION

The global trade landscape

How it affects the macroeconomic environment	How it affects us	Our response
According to the International Monetary Fund, sub-Saharan Africa would face significant challenges if the global trade landscape was to be divided into two isolated blocs centred around China or the West. While economic and trade alliances with China have brought certain benefits to the region, they have also resulted in increased reliance on food and energy imports, making the countries in the region more vulnerable to global shocks, including disruptions caused by trade restrictions. In such a scenario, sub-Saharan Africa could potentially be disadvantaged, especially if foreign direct investment and official development assistance inflows were to be severed. This could further exacerbate the existing challenges faced by the region, such as food and employment insecurity.	Trade disruptions exacerbate market volatility, which may adversely impact demand and sentiment for gold, which in turn, directly affects the price of gold. Additionally, the Group's operations rely on various inputs such as equipment, machinery, fuel and chemicals. Any disruptions in the supply chain can have adverse effects on both the availability and cost of these essential inputs, ultimately impacting the Group's profitability. Increased geopolitical uncertainty and economic challenges often lead to a more cautious approach from investors, insurers and financial institutions. This cautiousness can result in reduced investment appetite, potentially curtailing the Group's expansion or exploration initiatives. Furthermore, geopolitical tensions have the potential to trigger changes in the regulatory and political environments. Governments may implement stricter regulations, change tax policies or impose new trade barriers, all of which directly influence the Group's operations and profitability.	The Group's financial risk management policy includes gold price and US$/ZAR exchange rate hedging strategies aimed at mitigating transactional risk, stabilising cash flows during periods of elevated debt levels and ensuring debt covenant compliance. Hedge volumes and instruments used in these strategies adhere to the Group's financial risk management policy and are subject to board oversight. Gold market trends are constantly monitored to provide critical market insights and support agile financial risk management and decision-making. There is a continuous focus on the Group's optimisation initiatives to improve productivity, reduce costs and streamline processes. Adequate critical spare parts are kept on hand to mitigate any anticipated supply chain disruptions, and orders are placed in advance to counter unexpected long lead times. The Group maintains strong and established relationships with its network of financial institutions and insurers. Effective communication with these partners is prioritised, ensuring they are well-informed on the Group's operations, performance and any significant changes within the business environment.

What affects the price of gold?

The price of gold is influenced by various factors. It typically increases in price in times of perceived stock market risk when investors view it as a safe-haven investment and also during elevated inflation levels. Recently, the gold price has been driven by geopolitical and economic risks, such as the US/China trade war, Brexit, COVID-19 and heightened tensions between Russia and Ukraine and their allies. Additionally, in South Africa, the rand gold price is further affected by the US$/ZAR exchange rate.

The all-time highest price of gold was US$2,074.88/oz on 7 August 2020.

GOLD PRICE

The US$ gold price affects our profitability and value creation

How it affects the macroeconomic environment	How it affects us	Our response
Gold is widely regarded as a safe-haven investment during periods of geopolitical tensions, economic uncertainty and market volatility. Its historical performance has consistently demonstrated resilience in the face of high inflation. Prominent sources, such as Trading Economics, and various analysts expect that the price of gold will surpass US$2,000/oz again in the next 12 months.	The Group's profitability and value-creation ability are directly influenced by the revenue generated from gold sales which is positively impacted by an increase in the price of gold. The average gold price received by our mines during 2023 was US$1,836/oz, which is 0.7% higher than the average received in 2022 (US$1,824/oz).	The Group prioritises not only its financial success but also contributes to the economic activity in the regions where it operates. This includes creating employment opportunities, developing local suppliers, making socio-economic contributions, fulfilling tax obligations and delivering value to shareholders.

US$/ZAR EXCHANGE RATE

The exchange rate influences our revenue and our costs

How it affects the macroeconomic environment	How it affects us	Our response
The rand experienced a continued depreciation, with a further 15.7% decline relative to the US$, following a 14.0% depreciation in the previous financial year. The closing US$/ZAR exchange rate was US$/ZAR:18.83 (2022: US$/ZAR:16.28). During the past year, the US$ strengthened against other major global currencies, while the rand underperformed in comparison to most of its emerging market counterparts.	During the 2023 financial year, the average US$/ZAR exchange rate was US$/ZAR:17.77 (2022: US$/ZAR:15.22). As a result of this devaluation and a marginally higher US$ gold price, the average rand gold price received increased by 17.5% from ZAR892,431/kg to ZAR1,048,823/kg. The strengthening of the US$ exerts pressure on the imported component of inflation, particularly on fuel and other US$-denominated commodities. The Group is directly impacted by fluctuating commodity prices, including fuel and other materials, which ultimately influence operating costs and profitability.	The Group manages specific financial risks by utilising zero-cost collars to hedge against adverse gold price fluctuations and foreign exchange contracts for specific foreign currency-denominated purchases and commodity price hedges. However, the implementation of hedge strategies, except for specific transactional risks, requires board approval. Management maintains a cost-conscious mindset which is directed at implementing cost-reducing initiatives, whenever possible, to ensure operational robustness.

OUR OPERATING ENVIRONMENT continued

Financial capital | Social and relationship capital | Natural capital

SOUTH AFRICAN ECONOMY

The post-pandemic recovery has experienced several setbacks

How it affects the macroeconomic environment	How it affects us	Our response
The current economic weakness is evident through poor employment figures and worsening consumer sentiment. These factors are exacerbated by rising borrowing costs, the depreciation of the rand and concerns regarding South Africa's diplomatic relations with the global community. Furthermore, the negative impact of the electricity crisis is compounded by the challenges faced by the South African power utility, Eskom, including sabotage, corruption, poorly maintained infrastructure and ageing systems that may require substantial time and capital investment to fully repair.	A weaker US$/ZAR exchange rate has the potential to increase the rand gold price received per ounce, positively affecting overall revenue. However, it also brings the risk of higher costs for imported equipment and consumables. Additionally, monetary policy measures, such as higher interest rates, can result in elevated cost of capital, adversely impacting profitability and potentially deterring investments in capital initiatives. The electricity crisis in South Africa, particularly the challenges faced by Eskom, poses significant production obstacles, leading to production delays and increased costs. This resulted in an approximate loss of 10,000oz for the current financial year. These challenges require careful management and strategic planning to mitigate their impact on the Group's performance.	Refer to the previous explanation for the Group's response to volatility in the US$/ZAR exchange rate and commodity prices. To mitigate the impact of rising interest rates, the Group has implemented an interest rate hedge strategy using variable or fixed interest rate swaps. This strategy allows the Group to lock in fixed interest rates, providing protection against potential increases in the Johannesburg Interbank Average Rate. By employing such swaps, the Group aims to reduce the adverse impact of rising interest rates on its financial performance and overall profitability. We have made significant progress in implementing our renewable energy strategy, which aims to achieve long-term sustainability by securing a stable energy supply and realising cost savings through large-scale renewable energy projects.

Power curtailment by Eskom

Since 2007, South Africa has experienced multiple periods of power curtailment as the country's demand for electricity exceeded Eskom's ability to supply it. During these periods, power is rationed between different electrical grid areas across the country and within municipalities. Power outages typically last for two to four hours.

Many Eskom power stations are almost 50 years old and near decommissioning. Following the first period of power curtailment in 2007, Eskom commissioned the construction of the Medupi and Kusile coal-fired power plants to expand energy production. The construction of these plants encountered numerous technical problems and cost overruns while the existing fleet of power plants was not replaced and continued to operate past their operational lifespan.

CRIME AND CORRUPTION

Adverse economic conditions have fuelled criminal elements in the mining and other sectors

How it affects the macroeconomic environment	How it affects us	Our response
In the 2022 Corruption Perceptions Index, which assesses perceived levels of public sector corruption in 180 countries and territories worldwide, South Africa experienced a decline in its ranking. With a score of 43 (2021: 44) out of 100, the country now stands at the 72nd position. According to the findings of the 2022 Afrobarometer survey, a majority of South Africans believe that corruption in the country is on the rise. The survey reveals that the government's efforts to combat corruption are perceived as ineffective, and individuals who report corruption often face potential threats. Alarmingly, only one-third of citizens expressed confidence in the government's genuine commitment to combat corruption.	There is an increased risk of unethical practices that could disrupt operations, delay permits or approvals and impact the Group's ability to conduct business. Pan African is the largest employer in the Barberton region and an important employer in the Evander area of South Africa. Mining companies are spending in excess of ZAR2.5 billion a year on security measures to safeguard their assets and employees according to the Minerals Council South Africa. The Group spent US$7.4 million (2022: US$8.1 million) during the year on security costs.	The Group has an established code of ethical conduct, setting clear standards of behaviour for employees, contractors and stakeholders. In June 2023, our commercial malpractice policy was reviewed and updated. To ensure transparency and accountability, the Group provides an anonymous whistle-blowing hotline, accessible to both employees and external parties, including third-party service providers. This hotline serves as a reporting mechanism for any suspected unlawful or illegal activities associated with the Group's operations. The Group has made strategic investments in fostering positive relationships with host communities by focusing on key engagement initiatives. These include creating employment opportunities, developing local suppliers and making socio-economic contributions. As a result, the Group has successfully reduced the occurrence of community unrest and road closures in and around its operations.

ACTIVISM, SPECIAL INTEREST GROUPS AND REGULATORY UNCERTAINTY

Adverse effect on investor confidence and capital allocation decisions

How it affects the macroeconomic environment	How it affects us	Our response
Gold holds a distinctive position in the global economy, safeguarding the financial security of nations, investors, communities and families, while also driving advancements in medical, environmental and communication technologies. The public's trust is essential to uphold the numerous positive roles that gold plays in society. Responsible gold mining is instrumental in fostering sustainable socio-economic development in the countries and communities where gold is extracted. It not only creates well-paying jobs but also generates valuable tax revenues for host governments, contributing to their economic stability. Moreover, responsible mining practices deliver enduring benefits to local communities. The gold mining industry is actively pursuing a credible pathway towards decarbonisation, aligned with the objectives of the Paris Agreement. By striving to achieve net-zero emissions by 2050, the industry is committed to mitigating its environmental impact and embracing sustainable practices for a greener future.	The Group's commitment to responsible mining practices, socio-economic development, environmental stewardship and regulatory compliance underpins its efforts to protect its reputation, attract investors, maintain its social licence to operate and make positive contributions to the communities and environments in which it operates.	The Group's commitment to sustainability is evident as it was one of the first mining companies to issue a sustainability-linked bond in the South African market. This bond explicitly commits the Group to making future improvements in environmental and social areas that are relevant, core and material to its overall business. Aligned with its broader sustainability goals, the Group's renewable energy strategy plays an important role in stabilising the supply and cost of electricity to its operations. This strategic initiative not only leads to cost savings but also contributes to a significant reduction in carbon emissions. The Group's solar renewable energy initiatives serve as key components in advancing its renewable energy objectives and achieving sustainability targets. In 2023, the Group published its maiden report following the guidelines set by the TCFD. This report provides comprehensive insights into the Group's climate-related risks, opportunities and strategies for mitigation. In addition, the Group's ESG report underwent an assurance process for the first time, enhancing the credibility and reliability of the reported sustainability data. Both reports are available for download on our website.

Ease of doing business in South Africa

South Africa is ranked 84th among 190 economies in the ease of doing business, according to the latest World Bank ratings.

Rankings on specific aspects include:

1. *Protecting minority investors: 13th*
2. *Paying taxes: 54th*
3. *Obtaining credit: 80th*
4. *Enforcing contracts: 102nd*
5. *Registering property: 108th*
6. *Electricity supply: 114th*
7. *Starting a business: 139th.*

The President has set the goal of elevating South Africa into the top 50 within the next three years.

CHAIRMAN'S STATEMENT

The global economy continues to struggle with the lingering aftermath of the COVID-19 pandemic, exacerbated by ongoing political tensions caused by Russia's invasion of Ukraine and the tightening of economic policy to combat rising inflationary pressures. As a consequence, global growth is anticipated to experience a substantial deceleration during the latter half of this year, with the weakness persisting into 2024.

OUR OPERATING ENVIRONMENT

South Africa's economy is under pressure from an energy crisis, high unemployment, crime, borrowing costs, depreciation of the local currency and concerns regarding South Africa's diplomatic relations with the rest of the world. The approach of the South African Reserve Bank has been consistent with that of other central banks in that monetary policy will have to remain restrictive for longer to curtail inflation to within its target band.

As a direct result of the energy crisis, South Africa's gross domestic product (GDP) is projected to grow by only 0.3% in 2023 before increasing to 1% in 2024, as forecast by the Organisation for Economic Co-operation and Development. In comparison, 2023 global GDP growth is projected to be 2.7%, improving to 2.9% in 2024.

On the positive side, gold continues to demonstrate its value as a safe haven and low-risk asset class for investors, and the robust rand gold price continues to boost Pan African's margins and profitability.

Refer to **pages 46** to **49** for a more detailed analysis of our operating environment and how it has affected Pan African's operations.

OUR OPERATIONAL AND FINANCIAL PERFORMANCE

Pan African's operations were not immune to the Eskom-induced energy crisis. As a direct result of the unreliability of Eskom's electricity supply, the Group lost an estimated 10,000oz in gold production in the financial year, contributing to the revised production guidance of approximately 175,000oz announced in May 2023.

Adjusted earnings before interest, income tax expense, depreciation and amortisation (adjusted EBITDA®) declined by 16.8% to US$115.0 million (2022: US$138.3 million), resulting in a return on capital employed of 27.8% (2022: 32.6%). Our operations generated cash flows of US$100.1 million (2022: US$110.0 million). Net senior debt® increased to US$18.9 million (2022: US$9.3 million), primarily attributable to capital expenditure for Evander Mines' expansionary projects and the MTR project.

Refer to the financial director's review on **page 74** and to the operational performance review on **page 82** for more detail.

KEITH SPENCER
Chairman

SAFETY

The Group deeply regrets the fatal accident that occurred at Evander Mines in March 2023, following 1 million fatality-free shifts achieved at the operation prior to the accident. Despite this tragic setback, we are encouraged by the progress the Group has made in improving its overall safety rates compared to the previous financial year, which is attributable to the implementation of various awareness and other initiatives aimed at further enhancing our safety performance.

Refer to **page 57** for more details.

OUR ESG PERFORMANCE

Pan African's commitment to ESG goes beyond mere compliance and forms an essential part of its overall business approach.

The Group has embarked on a renewable energy strategy which aims to achieve long-term sustainability by securing a reliable energy supply, reducing carbon dioxide emissions and realising cost savings through implementing large-scale renewable energy projects.

The key components of this strategy include:

- our 9.9MW solar plant at Evander Mines, the first utility-scale, grid-tied solar plant to be commissioned in South Africa
- the construction of an 8.75MW solar plant at Barberton Mines' Fairview Mine, with the plant expected to be completed during 2024
- entering into a 40MW Sturdee Energy power purchase agreement for the provision of wheeled power over a period of up to 15 years
- the development and construction of a second solar plant at Evander Mines, with a minimum output of 12MW, to expand the existing facility
- the inception of a feasibility study to construct a solar plant at the MTR project's site.

Other highlights during the year include:

- commissioning our 3ML per day water retreatment plant at Evander Mines in March 2023
- Barberton Mines continuing its partnership with the Barberton Nature Reserve and the Mpumalanga Tourism and Parks Agency as well as its sponsorship of orphaned rhinos at the Care for Wild Rhino Sanctuary
- the Barberton Blueberries project, which currently employs 25 permanent and 272 seasonal employees from the surrounding communities. The project is well positioned to produce its second commercial harvest, which commenced in June 2023
- being one of the first mining companies in South Africa to issue a sustainability-linked bond with KPIs encompassing climate change, land and environmental rehabilitation as well as employee safety
- the successful completion and handover of phase 3 of the Ngwenya and Sheba Primary Schools to the Department of Basic Education during August 2023
- the Group publishing its maiden report following the guidelines set by the TCFD.

The Group's environmental liabilities are funded at an estimated US$21.6 million with ongoing rehabilitation as mining progresses.

Read more in our online ESG report at
https://www.panafricanresources.com/investors/gri-and-sustainability/

CORPORATE GOVERNANCE

Pan African is committed to the highest standards of corporate governance, ethics and integrity.

The board provides active oversight, thereby enabling management to execute its strategy effectively. We are confident that the board has the right balance of skills, experience and diversity to fulfil its fiduciary responsibilities and to provide the necessary oversight of the Group's strategic direction. There were no changes to the board during the financial year.

STRATEGY AND OUTLOOK

The Group is committed to its purpose of optimally and consistently extracting gold from mineral deposits in a manner that creates sustainable value for its stakeholders. We will achieve this by positioning Pan African as a sustainable, safe, high-margin and long-life gold producer.

Refer to **pages 18** to **21** for more information on the Group's strategy, strategic objectives and initiatives.

Our key focus areas for the next year include:

- the unrelenting pursuit of a zero-harm working environment
- delivering on our guided gold production of 178,000oz to 190,000oz for the 2024 financial year
- proactively managing unit production cost increases
- advancing our ESG initiatives
- executing our capital and growth projects to position the Group for increased future gold production
- ensuring the construction of the MTR project progresses according to the planned schedule and within budget
- evaluating potential acquisitions and capital projects against our stringent investment criteria and capital allocation priorities
- increasing returns to shareholders through dividends and other means of distribution.

APPRECIATION

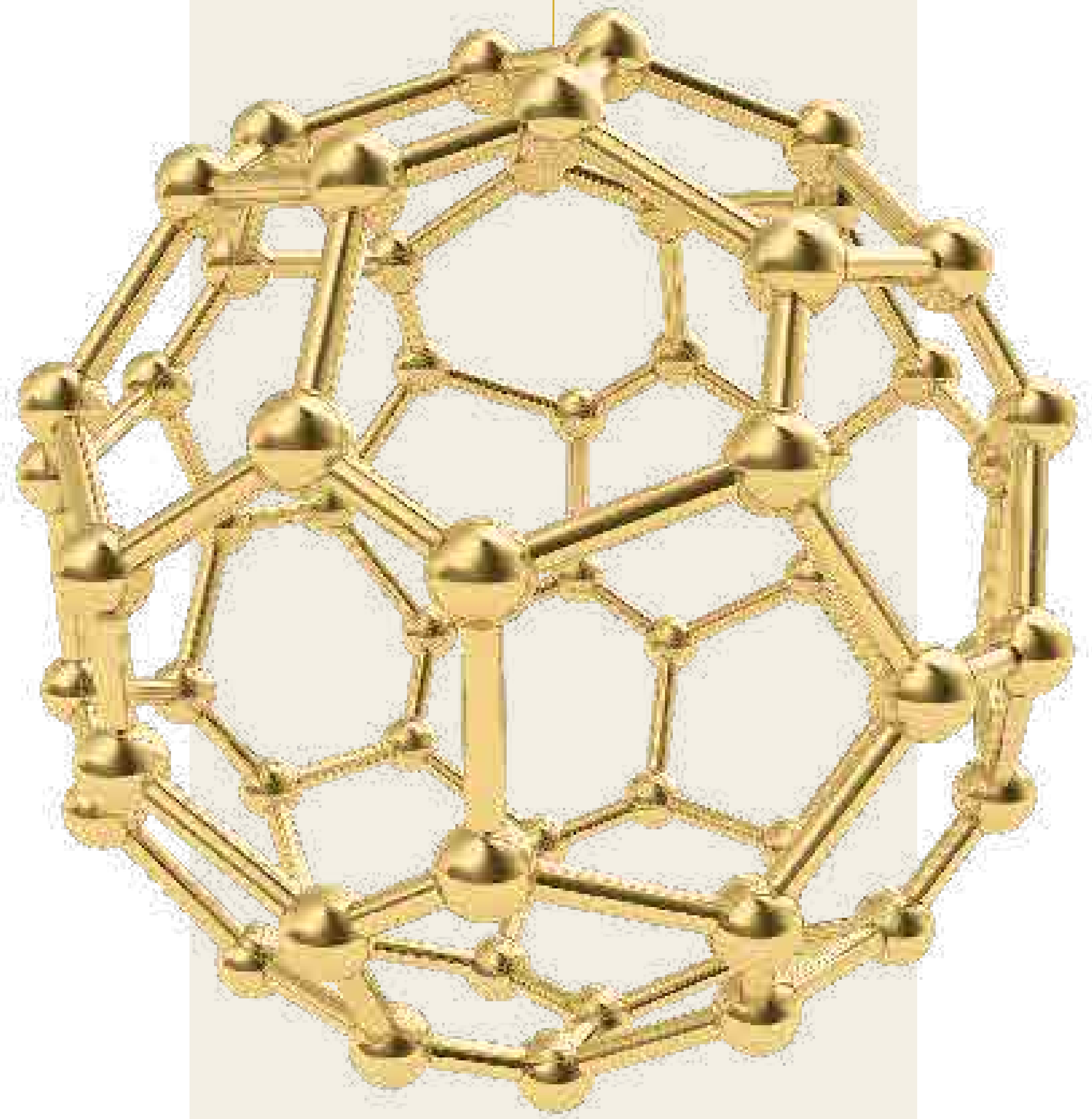
I want to extend my appreciation to my fellow board members, as well as the Group's executive management and dedicated employees. Despite the challenges we encountered in our operating environment, their unwavering commitment and dedication have been invaluable. I am confident in the Group's ability to achieve its long-term value-creation aspirations.

Keith Spencer
Chairman

13 September 2023

Electrons:

79



Gold atoms contain 79 electrons and the shell structure is 2.8.18.32.18.1.

PERFORMANCE REVIEW

2

We measure and respond to our KPIs, which cover all of the six capitals that we employ in our value creation and preservation, not only financial.

CHIEF EXECUTIVE OFFICER'S REVIEW

Pan African delivered a resilient financial performance for the current financial year, with a much-improved rand gold price compensating for lower production from our underground operations. We are confident that the measures we are implementing, specifically at Barberton Mines' underground operations, will result in higher production in the future, with production guidance increased for the 2024 financial year. If the current rand gold price tailwinds persist, we can look forward to another robust financial performance from Pan African in the year ahead.

COBUS LOOTS
Chief Executive Officer

HIGHLIGHTS FOR THE YEAR

Our surface remining operations, Elikhulu and the BTRP, performed in line with expectations during the past financial year, contributing significantly to the Group's production, cash flows and profits. The consistent performance of these low-cost and, in the case of Elikhulu, long-life assets, demonstrates their importance in our portfolio and reinforces our decision to develop the MTR project.

Pan African has an outstanding track record in the development and operation of tailings retreatment operations. Full-scale construction of the MTR plant commenced on schedule in July this year, with commissioning anticipated within the next 18 months. The MTR project's incremental production of approximately 50,000oz per year will contribute to almost 50% of the Group's annual gold output being sourced from low-cost, safe, surface remining operations. In addition to being a compelling investment, large-scale tailings retreatment operations of this nature rehabilitate and restore the environment while providing much-needed employment and economic opportunities.

The development of Evander Mines' 24 Level project is progressing well, with crews being redeployed to the 24 Level area as the 8 Shaft's pillar mining nears completion. Improved mining flexibility, together with other initiatives being implemented to ensure that infrastructure availability is optimised, will ensure sustainable production from this long-life underground operation.

We are grateful that after year-end, we managed to resume our gold exploration activities in Sudan. The decision to recommence operations was only made after a comprehensive risk assessment of the in-country operating environment in the exploration area, and we will continue to closely monitor the political situation.

Globally, gold producers have experienced severe cost inflation in recent years. Despite inflationary pressures on input costs, with, specifically, reagents used in processing and electricity costs being subject to large increases, the financial results for the year benefited from Pan African's culture of cost control. AISC® increased by only 3.3% in US$ to US$1,327/oz, with the depreciation of the rand relative to the US$ providing an offset to the higher rand unit costs.

We ended the financial year in a strong financial position with net debt® of US$22.0 million, despite a substantial capital investment programme and the payment of an attractive dividend to shareholders in the past year. The fact that we are able to maintain this dividend in rand terms, while undertaking the MTR project's construction, our largest capital project ever, is a testament to the quality of our portfolio.

Excellent progress was also made with our ESG initiatives, with an increased focus on renewable energy projects. In May 2023, construction of the Group's second solar plant commenced at Barberton Mines. This plant, with a capacity of 8.75MW, will supply most of the daytime power requirements for the Fairview Mine. The Group has also signed a third-party power purchase agreement for the off-site provision of 40MW of wheeled power over a period of up to 15 years. Along with Evander Mines' operating solar plant, these projects are expected to reduce our carbon emissions by up to 30% (by 2030), as well as deliver associated cost benefits, as the price of grid power continues to increase at above-inflation rates. Evander Mines' water recycling plant is also expected to generate attractive cost savings as underground water can now be used as process water, reducing our reliance on municipal resources.

Reflecting on the past year, we wish to again express our condolences to the family, friends and co-workers of our colleague, Mr Sahlukaniso, who was fatally injured in a fall of ground accident at Evander Mines' underground mine in March 2023. Pan African remains steadfast in its resolve to achieve a zero-harm working environment in the coming years.

In terms of the outlook for the year ahead, we will continue to balance safe, sustainable gold production, the successful delivery of our transformational growth projects, cash returns to shareholders and all our other initiatives to the benefit of our stakeholders.

We are well positioned to exceed the production achieved in the current financial year, with estimated production of between 178,000oz and 190,000oz forecast for the 2024 financial year.

CHIEF EXECUTIVE OFFICER'S REVIEW continued

KEY FEATURES

Production

- Gold production of 175,209oz (2022: 205,688oz), in line with revised guidance
- Increased production outlook for the 2024 financial year – guidance of 178,000oz to 190,000oz.

Safety

- As previously announced, a fatal accident occurred at Evander Mines in March 2023, following 1 million fatality-free shifts at the operation prior to the accident
- Improvement in overall safety rates compared to the previous financial year, with a TRIFR of 7.96® per million man hours for the year (2022: 8.95 per million man hours)
- Focused initiatives implemented to further enhance safety performance.

Costs and cost outlook

- AISC® for the current financial year of US$1,327/oz, (2022: US$1,284/oz) a sub-US$ inflation increase of 3.3%
- AISC® in line with revised guidance for 2023 of between US$1,325/oz to US$1,350/oz
- Group's lower-cost operations, which exclude Sheba and Consort Mines, account for more than 81% (2022: 87%) of the Group's gold production, produced at an AISC® of US$1,152/oz (2022: US$1,145/oz)
- Remedial measures implemented to reduce real AISC® at high-cost operations (Sheba and Consort mines)
- Renewable energy generation and water recycling, together with other initiatives to increase the Group's future gold production, are expected to contribute to a decline in future real AISC®
- 2024 AISC® guidance of US$1,350/oz (assuming an exchange rate of US$/ZAR:18.50).

Financials

- Net cash generated from operating activities of US$100.1 million (2022: US$110.0 million)
- Profit for the period of US$60.7 million (2022: US$75.0 million)
- Headline earnings® of US$60.5 million (2022: US$75.6 million)
- Earnings per share of US 3.19 cents per share (2022: US 3.90 cents per share) and headline earnings per share® of US 3.15 cents per share (2022: US 3.93 cents per share)
- Robust financial position at year-end, with net debt® of only US$22.0 million (2022: US$13.0 million)
- Liquidity remains healthy, with access to immediately available cash and undrawn facilities of US$84.7 million (2022: US$69.4 million) at financial year-end. Post the current financial year, the Company also closed the dedicated MTR project senior debt facility of US$70.3 million.

Proposed dividend

- Sector-leading final dividend of ZA 18.00000 cents per share (or approximately US 0.95592 cents per share at an exchange rate of US$/ZAR:18.83) proposed for approval at the upcoming annual general meeting (AGM).

Growth projects

- The MTR project construction commenced in July 2023 with steady-state production expected by December 2024
- Evander Mines' 8 Shaft 24, 25 and 26 Level underground expansion project is on track
  - Refrigeration plant at 24 Level commissioned in phases to facilitate mining at depth
  - Development to access the 25 and 26 Level mining areas has commenced
  - Equipping of an existing underground ventilation shaft for rock hoisting capacity of up to 40,000t per month is planned to be completed during the third quarter of the 2024 financial year, improving efficiencies and eliminating the cumbersome conveyor system.

ESG initiatives

- Established a renewable energy roadmap to decarbonisation – construction of Fairview Mine's solar facility commenced at Barberton Mines
- Commissioned Evander Mines' water recycling plant to reduce potable water requirements and lower costs.

Sudan exploration

- Exploration activities resumed post the reporting period, following a detailed risk assessment of the in-country operating environment in the exploration area.

Performance
▲ Positive increase
▼ Positive decrease
▶ Unchanged
▲ Negative increase
▼ Negative decrease

SUMMARY OF SALIENT FEATURES

		2023	2022	%Δ	
FINANCIAL CAPITAL	Revenue	US$321.6 million	US$376.4 million	(14.6)	▼
	Adjusted EBITDA®	US$115.0 million	US$138.3 million	(16.8)	▼
	Attributable earnings – owners of the Company	US$61.1 million	US$75.1 million	(18.6)	▼
	Headline earnings®	US$60.5 million	US$75.6 million	(20.0)	▼
	Earnings per share	US 3.19 cents	US 3.90 cents	(18.2)	▼
	Headline earnings per share®	US 3.15 cents	US 3.93 cents	(19.8)	▼
	Net debt®	US$22.0 million	US$13.0 million	69.2	▲
	Cash flows from operating activities	US$100.1 million	US$110.0 million	(9.0)	▼
	Weighted average number of shares in issue	1,916.5 million	1,926.1 million	(0.5)	▼
	Average exchange rate	US$/ZAR:17.77	US$/ZAR:15.22	16.8	▲
	Closing exchange rate	US$/ZAR:18.83	US$/ZAR:16.28	15.7	▲
MANUFACTURED CAPITAL	Gold produced	175,209oz	205,688oz	(14.8)	▼
	Gold sold	174,760oz	205,688oz	(15.0)	▼
	Average gold price received	US$1,836/oz	US$1,824/oz	0.7	▲
		ZAR1,048,823/kg	ZAR892,431/kg	17.5	▲
	Cash costs®	US$1,142/oz	US$1,099/oz	3.9	▲
		ZAR652,426/kg	ZAR537,879/kg	21.3	▲
	AISC®[2]	US$1,327/oz	US$1,284/oz	3.3	▲
		ZAR758,141/kg	ZAR628,292/kg	20.7	▲
	All-in-costs (AIC)®[1]	US$1,788/oz	US$1,503/oz	19.0	▲
		ZAR1,021,529/kg	ZAR735,670/kg	38.9	▲
	Total sustaining capital expenditure	US$20.2 million	US$23.1 million	(12.6)	▼
	Total capital expenditure	US$113.0 million	US$82.8 million	36.5	▲
	Net asset value per share®	US 15.37 cents	US 15.37 cents	–	▶
HUMAN CAPITAL	LTIFR (per million man hours)	1.86	1.04	78.8	▲
	RIFR (per million man hours)	0.81	0.35	131.4	▲
NATURAL CAPITAL	9.9MW solar plant commissioned at Evander Mines				
	Commenced site establishment for the 8.75MW solar plant at Barberton Mines				
	Commenced construction of Evander Mines' water retreatment plant to substitute potable water from the local municipality				

[1] *The AISC® per kilogramme and AIC® per kilogramme include realised derivative mark-to-market fair value gains/losses and exclude unrealised derivative mark-to-market fair value gains/losses relating to the current gold mining operations. Refer to the APM summary report for the reconciliation of cost of production as calculated in accordance with IFRS to AISC® and AIC®.*

[2] *Adjusted EBITDA comprises earnings before interest, tax, depreciation and amortisation and impairment.*

CHIEF EXECUTIVE OFFICER'S REVIEW continued

SAFETY

Regrettably, the Group experienced one fatality during the 2023 financial year (2022: none) and continues to implement ongoing initiatives to further enhance its safety performance.

The Group reported an improvement in the TRIFR to 7.96 per million man hours for the year (2022: 8.95 per million man hours).

Pan African has implemented and reinforced a number of safety initiatives and interventions directed at ensuring its safety performance remains sector-leading. This includes targeted safety campaigns and independent safety audits to address the regression in the LTIFR and RIFR.

In June 2023, Barberton Mines achieved 3.4 million fatality-free shifts. At the end of the financial year, Sheba Mine and Consort Mine achieved ten and 21 years, respectively, without any fatalities.

OPERATIONAL PERFORMANCE

The Group produced 175,209oz (2022: 205,688oz) of gold for the current financial year, in line with the revised production guidance of 175,000oz, referred to in the Stock Exchange News Service (SENS) announcement of 26 May 2023. While gold production from surface operations was stable, underground production was primarily impacted by the following:

- A slower-than-anticipated ramp-up of continuous operations at Fairview and Sheba Mines
- Delays in recruitment of scarce skills, following the change to a contractor mining model at Consort Mine
- Electricity supply disruption.

The gold production split per operation is as follows:

	Year ended 30 June 2023	Year ended 30 June 2022
Fairview Mine	38,849	48,097
Sheba and Consort Mines	25,737	27,641
BTRP	19,875	19,560
Elikhulu	50,573	52,220
Evander Mines[1]	40,175	58,170
Total ounces produced	175,209	205,688

[1] *Includes gold equivalent production of osmiridium concentrate.*

Progress made with the measures to address the key underlying issues that adversely impacted the underground operations are detailed hereafter.

Group AISC

The Group's AISC per ounce has increased by 3.3% to US$1,327/oz (2022: US$1,284/oz). This excludes estimated electricity savings of US$1.9 million from Evander Mines' 9.9MW solar plant at current rates, which would reduce the Group's AISC per ounce to US$1,316/oz.

The AISC was impacted by the following:

- The depreciation of the average US$/ZAR exchange rate by 16.8% to US$/ZAR:17.77 (2022: US$/ZAR:15.22), positively impacting the Group's AISC in US$ terms
- Barberton Mines' underground AISC per ounce increased by 10.0% to US$1,810/oz (2022: US$1,645/oz) impacted primarily by a 14.7% decrease in gold production, which is being addressed by the remedial measures outlined in this report. In rand terms, overall underground costs at Barberton Mines were well controlled, with the total AISC increasing by 9.5% to ZAR2,076.9 million (2022: ZAR1,895.9 million), noting the following:
  - Above-inflationary increases in reagent costs of 11.2%
  - An increase in salaries and wages of 6.9% following a 5.6% increase as agreed with labour unions, combined with an increase in the engineering staff complement
  - An increase in sustaining capital expenditure of 8.3%
- The BTRP's AISC per ounce reduced by 19.5% to US$717/oz (2022: US$891/oz) following a production increase and recoveries increasing by 9.3% to 47% (2022: 43%). In rand terms, the total AISC decreased by 4.6% to ZAR253.1 million (2022: ZAR265.2 million) primarily as a result of:
  - a decrease in processing costs of 1% as a result of a 29.7% decrease in reagent costs due to the introduction of an additional Aachen shear reactor and optimisation of the carbon-in-leach process, offset by increased transport costs and the cost of gold-bearing surface tailings material purchased from third parties
  - reduced electricity costs of 24.5% due to optimised elution schedules and the associated reduction in electricity usage
- Elikhulu's AISC per ounce increased by 0.5% to US$1,008/oz (2022: US$1,003/oz), adversely impacted by a reduction in recoveries to 32% (2022: 35%). The AISC in rand terms increased by 13.6% to ZAR905.9 million (2022: ZAR797.5 million) as a result of above-inflationary increases of 20.6% in reagent costs and an increase in electricity costs of 23.5% due to increased pumping distances, following the changeover to the new Leslie/Bracken pump station and also above-inflationary increases in electricity rates
- Evander Mines' underground AISC per ounce increased by 4.1% to US$1,158/oz (2022: US$1,112/oz) impacted by a decrease in gold production of 31.9%. The AISC in rand terms decreased by 17.2% to ZAR684.4 million (2022: ZAR827.0 million) primarily as a result of a 21.4% increase in the costs capitalised to the 24 Level project.

The target AISC for the next financial year is approximately US$1,350/oz, assuming an exchange rate of US$/ZAR:18.50.

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

Group capital expenditure budget

The Group continues to reinvest in its assets and growth projects to ensure sustainability and to generate attractive shareholder returns and value for our stakeholders.

The operational capital budget for the year ending 30 June 2024 is detailed below.

	Sustaining capital US$ million[1]	Expansion capital US$ million[1]
Operation		
Barberton Mines	15.7	8.9
Elikhulu	2.3	12.4
Evander Mines underground (including the Egoli and 24 Level project)	–	39.9
MTR project	–	76.0
Total	18.0	137.2

[1] *Budgeted capital converted to US$ at an exchange rate of US$/ZAR:18.50.*

Major expansion capital items for the 2024 financial year include:

- Barberton Mines' chairlift expansion at a cost of US$4.1 million
- Completion of phases 2 and 3 of Elikhulu's TSF footprint extension at a cost of US$12.4 million
- US$31.2 million for expansion capital for 8 Shaft's 24, 25 and 26 Level project and equipping costs for Evander Mines' 7 Shaft infrastructure, which includes steelwork and development costs
- The MTR plant's initial construction costs of US$76.0 million.

With the completion of Elikhulu's TSF extension during the 2024 financial year, this operation's capital expenditure will revert to previous sustaining capital levels. The capital expenditure for Evander Mines' 24, 25 and 26 Level underground operations will contribute significantly to the Group's future production profile.

Our commitment to sustainability and ESG management is now entrenched into our Company values and business model. Some of our highlights for the year are presented below.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Pan African acknowledges the importance of protecting the environment and preserving its social licence to operate for delivering long-term and sustainable value creation, and the Group continues to focus on its 'beyond compliance' ESG approach. A solid project portfolio was established in recent years, which is being supplemented with new initiatives and expansion projects.

We have produced our best set of sustainability performance results since we began our sustainability journey, as more fully described in our third annual ESG report and maiden TCFD report, produced in accordance with the guidelines set by the TCFD. To ensure our continued ability to deliver stakeholder value, we remained focused on the key areas where Pan African can make a meaningful contribution while taking further steps to reduce our environmental footprint and positively impact our social landscape.

Our activities have positive primary and secondary impacts on a range of UN SDGs. The Group has invested in sustainable development projects and initiatives that have impacted our business sustainability and community stakeholders in a positive manner. These include energy management and climate change, water management, biodiversity and conservation, education and health infrastructure, skills development, youth and women employment and health and wellness programmes.

A sustainability-linked bond, TCFD reporting and ESG disclosures provide assurance and monitor our progress.

Environment

Pan African's renewable energy roadmap to decarbonisation – energy management and climate change

Pan African's renewable energy strategy is key in achieving our sustainability targets and measurably reducing the Group's carbon emissions in the long term, while stabilising the electricity supply to our operations and realising cost savings that will continually assist in lowering our overall AISC.

Pan African has embarked on a renewable energy strategy that includes:

- Steady-state renewable solar energy generation at Evander Mines with possible expansion of the existing facility
  - Evander Mines' 9.9MW solar plant was fully commissioned in May 2022. The plant has provided 23,770MWh of renewable energy for the 2023 financial year, with operational performance consistent with the project's feasibility study. The solar plant generates approximately 30% of Elikhulu's energy requirements, significantly reducing our reliance on the national electricity grid while saving an estimated US$1.9 million in annual electricity costs at current tariffs. The long-term impact of this development will be a reduction in our carbon footprint by about 6% per annum as a result of approximately 21,000t less carbon dioxide emissions in its first year of operation

- Commencement of Barberton Mines' construction of an 8.75MW solar plant, with commissioning scheduled for June 2024
  - An engineering, procurement and construction agreement was entered into with juwi Renewable Energies (juwi), a leading solar, wind and hybrid renewable energy project developer for the construction of the plant, which is expected to deliver cost savings of approximately ZAR26 million (US$1.4 million at a prevailing exchange rate of approximately US$/ZAR:18.00) in year one, with an average saving of ZAR40 million (US$2.2 million) per year over the life of the plant
- Entering into a power purchase agreement with Sturdee Energy for the off-site provision of 40MW wheeled power to any of the Group's operations over a period of up to 15 years, with construction expected to commence in January 2024
- A potential 10MW capacity solar plant at the MTR project.

The Group successfully achieved its renewable energy mix target for 2023 of 6.1% compared to the sustainability-linked bond benchmark of 5.0%.

Pan African intends to achieve a renewable energy mix of 30% by 2030 and a 50% renewable energy mix by 2035. We are also aggressively investigating opportunities to source renewable energy power purchase agreements from wind energy, hydropower and battery storage solution providers.

Water management – water retreatment plant at Evander Mines

Our most recent efforts related to water stewardship have culminated in the construction of a water retreatment plant that has resulted in significant reductions in water withdrawals from municipal sources, which both reduces our environmental footprint and supports the local municipality's efforts in ensuring adequate and wider water supply to users in the area.

Evander Mines' water retreatment plant and the 7 Shaft distribution system were successfully commissioned in March 2023. The water retreatment plant provides 3ML per day of potable water to the Elikhulu processing plant and Evander Mines' 8 Shaft underground infrastructure. The water quality meets the South African National Standard (SANS) 241:2015 quality requirements, which prescribe the minimum requirements for potable water to be considered safe for human consumption.

The plant's operations have resulted in water use-related savings of US$61,200 since operations commenced, with expected estimated annual savings of US$350,000.

Additional studies are in progress to assess whether the Group can further enhance its water sustainability performance, including:

- a desktop feasibility study at Barberton Mines for the treatment of polluted water produced from the mines' processing plants and TSFs
- investigating the feasibility of treating polluted water from underground sources for the MTR project's processing plant water requirements.

Biodiversity management, conservation and land rehabilitation

We consider environmental preservation as one of our top ESG priorities and actively participate in, and contribute to, programmes aimed at promoting biodiversity and conservation. The recognition of the importance of responsible biodiversity management has been increasing, even though the Group has focused on ensuring the ongoing rehabilitation of land since acquiring its operations. The Group rehabilitated an additional 23.03ha of land disturbed by mining at Barberton Mines during 2023. As part of enhancing our biodiversity focus, we have established initial land rehabilitation targets to 2030 for our MTR project.

The rehabilitation liabilities related to Barberton Mines and Evander Mines of US$7.8 million are fully funded. The rehabilitation liabilities related to the MTR project of US$2.2 million will be funded over the life of the project.

The Group continues its collaboration with the Mpumalanga Tourism and Parks Agency for the preservation of biodiversity in the Barberton Nature Reserve and the annual sponsorship of rhino orphans at the Care for Wild Rhino Sanctuary. The three rhinos currently sponsored by Barberton Mines are progressing well and will soon reach a stage where they can be rewilded into their natural habitat.

Social

As a result of increased levels of social unrest, unemployment, the costs of living and service delivery challenges, it is imperative that Pan African increases efforts to support our communities, focusing on sustainable socio-economic development. We take community development seriously and support initiatives that have long-term benefits and become self-sustaining, without reliance on continued mine funding. Health, education, skills development, youth and women employment and economic development programmes, especially for local small businesses, are catalysts to realising these socio-economic gains and are therefore prioritised by our operations.

CSI and LED initiatives update

During the reporting period, Pan African invested US$1.7 million (2022: US$1.9 million) in CSI and LED initiatives and bursaries, including the following:

- Health and wellness initiatives
  - A running club at Barberton Mines was established to encourage fitness and well-being of employees and community members by providing professional fitness coaches and promoting active participation in sporting codes

CHIEF EXECUTIVE OFFICER'S REVIEW continued

- Beyond compliance' job creation – Barberton Blueberries project
  - Twenty-five permanent employment positions and up to 276 seasonal jobs have been created with total salaries of US$0.3 million paid, significantly contributing to the sustainability and development of small businesses in the local townships and improvements in living standards
  - The project's first commercial harvest of 120t was completed during 2022. The current harvest season expects 150t of blueberries for the international market and 70t for the domestic market, as a result of improved yields as the plants mature
- Beyond compliance' tertiary development of learners
  - Barberton Mines initiated a high school scholarship programme in January 2022, granting full scholarships to 25 high-achieving students in need of financial assistance. The Group is considering expanding the programme to tertiary learning in the 2024 academic year
- School infrastructure projects as part of our current SLP commitments
  - The Group handed over phase 3 of the Sheba and Ngwenya Primary Schools in Barberton to the Department of Basic Education. Up to 35 local contracting companies were used and 285 local jobs were created during construction. These schools will benefit over 1,500 learners
  - Evander Mines completed the building of the computer and science laboratory at Thomas Nhlabathi High School and is in the process of equipping the facility prior to handover. The building of a similar facility at Thistle Grove Combined School is expected to be completed in the 2024 financial year
- Enterprise and supplier development
  - April 2022 marked the first anniversary of the establishment of Barberton Mines' enterprise supplier development programme. The first business incubation programme enrolled 47 (2022: 37) local entrepreneurs, of which 32 entrepreneurs have already graduated. An 18-month-long mentorship programme is also offered and 13 (2022: 13) local entrepreneurs have been enrolled
- Youth development and performing arts
  - Pan African partnered with Elangeni Generations Outreach, a renowned filmmaking institution, which provides technical support for the performing arts. On 4 June 2023, the first Pan African-funded movie series was broadcast on national television. The programme has so far produced three films, predominantly in the SiSwati language.

Governance

Governance remains the cornerstone of our sustainability approach. We have risen to the challenge of improving our ESG governance amid evolving ESG regulations and standards as follows:

- A significant milestone of our collective efforts has been the release of our first TCFD report, providing our stakeholders with a clear view of our approach to managing climate-related risks and opportunities, and our future vision
- To enhance the governance of our tailings facilities, we have appointed an independent tailings review board (ITRB) consisting of members from independent, credible tailings consultancies, as required by the GISTM requirements
- To enhance the strength of our ESG reporting we have embarked on designing an ESG reporting, performance and disclosure assurance strategy. The KPIs which have been assured have been detailed in the 2023 ESG report
- Pan African issued one of the first sustainability-linked bonds by a gold mining company in South Africa during December 2022.

Our ESG report, containing details of our ESG initiatives and compliance, is available on our website at https://www.panafricanresources.com/investors/gri-and-sustainability/

MINERAL RESOURCES AND MINERAL RESERVES

A 13% increase in Mineral Reserves to 12.8Moz and Mineral Resources of just over 40.5Moz underpin Pan African's long-life assets and organic growth potential.

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

- Barberton Mines' Fairview Mine, with a remaining life-of-mine of 20 years
- Consort Mine and the BTRP, with remaining lives of nine years and three years (tailings only), respectively. At the end of the BTRP's tailings retreatment life, when current sources are depleted, it is planned to convert the plant to process hard rock feedstock from the Royal Sheba project, which has an estimated life-of-mine of eight years, with the orebody being open at depth
- Elikhulu, the Group's flagship tailings retreatment operation in Evander, has a remaining life-of-mine of 10 years
- Evander Mines' 8 Shaft operation has a remaining life-of-mine of 13 years (8 Shaft pillar and 24, 25 and 26 Levels), excluding the Egoli project
- The newly acquired MTR project TSF assets have a modelled 21-year life-of-mine, which includes the Mogale and Soweto Clusters' Indicated Mineral Resources.

The Group's access to long-life organic growth projects, such as Egoli, Rolspruit, Poplar and others within its mining rights areas, form the basis of a solid foundation for the estimated Mineral Resources and Mineral Reserves.

The Group's estimated Mineral Resources and Mineral Reserves at 30 June 2023, in compliance with Table 1 of the SAMREC Code, are summarised as follows:

Estimated gold Mineral Resources of 581.0Mt at 2.17g/t for 40.50Moz (2022: 327.9Mt at 3.67g/t for 38.65Moz), constituted as follows:

	Gold Mineral Resources			
	Tonnes Mt	Grade g/t	Gold t	Gold Moz
Barberton Mines hard rock	24.5	4.2	102.1	3.3
BTRP and stockpiles	22.3	1.2	26.0	0.8
Elikhulu	163.4	0.3	44.2	1.4
Evander Mines underground	111.1	9.1	1,009.0	32.4
MTR project	259.8	0.3	78.5	2.5
Total[1] – 2023	581.0	2.2	1,259.8	40.5
Total – 2022	327.9	3.7	1,202.2	38.7

Estimated gold Mineral Reserves of 408.3Mt at 0.90g/t for 12.81Moz (2022: 209.7Mt at 1.68g/t for 11.31Moz), constituted as follows (Mineral Reserves are reported based only on the Measured and Indicated Mineral Resources, inclusive of diluting and contaminating material delivered to the respective metallurgical plant for beneficiation and treatment):

	Gold Mineral Reserves			
	Tonnes Mt	Grade g/t	Gold t	Gold Moz
Barberton Mines hard rock	5.5	6.5	35.6	1.1
BTRP	3.9	3.0	11.9	0.4
Elikhulu	140.9	0.3	38.6	1.2
Evander Mines underground	30.3	8.2	247.7	8.0
MTR project	227.7	0.3	64.6	2.1
Total[1] – 2023				
Total – 2022	209.7	1.7	352.0	11.3

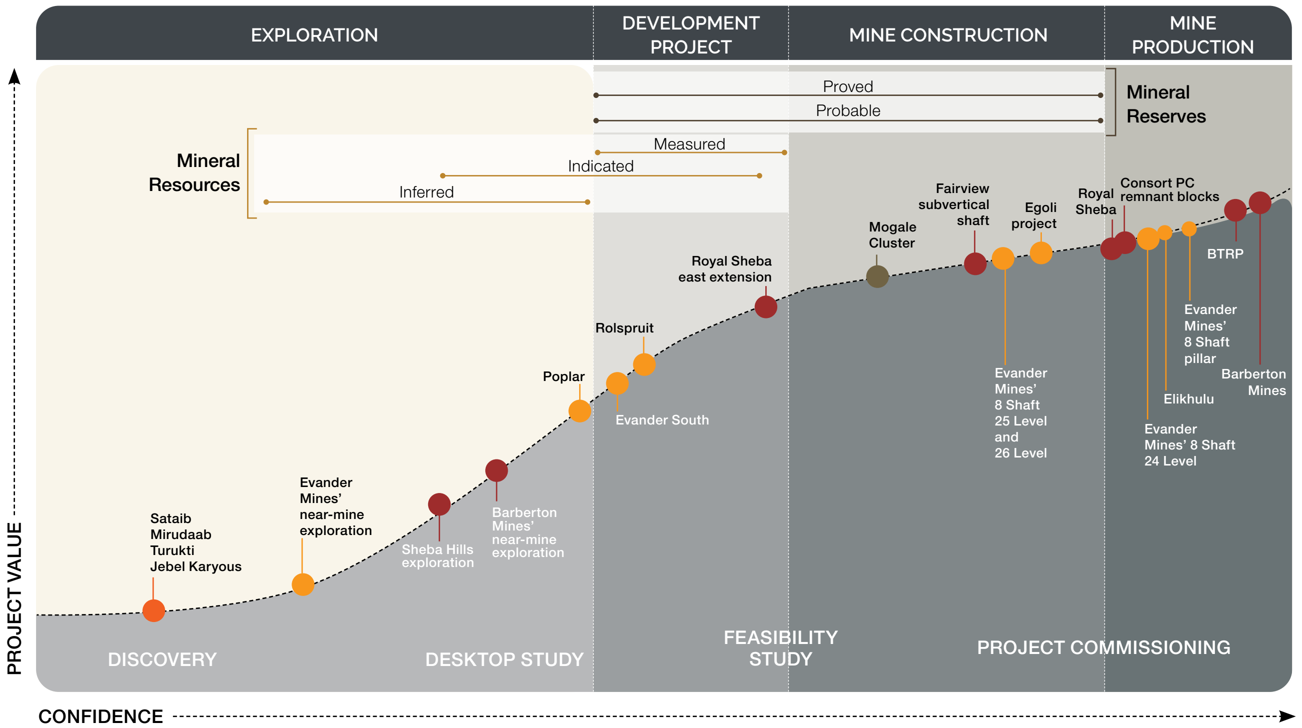
[1] *Any discrepancies in totals are due to rounding.*

For a summary of Pan African's Mineral Resources and Mineral Reserves, refer to **pages 103** to **115**. The full report is available on our website at https://www.panafricanresources.com/operations-at-a-glance-2/mineral-resource-mineral-reserve-2/

CHIEF EXECUTIVE OFFICER'S REVIEW continued

OUR OPERATIONS, OPTIMISATION INITIATIVES AND GROWTH PROJECTS

The Group's operational performance presented both challenges and notable achievements. Following a 14.8% decrease in production to 175,209oz (2022: 205,688oz), compared to a record performance in the previous financial year, we have implemented a number of initiatives to improve production from the underground assets.



Near-mine growth projects

Barberton Mines' growth projects · *Evander Mines' growth projects* · *West Rand targets* · *Sudan targets*

Barberton Mines

Barberton Mines' underground operations faced several challenges in maintaining gold production and containing costs which included skilled labour shortages, energy and processing cost increases in excess of inflation, increasing mining depth and associated travel times at **Fairview Mine**, which resulted in reduced productivity.

From February 2023, both **Fairview and Sheba Mines** implemented a continuous operating cycle, while still allowing for ongoing maintenance and other support activities.

These operations experienced a slower-than-anticipated ramp-up during the transition to the new mining cycle. The Group is, however, pleased to report that notable production improvements were achieved during the last quarter of the financial year and post year-end, as follows:

- Continuous operations, the optimisation of mining methods at Sheba Mine's Main Reef Complex (MRC) and Zwartkoppie (ZK) stopes, along with increased availability of trackless mining machinery, have contributed to improved underground production tonnes and grades:
  - Sheba Mine's average monthly underground production improved by 38.5% from an average of 6,656t for the period July 2022 to February 2023 to an average of 9,220t for the period March 2023 to July 2023, with average gold production per month increasing from 40kg to 49kg over the same period
  - Fairview Mine's average monthly underground production from the MRC and Rossiter orebodies improved by 7.7%, from an average of 8,239t for the period July 2022 to February 2023 to an average of 8,875t for the March 2023 to July 2023 period, with average monthly gold production increasing commensurately from 96kg to 105kg.
- A 'remnant area' exercise is being carried out at Fairview Mine to identify additional mining blocks for extraction. Areas along the 1 and 2 Decline shaft infrastructure are being investigated, as these areas can utilise available ore hoisting capacity. Additional resource blocks, which do not require shaft hoisting, were also identified on 11 Level. This material can substitute the lower-grade surface sources currently being processed by the metallurgical plants and supplement current ore tonnes from the underground operations
- At Fairview Mine, the following projects will also reduce the 3 Decline's logistical constraints and improve availability for hoisting high-grade ore from the MRC and Rossiter orebodies:
  - The development and equipping of a chairlift decline adjacent to the 3 Decline will commence between 42 and 64 Levels to ensure increased available times for hoisting. The project is scheduled for completion in 2024
  - Installation of a grout backfill plant has been completed, enabling the pumping of backfill from the surface using the decline systems rather than transporting bags of cement through the 3 Decline as is currently the practice. The remaining infrastructure will be in place during the second quarter of this financial year.
- At Consort Mine, the contractor model was implemented commencing March 2023. The operation's workforce was reduced from more than 400 employees and contractors to a current complement of approximately 275 contract employees, and the mine plan was reconfigured. The operation achieved its contracted production targets in June 2023 and is now well positioned to return to profitability
  - Run-of-mine (RoM) production in June and July 2023 averaged 3,450t per month compared with the January to May 2023 average of 1,800t per month, while monthly gold production improved to an average of 17kg from 10kg for the same period (excluding gold from surface sources)
  - The current focus at Consort Mine is on equipping the Prince Consort (PC) Shaft remnant blocks to enable the extraction of high-grade ore from the 41 to 45 Level areas.

In line with the implementation of a continuous operating cycle and improved production metrics, the underground Mineral Reserve delineation drilling programme was enhanced:

- Barberton Mines achieved 10,618m of drilling (2022: 8,922m), a 19% increase year-on-year. This drilling was mainly aimed at delineating and de-risking the mine plan's variability at Fairview Mine's MRC cross-fracture being mined downwards from the 257 Platform
- Additionally, this drilling is also directed at exploring for economic mineralisation in subparallel structures as well as on nearby known grade-carrying structures
- At Sheba Mine, the drilling was focused around the lower 37 Level mining sections of the ZK orebody.

The remaining life-of-mine from the **BTRP's** current tailings sources is estimated at three years, with a declining production profile over the last two years of its life. In the coming years, production from the BTRP is expected to be supplemented with ore from Barberton Mines' **Western Cross and Royal Sheba** orebodies, where the extraction and processing of a 10,000t bulk sample was successfully completed.

- Preliminary optimisation work on the life-of-mine plan estimates an eight-year lifespan at Royal Sheba, with production of around 235,000oz of gold at an average mining grade of 3g/t over the life-of-mine, and the potential for further extensions as the orebody remains open at depth
- The Western Cross orebody at Sheba Mine is a lower-grade (3g/t to 4g/t) 10m wide free-milling orebody that is currently accessed via the Southwall adit and forms part of the mine's production profile. The orebody is amenable to bulk mining, similar to that planned at the Royal Sheba project, and will further supplement feed material to the BTRP.

Evander Mines

Evander Mines' underground operations have a life-of-mine of 13 years, which includes planned production from **24, 25 and 26 Levels**, but excludes any expected production from the 7 Shaft's Egoli project. As the 8 Shaft pillar mining is depleted over the next two years, the focus has shifted to mining from 24 Level, with four crews already transferred during the current financial year. Annual production of approximately 35,000oz is anticipated for a period of three years from 24 Level, whereafter the 25 and 26 Level projects are planned to ramp up production to approximately 65,000oz to 70,000oz per annum for an eight-year life-of-mine.

Development of the 24 Level project is progressing well, despite encountering several geotechnical challenges during the year, which adversely impacted the lateral development's advance rates. Significant progress continues to be made:

- Phase 1 of the underground refrigeration plant was successfully commissioned, enabling mining operations on both the 24 Level F and D raise line stopes and, following completion of the required access development, mining of the 24 Level A, B and C raise lines. Currently, two crews are mining the 24 Level F raise line, while two additional crews are operating on the 24 Level D raise line
- Phase 2 of the refrigeration plant is currently under construction, with commissioning expected in the second quarter of the 2024 financial year
- To improve efficiency, the existing ventilation shaft from 17 to 24 Level is being equipped to provide hoisting capacity of up to 40,000t per month
  - This initiative will reduce reliance on the ageing conveyor belt system while simplifying and speeding up the ore handling process. Excavations for the winder chamber, in preparation for the winder's installation, have been completed and piping installations in the ventilation shaft commenced in April 2023
  - The ventilation shaft is scheduled to be commissioned for hoisting during the third quarter of the 2024 financial year
  - As an interim measure, additional crews have been deployed to the conveyor belts to improve maintenance and breakdown response times. This effort is expected to increase conveyor belt availability until ore hoisting can commence through the ventilation shaft
- The construction of an additional grout plant at 8 Shaft, which provides pseudo-pillar support, has also been completed. This plant will supply the required grout for mining support on 24 Level and future mining operations on 25 and 26 Levels
  - The utilisation of pseudo-pillars in the 8 Shaft pillar has proven to be effective in controlling mining subsidence and enhancing clean mining practices.

Development on 25 Level is anticipated to commence in the 2024 financial year. Footwall development blasting on 24 Level is progressing and will be used to access 25 and 26 Levels through an on-reef decline layout where the 24 Level footwall development intersects the reef horizon.

The dewatering process of the 3 Decline at **Egoli's** 7 Shaft project commenced in June 2022 and reached a milestone in June 2023 when it was successfully dewatered to below 19 Level. The dewatering process was, however, hindered by intermittent electricity supply interruptions due to Eskom's infrastructure failures. To maintain the desired water levels, continuous pumping

CHIEF EXECUTIVE OFFICER'S REVIEW continued

operations remain in place. Despite these challenges, we are actively working on a comprehensive plan to mine the existing remnant lower-grade blocks at 7 Shaft. This planning process is currently underway and is expected to be finalised by the first quarter of the 2024 financial year.

Elikhulu

Despite facing challenges that included electricity supply disruptions and unfavourable weather conditions during the rainy season, gold production from **Elikhulu** remained stable at 50,573oz (2022: 52,220oz) during the year. Elikhulu processed 13,587Mt of tailings material (2022: 13,732Mt) and achieved an overall recovery of 32% (2022: 35%). The operation successfully completed the installation of a 6km pipeline and commissioned the Leslie/Bracken pump station in September 2022, which should ensure a consistent production profile from Elikhulu for the next financial year.

Elikhulu remains one of the lowest-cost gold mining operations in Southern Africa, with an estimated remaining life-of-mine of 10 years.

MTR project

As previously announced, all required permits for the construction of the MTR project are in place.

In the SENS announcement of 1 August 2023, Pan African informed shareholders that all conditions precedent to the Group's ZAR1.3 billion (US$70.3 million) senior debt tranche designated for the funding of the MTR project had been fulfilled and the senior debt facility has become effective. The senior debt facility was underwritten by Rand Merchant Bank, a division of FirstRand Bank Limited (RMB), with Nedbank Limited (acting through its Nedbank Corporate and Investment Banking division), as co-financier.

Following the successful issue of the Group's inaugural Domestic Medium-term Note (DMTN) programme of ZAR800 million (US$43.2 million) in December 2022, completion of a ZAR400 million (US$21.6 million) synthetic gold forward sale with RMB in March 2023 and closure of the senior debt facility, the full upfront capital of ZAR2.5 billion for the project's development has been secured.

Full-scale construction of the MTR plant has now commenced, with expected production of 50,000oz per year for more than 20 years (remining both the Mogale Cluster and Soweto Cluster TSFs) at an AISC® similar to that of Elikhulu. Steady-state production is expected by December 2024.

Feasibility studies into the merits of renewable energy solutions for the new tailings retreatment plant's energy requirements are underway.

For further details, including economic parameters, refer to the abridged Mineral Resources and Mineral Reserves report on **page 103**.

EXPLORATION

Gold exploration programme in Sudan

Pan African Resources Minerals Co Limited, a subsidiary of the Group, is the holder of five exploration concessions in the Red Sea state of Sudan, located near the key coastal city of Port Sudan.

The exploration concessions are valid for a period of three years.

- After the initial three-year period, the concessions can be extended twice for a period of one year each. At the point of each extension, the exploration concession holder is required to relinquish 50% of the concession area, or the remaining concession area in the case of the second extension period
- At any time during the active exploration concession period, the holder can apply to upgrade the exploration concession to a mining lease.

A mining lease can only be applied for once a positive feasibility study is completed and submitted to the Sudanese Mineral Resources Company and the Ministry of Mines.

- A mining lease is active for a period of 25 years and is renewable, with each renewal period valid for 20 years. Once a mining lease has been approved, the Sudanese government is entitled to a 30% free carried interest in the company to which the mining lease was granted.

During September 2022, the Group successfully commissioned the first commercial fire assay multi-element analytical laboratory in Sudan. This laboratory is used to analyse all exploration samples collected from the exploration concessions and enables the quick turnaround of critical assay results, essential for informative decision-making during the exploration phases.

Initial assay results received from the exploration targets identified in the south-eastern corner of Block 12A South averaged 1.7g/t from 12 samples taken from quartz veins, rock debris and soil, noting the following:

- Some of the structures sampled indicated significantly higher gold mineralisation results, with values ranging from 2.9g/t up to 9.4g/t
- These structures will be further defined as part of a confirmatory sampling programme. Preliminary field investigations identified a siliceous unit hosting significant iron oxide alteration, with reported gold grades of 7.3g/t, 0.19g/t and 0.58g/t
- Further sampling along the strike and down-dip of the structure, as well as subsequent mapping, revealed a potential extension of the mineralised zone of several kilometres towards the south-west.

Following the military-led coup d'état on 25 October 2021, the paramilitary group known as the Rapid Support Forces launched attacks against the ruling military group, the Sudanese Armed Forces, in April 2023. Because of the conflict that ensued thereafter, all expatriate employees of the Group were safely extracted from Sudan. Accordingly, a notice of force majeure on the Group's exploration licences was issued to the Sudanese Mineral Resources Company. All of the Group's in-country assets were placed on care and maintenance to minimise operational expenditure. During August 2023, the Group initiated the return of the expatriate workforce to recommence with our exploration activities.

No Mineral Resources or Mineral Reserves are currently reported for any of the targets identified.

GOLD PRICE HEDGING

The new MTR project term loan and the revolving credit facility (RCF) refinance facilities (senior debt facilities) require that the Group hedges a minimum number of ounces (capped at 30% of total annual production) on a two-year rolling basis, with the intent of locking in a minimum level of cash flow available for debt service, in excess of the Group's annual AISC base, to reduce the risk of adverse rand gold price movements on the Group's cash generation during the term of these facilities. In terms of the hedging policy agreed with RMB and Nedbank, as participants in the senior debt facilities, the Group may elect to conduct additional discretionary hedging up to a maximum of 60% of annual production in any given year.

The Group currently has the following hedge transactions in place:

- Synthetic forward transaction: The Company is obligated to sell 4,846oz of gold per month, for 24 months commencing in March 2023, at a fixed price of ZAR1,025,000/kg (US$1,723/oz[1]), and received an upfront premium of US$21.6 million (ZAR400 million). The effective price at which the Group sold the 3,617kg of gold, representing approximately 30% of annual Group production, over the 24 months, is ZAR1,135,604/kg (US$1,909/oz[1]). This instrument satisfies the mandatory hedging requirement provided for in the senior debt facilities.

[1] *Converted at an exchange rate of US$/ZAR:18.50.*

- Zero-cost collars in place in terms of discretionary hedging as per the hedging policy:

Term	July 2023 to December 2023	July 2023 to December 2023
Notional quantity	2,150oz per month	2,150oz per month
Total notional quantity	12,900oz	12,900oz
Cap price	ZAR1,312,070/kg US$2,206/oz	ZAR1,341,459/kg US$2,255/oz
Floor price	ZAR1,100,000/kg US$1,849/oz	ZAR1,100,000/kg US$1,849/oz

DIVIDENDS

Proposed dividend for the financial year ended 30 June 2023

The board has proposed a final dividend of ZAR400.1 million for the 2023 financial year (approximately US$21.2 million), equal to ZA 18.00000 cents per share or approximately US 0.95592 cents per share (0.75219 pence per share). The dividend is subject to approval by shareholders at the AGM, which is to be convened on Thursday, 23 November 2023.

Pan African aspires to pay a regular dividend to its shareholders and in balancing this cash return to shareholders with the Group's strategy of generic and acquisitive growth, Pan African believes a target payout ratio of 40% to 50% of net cash-generated from operating activities, after providing for the cash flow impact of capital expenditure (reduced by externally funded capital), contractual debt repayments and the cash flow impact of once-off items (discretionary rand cash flow), is appropriate. This measure aligns dividend distributions with the cash-generation potential of the business. In proposing a dividend, the board will also take into account the Company's financial position, prospects, satisfactory solvency and liquidity assessments and other factors deemed by the board to be relevant at the time. The board, having applied its discretion, believes that a dividend in line with the dividend policy is justified for the 2023 financial year given the favourable gold price environment, robust 2023 cash flows and the encouraging prospects for the 2024 financial year.

The net proposed dividend constitutes a payout ratio of 40.5% of the Group's discretionary cash flows, as defined by its dividend policy. The payout ratio is indicative of the board's assessment of the sustainability of the operations and favourable prospects for the 2024 financial year. The proposed dividend equates to a dividend yield of 5.9% based on the 30 June 2023 closing share price of ZAR3.03 per share.

OUTLOOK AND PROSPECTS

Our primary focus for the coming year is safely delivering high-quality ounces in line with our production guidance and successfully executing capital projects that will sustain and increase future gold production. Our approach strikes a circumspect balance between financial stability and the pursuit of growth opportunities.

For the upcoming 2024 financial year, our focus areas include:

- monitoring the Group's optimisation and restructuring initiatives intended to increase production and further reduce costs
- executing capital projects designed to sustain and increase future gold production profile to approximately 250,000oz per year
- ensuring adequate liquidity to fund the Group's capital programmes
- continuing to progress the Group's ESG initiatives with a focus on maintaining our social licence to operate in our host communities
- monitoring debt levels and senior debt facility compliance as the construction of the MTR project progresses
- maintaining the focus on generating sustainable shareholder returns.

APPRECIATION

I am grateful for the support and commitment from our dedicated staff and contractors, the leadership shown by our management team and the steadfast guidance from our trusted board in managing challenges and advancing exciting opportunities in the past year.

Cobus Loots
Chief executive officer

13 September 2023

PERFORMANCE AGAINST OUR STRATEGIC OBJECTIVES

- Substantially achieved
- Moderate progress
- Not achieved

We are committed to producing high-margin gold ounces in a safe and efficient manner, while investing in host communities and minimising the environmental impact of our operations.

Strategic objective	Value created	2023	2022	
FINANCIAL CAPITAL Ensure adequate, competitively priced and flexible financial resources for the funding of our operations and disciplined capital allocation for sustainable long-term value creation	Net senior debt	**US$18.9 million**	US$9.3 million	Substantially achieved
	Net cash from operating activities	**US$100.1 million**	US$110.0 million	Substantially achieved
	One of the first South African mining companies to issue a US$43.2 million sustainability-linked bond during December 2022			Substantially achieved
	In July 2023, a US$70.3 million debt funding package for the MTR project construction was entered into through a credit-approved term loan facility			Substantially achieved
	Secured US$21.6 million by means of a synthetic gold forward sale transaction in March 2023 as a funding component for the construction of the MTR project			Substantially achieved
	Dividend paid	**US$23.2 million**	US$25.0 million	Substantially achieved
MANUFACTURED CAPITAL Unlock the full potential of our Mineral Resources and Mineral Reserves through sustainable extraction and processing, while embracing renewable energy, to pave the way for a responsible and prosperous mining future	Capital expenditure	**US$113.0 million**	US$82.8 million	Substantially achieved
	Progressed restructuring programmes and other initiatives to increase the production run rate. Refer to the operational performance review on **page 82**			Substantially achieved
	Gold production	**175,209oz**	205,688oz	Not achieved
	A power purchase agreement has been entered into for 40MW wheeled renewable energy			Substantially achieved
	AISC	**US$1,327/oz**	US$1,284/oz	Moderate progress
INTELLECTUAL CAPITAL Optimise the use of technology and harness the expertise of our teams to consistently deliver safe, reliable, efficient and responsible mining operations	Optimisation initiatives were undertaken at all operations. Refer to the operational performance review on **page 82**			Substantially achieved
	The Group employed modern exploration techniques and advanced mine planning systems, implemented a safety reporting system across our mining operations and enhanced our surveillance technology			Substantially achieved
	Finalised the acquisition of Mogale Gold and MSC			Substantially achieved
	Continued with the gold exploration programme in north-eastern Sudan. Exploration activities were placed on care and maintenance during April 2023 due to the outbreak of violence but resumed after year-end following a detailed risk assessment of the operational environment in the exploration area			Moderate progress

Strategic objective	Value created	2023	2022	
HUMAN CAPITAL Attract, cultivate and retain exceptional talent while fostering a culture of safety, respect and continuous learning	Fatalities	**1**	None	Not achieved
	TRIFR (per million man hours)	**7.96**	8.95	Substantially achieved
	Skills and development training	**US$2.2 million**	US$0.8 million	Substantially achieved
	Continuing progress in fostering an entrepreneurial and results-driven culture			Moderate progress
SOCIAL AND RELATIONSHIP CAPITAL Engage stakeholders to build positive relationships, maintain our social licence to operate and create sustainable value	Reduced illegal mining through partnerships, surveillance and enhanced technology applications			Substantially achieved
	Successfully handed over phase 3 of the Ngwenya and Sheba Primary Schools to the Department of Basic Education during August 2023			Substantially achieved
	Implemented measures to progress the operation of the Group's TSFs in line with the GISTM as far as reasonably practicable			Moderate progress
	PwC assured certain key sustainability information in the Group's ESG report, and the Group published its maiden TCFD report in 2023			Substantially achieved
NATURAL CAPITAL Manage our operations with climate-conscious practices that preserve and protect natural resources and promote sustainability	In March 2023, Evander Mines' water retreatment plant was commissioned			Substantially achieved
	In May 2023, preparatory construction activities on Fairview Mine's solar plant commenced			Moderate progress
	Action plans and remedial activities are being implemented to mitigate high-risk safety and environmental issues			Moderate progress

FIVE-YEAR OVERVIEW

	Unit	2023	2022	2021	2020	2019
Operating performance						
Gold mining tonnes milled	t	**394,091**	381,148	376,118	285,016	311,606
Gold tailings and feedstock processed	t	**14,757,699**	14,901,683	14,315,881	14,339,922	13,035,165
Overall recovered grade	g/t	**0.4**	0.4	0.4	0.4	0.4
Gold produced	oz	**175,209**	205,688	201,777	179,457	172,442
Average gold price received	US$/oz	**1,836**	1,824	1,826	1,574	1,266
Total gold mining cash costs	US$/oz	**1,142**	1,099	1,035	911	891

US$ million	2023	2022	2021	2020	2019
Statement of profit or loss					
Revenue	**321.6**	376.4	368.9	274.1	217.7
Cost of production before depreciation and amortisation	**(198.8)**	(226.4)	(208.8)	(158.5)	(153.0)
Gross profit	**102.4**	123.5	128.0	94.1	48.5
Adjusted EBITDA	**115.0**	138.3	144.1	86.5	56.8
Impairment (cost)/reversal	**–**	(0.5)	–	0.1	17.9
Profit for the period	**60.7**	75.0	74.7	44.3	38.0
Headline earnings	**60.5**	75.6	74.7	44.2	22.9
Dividend paid	**(23.2)**	(25.0)	(20.6)	(3.4)	–
Statement of financial position					
Non-current assets	**439.7**	401.1	398.5	315.0	363.2
Current assets	**61.3**	56.0	84.6	53.6	30.0
Total equity	**294.6**	294.6	283.6	183.6	183.6
Non-current liabilities	**129.0**	103.5	93.5	106.3	145.7
Current liabilities	**77.4**	59.0	106.0	78.7	63.9
Statement of cash flows					
Net cash from operating activities	**100.1**	110.0	82.2	53.8	37.7
Capital expenditure on property, plant and equipment	**112.7**	82.7	44.4	34.6	55.1
Net increase/(decrease) in cash and cash equivalents	**9.1**	(3.7)	(6.4)	26.5	3.9

	Unit	2023	2022	2021	2020	2019
Statistics						
Shares in issue	million	**2,222.9**	2,222.9	2,234.7	2,234.7	2,234.7
Weighted average number of shares in issue	million	**1,916.5**	1,926.1	1,928.3	1,928.3	1,928.3
Earnings per share	US cents	**3.19**	3.90	3.87	2.30	1.97
Headline earnings per share	US cents	**3.15**	3.93	3.87	2.29	1.19
Net asset value per share	US cents	**15.37**	15.37	14.71	9.52	9.52
Dividend paid per share	US cents	**1.04**	1.27	0.84	0.15	–

	2023		2022		2021		2020		2019	
Shares traded	JSE ZAR million	AIM GBP million	JSE ZAR million	AIM GBP million	JSE ZAR million	AIM GBP million	JSE ZAR million	AIM GBP million	JSE ZAR million	AIM GBP million
Value of shares traded	**2,854.2**	**140.4**	4,018.9	194.6	5,294.3	164.5	1,742.7	50.6	680.9	19.7

		2023		2022		2021		2020		2019	
	Unit	JSE	AIM	JSE	AIM	JSE	AIM	JSE	AIM	JSE	AIM
Volume of shares traded	million	**782.3**	**834.0**	1,056.3	1,015.7	1,192.6	773.4	680.5	397.7	418.7	222.8
Volume traded as percentage of number in issue	%	**35.2**	**43.5**	47.5	46.9	53.4	34.6	30.5	17.8	18.7	10.0
Number of transactions	number	**102,319**	**68,708**	99,368	97,950	173,253	70,163	71,233	35,211	23,424	14,449
Price:earnings	ratio	**5.3**	**4.7**	6.6	7.0	5.7	6.0	10.3	9.7	6.7	6.5
Dividend yield at the last traded share price	%	**5.9**	**6.0**	4.6	4.3	5.3	5.3	3.8	3.7	1.2	1.3

	2023		2022		2021		2020		2019	
	JSE ZA cents	AIM GB pence	JSE ZA cents	AIM GB pence	JSE ZA cents	AIM GB pence	JSE ZA cents	AIM GB pence	JSE ZA cents	AIM GB pence
Last sale in year	**303.0**	**12.5**	394.0	20.8	341.0	17.2	370.0	17.6	186.0	10.0
High	**485.0**	**21.2**	476.0	24.0	642.0	27.1	398.0	18.0	215.0	10.8
Low	**283.0**	**12.0**	295.0	15.1	311.0	15.4	150.0	9.0	125.0	6.9
Average price per share traded	**365.0**	**16.9**	374.6	19.2	440.0	21.3	245.1	12.4	161.7	8.8

OUR SUSTAINABILITY-LINKED FINANCE FRAMEWORK

Pan African is one of the first mining companies to issue a sustainability-linked bond in the South African market.

INTEGRATED THINKING

The framework is the endorsement of our common belief in delivering on our purpose in a sustainable manner.

In December 2022, Pan African announced its medium-term note programme, with an allocated amount of up to ZAR5 billion.

These notes are classified as sustainability-linked bonds and sustainability-linked loans and are forward-looking performance-based instruments, incorporating financial and structural characteristics that may differ based on the Group's attainment of specific predefined ESG KPIs. The bond explicitly commits the Group to making future improvements in environmental and social areas that are relevant, core and material to its overall business.

These KPIs are objectively measurable and quantifiable, and an independent third party will annually verify them using a recognised and established methodology, ensuring their accuracy and reliability.

KPI	2022	2023	2024	2025	2026	2027	2028	2029	2030
Renewable energy as a percentage of total energy consumption (%)	0[B]	5	7	12	14	15	15	15	–
Land rehabilitated as a percentage of total area to be rehabilitated (%)	0[B]	–	8	16	24	32	36	39	41
TFIFR (per million man hours)	8.95[B]	8.50	8.08	7.75	7.44	7.22	7.00	6.79	–

[B] *Baseline.*

Pan African, along with its significant operating subsidiaries, serves as the guarantor for the programme, which is listed on the Interest Rate Market of the JSE. The programme is governed by specific financial covenants, which are as follows:

Ratio	Year ending on or before redemption date
Net debt-to-equity	≤ 1:1
Debt service cover	> 1.3:1
Net debt-to-EBITDA	≤ 2:1
Interest cover	> 4:1

After a highly successful bookbuild resulting in oversubscription, the Group issued senior second-ranking secured sustainability-linked bonds to the value of US$43.2 million (ZAR800 million). These bonds were officially listed on 13 December 2022. This strategic move not only broadens the Group's funding sources but also directs the proceeds towards its growth project pipeline, enabling further expansion and development.

The sustainability-linked finance framework specifically focuses on three essential sustainability themes, each accompanied by a relevant KPI and sustainability performance target (SPT). These themes are as follows:

1 RENEWABLE ENERGY – CLIMATE CHANGE

This KPI monitors renewable energy generation, GHG emissions and energy consumption. The associated SPTs are designed to drive progress towards increased use of renewable energy, reducing emissions and enhancing energy efficiency over a seven-year time horizon.

Target	Achieve 15% renewable energy mix by 2027
2023 milestone	Achievement of the SPT of 6.1% versus 5.0%

2 LAND REHABILITATION – BIODIVERSITY

The KPI for this theme revolves around soil and land use, ensuring responsible land rehabilitation practices. The SPTs are aimed at restoring and preserving biodiversity. Notably, the MTR project is the sole area where land rehabilitation progress is being evaluated for this SPT.

Target	Achieve 41% land rehabilitation by 2030 on the MTR project
2023 milestone	SPT to be measured in 2024 once the MTR project plant is constructed

3 TRIFR – OCCUPATIONAL HEALTH AND SAFETY

This KPI tracks the Group's performance in ensuring employee safety. The SPT aims to reduce the TRIFR metric within a seven-year time frame.

Target	Achieve year-on-year average improvement of 3.86% in safety performance for the reporting period 2023 to 2030 and a cumulative 24% reduction, compared to the past seven years
2023 milestone	Achievement of the SPT of 7.96 per million man hours versus 8.50 per million man hours

FINANCIAL DIRECTOR'S REVIEW

Performance
▲ Positive increase ▼ Positive decrease ▶ Unchanged ▲ Negative increase ▼ Negative decrease

Despite the production challenges experienced at our underground operations, Pan African delivered a robust financial performance for the 2023 financial year.

The Group has made significant progress in advancing its growth projects, with capital expenditure prioritising the development of Evander Mines' 24 Level project and the MTR project.

	Highlights for the year	2023	2022	%Δ
FINANCIAL CAPITAL	Revenue	**US$321.6 million**	US$376.4 million	(14.6) ▼
	Profit for the period	**US$60.7 million**	US$75.0 million	(19.1) ▼
	Headline earnings®	**US$60.5 million**	US$75.6 million	(20.0) ▼
	Basic earnings per share	**US 3.19 cents**	US 3.90 cents	(18.2) ▼
	Net cash from operating activities	**US$100.1 million**	US$110.0 million	(9.0) ▼
	Net debt®	**US$22.0 million**	US$13.0 million	69.2 ▲
	Adjusted EBITDA®	**US$115.0 million**	US$138.3 million	(16.8) ▼
	Dividend proposed per share®	**US 0.95592 cents**	US 1.04046 cents	(8.5) ▼

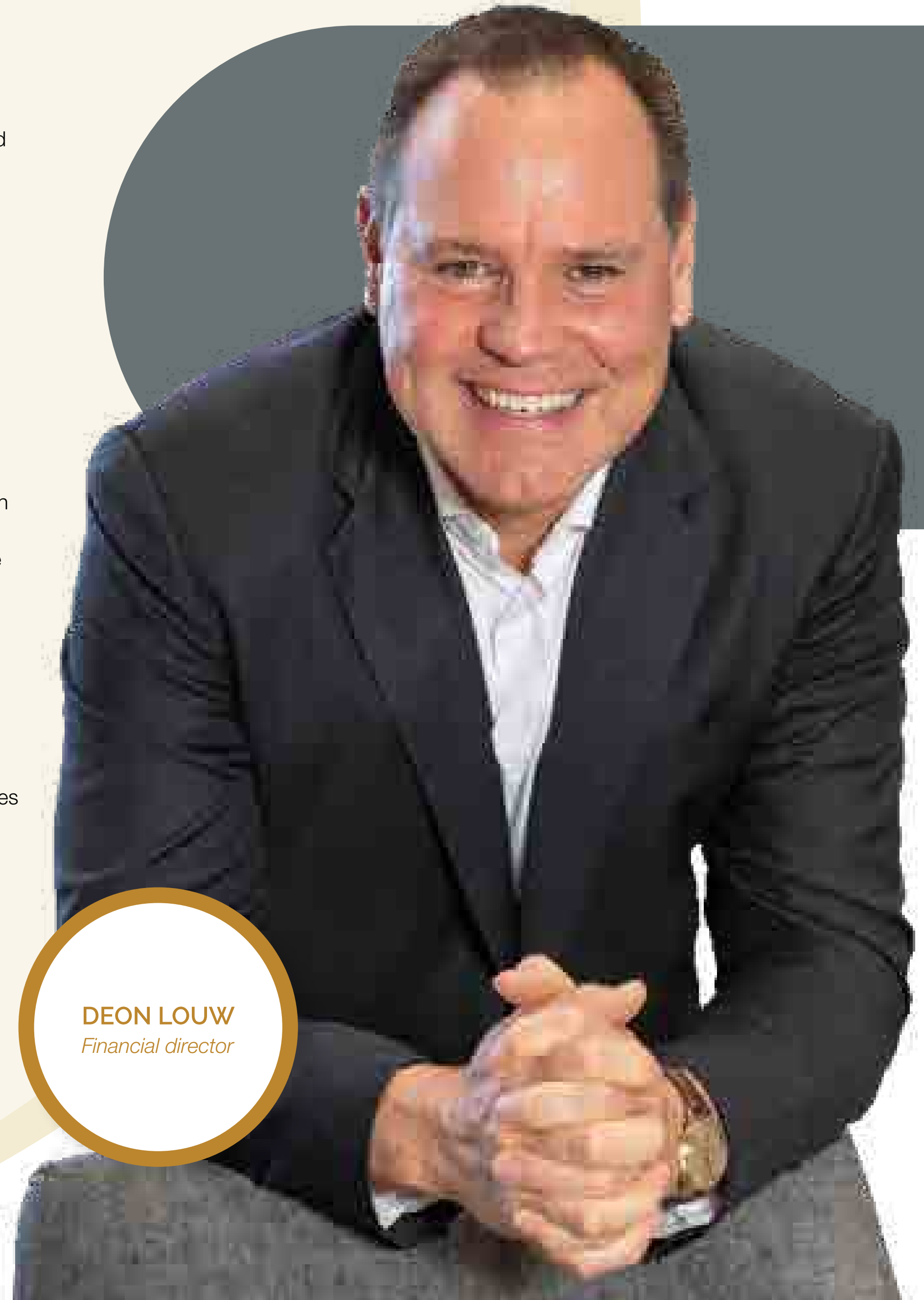
OVERVIEW

The Group's performance in the current financial year reflects both challenges and achievements. Notably, revenue declined by 14.6% in line with the 14.8% decline in production to 175,209oz, following the record production of 205,688oz in the previous financial year. In response to these challenges, and to mitigate against future setbacks, we purposefully addressed the underlying issues that have impacted our operations. Refer to the operational performance review on **page 82** for the details of the initiatives taken to address these issues.

The Group has made significant progress in advancing its growth projects, with the development of Evander Mines' 24 Level project and the MTR project being prioritised. Total capital expenditure for the year amounted to US$113.0 million (2022: US$82.8 million), which resulted in an increase in net debt® to US$22.0 million compared to US$13.0 million in the previous financial year.

AISC® has increased marginally to US$1,327/oz (2022: US$1,284/oz), resulting in an AISC® margin of 27.7% (2022: 29.6%) on the average gold price of US$1,836/oz (2022: US$1,824/oz) received during the 2023 financial year.

Cash holdings increased to US$34.8 million (2022: US$27.0 million), while net cash from operating activities decreased to US$100.1 million (2022: US$110.0 million). Liquidity remains healthy, with access to immediately available cash and undrawn facilities of US$84.7 million (2022: US$69.4 million) at financial year-end.



DEON LOUW
Financial director

CAPITAL STRUCTURE AND FINANCING ARRANGEMENTS

During the 2023 financial year, Pan African strengthened its capital structure and diversified its funding sources by:

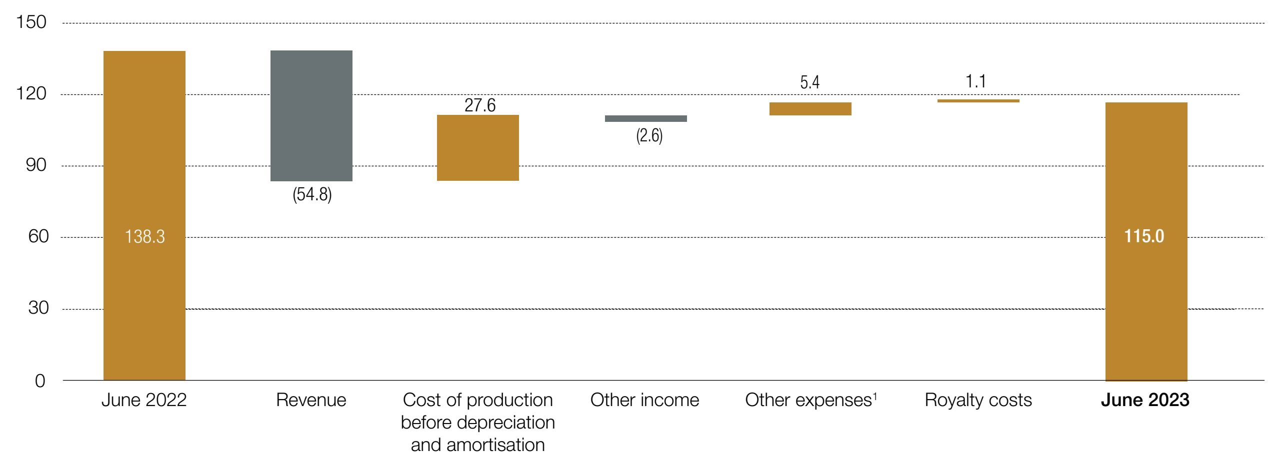
- successfully issuing its inaugural sustainability-linked bond of US$43.2 million (ZAR800 million) in December 2022
- implementing a synthetic gold forward sale transaction structure in March 2023 to raise funding of US$21.6 million (ZAR400 million)
- closing a US$70.2 million senior debt facility for the part funding of the MTR project's construction
- refinancing its existing RCF, which was due to expire in June 2024, to June 2026, contributing to ensuring the Group's financial stability and liquidity as the MTR project is being constructed.

The strengthened capital structure significantly reduces the Group's financial risk during the MTR project's construction period as there are no material scheduled principal debt repayments during this period.

The sustainability-linked bond, RCF and term loan facility are tied to specific sustainability-linked KPIs, verified annually over a period of seven years. An improvement in these metrics will result in a reduction of the interest rates borne by these instruments. For further details on these KPIs and our sustainability-linked finance framework, refer to **page 72**.

Adjusted EBITDA® decreased due to a US$54.8 million decrease in revenue, which was offset by decreased production costs of US$27.6 million. The adjusted EBITDA margin® decreased to 35.8% (2022: 36.7%).

Adjusted EBITDA® **for the year ended 30 June 2023** (US$ million)



[1] *The movement excludes non-mining depreciation and amortisation.*

FINANCIAL DIRECTOR'S REVIEW continued

Performance
- ▲ Positive increase
- ▼ Positive decrease
- ▶ Unchanged
- ▲ Negative increase
- ▼ Negative decrease

FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

US$ million	2023	2022	%Δ	
Revenue	**321.6**	376.4	(14.6)	▼
Cost of production	**(198.8)**	(226.4)	(12.2)	▼
Mining and processing costs	**(83.0)**	(96.3)	(13.8)	▼
Salaries and wages	**(51.0)**	(56.9)	(10.4)	▼
Electricity costs	**(28.5)**	(33.8)	(15.7)	▼
Engineering and technical costs	**(18.8)**	(21.4)	(12.1)	▼
Other	**(17.5)**	(18.0)	(2.8)	▼
Depreciation and amortisation	**(20.4)**	(26.5)	(23.0)	▼
Gross profit	**102.4**	123.5	(17.1)	▼
Other income	**5.9**	8.5	(30.6)	▼
Other expenses	**(13.2)**	(18.3)	(27.9)	▼
Royalty costs	**(1.0)**	(2.1)	(52.4)	▼
Impairment loss on plant and equipment	**–**	(0.5)		▼
Net income before finance income and finance costs	**94.1**	111.1	(15.3)	▼
Finance income	**1.1**	1.1	–	▶
Finance costs	**(9.7)**	(5.3)	83.0	▲
Profit before tax	**85.5**	106.9	(20.1)	▼
Income tax expense	**(24.8)**	(31.9)	(22.3)	▼
Profit for the period	**60.7**	75.0	(19.1)	▼
Adjusted EBITDA®	**115.0**	138.3	(16.8)	▼
Headline earnings	**60.5**	75.6	(20.0)	▼

Revenue decreased due to gold sold decreasing by 15.0% to 174,760oz (2022: 205,688oz). The average US$ gold price received was US$1,836/oz, which is consistent with the price received in 2022 of US$1,824/oz.

Production costs are incurred in rand, the functional currency of our main operating entities, with translations to US$ impacted by the US$/ZAR exchange rate. The Group's cost of production decreased by 12.2% primarily due to the 16.8% depreciation of the average US$/ZAR exchange rate relative to the previous financial year. However, when measured in rand, the cost of production increased by 2.5% which is below South Africa's current inflation rate of approximately 5.6%.

- **Mining and processing costs** increased by 0.6% in rand terms predominantly due to increased mining support costs at Barberton Mines, following the implementation of continuous mining operations at Fairview and Sheba Mines, above-inflationary increases in reagent costs and increased processing costs at Elikhulu. In September 2022, Elikhulu commenced remining the Leslie/Bracken TSF, in addition to the ongoing Kinross TSF remining, which resulted in increased processing costs during the financial year. However, these increases were offset by the capitalisation of mining costs related to Evander Mines' 24 Level development.
- **Salaries and wages** increased by 4.8% in rand terms. The Group's average annual salary increase was approximately 5.0%. This was partially offset by the capitalisation of operating costs which related to the 24 Level development, a decrease in production bonuses paid at both Barberton Mines and Evander Mines, in line with the decline in gold production, and cost-saving initiatives such as the implementation of new time and attendance software at Barberton Mines.
- **Electricity costs** decreased by 1.7% in rand terms, mainly due to the capitalisation of the 24 Level development costs and savings, following the commissioning, in May 2022 of Evander Mines' solar plant. However, this decrease was offset by a 9.6% regulatory electricity rate increase and higher costs associated with remining the Leslie/Bracken TSF due to increased pumping distances as well as increased tonnes milled by Evander Mines' underground operations compared to the previous financial year.
- **Engineering and technical costs** increased by 2.4% in rand terms, mainly due to repairs and maintenance on valves and electrical equipment at Evander Mines' Kinross plant, pump upgrades at Elikhulu and increased engineering costs as a result of the implementation of continuous shift operations at Barberton Mines. This increase, however, was offset by the capitalisation of costs related to the 24 Level development.

The **depreciation and amortisation charge** reduced by 23.0% primarily due to the 14.8% decline in gold production; this charge for the mining operations is calculated based on actual production in relation to the estimated available RoM mining tonnes over the Mineral Reserve life of the operations. Additionally, the 16.8% depreciation of the average US$/ZAR exchange rate compared to the previous financial year also contributed to the overall decrease. In rand terms, depreciation decreased by 9.9%.

The depreciation charge for Evander Mines' underground operations decreased by US$4.9 million mainly due to the extension of the life-of mine from five years to 14 years, which includes planned production from 24, 25 and 26 Levels but excludes any provision for future production from Egoli.

The reduction in depreciation was, however, partially offset by a US$0.4 million and US$0.2 million increase in the depreciation charge related to the Group's solar and agriculture facilities, respectively.

The **gross profit margin®** decreased from 32.8% to 31.8%.

Other income decreased by US$2.6 million largely due to:

- a US$3.8 million decline in the change in estimate associated with the Group's rehabilitation obligation, following an increase in the risk-free rate which resulted in a US$0.9 million decrease in the rehabilitation obligation compared to a US$4.7 million decrease in the previous financial year
- offset by a US$1.3 million increase in the fair value gain on the environmental rehabilitation obligation fund. The fair value gain recognised in the current financial year was US$1.9 million compared to US$0.6 million in the previous financial year.

The **income tax expense** for the current financial year resulted in an effective tax rate of 29.0%, which is slightly lower than the previous financial year's rate of 29.8%. The year-on-year decrease of 22.3% in the Group's income tax expense is primarily attributable to the lower-than-planned production levels, which reduced taxable income.

The deferred tax expense decreased to US$19.3 million (2022: US$25.0 million).

Finance costs increased following a 54.3% increase in borrowings as well as an increase in interest rates during the financial year.

Other expenses decreased by US$5.1 million mainly due to a decrease in costs incurred associated with the Group's employee incentive scheme to US$0.9 million (2022: US$5.6 million).

FINANCIAL DIRECTOR'S REVIEW continued

Performance
- ▲ Positive increase
- ▼ Positive decrease
- ▶ Unchanged
- ▲ Negative increase
- ▼ Negative decrease

FINANCIAL POSITION AS AT 30 JUNE 2023

US$ million	2023	2022	%Δ	
ASSETS				
Property, plant and equipment	**395.2**	355.8	11.1	▲
Goodwill	**16.1**	18.6	(13.4)	▼
Long-term inventory	**6.0**	0.2	>100	▲
Environmental rehabilitation obligation fund	**21.6**	23.0	(6.1)	▼
Other	**0.7**	3.5	(80.0)	▼
Non-current assets	**439.6**	401.1	9.6	▲
Inventory	**9.6**	10.0	(4.0)	▼
Trade and other receivables	**15.2**	17.3	(12.1)	▼
Cash and cash equivalents	**34.8**	27.0	28.9	▲
Other	**1.7**	1.7	–	▶
Current assets	**61.3**	56.0	9.5	▲
Total assets	**500.9**	457.1	9.6	▲
EQUITY AND LIABILITIES				
Share capital and premium	**273.1**	273.1	–	▶
Retained earnings	**306.0**	264.8	15.6	▲
Reserves	**(283.9)**	(243.1)	(16.8)	▼
Non-controlling interests	**(0.6)**	(0.2)	(>100)	▼
Total equity	**294.6**	294.6	–	▶
Environmental rehabilitation obligation	**10.1**	8.6	17.4	▲
Borrowings	**42.5**	33.3	27.6	▲
Contract liability	**7.1**	–		▲
Deferred tax	**64.6**	53.8	20.1	▲
Other	**4.7**	7.8	(39.7)	▼
Non-current liabilities	**129.0**	103.5	24.6	▲
Trade and other payables	**52.1**	50.2	3.8	▲
Borrowings	**10.9**	1.3	>100	▲
Contract liability	**10.6**	–		▲
Share-based payment obligations	**2.4**	5.6	(57.1)	▼
Other	**1.3**	1.9	(31.6)	▼
Current liabilities	**77.3**	59.0	31.0	▲
Total liabilities	**206.3**	162.5	27.0	▲
Total equity and liabilities	**500.9**	457.1	9.6	▲

Capital expenditure on **property, plant and equipment** amounted to US$113.0 million (2022: US$82.8 million), which included sustaining capital® expenditure of US$20.2 million (2022: US$23.1 million) and expansion capital expenditure® of US$92.8 million (2022: US$59.7 million) mainly related to Evander Mines' 24 Level project and the MTR project's construction offset by depreciation of US$20.8 million (2022: US$26.6 million) and a net foreign currency reserve loss of US$52.8 million (2022: US$46.2 million).

The **long-term inventory** increased following the acquisition of the Mogale Gold and MSC TSFs.

The **return on capital employed**® decreased from 32.6% in 2022 to 27.8% mainly due to the decrease in EBIT.

The Group's net assets remained constant at US$294.6 million. Equity increased by the profit for the period, offset by:

- net dividend payments of US$20.0 million (2022: US$21.6 million) to shareholders
- other comprehensive loss of US$40.8 million (2022: US$39.2 million) due to the recognition of a foreign translation loss of US$41.0 million (2022: US$40.1 million) associated with the depreciation of the closing exchange rate from US$/ZAR:16.28 to US$/ZAR:18.83.

The **environmental rehabilitation obligation** increased by US$1.5 million mainly as a result of the acquisition of Mogale Gold and MSC and their associated environmental rehabilitation obligations of US$2.4 million as well as a US$1.3 million (2022: US$1.9 million) increase associated with the unwinding of the obligation offset by a US$1.4 million (2022: US$1.4 million) foreign currency translation reserve gain.

Borrowings increased to US$53.4 million (2022: US$34.6 million), which is attributable to the expansionary capital expenditure on Evander Mines' 24 Level project and the MTR project.

The **contract liability** relate to an upfront consideration of US$21.6 million received in March 2023 from the synthetic gold forward sale transaction. This liability is being recognised as revenue over a 24-month period.

The **share-based payment obligations** decreased primarily as a result of the settlement of amounts due to employees as vested benefits.

CASH FLOW FOR THE YEAR ENDED 30 JUNE 2023

US$ million	2023	2022	%Δ	
Cash from operating activities	**100.1**	110.0	(9.0)	▼
Cash used in investing activities	**(112.7)**	(81.3)	(38.6)	▼
Cash from/(used in) financing activities	**24.9**	(32.4)	>100	▲
Net increase/(decrease) in cash and cash equivalents	**12.3**	(3.7)	>100	▲
Cash and cash equivalents at the beginning of the year	**27.0**	35.1	(23.1)	▼
Effect of foreign exchange rate changes	**(4.5)**	(4.4)	(2.3)	▼
Cash and cash equivalents at the end of the year	**34.8**	27.0	28.9	▲

Cash from operating activities was adversely impacted by operational performance and is stated after a net dividend paid of US$20.0 million (2022: US$21.6 million).

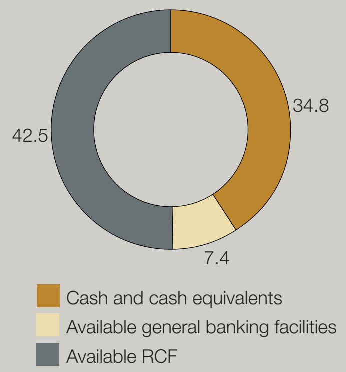
Cash used in investing activities includes capital expenditure on property, plant and equipment of US$112.7 million (2022: US$82.7 million).

Cash from financing activities includes proceeds from borrowings of US$94.7 million (2022: US$12.9 million), partially offset by the repayment of senior debt facilities of US$69.3 million (2022: US$41.4 million).

FINANCIAL DIRECTOR'S REVIEW continued

Pan African has sufficient liquidity at the end of the financial year with access to cash and undrawn facilities of US$84.7 million (2022: US$69.4 million).

Available cash and undrawn facilities
(US$ million)



CAPITAL ALLOCATION DISCIPLINE

The board is conscious of stakeholder aspirations for sustainable value creation. As a result, all capital allocation decisions are subject to rigorous analysis and predefined risk-adjusted return parameters to ensure this objective is fulfilled. Of paramount importance in all such capital allocation decisions is the Group's ability to successfully execute investment opportunities and realise the required risk-adjusted return over the investment horizon. The compelling returns currently being earned on the historical capital invested in the BTRP, Evander Mines' 8 Shaft pillar and Elikhulu bear testimony to our success in this regard.

Our primary investment criterion is to earn a minimum return in excess of the Group's cost of capital, after adjusting for project-specific and sovereign risks. Furthermore, to ensure our returns are robust through the cycle, we endeavour to invest only in projects that fall into the lower half of the cost curve and where the execution risk is within our capability.

DIVIDENDS

In balancing our aspiration to return cash to shareholders with the Group's strategy of generic and acquisitive growth, Pan African believes a target payout ratio of 40% to 50% of net cash from operating activities, after providing for the cash flow impact of capital expenditure (reduced by externally funded capital), contractual debt repayments and the cash flow impact of once-off items (discretionary rand cash flow), is appropriate. This measure aligns dividend distributions with the cash-generation potential of the business. In proposing a dividend, the board also considers the Company's financial position, future prospects, satisfactory solvency and liquidity assessments and other factors considered by the board to be deemed relevant at the time. The board, having applied its discretion, believes that a dividend in line with the dividend policy is justified for the 2023 financial year given the favourable gold price environment, robust 2023 cash flows and the encouraging prospects for the 2024 financial year.

Proposed dividend for the financial year

ZAR400.1 million for the 2023 financial year (approximately US$21.2 million at an exchange rate of US$/ZAR:18.83), equal to ZA 18.00000 cents per share or approximately US 0.95592 cents per share (0.75219 pence per share). The dividend is subject to approval by shareholders at the AGM in November 2023.

The proposed dividend equates to a dividend yield of 5.9% based on the closing share price at 30 June 2023.

The net proposed dividend constitutes a payout ratio of 40.5% of the Group's discretionary cash flows. The payout ratio is indicative of the board's assessment of the sustainability of operations and favourable prospect for the 2024 financial year.

Shareholder returns at 30 June

	Unit	2023	2022
Attributable cash flow per share	US cents per share	**1.46**	1.23
Dividend yield at the last traded price	%	**5.9**	4.6
Cash flow yield per share	%	**9.1**	5.1
Return on shareholders' funds®	%	**20.6**	25.9
Return on capital employed	%	**27.8**	32.6

Over the past financial year, the Group generated attributable cash flow of US$55.0 million (2022: US$23.6 million), which positively impacted attributable cash flow per share. The decline in the Group's return on shareholders' funds® and return on capital employed can largely be attributed to a 19.1% decline in profit for the period.

LOOKING AHEAD

Our primary focus for the coming year is delivering high-quality ounces in line with our production guidance and successfully executing capital projects that will sustain and increase gold production in the future. Our approach strikes a balance between financial stability and pursuing growth opportunities.

For the upcoming 2024 financial year, our financial focus areas are as follows:

- Monitor the Group's optimisation and restructuring initiatives intended to increase production and reduce costs
- Execute capital projects designed to sustain and increase future gold production
- Ensure adequate liquidity to fund the Group's capital programmes
- Monitor debt levels and senior debt facility compliance as the construction of the MTR project progresses
- Maintain the focus on generating sustainable shareholder returns.

Deon Louw
Financial director

13 September 2023

OPERATIONAL PERFORMANCE REVIEW

The Group's operational performance in the current financial year has presented both challenges and notable achievements. Despite a 14.8% decrease in production to 175,209oz (2022: 205,688oz), following an exceptional record in the previous financial year, we have taken proactive steps to address the underlying issues adversely impacting our operations and to mitigate against future setbacks.

Lower current year gold production stems primarily from constraints at our underground operations and challenges related to electricity supplied by Eskom.

KEY OPERATIONAL FEATURES

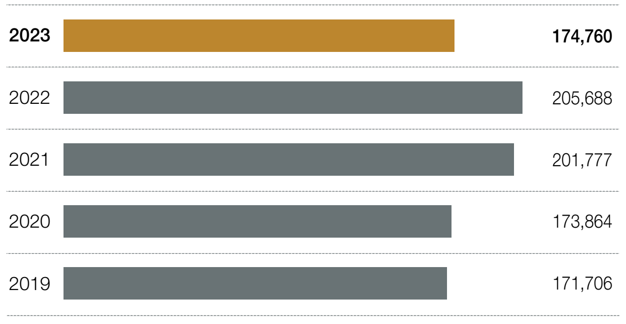
Despite these challenges, we have made progress in key areas:

- **Barberton Mines:** We are pleased to report that Barberton Mines' underground production improved during the last quarter of the financial year. This was achieved through the implementation of continuous shift operations at Fairview and Sheba Mines as well as the implementation of a contractor mining model at Consort Mine.
- **Evander Mines:** The ongoing development at Evander Mines' 24 Level project is progressing well and as the 8 Shaft pillar mining nears completion, we are strategically redeploying crews to the 24 Level project. The 24 Level project enhances mining flexibility which, coupled with other ongoing initiatives, positions the operation for sustainable future production.
- **AISC®:** The Group's AISC® per ounce has increased by 3.3% compared to the previous financial year, reaching US$1,327/oz (2022: US$1,284/oz). In response, we have restructured Barberton Mines' operations and the Group is actively implementing various initiatives to improve gold production and reduce unit costs.
- **MTR project:** We are pleased to announce that the DMRE has issued the integrated environmental authorisation for the MTR project, marking an important regulatory milestone and allowing construction to commence. Refer to **page 66** for further details.
- **Renewable energy strategy:** The Group's renewable energy strategy plays a crucial role in stabilising the electricity supply to our operations, resulting in cost savings and a reduction in our carbon emissions. This strategic initiative aligns with our broader commitment to sustainable practices and environmental stewardship. Refer to **page 51** for further details.

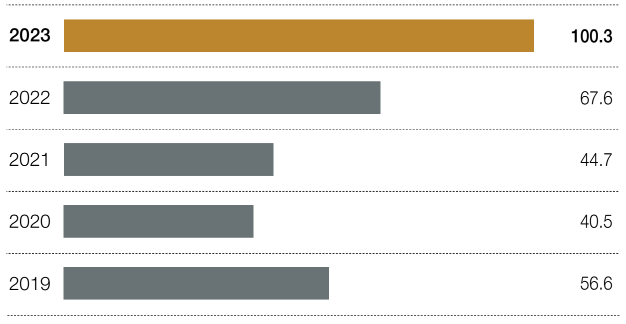
	2023	2022
Employees	2,414	2,146
Contractors	4,111	2,920
Fatalities	1	–
TRIFR (per million man hours)	7.96®	8.95
LTIFR (per million man hours)	1.86	1.04
RIFR (per million man hours)	0.81	0.35

Our employees and contractors are fundamental to the sustainability of our business and long-term value creation, in addition to being key enablers in the execution of our strategy, which makes it imperative that they are part of an organisational culture that prioritises safety. The number of contractors engaged in our operations has increased by 50.2% primarily due to the ongoing development and stoping at Evander Mines' 24 Level project. We continue to encourage and reward safe practices through targeted safety campaigns and incentives in pursuit of our ultimate goal of achieving zero harm. We are deeply saddened by the fatal accident that occurred at Evander Mines during the year as a result of a fall of ground accident.

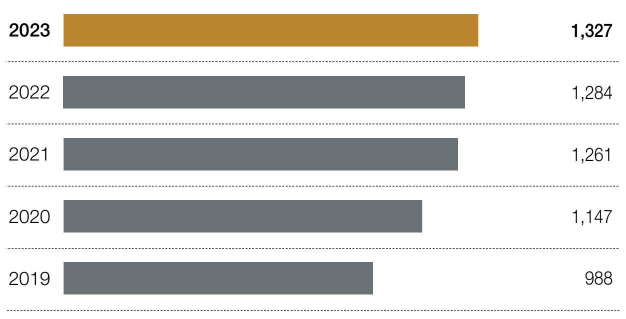
Gold sold – total operations
(oz)



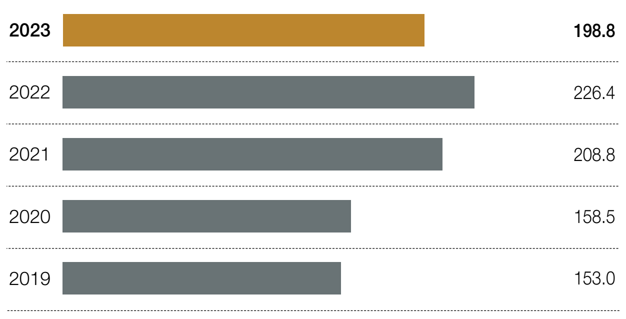
Capital expenditure[1] – total operations
(US$ million)



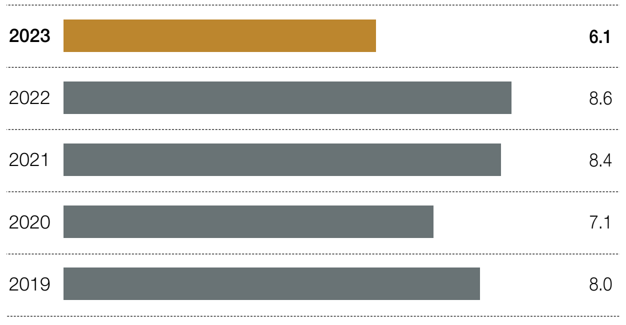
AISC® – total operations
(US$/oz)



Cost of production before depreciation and amortisation
(US$ million)

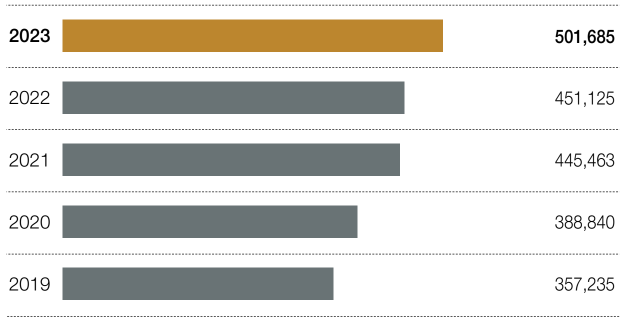


Overall recovered grade – mining operations
(g/t)

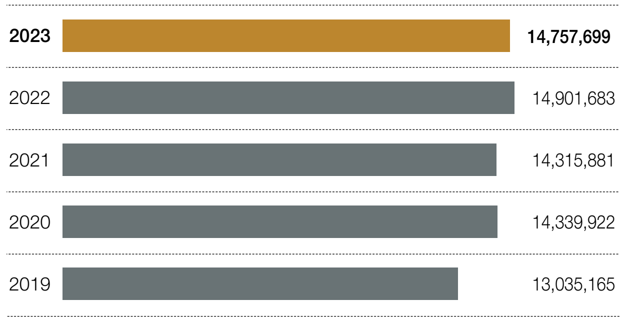


Overall recovered grade – tailings operations
(g/t)

Tonnes milled and processed – mining operations
(tonnes)

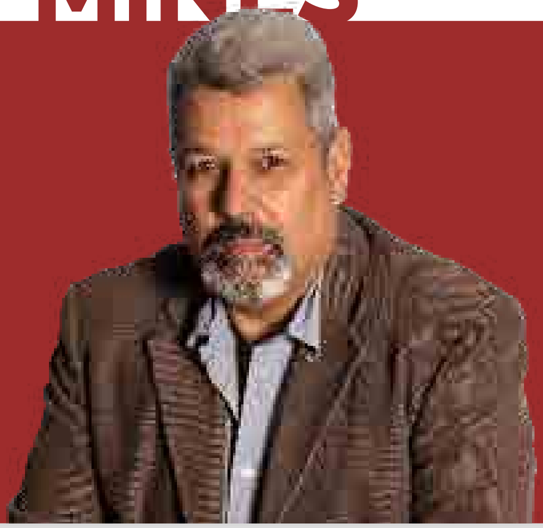


Tonnes milled and processed – tailings operations
(tonnes)



[1] *Converted to US$ at the average exchange rate prevailing for the respective period.*

BARBERTON MINES



- Three underground gold mines: Fairview Mine, Sheba Mine and Consort Mine
- One tailings retreatment operation: BTRP

GREG MOSS
General manager

OVERVIEW OF OPERATIONS

The Fairview, Sheba and Consort underground mining operations constitute the Group's Barberton Mines complex, which has been operating for over 130 years. With a remaining life-of-mine estimated at 20 years, this asset is positioned as a long-life operation in Pan African's portfolio.

Sheba Mine is recognised as one of the oldest working gold mines in the world and commenced its operations in 1885. Fairview Mine is the birthplace of BIOX®, an environmentally friendly process of releasing gold associated with sulphide (refractory) minerals using micro-organisms that perform this process naturally and with excellent recoveries consistently in the region of 98.8%. The BIOX® plant was commissioned in 1988 and is still used as a training facility for BIOX® plants globally.

These flagship underground mines are high-grade operations that can produce approximately 80,000oz of gold per year, with an excellent long-term safety record.

Barberton Mines also includes the BTRP surface retreatment operation which is located within Fairview Mine's mining right footprint area. The BTRP was designed to treat 100,000t of tailings per month and adds low-cost and low-risk ounces to our production profile.

Barberton Mines has made significant progress in recent years to enhance mining flexibility through various key initiatives. These include achieving higher development rates at Fairview Mine, leading to the establishment of multiple high-grade mining platforms on the MRC and Rossiter orebodies. Ongoing exploration drilling is currently underway to extend its Mineral Reserves. Measures have also been implemented to alleviate congestion in existing infrastructure, and plans are in place to optimise hoisting operations from a subvertical shaft in the future. Additionally, an up-dip mining method has been implemented at Sheba Mine to reduce dilution on the narrow orebodies previously mined using cut-and-fill methodology, and significant attention has been given to equipping the PC Shaft remnant blocks at Consort Mine, enabling the extraction of high-grade ore in the 41 to 45 Level range. These initiatives collectively demonstrate Barberton Mines' commitment to improving operational efficiency and maximising the value of its resources.

Fairview Mine is working to improve its production profile and enabling mining at deeper levels. As part of these efforts, it will be developing and equipping a chairlift decline adjacent to the 3 Decline between 42 and 64 Levels. This development aims to enhance hoisting times and address existing logistical constraints. Additionally, it is extending its refrigeration infrastructure and making investments in a grout backfill plant. These measures will contribute to optimised operations and improved mining capabilities.

Despite the aforementioned improvements, the underground operations faced several challenges in their efforts to maintain gold production. These challenges included labour, energy and processing cost increases that exceeded inflationary rates, as well as the escalating depth and resultant travel times at Fairview Mine, adversely impacting productivity. Additionally, the high-grade 42 Level block at Consort Mine was depleted while geotechnical conditions hampered access to the 41 Level up-dip extensions. These operational headwinds required strategic solutions and mitigation measures to ensure optimal productivity and sustainable operations, which entailed a detailed review of Barberton Mines' operations. After engagement with stakeholders, an agreement was reached to restructure the underground operations. Consort Mine was converted to a contractor mining operation, and both Fairview and Sheba Mines implemented a continuous shift operating cycle, while still allowing for ongoing maintenance and other support activities. Negotiations with the unions to support the conversion to continuous shift operations were concluded in January 2023, and the transition to continuous shift operations was initiated in February 2023.

FAIRVIEW AND SHEBA MINES

The Fairview and Sheba Mines experienced a slower-than-anticipated ramp-up during the transition to continuous operations. However, the Group is pleased to report that notable improvements in production were achieved during the last quarter of the financial year. Additionally, the optimisation of mining methods at Sheba Mine's MRC and ZK stopes, along with increased availability of trackless mining machinery, have contributed to enhanced underground production tonnes and mined grades. The implementation of the Consort Mine contractor model achieved full production in June 2023, and the operation is now positioned to return to profitability.

During the year, operational challenges led to a decline in the high-grade tonnes processed from the underground mining platforms, resulting in additional milling capacity becoming available. This additional milling capacity was optimised through increased tonnages being processed from our lower-grade surface stockpile, causing the processed tonnes from mining to increase year-on-year, while the recovered grade decreased.

COST-SAVING AND PRODUCTION IMPROVEMENT INITIATIVES

- **Commissioning of an 8.75MW solar plant.** We have entered into an agreement with juwi, a leading developer of solar, wind and hybrid electricity projects, to construct an 8.75MW solar energy plant at Barberton Mines' Fairview operation. This plant will bring significant benefits, including annual cost savings. Moreover, the solar plant is expected to reduce carbon dioxide emissions by approximately 22,000t per year. With an economic life in excess of 25 years, the solar plant is expected to generate power beyond the mine's existing 20-year life-of-mine, based on the current Mineral Reserves estimates.

  The plant has obtained all the necessary permits, including a water-use licence, environmental approvals and registration with the National Energy Regulator of South Africa. juwi has completed the early works phase, which involved tasks such as facility design and conducting specialist studies to finalise the detailed design and cost estimation for the subsequent engineering, procurement and construction work. Preparatory construction activities began in May 2023. The first power generation is anticipated to take place in the hot commissioning phase during in the 2024 calendar year, assuming Eskom's cooperation and the absence of delays on the project.

  It is foreseen that the solar plant's construction will be financed through a ring-fenced facility, similar to the financing of Evander Mines' solar plant, and negotiations are already well advanced with financiers in this regard.

- **Optimised infrastructure plans for an improved production profile.** The design of the proposed subvertical shaft project at Fairview Mine's 42 Level to 78 Level is progressing as planned and should be completed over the next two years. In addition deeper gold reserves are being bolstered to further enhance the business case for this development after which construction of the shaft can commence. It is expected that the subvertical shaft can contribute an additional 10,000oz of production per annum through an increase in the available hoisting capacity below 42 Level (3 Decline). Extension of the existing refrigeration infrastructure, to enable cooling as mining progresses at depth, is also planned through the development of a pipe-raise.

  Additionally, the development and equipping of a chairlift decline adjacent to the 3 Decline will commence between 42 and 64 Levels to ensure improved hoisting times from the current logistically constrained 3 Decline. A grout backfill plant will also be installed at Fairview Mine, enabling the pumping of backfill from the surface down the decline system, rather than transporting bags of cement as is currently the practice. These projects will relieve logistical constraints on the 3 Decline and improve the available time for hoisting high-grade ore from the MRC and Rossiter orebodies.

  Project Dibanisa has been completed by connecting 23 Level at Sheba Mine with 38 Level at Fairview Mine. This connection not only allows for the movement of mined ore from the Sheba Mine infrastructure to Fairview Mine, when required, but also allows for the movement of employees and consumables between the mines. The completion of this project adds flexibility in access and logistics between different sections of the underground, thereby improving operational efficiency.

  An integrated drilling and production plan has been formulated to ensure that exploration and grade control drilling is done in accordance with the short-, medium- and long-term mine plans. This was done so as to de-risk the relevant mine plans and improve the Group's Mineral Resources to Mineral Reserves conversion. Additionally, the electronic radio frequency reef and waste tagging system has been fully commissioned at both Fairview and Sheba Mines, enabling the management team to actively track on a live system the movement of ore from underground to the plant.

  The mine planning department has successfully implemented state-of-the-art planning and scheduling systems and enhanced its technical expertise, allowing them to schedule and plan all mining-related activities with specific measurable tasks and

OPERATIONAL PERFORMANCE REVIEW continued

timelines. This enhanced system has significantly improved the department's ability to achieve its planned goals. Furthermore, the survey and geology department has been equipped with computer-assisted drawing and 3D systems, further bolstering their capabilities.

During the current financial year, an operations control room was established, which is integrated with multiple supervisory control and data acquisition (SCADA) systems to monitor various mining services, including a comprehensive reporting protocol. The primary objective behind this initiative is to enhance response times to breakdowns and emergencies, ultimately leading to a reduction in production downtime.

Furthermore, we are currently in the process of installing the Mineware Syncromine reporting system. This system will provide valuable insights by reporting on production data in relation to planning statistics. Additionally, it will capture labour-related information, enabling detailed analysis and facilitating expeditious decision-making.

We are also implementing a safety application and upgrading the mine's fibre and radio communication infrastructure to empower employees to report safety incidents from any location within the mine. This upgrade is designed to enhance the flow of information and facilitate prompt responses, ultimately fostering an even safer working environment.

- **Exploration drilling for target identification.** Barberton Mines faces operational challenges due to the geological variability and the complexity of its greenstone orogenic orebodies. These orebodies, which are characterised by gold deposits hosted in shear zones within the greenstone belts, exhibit significant variations in metal content and mineralised extents along both strike and down-dip directions. To address these challenges, we have continued our rigorous exploration programmes throughout the financial year, focusing on identifying additional mining opportunities in the form of high-grade platforms within Fairview's MRC and Rossiter orebodies.

  During the current financial year, up to five large high-grade platforms (256, 257, 258, 259 and 260 Platforms) were available for mining in the MRC orebody, along with two platforms within the Rossiter orebody. However, two of the five high-grade platforms (256 and 257) were depleted, leaving three platforms in the MRC orebody available for mining in the 2024 financial year. Notably, access to the lower high-grade platform (260) in Fairview Mine's MRC orebody was achieved in January 2023, and the development towards the down-dip 261 Platform is progressing as planned.

BARBERTON TAILINGS RETREATMENT PLANT

The BTRP produced 19,875oz (2022: 19,560oz) for the 2023 financial year at an AISC® of US$717/oz (2022: US$891/oz). The remaining life-of-mine from current tailings sources is estimated at three years with production declining in the last two years. In the coming years, production at the BTRP is expected to be supplemented with ore from Barberton Mines' Western Cross and Royal Sheba orebodies, where the extraction of a 10,000t bulk sample was successfully conducted. Mining the Royal Sheba orebody has the potential to increase the BTRP's life by an estimated eight additional years.

ROYAL SHEBA

The processing of the 10,000t bulk sample from the Royal Sheba project at the Sheba and Consort metallurgical plants has been completed. The achieved grade of the bulk sample was 1.22g/t, surpassing the planned grade of 0.5g/t, with recoveries of 84% relative to the planned recovery rate of 85%.

Finalisation of mine layout optimisation and scheduling has been achieved, and requests for quotations have been issued for the initial development and production activities. Preliminary optimisation work for life-of-mine planning has also been completed, utilising a cut-off grade of 1.7g/t, resulting in an estimated average mining grade of approximately 3.0g/t. Over the project's currently estimated eight-year lifespan, it is projected that approximately 235,000oz of gold can be recovered from the orebody, with the potential for further extensions at depth.

DRA Global has concluded the feasibility study for installing a crushing and milling circuit at the Royal Sheba project site, incorporating a design to enable slurry pumping from the milling plant to the BTRP. The processing plant's feasibility study and the project's financial model are currently undergoing updates and reviews. A phased capital spending approach, aligning with the availability of BTRP material feed, is being considered for the development of this project. This phased development includes the progression of the decline, production levels and the necessary ventilation infrastructure for initial stoping operations.

The planned timeline for the project envisions the mining of the first stoped ore in 2025 at a rate of 5,000t per month, gradually increasing to 10,000t, 30,000t and 45,000t per month thereafter, following a defined development and production schedule.

Through a trucking cost trade-off analysis, it has been determined that the on-site crushing and milling circuit, as well as the slurry pipeline, will only be feasible once a production rate of 45,000t per month has been attained. The internal feasibility study for the entire project is anticipated to be completed in the coming months, providing further insights into DRA Global's feasibility study.

The adverse impact of illegal mining on gold production remains a challenge, however, the implementation of a multi-faceted and integrated security strategy, along with improved collaboration with law enforcement, has significantly enhanced our ability to combat the effects of illegal mining. Measures have been taken to limit the unauthorised access of illegal miners to underground areas and prevent the theft of surface infrastructure.

Since May 2022, a national police intervention contingent has been deployed to Barberton Mines specifically targeting illegal mining and associated criminal activities. Specialised police units, including the National Intervention Unit, tactical response teams and public order police, have been engaged in this external operation.

The deployment of these dedicated external police resources has yielded substantial successes, targeting and neutralising almost 120 gold-bearing material processing plants and illicit smelting facilities.

The mine's security services continued to implement their integrated security model to address criminal activities. Utilising surveillance technology, more than 700 individuals were arrested at the mine for various offences during the current financial year. The expanded CCTV network, consisting of 744 cameras, of which 284 cameras were installed in the current financial year, facilitated these arrests. The integration of radar, seismic, long-range thermal cameras and X-ray technology is also underway to further enhance crime prevention measures.

The Group's risk and security executive, along with specialised security personnel, are dedicated to introducing new technologies, integrated security strategies and collaborative efforts with national law enforcement and prosecution agencies to mitigate the challenge of illegal mining in Barberton.

FOCUS FOR 2024

Our objective is to continually enhance our industry-leading safety performance while consistently delivering high-quality ounces consistent with our production guidance of approximately 100,000oz per annum from the Barberton Mines complex. Additionally, we are actively pursuing value-accretive growth opportunities within our orebodies.

Our track record demonstrates our ability to replenish Mineral Resources and Mineral Reserves through effective brownfield exploration. We are also exploring organic growth projects, such as the Royal Sheba project, to further bolster the sustainability and longevity of our operations.

For the upcoming 2024 financial year, our key focus areas are as follows:

- Reducing underground unit costs
- Increasing production flexibility
- Enhancing Barberton Mines' infrastructure utilisation by advancing the Royal Sheba project
- Commencing the development of a chairlift decline adjacent to Fairview Mine's 3 Decline
- Extending the mines' Mineral Reserves through comprehensive definition and infill drilling programmes
- Identifying additional exploration targets using advanced geophysical techniques and following up with exploration drilling
- Installing a grout backfill plant and underground piping infrastructure at Fairview Mine to optimise the extraction of the high-grade MRC orebody and alleviate congestion in the 3 Decline, the deepest section of the mine
- Commissioning the Fairview Mine solar plant to reduce carbon emissions and operating costs, while also ensuring a reliable electricity supply at Barberton Mines.

EVANDER MINES

Underground mining and surface sources operations

RANDEL RADEMANN
General manager

OVERVIEW OF OPERATIONS

Mining of the 8 Shaft pillar at Evander Mines commenced during the second quarter of the 2020 financial year and reached steady-state production during 2022. The pillar mining significantly reduced the risk profile of the underground operations. This is attributed to simplified logistics, modern underground mining support systems and improved working conditions, including reduced distances for underground travel. As we approach the completion of the pillar mining, we are now focusing on developing mining areas on 24 Level, which will facilitate the phased transfer of crews from the 8 Shaft pillar to the deeper 24 Level area.

Evander Mines' underground operations have a life-of-mine of 13 years, which includes production planned from 24, 25 and 26 Levels, but excludes expected production from Egoli. During the phased depletion of the 8 Shaft pillar mining over the next two years, the operational focus will shift to mining from 24 Level, which is expected to yield approximately 35,000oz annually for a period of two and a half years. Four crews have already been transferred in the current financial year. Thereafter, the 25 and 26 Level project is anticipated to ramp-up to produce approximately 65,000oz to 70,000oz per annum for eight years.

24, 25 AND 26 LEVELS

Development of the 24 Level project is progressing well, despite encountering several geotechnical challenges during the financial year which adversely impacted on advance rates. Phase 1 of the underground refrigeration plant has been successfully commissioned following completion of the required access development, allowing for mining operations on both the 24 Level F and D raise line stopes and planned mining of the 24 Level A, B and C raise lines. Currently, two crews are mining the 24 Level F raise line, while an additional two crews are working on the 24 Level D raise line.

Phase 2 of the refrigeration plant is currently under construction. Once completed, this plant will supply chilled water to a bulk air cooler on 24 Level, with a nominal cooling capacity of 3.5MW. The commissioning of this phase is expected in the second quarter of the 2024 financial year, enabling operations on 24 Level with a production target of 18,000 RoM ore tonnes per month once steady-state production is achieved.

To enhance operations, the existing ventilation shaft from 17 to 24 Level is being equipped to provide hoisting capacity of up to 40,000t per month. This initiative will reduce reliance on the ageing conveyor belt system and simplify the ore handling process. Excavations for the winder chamber, in preparation for equipment installation, have been completed and pipe installation in the ventilation shaft commenced in April 2023. The ventilation shaft is planned to be commissioned for hoisting during the third quarter of the 2024 financial year. Furthermore, as an interim measure, additional crews have been deployed to the conveyor belts to improve maintenance and breakdown response times. This effort is expected to increase conveyor belt availability until ore hoisting can commence through the ventilation shaft.

The construction of an additional grout plant, which provides pseudo-pillar support, has also been completed. This plant will supply the required output for mining support on 24 Level and future mining operations on 25 and 26 Levels. The utilisation of pseudo-pillars in the 8 Shaft pillar has proven to be effective in controlling mining subsidence and enabling clean mining practices.

Development of 25 Level is anticipated to commence in the 2024 financial year. The existing 24 Level footwall infrastructure will be used to access 25 and 26 Levels through an on-reef decline layout where the footwall development intersects the reef horizon.

The 2 Decline is currently positioned to accommodate continued mining on 24 Level. The planned mining method for 25 and 26 Levels is a hybrid approach, combining conventional breast mining with mechanised trackless on-reef development. An estimated 80,000t of waste development leading towards 25 and 26 Levels will be hoisted to the surface and processed in the Kinross metallurgical plant.

EGOLI

The dewatering process of the 3 Decline at Egoli commenced in June 2022 and reached a successful milestone in June 2023 when it was dewatered to below 19 Level. To maintain the desired water levels, continuous pumping is currently being undertaken. However, the dewatering process was hindered by intermittent interruptions in Eskom's electricity supply due to infrastructure failures. Despite these challenges, we are actively working towards a comprehensive plan to mine the existing remnant lower-grade Mineral Reserves at 7 Shaft. This planning phase is currently underway and is expected to be finalised during the first quarter of the 2024 financial year.

SECURITY

The challenging economic climate and rising unemployment rates have contributed to a rise in syndicated criminal activities, including illegal mining, protests for economic opportunities and theft of infrastructure and mine consumables such as copper, steel and diesel.

Our security team remains committed to implementing a comprehensive and integrated security model at the mine. This approach encompasses various initiatives to combat and prevent on-site crime. Additionally, we are working to strengthen cooperation and coordination with external law enforcement and prosecuting agencies. By enhancing these partnerships, we aim to improve overall security measures and effectively address the challenges posed by criminal activities in our operating environment.

During the current financial year, mine security arrested 77 individuals primarily for theft of gold-bearing material, copper, pipelines and mine equipment. Additionally, 13 employees, including contractors, were also arrested for criminal activities at the mine. The implementation of an expanded surveillance technology network, including 159 new CCTV cameras, supported these achievements. We also improved security infrastructure by upgrading perimeter fences, installing physical barriers in high-risk areas and integrating drone technology for enhanced operations. These measures reflect our commitment to maintaining a secure and protected mine environment.

In the new financial year, we have planned security improvement initiatives at the mine, including the renovation of the primary entrance. The objective is to create a modern entrance equipped with enhanced security technology to improve access control. These measures reflect our commitment to continuously enhancing security at the mine, ensuring a safer operating environment.

FOCUS FOR 2024

Our primary objective for the upcoming year is to achieve optimal performance at our underground operations. We are fully committed to extracting the maximum value from our current orebodies by prioritising continuous optimisation, adhering to mine plans and diligently managing capital expenditure in alignment with mining requirements and organic growth objectives.

To accomplish these goals, we have identified several key focus areas for the year ahead:

- Phased transferring of mining crews from the 8 Shaft pillar mining areas to the 24 Level areas as the pillar reaches depletion
- Commissioning the ventilation shaft hoisting project
- Installing phase 2 of the underground refrigeration plant on 24 Level to enable planned mining activities
- Prioritising the development of the necessary raise lines on 24 Level to access Mineral Reserves and accommodate the transitioning crews from the 8 Shaft pillar
- Initiating development towards the 25 Level Mineral Reserves
- Continuation of brownfield exploration programmes to identify additional organic growth opportunities within Evander Mines' existing mining right.

Through a focused and dedicated approach to fulfilling these objectives, we have confidence in our ability to drive performance and pursue sustainable growth in the year ahead.

OPERATIONAL PERFORMANCE REVIEW continued

ELIKHULU

ORIEL SHIKWAMBANA
General manager

OVERVIEW OF OPERATIONS

Elikhulu, Pan African's flagship tailings retreatment operation, is one of the lowest-cost gold mining operations in Southern Africa, producing 50,573oz (2022: 52,220oz) at an AISC® of US$1,008/oz (2022: US$1,003/oz), with a remaining operational life of 10 years. The plant processes approximately 1.2Mt of historical tailings per month from the existing Leslie/Bracken TSF. Reprocessing these historical tailings will result in the residues being redeposited to a single TSF site, reducing our ecological footprint. Elikhulu's Kinross phase 1 and 2 TSF extension is lined to mitigate the risk of possible underground seepage and pollution. This demonstrates our commitment to addressing the environmental legacy of historical tailings depositions. As the TSFs are located near residential areas, expert independent contractors were appointed to construct and operate the TSFs.

The Elikhulu operation consists of a technologically advanced, automated plant with a reduced labour contingent. The plant's numerous innovations, in addition to its high throughput and relatively short pumping distances, include its modern extraction process, which does not require regrind mills and thickeners, and has low reagent consumption. The plant also supplements recirculated process water with non-potable water from adjacent underground operations.

The Group designs its tailings plants to incorporate a high oxygen mass transfer pre-oxidation step to improve gold extraction. The remining activities are also automated to some degree, with the latest in hydro-mining technology employed. These factors contribute to production costs remaining low.

Elikhulu is a testament to Pan African's ability to conceptualise, plan and construct substantial growth projects ahead of time and within budget. The Group has successfully delivered three such projects to date.

Despite facing challenges such as disruptions to electricity supply and unfavourable weather conditions during the November and December rainy season, gold production from Elikhulu remained stable at 50,573oz (2022: 52,220oz) during the current financial year. Following the successful installation of a 6km pipeline and the commissioning of the Leslie/Bracken pump station in September 2022, gold production from Elikhulu has remained relatively unchanged.

The design of the Elikhulu TSF involved the expansion and construction of a significant TSF deposition site between 2017 and 2019 as part of phase 1. This expansion took place concurrently with the construction of the plant and associated infrastructure. Furthermore, forming part of phase 2, the existing Kinross footprint will again be utilised once the reclamation process is completed. At present, construction activities for phase 2 of the Elikhulu TSF are being progressed and are expected to be completed and commissioned in December 2023 and January 2024, respectively.

In May 2022, Pan African became the first South African mining company to successfully commission a utility-scale, grid-tied solar plant with the commissioning of Evander Mines' solar energy plant. The plant has a capacity of 9.9MW and supplies clean energy to Elikhulu. By meeting approximately 30% of the plant's annual power requirements, this solar plant plays an important role in reducing the GHG footprint. The engineering, procurement and construction works for this project were undertaken by juwi.

The impact of climate change has led to disruptions in rainfall patterns, resulting in increased rainfall intensities over shorter periods, compelling the operations to adapt to managing increased water volumes as weather conditions change.

The unstable electricity supply from the national grid has caused operational disruptions and process flow interruptions, leading to production delays. Unplanned power outages and the ageing electrical infrastructure of the national grid exacerbate the situation, resulting in production losses that cannot be recouped over the short term, potentially leading to missed production targets.

While excessive rainwater is manageable, severe lightning activity and consequential electricity supply outages negatively affect production by impairing pumping capacity, which hinders the removal of excess water from the mining compartments. Once electricity is restored, flooded workings require approximately two hours of draining before production can resume.

Despite these challenges, Elikhulu's production has remained relatively stable compared to the previous financial year, attesting to management's acumen in dealing with production difficulties. The installation of the solar plant at Evander Mines has significantly mitigated some of these electricity-related supply challenges, reducing the operation's reliance on the national grid.

FOCUS FOR 2024

Our goal for the year ahead is to maintain our performance at the surface operations.

Our focus areas for the year ahead include:

- completing the construction of phase 2 of Elikhulu's TSF extension on the Kinross footprint
- the installation of a cyanide storage and make-up facility, which will ensure sustainable cyanide availability in the event of supplier logistical constraints
- continuing to invest in sustaining capital projects focused on maintaining Elikhulu's infrastructure.

TAILINGS MANAGEMENT

JONATHAN IRONS

Group consulting metallurgist and executive accountable for tailings

FOCUS FOR 2024

Our focus areas for the year ahead include:

- assessing the implications of the GISTM being adopted into the SANS
- commissioning phase 2 of Elikhulu's TSF extension
- completing the design and commencing construction of phase 3 of Elikhulu's TSF extension.

OVERVIEW OF OPERATIONS

Recent incidents of TSF failures in the mining industry have underscored the need for enhanced safety and regulatory measures. In response, Pan African has taken a proactive approach to benchmark its TSF management in accordance with global standards. Below is an overview of the Group's efforts to comply with regulatory requirements as far as reasonably practicable and the implementation of measures to ensure safe and responsible TSF management.

We recognise the importance of adhering to the global standards and guidelines for TSF management. In August 2020, the GISTM was launched by the International Council on Mining and Metals, the United Nations Environment Programme and the Principles for Responsible Investment. The GISTM emphasises the safe management of TSFs, community engagement, governance and the requirement for independent review.

To ensure an ongoing progression to compliance with the GISTM as far as reasonably practicable, Pan African has taken proactive measures and has conducted internal audits and studies over the past two years to evaluate its TSF management relative to the GISTM. Subsequently, an ITRB was appointed to conduct a formal audit of Pan African's TSFs. Comprised of three suitably qualified independent members, the ITRB conducted site visits to the TSFs in April 2023, followed by the issuance of an assessment report in June 2023, which is being reviewed. Notably, certain Pan African TSFs have been classified as high-impact TSFs due to their proximity to local communities and water sources.

Pan African prioritises effective tailings dam management across its operations. At each TSF site, a competent person within the context of a recognised tailings management company is appointed to oversee monitoring and compliance with legislation, as well as the Group's internal codes of practice. In line with the GISTM recommendations, Pan African appointed:

- an executive accountable for tailings management in June 2022
- a tailings facility engineer in June 2022, responsible for the robust management of the TSFs
- Barberton Mines' engineer of record to also serve as Evander Mines' engineer of record.

Considering that the majority of Pan African's TSFs were constructed before the introduction of the GISTM, the Group has actively engaged in ongoing assessments to identify and address any compliance deficiencies to the extent reasonably practicable. Noteworthy progress has been made, including:

- ongoing construction activities for phase 2 of Elikhulu's TSF extension and the commencement of planning and design for phase 3 of the extension in line with the life-of-mine plan
- design proposals for the phase 3 extension project are currently being evaluated.

We are committed to working collaboratively with stakeholders to ensure the implementation and maintenance of statutory TSF management standards. Action plans and remedial activities identified through internal and external reviews are continually being implemented to mitigate high-risk safety and environmental concerns. With these actions, we aim to ensure safety compliance for our mining operations, employees and the surrounding communities.

OPERATIONAL PRODUCTION

			Mining operations			Tailings operations				Total operations		
	Year ended 30 June	Unit	Barberton Mines	Evander Mines	Total	BTRP	Evander Mines' surface sources	Elikhulu	Total	Barberton Mines total	Evander Mines total	Group total
Tonnes milled – underground	2023	t	235,028	159,063	394,091	–	–	–	–	235,028	159,063	394,091
	2022	t	252,061	129,087	381,148	–	–	–	–	252,061	129,087	381,148
Tonnes milled – surface	2023	t	107,594	–	107,594	–	–	–	–	107,594	–	107,594
	2022	t	69,977	–	69,977	–	–	–	–	69,977	–	69,977
Tonnes milled – total underground and surface	2023	t	342,622	159,063	501,685	–	–	–	–	342,622	159,063	501,685
	2022	t	322,038	129,087	451,125	–	–	–	–	322,038	129,087	451,125
Tonnes processed – tailings	2023	t	–	–	–	921,753	–	13,587,371	14,509,124	921,753	13,587,371	14,509,124
	2022	t	–	–	–	908,198	–	13,732,147	14,640,345	908,198	13,732,147	14,640,345
Tonnes processed – surface feedstock	2023	t	–	–	–	–	248,575	–	248,575	–	248,575	248,575
	2022	t	–	–	–	–	261,338	–	261,338	–	261,338	261,338
Tonnes processed – total tailings and surface feedstock	2023	t	–	–	–	921,753	248,575	13,587,371	14,757,699	921,753	13,835,946	14,757,699
	2022	t	–	–	–	908,198	261,338	13,732,147	14,901,683	908,198	13,993,485	14,901,683
Tonnes milled and processed – total	2023	t	342,622	159,063	501,685	921,753	248,575	13,587,371	14,757,699	1,264,375	13,995,009	15,259,384
	2022	t	322,038	129,087	451,125	908,198	261,338	13,732,147	14,901,683	1,230,236	14,122,572	15,352,808
Tonnes capacity	2023	t/annum	432,000	138,000	570,000	1,200,000	–	14,400,000	15,600,000	1,632,000	14,538,000	16,170,000
	2022	t/annum	432,000	138,000	570,000	1,200,000	–	14,400,000	15,600,000	1,632,000	14,538,000	16,170,000
Head grade – total	2023	g/t	6.5	6.7	6.5	1.4	1.2	0.4	1.4	2.8	0.4	0.6
	2022	g/t	7.9	12.0	9.1	1.6	1.4	0.3	1.5	3.2	0.5	0.7
Overall recovered grade	2023	g/t	5.9	6.4	6.1	0.7	0.9	0.1	0.2	2.1	0.2	0.4
	2022	g/t	7.3	11.8	8.6	0.7	1.1	0.1	0.2	2.4	0.2	0.4
Overall recovery – underground	2023	%	91	96	93	–	–	–	–	91	96	93
	2022	%	93	98	95	–	–	–	–	93	98	95
Overall recovery – tailings	2023	%	–	–	–	47	74	32	37	47	74	37
	2022	%	–	–	–	43	80	35	39	43	80	39
Gold produced – underground	2023	oz	60,477	33,256	93,733	–	–	–	–	60,477	33,256	93,733
	2022	oz	74,065	48,850	122,915	–	–	–	–	74,065	48,850	122,915
Gold production – surface operations	2023	oz	4,109	–	4,109	–	–	–	–	4,109	–	4,109
	2022	oz	1,673	–	1,673	–	–	–	–	1,673	–	1,673
Gold produced – tailings	2023	oz	–	–	–	19,875	–	50,573	70,448	19,875	50,573	70,448
	2022	oz	–	–	–	19,560	–	52,220	71,780	19,560	52,220	71,780
Gold produced – surface feedstock	2023	oz	–	–	–	–	6,919	–	6,919	–	6,919	6,919
	2022	oz	–	–	–	–	9,320	–	9,320	–	9,320	9,320
Gold produced – total	2023	oz	64,586	33,256	97,842	19,875	6,919	50,573	77,367	84,461	90,748	175,209[1]
	2022	oz	75,738	48,850	124,588	19,560	9,320	52,220	81,100	95,298	110,390	205,688
Capacity	2023	oz/annum	110,000	40,000	150,000	25,000	Not reported	75,000	100,000	135,000	115,000	250,000
	2022	oz/annum	110,000	40,000	150,000	25,000	Not reported	75,000	100,000	135,000	115,000	250,000
Gold sold – total	2023	oz	64,586	32,807	97,393	19,875	6,919	50,573	77,367	84,461	90,299	174,760
	2022	oz	75,738	48,850	124,588	19,560	9,320	52,220	81,100	95,298	110,390	205,688

[1] *Includes gold equivalent production of osmiridium concentrate.*

			Mining operations			Tailings operations				Total operations		
	Year ended 30 June	Unit	Barberton Mines	Evander Mines	Total	BTRP	Evander Mines' surface sources	Elikhulu	Total	Barberton Mines total	Evander Mines total	Group total
Average ZAR gold price received	2023	ZAR/kg	1,053,892	1,050,071	1,052,605	1,017,667	1,002,305	1,060,148	1,044,062	1,045,368	1,052,055	1,048,823
	2022	ZAR/kg	895,953	889,168	893,293	896,149	894,844	888,552	891,107	895,993	889,356	892,431
Average US$ gold price received	2023	US$/oz	1,845	1,838	1,842	1,781	1,754	1,856	1,827	1,830	1,841	1,836
	2022	US$/oz	1,831	1,817	1,826	1,831	1,829	1,816	1,821	1,831	1,817	1,824
ZAR cash cost	2023	ZAR/kg	721,370	618,170	751,377	400,967	937,904	520,754	527,287	721,370	588,258	652,426
	2022	ZAR/kg	634,869	505,720	584,231	421,958	780,634	427,388	466,672	591,170	491,874	537,879
ZAR AISC	2023	ZAR/kg	1,033,898	661,655	907,375	409,427	981,523	575,903	569,410	886,951	638,254	758,141
	2022	ZAR/kg	804,795	544,262	702,642	435,879	807,566	490,982	514,073	729,076	541,287	628,292
ZAR AIC	2023	ZAR/kg	419,776	1,703,600	1,276,861	419,776	981,523	769,503	698,621	907,150	1,127,984	1,021,529
	2022	ZAR/kg	865,984	814,367	845,745	435,879	848,501	565,201	566,567	777,706	699,380	735,670
US$ cash cost	2023	US$/oz	1,263	1,082	1,315	702	1,642	911	923	1,263	1,030	1,142
	2022	US$/oz	1,297	1,033	1,194	862	1,595	873	954	1,208	1,005	1,099
US$ AISC	2023	US$/oz	1,810	1,158	1,588	717	1,718	1,008	997	1,552	1,117	1,327
	2022	US$/oz	1,645	1,112	1,436	891	1,650	1,003	1,051	1,490	1,106	1,284
US$ AIC	2023	US$/oz	735	2,982	2,235	735	1,718	1,347	1,223	1,588	1,974	1,788
	2022	US$/oz	1,770	1,664	1,728	891	1,734	1,155	1,158	1,589	1,429	1,503
ZAR cash cost	2023	ZAR/t	4,808	4,020	4,558	269	812	60	86	1,499	119	233
	2022	ZAR/t	4,644	5,953	5,019	283	866	51	79	1,424	120	224
Capital expenditure	2023	ZAR million	350.8	1,077.9	1,428.7	11.6	9.4	332.5	353.5	362.4	1,419.8	1,782.2
	2022	ZAR million	424.9	410.5	835.4	7.7	19.7	168.5	195.9	432.6	598.7	1,031.3
Revenue	2023	ZAR million	2,117.1	1,071.5	3,188.6	629.1	215.7	1,667.6	2,512.4	2,746.2	2,954.8	5,701.0
	2022	ZAR million	2,110.6	1,351.0	3,461.6	545.2	259.4	1,443.2	2,247.8	2,655.8	3,053.6	5,709.4
Cost of production	2023	ZAR million	1,647.2	639.4	2,286.6	247.9	201.8	819.1	1,268.8	1,895.1	1,660.3	3,555.4
	2022	ZAR million	1,495.6	768.4	2,264.0	256.7	226.3	694.2	1,177.2	1,752.3	1,688.9	3,441.2
AISC	2023	ZAR million	2,076.9	684.4	2,761.3	253.1	211.2	905.9	1,370.2	2,330.0	1,801.5	4,131.5
	2022	ZAR million	1,895.9	827.0	2,722.9	265.2	234.1	797.5	1,296.8	2,161.1	1,858.6	4,019.7
AIC	2023	ZAR million	2,123.6	1,762.2	3,885.8	259.5	211.2	1,210.4	1,681.1	2,383.1	3,183.8	5,566.9
	2022	ZAR million	2,040.0	1,237.4	3,277.4	265.2	246.0	918.0	1,429.2	2,305.2	2,401.4	4,706.6
Adjusted EBITDA	2023	ZAR million	557.4	630.5	1,187.9	309.8	11.3	736.2	1,057.3	867.2	1,378.0	2,245.2
	2022	ZAR million	737.6	604.9	1,342.5	217.8	30.6	890.9	1,139.3	955.4	1,526.4	2,481.8
Average exchange rate	2023	US$/ZAR	17.77	17.77	17.77	17.77	17.77	17.77	17.77	17.77	17.77	17.77
	2022	US$/ZAR	15.22	15.22	15.22	15.22	15.22	15.22	15.22	15.22	15.22	15.22
Employees	2023	number	2,094	95	2,189	73	13	139	225	2,167	247	2,414
	2022	number	1,817	93	1,910	72	17	147	236	1,889	257	2,146
Contractors	2023	number	1,397	2,382	3,779	32	4	296	332	1,429	2,682	4,111
	2022	number	1,229	1,432	2,661	61	–	198	259	1,290	1,630	2,920

FINANCIAL CAPITAL

Equity, debt and surplus cash from our operating activities.

STRATEGIC OBJECTIVE

Ensure adequate, competitively priced and flexible financial resources for the funding of our operations and disciplined capital allocation for sustainable long-term value creation.

KEY STATISTICS

	Unit	2023	2022	2021	2020	2019
Revenue	US$ million	**321.6**	376.4	368.9	274.1	217.7
Net cash from operating activities	US$ million	**100.1**	110.0	75.8	53.8	37.7
Net debt®	US$ million	**22.0**	13.0	39.0	76.4	129.9
Dividend paid	US$ million	**23.2**	25.0	20.6	3.4	–
Profit for the period	US$ million	**60.7**	75.0	74.7	44.3	38.0
Return on shareholders' funds®	%	**20.6**	25.9	32.0	24.1	23.0
Net debt-to-equity ratio®	ratio	**0.07**	0.04	0.1	0.4	0.7
Net debt-to-net adjusted EBITDA ratio®[1]	ratio	**0.2**	0.1	0.3	0.7	2.2
Interest cover ratio®	ratio	**18.4**	34.1	23.0	10.1	4.1
Debt service cover ratio®	ratio	**7.5**	7.3	3.0	3.4	1.4
Current ratio®	ratio	**0.79**	0.95	0.80	0.68	0.47

[1] *Net adjusted EBITDA® is represented by earnings before interest, income tax expense, depreciation and amortisation, impairment and impairment reversals and fair value gains and losses from financial instruments.*

Execution

Our profitability is influenced by several factors, including our production levels and efficiency in extracting high-grade gold through cost containment, productivity improvements and operational resilience.

KEY OUTCOMES

- Profit for the period decreased to US$60.7 million (2022: US$75.0 million)
- Net senior debt® increased to US$18.9 million (2022: US$9.3 million) due to drawdowns on the Group's senior debt facilities
- Net cash from operating activities decreased to US$100.1 million (2022: US$110.0 million), adversely impacted by operational performance, as detailed in the financial director's review
- Final dividend of ZAR400.1 million (US$23.2 million) paid for the 2022 financial year in December 2022, and a final dividend of ZA400.1 million (approximately US$21.2 million[1]) is proposed for the 2023 financial year
- Issued a sustainability-linked bond for US$43.2 million during December 2022
- In March 2023, secured US$21.6 million through a synthetic gold forward sale transaction, as a component of the funding package for the MTR project's construction
- In July 2023, a US$70.3 million debt funding package for the MTR project construction was secured through a credit-approved term loan facility
- Return on shareholders' funds® decreased to 20.6% (2022: 25.9%)
- Gold produced decreased to 175,209oz (2022: 205,688oz)
- Group AISC® increased to US$1,327/oz (2022: US$1,284/oz)

[1] *Assuming an exchange rate of US$/ZAR:18.83.*

STRATEGIC INITIATIVES

- Further strengthen the Group's capital structure and funding flexibility
- Ensure adequate liquidity for operational requirements and debt redemptions
- Ensure appropriate medium-term funding for organic growth, exploration and acquisitive opportunities
- Innovative funding solutions to raise capital and manage financial risk
- Prioritise sustainable returns to shareholders
- Achieve production guidance of 195,000oz to 205,000oz per annum
- Reduce AISC® at all operations in real terms, through optimisation and cost-reduction initiatives, as well as increased ounce production

Why these initiatives are important

- The Group's capital structure needs to be robust to ensure that the Group can be sustainable through the commodity cycle and macroeconomic volatility, to appropriately fund its operations and access capital to fund organic and acquisitive growth opportunities
- Generating the requisite risk-adjusted returns on capital employed, and returning capital to shareholders in the form of dividends or share buy-backs is important to maintaining their support for future equity funding

Related risks

- Constrained electricity
- Social instability
- Operational execution
- Safety
- Inflation
- Geological variability
- Ageing mines
- Macroeconomic volatility
- Capital allocation

Long-term objectives

- Our investment criterion is to earn a return in excess of our cost of capital, after adjusting for project-specific and sovereign risks associated with the capital invested
- To ensure returns are robust through the commodity cycle, we endeavour to invest only in projects that fall into the lower half of the cost curve and where the execution risk is within our capability

Growth

Our portfolio of growth projects and expansion opportunities has been rigorously evaluated and meets our strict investment criteria, ensuring that we can deliver long-term value to our shareholders.

KEY OUTCOMES

- Gold produced decreased by 14.8% to 175,209oz (2022: 205,688oz)
- Evander Mines' Egoli project (for further details, refer to **page 89**)
  - Dewatering of 7 Shaft's 3 Decline infrastructure to below 19 Level was achieved in June 2023, and pumping is currently ongoing to maintain the water levels
  - A comprehensive plan to mine the existing remnant marginal-grade Mineral Reserves at 7 Shaft is currently underway and is expected to be finalised during the first quarter of the 2024 financial year
- Evander Mines' 24, 25 and 26 Level project (for further details, refer to **pages 88** and **89**)
  - Phase 2 of the refrigeration plant is currently under construction and is expected to be commissioned in the second quarter of the 2024 financial year
  - The ventilation shaft, which is being upgraded to allow for rock hoisting capacity of up to 40,000t per month, is planned to be commissioned during the third quarter of the 2024 financial year
  - The construction of an additional grout plant, which will provide the necessary output for pseudo-pillar support on 24 Level as well as future mining operations on 25 and 26 Levels, has been successfully completed
- Barberton Mines' underground operations (for further details, refer to **pages 84** to **86**)
  - The design of the proposed subvertical shaft project at Fairview Mine, extending from 42 Level to 78 Level, is progressing as planned and is expected to be completed within two years. This project has the potential to increase production by up to 10,000oz annually
  - Project Dibanisa has been completed by connecting 23 Level at Sheba Mine with 38 Level at Fairview Mine. This adds flexibility in access and logistics between different sections of the mines thereby improving operational flexibility
  - At Sheba Mine, an up-dip mining method has been adopted to minimise dilution on narrow orebodies, replacing the previous cut-and-fill operations. Additionally, substantial efforts have been made to enhance the equipment in the PC Shaft remnant blocks at Consort Mine, allowing for the extraction of high-grade ore from the 41 to 45 Level range
- Barberton Mines' Royal Sheba project (for further details, refer to **page 86**)
  - Finalisation of mine layout optimisation and scheduling has been achieved, and requests for quotations have been issued for initial development and production activities
  - The feasibility study for installing a crushing and milling circuit at the Royal Sheba project site has been completed, along with the design to enable the pumping of slurry from the milling plant to the BTRP
- MTR project (for further details, refer to **page 66**)
  - The DMRE has issued the integrated environmental authorisation for the MTR project. Construction of the plant commenced in July 2023, with commissioning expected in December 2024 and steady-state production within three months thereafter
- Blyvoor transaction
  - Due diligence and fulfilment of conditions for the acquisition of Blyvoor Gold Operations Proprietary Limited's historical TSFs were not completed in time, resulting in the transaction's lapse
- Sudanese exploration concessions (for further details, refer to **page 66** and **67**)
  - Due to the outbreak of violence in Sudan during April 2023, all expatriate employees working on the exploration project were safely repatriated. The Group's assets in Sudan, including the fire assay multi-element analytical laboratory, are secured and under care and maintenance until the situation stabilises for the resumption of the exploration programme

STRATEGIC INITIATIVES

- Achieve production guidance of 195,000oz to 205,000oz per annum
- Successfully execute capital projects to sustain and increase future gold production
- Successfully execute operational restructuring programmes and other initiatives to sustain and increase the production run rate
- Evaluate organic and acquisitive growth opportunities and exploration projects
- Investigate potential exploration and mining opportunities outside South Africa that meet the Group's stringent investment criteria

Why these initiatives are important

- Delivering on annual production guidance enables the Group to produce gold profitably, generate the requisite cash to meet its capital requirements and debt obligations, improve investor confidence in the Group's sustainability and return capital to shareholders
- Successfully executing capital and/or organic growth projects, which prove to be both viable and value-enhancing, enables the Group to increase annual production and move up the ranks of mid-tier gold producers

Related risks

- Constrained electricity
- Operational execution
- Inflation
- Geological variability
- Ageing mines
- Skills
- Capital allocation

Long-term objectives

- Explore organic growth opportunities within our mining rights and exploration concession areas to extend the life of our operations
- Diversify our Mineral Resources and production portfolio to move away from a single sovereign jurisdiction
- The Group's successful track record in commissioning and operating tailings retreatment plants, most recently demonstrated by its flagship Elikhulu operation, has provided the expertise and confidence to construct and operate similar plants such as the MTR plant
- The Group's experience in exploration and retreatment of surface tailings deposits can be applied in evaluating similar resources in other jurisdictions
- Increase the Group's annual production profile to more than 300,000oz of gold to attract institutional fund managers that invest in upper mid-tier gold mining companies
- Widen our investor base in the global markets

Cost

We prioritise sustainable profitability, growth and expansion through disciplined cost and cash flow management, strategic capital allocation and prudent capital spending.

KEY OUTCOMES

- Barberton Mines' underground operations experienced a decrease in production to 64,586oz (2022: 75,738oz) due to challenges arising from power disruptions, deteriorating state infrastructure adversely affecting Eskom's electricity supply, as well as logistical constraints, despite implementing a continuous operating mining cycle at Fairview and Sheba Mines that resulted in improved production during the last quarter of the financial year
- Production from Evander Mines' underground operations decreased to 33,256oz (2022: 48,850oz)
- Production from the BTRP and Elikhulu remained stable at 19,875oz (2022: 19,560oz) and 50,573oz (2022: 52,220oz), respectively
- The Group's production decreased by 14.8% to 175,209oz (2022: 205,688oz) and was lower than the initial guided production of 195,000oz to 205,000oz
- The Group's cost of production before depreciation and amortisation decreased by 12.2% to US$198.8 million (2022: US$226.4 million)
- Barberton Mines' operations' AISC® increased by 4.2% to US$1,552/oz (2022: US$1,490/oz)
- Evander Mines' total operations' AISC® increased by 1.0% to US$1,117/oz (2022: US$1,106/oz)
- Group AISC® increased to US$1,327/oz from US$1,284/oz
- AISC® for the Group's low-cost operations comprising all operations, excluding Sheba Mine and Consort Mine, was US$1,152/oz (2022: US$1,145/oz) for the financial year
- Total capital expenditure increased by 36.5% to US$113.0 million (2022: US$82.8 million) comprising:
  - sustaining capital expenditure® of US$20.2 million (2022: US$23.1 million)
  - expansion capital expenditure® of US$92.8 million (2022: US$59.7 million)
- Approximately US$1.9 million (2022: US$0.3 million) in cost savings has been achieved through Evander Mines' solar plant, which was commissioned in May 2022
- Fairview Mine's solar plant is expected to generate power for the first time during the hot commissioning phase during 2024, thereby aiding in the reduction of future operational costs
- Evander Mines' water retreatment plant, commissioned in March 2023, realised cost savings of approximately US$61.2 thousand

STRATEGIC INITIATIVES

- Successfully execute capital projects to sustain and increase future gold production
- Successfully execute operational restructuring programmes and other initiatives to sustain and increase the production run rate
- Optimise the Group's existing operations to achieve their targeted operational objectives
- Achieve production guidance of 195,000oz to 205,000oz per annum
- Reduce AISC® at all operations in real terms, through optimisation and cost-reduction initiatives, as well as increased ounce production
- Diversify the Group's solar energy sources by entering into a 40MW power purchase agreement with an independent power producer
- Commence construction of the 8.75MW solar plant at Barberton Mines
- Expand Evander Mines' solar plant by 12MW
- Construct a 10MW solar plant at the MTR project
- Commission the water retreatment plant at Evander Mines

Why these initiatives are important

- Delivering on annual production guidance enables the Group to produce gold profitably, generate the requisite cash to meet its capital requirements and debt obligations, improve investor confidence in the Group's sustainability and return capital to shareholders
- Solar energy and water recycling projects, together with other initiatives to increase the Group's future gold production, are also expected to contribute to future AISC® reductions
- Effectively managing and reducing production costs underpins the Group's profitability and sustainability in the longer term to increase annual production and move up the ranks of mid-tier gold producers

Related risks

- Constrained electricity
- Inflation
- Geological variability
- Ageing mines
- Capital allocation

Long-term objectives

- Disciplined capital allocation remains a priority in assessing the merits of any capital expenditure programme or acquisition
- All capital allocation decisions are subject to rigorous analysis and predefined risk-adjusted return parameters to ensure the required return is generated
- Continue with modern exploration techniques and reserve delineation drilling of our orebodies
- Seek acquisition opportunities that meet our stringent investment criteria

MANUFACTURED CAPITAL

Infrastructure, orebodies and tailings retreatment operations at Barberton Mines, Evander Mines and the MTR project.

STRATEGIC OBJECTIVE

Unlock the full potential of our Mineral Resources and Mineral Reserves through sustainable extraction and processing, while embracing renewable energy, to pave the way for a responsible and prosperous mining future.

KEY STATISTICS

	Unit	2023	2022	2021	2020	2019
Mineral Resources	Moz Au	**40.5**	38.7	39.2	37.6	36.0
Mineral Reserves	Moz Au	**12.8**	11.3	10.8	10.9	10.9
Investment in infrastructure	US$ million	**112.7**	82.7	44.4	34.6	55.1
Gold mining tonnes milled	t	**394,091**	381,148	376,118	285,016	311,606
Gold tailings processed	t	**14,757,699**	14,901,683	14,315,881	14,339,922	13,035,165
Gold production	oz	**175,209**	205,688	201,777	179,457	172,442
Average gold price received	US$/oz	**1,836**	1,824	1,826	1,574	1,266
AISC	US$/oz	**1,327**	1,284	1,261	1,147	988

Electricity

The availability and cost of electricity are critical input factors in achieving our production targets and maintaining profitability. We strive to continuously improve the efficient use of water and electricity at our operations.

KEY OUTCOMES

- Electricity consumption for the Group increased by 3.4% to 1,403.02TJ (2022: 1,357.07TJ)
- The Group's electricity costs decreased by 15.7% to US$28.5 million (2022: US$33.8 million)
- Evander Mines' solar plant realised cost savings of approximately US$1.9 million (2022: US$0.3 million)
- The Group generated 23,770MWh of renewable energy, and purchased electricity amounted to 365,956MWh, achieving a 6.1% renewable energy mix
- Several energy efficiency projects are currently in progress. Refer to the TCFD report for more information
- A power purchase agreement has been entered into for 40MW wheeled renewable energy
- Evander Mines' water retreatment plant was commissioned in March 2023
- Water consumption by the Group increased by 11.5% to 9,178ML (2022: 8,232ML)
- Evander Mines' water retreatment plant realised cost savings of approximately US$61.2 thousand in its first three months of operation
- The Group has partnered with the National Cleaner Production Centre South Africa, hosted by the Council for Scientific and Industrial Research on behalf of the Department of Trade, Industry and Competition. This collaboration is focused on achieving cost reduction through improved energy, water, materials consumption and waste management efficiencies. Additionally, it enables us to participate in the circular economy through the industrial symbiosis programme
- Preparatory construction activities commenced on Fairview Mine's solar plant in May 2023

STRATEGIC INITIATIVES

- Reduce AISC at all operations in real terms, through optimisation and cost-reduction initiatives, as well as increased ounce production
- Diversify the Group's solar energy sources by entering into a 40MW power purchase agreement with an independent power producer
- Commence construction of the 8.75MW solar plant at Barberton Mines
- Expand Evander Mines' solar plant by 12MW
- Construct a 10MW solar plant at the MTR project

Why these initiatives are important

- Solar energy and water recycling projects, together with other initiatives, contribute to the sustainability of the Group's future gold production and are also expected to contribute to future AISC reductions
- Through the investment in solar plants at our operations, the Group is proactively managing its migration to renewable energy and contributing to the curtailment of its electricity costs and addressing electricity supply issues
- The water retreatment plant is designed to treat approximately 3ML of mine water a day, using reverse osmosis technology that will produce potable water from recycled underground mine water to be used for processing at Elikhulu, thereby alleviating the need to purchase municipal water. Reduced water usage will have a positive environmental impact and will result in cost savings

Related risks

- Constrained electricity
- Operational execution
- Safety
- Inflation
- Capital allocation

Long-term objectives

- Investigate storage solutions to extend the period of available power supply from the solar plants
- As part of the MTR project's development, the merits of a solar plant will also be evaluated. The envisaged solar plant is expected to be similar in size to Evander Mines' phase 1 facility

Geology

We continuously explore for new mineral deposits and down-dip extents of our known deposits, while improving underground mining efficiency and flexibility, as well as further optimising our tailings operations.

KEY OUTCOMES

- Mineral Resources of 40.50Moz (2022: 38.65Moz) and Mineral Reserves of 12.81Moz (2022: 11.31Moz)
- A 13.2% year-on-year increase in the Mineral Reserves base of 408.3Mt at 0.9g/t for 12.81Moz (2022: 209.7Mt at 1.68g/t for 11.31Moz)
- There were five large high-grade platforms (256, 257, 258, 259 and 260 Platforms) in the MRC orebody and two platforms in the Rossiter orebody available for mining during the current financial year. By the end of the financial year, two of the high-grade platforms (256 and 257) were depleted, leaving three platforms in the MRC orebody available for mining in the 2024 financial year
- Access to the lower high-grade platform (260) in Fairview Mine's MRC orebody was achieved in January 2023, and the development towards the down-dip 261 Platform is progressing as planned
- The Mineral Resources estimation on the Soweto Cluster 2L16 and 2L24 TSFs was completed at the end of March 2023, resulting in these TSFs being upgraded to the Indicated Mineral Resources category. The remainder of the Soweto Cluster TSFs remain classified in the Inferred Mineral Resources category
- Mine design and scheduling were completed on the Indicated Mineral Resources of the Soweto Cluster TSFs which have been converted to Probable Mineral Reserves
- Surface feed material at the BTRP has been supplemented with rehabilitation material from Fairview Mine
- Initial mining of the raise lines at Evander Mines' 24, 25 and 26 Level project was executed
- The Group increased its focus on reserve delineation drilling at the extensions of the high-grade orebodies at the Barberton Mines complex

STRATEGIC INITIATIVES

- Achieve production guidance of 195,000oz to 205,000oz per annum
- Reduce AISC® at all operations in real terms, through optimisation and cost-reduction initiatives, as well as increased ounce production
- Successfully execute capital projects to sustain and increase future gold production
- Use technology to improve mine production, efficiency, safety and security

Why these initiatives are important

- Delivering on annual production guidance enables the Group to produce gold profitably, generate the requisite cash to meet its capital requirements and debt obligations, improve investor confidence in the Group's sustainability and return capital to shareholders
- Mineral Resources and Mineral Reserves are key components of the Group's sustainability

Related risk

- Geological variability

Long-term objectives

- Increase Mineral Resources and Mineral Reserves through exploration and value-accretive acquisitions
- Create sustainable stakeholder value by optimising extraction efficiencies at our mining operations in a cost-effective and safe manner
- Increase technical skills by developing an internal pipeline of qualified successors for critical roles

ABRIDGED MINERAL RESOURCES AND MINERAL RESERVES REPORT

AIM OF THIS REPORT

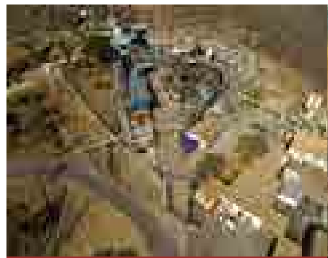
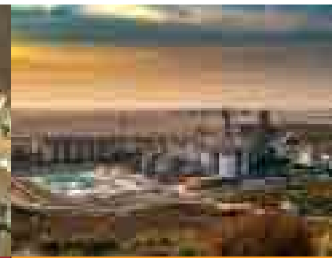
This abridged report was extracted from Pan African's Mineral Resources and Mineral Reserves report 2023 which conforms to the standards determined by the SAMREC Code and reports the Group's position on Mineral Resources and Mineral Reserves at 30 June 2023.

This report must be read in conjunction with the entire reporting suite of documents available on our website at www.panafricanresources.com

The Mineral Resources component in this report is reported inclusive of Mineral Reserves, unless otherwise stated. Information in this report is presented by operation, mine or project on an attributable basis. Rounding of numbers may result in minor computational discrepancies.

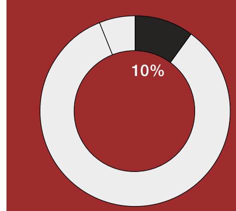
PAN AFRICAN'S OPERATIONAL FOOTPRINT

A unique combination of African underground and surface mining operations.

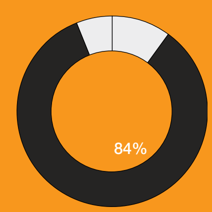



BARBERTON REGION	EVANDER REGION	WEST RAND REGION	SUDAN REGION
Barberton Mines consists of three underground mines and a tailings retreatment operation	Evander Mines consists of one underground mine, a tailings retreatment operation and several projects	The MTR project consists of the Mogale Cluster TSFs and the Soweto Cluster TSFs	The Sudan region consists of five exploration concessions totalling 1,088km²
• Fairview Mine • Consort Mine • Sheba Mine and Royal Sheba • BTRP	• 8 Shaft • Elikhulu • Egoli project • Rolspruit project • Poplar project • Evander South project	• Mogale Cluster • Soweto Cluster	• Block 12A North • Block 12A South • Block 12D • Block 12E • Block 12K

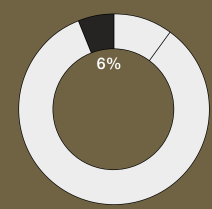
Barberton Mines Mineral Resources



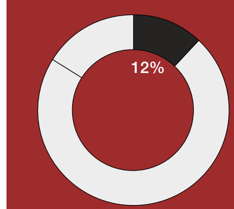
Evander Mines Mineral Resources



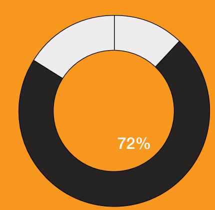
West Rand Mineral Resources



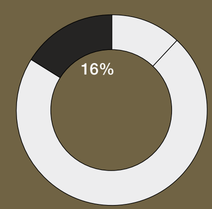
Barberton Mines Mineral Reserves



Evander Mines Mineral Reserves



West Rand Mineral Reserves



ABRIDGED MINERAL RESOURCES AND MINERAL RESERVES REPORT continued

GROUP OVERVIEW

The estimated Mineral Resources and Mineral Reserves for the Group are reported according to the guidelines of the SAMREC Code at 30 June 2023. Estimated Mineral Resources and Mineral Reserves exclude any exploration targets, for which no Mineral Resources have been reported, and represent the attributable constituent for Pan African. All estimated Mineral Resources include that portion of the estimated Mineral Resources that was converted to estimate the Mineral Reserves by applying modifying factors and a mine plan to the Mineral Reserve blocks. Estimated Mineral Reserves are reported inclusive of diluting and contaminating material delivered to the respective metallurgical plant for treatment and beneficiation.

GROUP MINERAL RESOURCES

The total Mineral Resources for the Group increased from 38.65Moz (327.9Mt at 3.67g/t) in June 2022 to 40.50Moz (581.0Mt at 2.17g/t) in June 2023 – a gross annual increase of 1.85Moz, or 4.8%.

	Estimated Mineral Resources							
	At 30 June 2023				At 30 June 2022			
		Contained gold				Contained gold		
Category	**Tonnes million**	**Grade g/t**	**Tonnes gold**	**Moz**	**Tonnes million**	**Grade g/t**	**Tonnes gold**	**Moz**
Measured	61.0	1.77	107.7	3.46	70.5	1.63	115.0	3.70
Indicated	413.0	1.67	688.6	22.14	178.2	3.53	629.3	20.23
Measured and Indicated	474.0	1.68	796.3	25.60	248.6	2.99	744.3	23.93
Inferred	107.0	4.33	463.5	14.90	79.3	5.78	457.9	14.72
Total	581.0	2.17	1,259.8	40.50	327.9	3.67	1,202.2	38.65

Estimated Mineral Resources increased mainly as a result of the successful acquisition of the MTR project and changes in the cut-off grade applied at Barberton Mines and Evander Mines' 8 Shaft areas. The Mineral Resources as reported are depleted for all mining activities taking place during the reporting period. Additional Mineral Resource blocks were reported at Barberton Mines' Fairview operation. Changes in the cut-off grade are a result of the higher production cost used in the cut-off grade estimations relative to the previous declarations whereas the gold price assumed remained constant (June 2023: ZAR950,000/kg Au – June 2022: ZAR950,000/kg Au).

GROUP MINERAL RESERVES

Pan African's estimated Mineral Reserves increased to 12.81Moz (408.3Mt at 0.90g/t) at 30 June 2023 post mining depletion of 0.18Moz relative to 11.31Moz (209.7Mt at 1.68g/t) at 30 June 2022 – a gross annual increase of 1.49Moz, or 13.2%. Mineral Reserves are reported inclusive of diluting and contaminating material delivered to the relevant metallurgical plant for treatment and beneficiation.

	Estimated Mineral Reserves							
	At 30 June 2023				At 30 June 2022			
		Contained gold				Contained gold		
Category	**Tonnes million**	**Grade g/t**	**Tonnes gold**	**Moz**	**Tonnes million**	**Grade g/t**	**Tonnes gold**	**Moz**
Proved	42.6	0.97	41.3	1.33	58.2	0.86	50.1	1.61
Probable	365.7	0.89	357.0	11.48	151.5	1.99	301.9	9.70
Total	408.3	0.90	398.3	12.81	209.7	1.68	352.0	11.31

Increases in the Mineral Reserves were observed for Barberton Mines' surface marginal-grade stockpiles and as a result of the successful acquisition of the MTR project. Marginal decreases, mainly due to mining depletion, are evident at the BTRP, Fairview, Consort and Sheba operations at Barberton Mines as well as at Elikhulu. A redesign of the Royal Sheba project to optimise the plant feed grade from 2g/t to 3g/t resulted in a significant decrease in the Mineral Reserves reported.

COMPETENT PERSON

The competent person for Pan African, Hendrik Pretorius, the Group technical services manager, signs off on the estimated Mineral Resources and Mineral Reserves report for the Group.

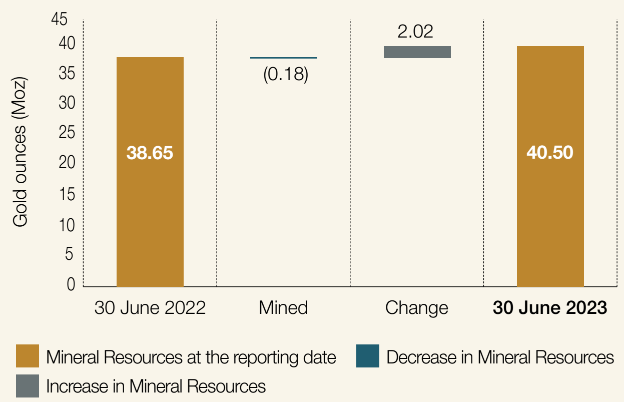
HENDRIK PRETORIUS
Group technical services manager

Hendrik is a member of the South African Council for Natural Scientific Professions (SACNASP No. 400051/11 – Management Enterprise Building, Mark Shuttleworth Street, Innovation Hub, Pretoria, South Africa), as well as a member in good standing of the Geological Society of South Africa (GSSA No. 965978 – CSIR Mining Precinct, corner Rustenburg and Carlow Roads, Melville, South Africa). Hendrik has 20 years' experience in economic geology, mineral resource management and mining (surface mining and shallow to ultra-deep underground mining).

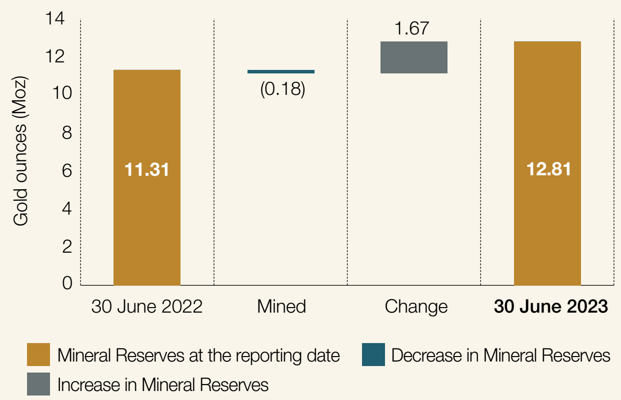
He is based at The Firs Building, 2nd Floor, Office 204, corner Cradock and Biermann Avenues, Rosebank, Johannesburg, South Africa. He holds a BSc (Hons) degree in Geology from the University of Johannesburg as well as a Graduate Diploma in Mining Engineering (GDE) from the University of the Witwatersrand.

Hendrik has reviewed and approved the information contained in this document as it pertains to Mineral Resources and Mineral Reserves and has provided written confirmation to Pan African that the information is compliant with the SAMREC Code and, where applicable, the relevant requirements of section 12 of the JSE Listings Requirements and Table 1 of the SAMREC Code, and may be published in the form and context in which it appears.

Estimated Mineral Resources reconciliation



Estimated Mineral Reserves reconciliation



ABRIDGED MINERAL RESOURCES AND MINERAL RESERVES REPORT continued

GEOLOGICAL/RESOURCE ESTIMATION METHODOLOGY

Geological modelling

The grade and the structure of the orebodies exploited by the Group are highly erratic in nature, and most of the data for evaluating resource blocks is derived from development adjacent to the mining blocks and from the position of the present and historical mining areas along with diamond drill hole information. The data is continuously evaluated for representativeness and accuracy. During the year, no discrepancies in data accuracy were noted. The continuity of grade values within the ore shoots is derived primarily from short-range statistical projections, based on historical mining measurements of the orebody, the study of its tectonic structure and continuity modelling such as variography and trend analyses.

The tectonic structure and orebody geometry have been modelled using the Lynx orebody modelling system (StopeCAD) and Datamine Studio RM®. These systems allow for the 3D structure of the mineralised volume to be modelled, modified and viewed graphically. Additionally, these 3D models can be adjusted as new data becomes available. Furthermore, these systems are employed as a tool for visualising grade continuity and are an aid for mine planning.

Resource estimation

During grade control, both diamond-cored drill holes and underground channel/chip sampling results are utilised. A minimum sampling width of 230cm is used in the case of mechanical mining and 20cm for conventional scraper-type stoping. Where the reef width is narrower, hanging wall and footwall waste samples are included to mimic practical mining parameters. Exploration diamond drill holes and sampling are conducted over a sample width of 50cm within the mineralised or lithological contacts. Drilling is also conducted on the tailings material that is re-treated at the BTRP and Elikhulu and also at the MTR plant currently undergoing construction. In these cases, the samples from either auger drilling, dual drilling or sonic drilling are sampled at 150cm intervals.

All the samples are transported from the Group's Barberton region and Evander region sites to the SGS Barberton assay laboratory (SGS Barberton) located in close proximity to Barberton Mines. The West Rand region samples are transported to the SGS Performance assay laboratory (SGS Performance) located in Randfontein. SGS Barberton and SGS Performance are independent South African National Accreditation System-accredited assay laboratories (T0565 and T0265, respectively) and are certified to conduct the relevant gold analyses. During transportation and submission, the samples are accompanied by a representative from the Company (either a geologist or sampler) and a sample dispatch note. Sample preparation and assaying are conducted by SGS Barberton or SGS Performance. Preparation of the samples includes the drying of the sample at 110°C, followed by crushing to 85% passing 2.36mm. Between 0.5kg and 0.75kg of crushed material is subsampled and pulverised using Rocklabs LM2 and RM2000 pulverisers to 85% passing 75µm. A 25g (grade control) or 50g (exploration) aliquot is blended with a premix flux for fire assay purposes. Low-grade orebodies are analysed using atomic absorption spectrometry while high-grade orebodies employ a parted gravimetric finish.

An in-house quality assurance and quality control (QA/QC) system is implemented, where certified reference material (CRM) is employed to indicate the accuracy of the assaying procedure. For exploration, up to 10% of the samples are reassayed for precision tests and are accompanied by CRM at a 10% frequency rate. A two-times standard deviation from the expected CRM assay values retrieved is employed as a failing criterion in the QA/QC system and triggers a reassaying procedure of the total batch analysed. All exploration samples retrieving grades in excess of 10g/t are immediately reassayed and will employ a gravimetric finish to validate the grades achieved.

Mineral Resource estimation (MRE) at Fairview, Sheba and Consort Mines uses an inverse distance weighted grade and orebody width estimate within a limited search ellipse defined for each orebody specifically. At Royal Sheba (located within the Sheba mining right), an ordinary kriging MRE is conducted for the various resource classification criteria. The MRE method employed for generating local grade estimates at Evander Mines is ordinary kriging. All of the Group's tailings resources at the BTRP, Elikhulu and the MTR plant are estimated utilising ordinary kriging. The search ellipse employed during the kriging process is in line with the orebody dimension and modelled variogram ranges. In all cases, historical data is employed during the MRE due to the rich history of mining and exploration in the area. All historical data is continuously evaluated relative to newly acquired data for representativeness. During the reporting period, no inconsistencies were noted in the historical or new data.

Extreme high-grade samples are evaluated per orebody and capped to an acceptable maximum grade for each orebody and operation specifically. These high grades are identified by sample statistics, histograms and capping curves. The capped high-grade samples are employed for the MRE of each orebody and aim to limit the possible over-estimation of grade by using uncommonly high-grade values during the MRE.

Mineral Resources classification

Blocks of Measured Resources are generally 20m on strike and 10m in the dip direction of actual mining. Where blocks are defined adjacent to a development end only, the grade and true width of the reef in the block are estimated by calculating the arithmetic mean or 'stretch average' of the samples along the development end. If the sample spacing is at the standard stope sampling grid of 3m, the block value is derived by calculating the inverse weighted estimated value of all available samples. During an ordinary kriging MRE, a Measured Resource block is defined as a block estimated within the modelled variogram range with a slope of regression not less than 70% into parent cells not larger than 30m by 30m. This effectively reports a Measured Resource within 50m of sufficient representative sampling.

Blocks of Indicated Resources are defined where only auger, diamond, dual drilling or sonic drill hole samples and local geological information are available. Both the grades and orebody widths are either estimated by means of an inverse weighted estimate or ordinary kriging. The Indicated Resource extends up to the modelled variogram ranges of a sufficiently sampled area with a slope of regression not less than 50%. Grades and widths are mostly interpolated into the Indicated Resource blocks which are 60m by 60m in size.

The Inferred Resource blocks are characterised by a regional grade and width obtained from arithmetic means, Sichel's t-estimates and macro ordinary kriging. Inferred Resource blocks are extrapolated to double the modelled variogram range or grade continuity for each orebody into parent cells of 120m by 120m in size.

Mineral Reserves conversion

Indicated Mineral Resources are converted to Probable Mineral Reserves due to the lower confidence mainly in grade continuity relative to that of Measured Mineral Resources. In most instances, Measured Mineral Resources are converted to Proved Mineral Reserves. Certain Measured Mineral Resources are not immediately accessible for mining and require development or equipping. Under these circumstances, Measured Mineral Resources have been converted to Probable Mineral Reserves. Mineral Reserves are reported inclusive of diluting and contaminating material delivered to the relevant metallurgical plant for treatment and beneficiation. Measured and Indicated Mineral Resources are only converted into a Mineral Reserve once a mine plan with positive economic parameters, inclusive of all modifying factors, is achieved. Inferred Mineral Resources are not converted to Mineral Reserves, nor are Inferred Mineral Resources utilised in feasibility studies.

ASSESSMENT AND REPORTING IN COMPLIANCE WITH THE SAMREC CODE

To meet the requirements of the SAMREC Code, the material reported as Mineral Resources should have 'reasonable and realistic prospects for eventual economic extraction'.

Pan African has determined an appropriate cut-off grade, which has been applied to the quantified mineralised orebody. In determining the Mineral Resources and Mineral Reserves cut-off grades, Pan African uses the following metal price deck. Mineral Reserves represent the portion of the Measured and Indicated Mineral Resources above an economic cut-off grade within the life-of-mine plan. These Mineral Reserves have been estimated after considering all modifying factors affecting extraction. A range of disciplines is involved at each operation in the life-of-mine planning process, including geology, surveying, planning, mining design and engineering, rock engineering, metallurgy, financial management, human resources management and environmental management.

Assumptions	Unit	30 June 2023	30 June 2022
Mineral Resources gold price	US$/oz	**1,663**	1,906
	ZAR/kg	**950,000**	950,000
Mineral Reserves gold price	US$/oz	**1,488**	1,706
	ZAR/kg	**850,000**	850,000
Exchange rate	US$/ZAR	**17.77**	15.50

ORGANIC GROWTH

Pan African has an exceptional pipeline of attractive growth opportunities, both in established projects and brownfield resource definition prospects.

The operations' robust life-of-mine plans support the Group's strategic plan. Current exploration drilling as well as initiatives to access and develop orebodies were aggressively pursued at the Group's operations during the year. The strategy of converting Mineral Resources to Mineral Reserves was progressed by moving organic growth projects further up the mining value curve and closer towards the feasibility and production stages. These include Evander Mines' 8 Shaft, the 24, 25 and 26 Level project, the Egoli project, Consort Mine's PC Shaft remnant blocks and the Royal Sheba project. The schematic on **page 64** illustrates the progress of near-mine growth projects that contributed ounces to the increased Mineral Resources for the year.

ABRIDGED MINERAL RESOURCES AND MINERAL RESERVES REPORT continued

2023 IN REVIEW

Some of the Group's achievements for the year ended 30 June 2023 are presented below.

LICENCE TO OPERATE

- Barberton Mines' mining rights are valid until May 2051
- Evander Mines' mining right is valid until April 2038

PROJECTS

- Steady-state production from Evander Mines' 8 Shaft pillar
- Maintained Evander Mines' 8 Shaft phase 1 underground refrigeration plant construction, 24 Level development and the planning of the 25 Level to 26 Level mining phases
- Commissioned Evander Mines' 8 Shaft underground mining on 24 Level
- Commenced with the dewatering of the 3 Decline at Egoli
- Developed additional target blocks at the Consort Mine PC Shaft down-dip of the high-grade 42 Level orebody as well as at the Sheba Mine MRC orebody
- Access gained into an additional high-grade platform (260 Platform) in the MRC orebody at Fairview Mine
- Completed the bulk sample mining at the Royal Sheba project
- Completed the pump station at the Leslie/Bracken TSF and commenced mining of the TSF at Elikhulu
- Finalised Barberton Mines' 8.75MW solar plant feasibility and funding

BTRP metallurgical plant

MINERAL RESOURCES

- The Group's estimated Mineral Resources base increased by 4.8% year-on-year to 40.5Moz (581.0Mt at 2.2g/t)
- Successful exploration drilling programme at Fairview, Consort and Sheba Mines generated additional Mineral Resources and Mineral Reserves as reported in this document
- Successful acquisition of the MTR project
- Continued positive gold market economics resulted in limited movement in the reported cut-off grades of the Group's operations and projects

MINERAL RESERVES

- The Group's estimated Mineral Reserves base increased by 13.2% year-on-year to 12.81Moz (408Mt at 0.9g/t)
- Advancement in the reserve delineation drilling in the Barberton region
- Optimisation of mining methods and modifying factors
- Additional platforms in the high-grade MRC and Rossiter orebodies at Fairview Mine to increase mining flexibility
- Optimisation of the BTRP scheduling and rehabilitation sources
- Successful acquisition of the MTR project during September 2022

FINANCIAL METRICS

- Capital allocation aligned with the Group's strategic plan
- Managed production cash cost to US$1,142/oz (2022: US$1,099/oz)
- Group net debt® increased to US$22 million (2022: US$13 million)

OPERATIONAL EXECUTION

- Achieved the revised production guidance of 175,000oz for the year by producing 175,209oz
  - Barberton Mines: 64,586oz
  - BTRP: 19,875oz
  - Evander Mines: 40,175oz (including toll treatment)
  - Elikhulu: 50,573oz

SAFETY

- The Group's LTIFR regressed from 1.04 to 1.86 per million man hours
- The Group's RIFR regressed from 0.35 to 0.81 per million man hours
- One fatal accident was recorded during the year ended 30 June 2023 (2022: nil)
- Evander Mines' LTIFR regressed to 3.64 (2022: 0.93) and the RIFR to 2.43 (2022: nil) per million man hours
- Evander Mines' (including Elikhulu) LTIFR regressed to 3.09 (2022: 1.06) and the RIFR to 1.89 (2022: 0.21) per million man hours
- Evander Mines' metallurgical plant achieved 365 days without a lost-time or reportable injury for the year under review
- Barberton Mines' LTIFR regressed to 1.26 (2022: 1.03) and the RIFR has significantly improved to 0.26 (2022: 0.41) per million man hours
- Sheba Mine achieved 11 years' fatality-free shifts
- Consort Mine achieved 22 years' fatality-free shifts
- Initiatives implemented at all sites to improve the Group's safety performance in the coming year

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

- Successful commissioning of Evander Mines' water retreatment plant, with operational performance in line with the feasibility study. Commenced construction of Barberton Mines' 8.75MW solar plant in June 2023
- Feasibility studies on an agri-solar project for Evander Mines' and Barberton Mines' solar plants completed
- Successful handover of the Ngwane and Sheba (formerly Kaapvallei) schools to the Department of Basic Education by Barberton Mines
- Sponsorship of youth development and employment in the arts and culture film industry and the launch of a mini-series on the national broadcaster, SABC, communicating social issues on illegal mining, gender-based violence and health
- Sponsorship of sports development and fostering health and wellness among our employees. Our pro-elite running team achieved two gold medals in the prestigious Comrades Marathon in 2023
- Addressed gaps identified in the ESG readiness review report 2022
- Issued the initial TCFD report in 2023
- Climate change targets for 2030 as per the RMB Sustainability Bond Performance Targets
- Appointed an ITRB consisting of members from independent credible tailings companies as per the GISTM requirements
- Commissioned a formal compliance audit to gauge compliance of the TSFs, in relation to the GISTM, taking into consideration the individual ages of the TSFs and the legal framework at the time of construction and periods of operation

ABRIDGED MINERAL RESOURCES AND MINERAL RESERVES REPORT
continued

Performance
Increase Decrease Unchanged

BARBERTON REGION

	Estimated Mineral Resources	Affected by	Estimated Mineral Reserves	Affected by	Modelled life-of-mine
Fairview Mine During the reporting period, Fairview Mine continued its focus on optimising the extraction and successfully increasing flexibility within the MRC and Rossiter Reef. This was achieved by increasing development rates towards down-dip extensions of the orebodies and by increasing the reserve definition drilling rate. Broader-scale exploration drilling is focused on the Hope, Main Muiden and Golden Quarry Reefs, with desktop studies being conducted on various known but unmined lower-grade blocks in all orebodies.	▼ Decreased by 94Koz, with the tonnage increasing by 186kt and grade decreasing by 1g/t, a 6% decrease in gold content year-on-year	• Depletion through mining activities • Geological boundary and structural updates • Mineral Resource block updates (tonnes and grade) • Cut-off grade increased from 1.75g/t for the previous financial year to 1.88g/t for the current financial year	▼ Decreased by 189kt at 5.77g/t for 35Koz. This equates to a 5% decrease year-on-year	• Depletion through mining activities • Impact of updated geological structures and boundaries • Update of grades in Mineral Resource blocks • Mine call factor decreased from 99.6% to 92.1% and the plant recovery factor remained constant at 93%	20 years
Sheba Mine Sheba Mine continued to focus on extraction of the MRC and ZK orebodies during the year, while the high-grade Verster and Thomas Reefs supplemented the plant feed material. Specific attention was given to the reserve definition drilling and development of the ZK orebody's down-dip extension on 37 Level and 38 Level in the unmined areas between the Sheba and Fairview Mines.	▼ Decreased by 125kt at 5.21g/t for 21Koz, a 6% decrease year-on-year	• Depletion through mining activities • Geological boundary and structural updates • Mineral Resource block updates (tonnes and grade) • Cut-off grade increased to 2.60g/t for the current financial year, relative to 2.05g/t for the previous financial year	▼ Decreased gold content by 9Koz and grade decreased by 1.44g/t while tonnes increased by 197kt. This equates to a 7% decrease year-on-year	• Depletion through mining activities • Impact of updated geological structures and boundaries • Update of grades in Mineral Resource blocks • The mine call factor decreased from 103% in the previous financial year to 91% in the current financial year	8 years
Consort Mine During the year, development at Consort Mine progressed towards the Consort Bar and Main Muiden Reef (MMR) orebodies at 38 and 15 Levels, respectively. Specific focus and studies were centred on equipping the PC Shaft remnant blocks and extracting high-grade ore between 42 and 41 Levels. Geotechnical constraints impeded the timeous development towards the strike and up-dip continuation of this orebody. Additionally, exploration drilling during the year focused on the MMR and PC horizons. High-resolution reserve definition drilling focused on the 15 Level MMR and deeper Consort Bar orebodies around 43 Level to 45 Level.	▼ Decreased by 57kt at 3.55g/t for 6.5Koz, a 2% decrease year-on-year	• Depletion through mining activities • Geological boundary and structural updates • Mineral Resource block updates (tonnes and grade) • Cut-off grade increased from 2.75g/t for the previous financial year to 3.77g/t for the current financial year	▼ Decreased by 26kt at 13.35g/t for 0.1Koz, an 11% decrease year-on-year	• Depletion through mining activities • Impact of updated geological structures and boundaries • Update of grades in Mineral Resource blocks • The mine call factor decreased year-on-year from 110% to 94% while the plant recovery factor decreased slightly from 91% to 90.8% for the current financial year	9 years
Barberton Tailings Retreatment Plant Mining of the Harper North, Harper South and Vantage dams progressed in accordance with the plan. It is envisaged that the Royal Sheba project will form part of the BTRP feed sources when this project is commissioned and enabled through the construction of a RoM crusher circuit. This will allow the BTRP to treat approximately 35,000t per month of RoM material from the Royal Sheba project, thereby extending the life of the operation and ensuring its sustained output in future. Additionally, the currently mined Western Cross orebody at the Sheba Mine lends itself to a bulk mining approach. This will further supplement feed material to the BTRP.	▲ Increased by 63Koz, with tonnage decreasing by 469kt at 4.18g/t, a 7% increase in gold content year-on-year	• Depletion through mining activities • Inclusion of screened low-grade stockpile material • The cut-off grade remained constant year-on-year	▲ Increased gold content by 73Koz and grade by 1.03g/t while tonnes decreased by 2.214kt, a 24% increase year-on-year	• Depletion through mining activities • The plant recovery factor improved to 37.5% from 34.1% for the previous financial year	3 years, excluding the treatment of material from Royal Sheba
Royal Sheba project During the current financial year, the bulk sample position was intersected as planned and the mineralisation encountered confirmed the Mineral Resource estimates of the area. Following this successful intersection of the orebody, the 10,000t bulk sample was extracted and processed at the Group's Consort and Sheba metallurgical plants during the reporting period.	▶ Remained constant year-on-year	• Proposed mining method optimisation to long hole open stoping • Cut-off grade remained constant year-on-year at 0.8g/t	▼ Decreased by 8,707kt at 1.45g/t for 405Koz, a decrease of 64% year-on-year	• Long hole open stoping mining method adopted • Cut-off grade increased from 0.8g/t to 1.7g/t in the current reporting period	8 years

ABRIDGED MINERAL RESOURCES AND MINERAL RESERVES REPORT
continued

Performance: ▲ Increase ▼ Decrease ▶ Unchanged

EVANDER REGION

	Estimated Mineral Resources	Affected by	Estimated Mineral Reserves	Affected by	Modelled life-of-mine
Evander Mines' 8 Shaft During the current financial year, all mining development and infrastructure placement for the mining of 24 Level progressed with four mining crews actively mining on 24 Level by the financial year-end. Commissioning of phase 1 of the refrigeration plant was successfully completed during the first quarter of the reporting period. The purpose of phase 1 of the project is to allow mining of both the 24 Level F line stopes and mining of the 24 Level B, C and D raise lines. Phase 2 of the refrigeration plant, currently under construction, will allow for additional mining crews to be placed on 24 Level as well as 25 Level mining.	▼ Decreased by 315kt at 12.56g/t for 128Koz, a 2% decrease year-on-year	• Depletion through mining activities • Geological boundary and structural updates • Mineral Resource block updates • Cut-off remained constant year-on-year at 660cmg/t	▲ Increased by 202kt at 0.58g/t for 5Koz, a 1% increase year-on-year	• Depletion through mining activities • Impact of updated geological structures and boundaries • Update of grades in Mineral Resource blocks and inclusion of the 8 Shaft 24 Level and 25 to 26 Level mining areas • Modifying factors remained constant year-on-year as per achieved results	13 years
Elikhulu Elikhulu is expected to yield approximately 50Koz of gold per annum over its 10-year remaining life-of-mine. These production estimates exclude an Inferred Resource of 74Koz of gold delineated in the soil material beneath the existing tailings dumps.	▼ Decreased by 3,853kt at 0.77g/t for 95Koz, a 6% decrease year-on-year	• Depletion through remining activities • TSF boundary updates for Leslie/ Bracken and Winkelhaak TSFs • Mineral Resource block updates on the Leslie/Bracken TSFs	▼ Decreased by 18,336kt at 0.34g/t for 200Koz, a 14% decrease year-on-year	• Depletion through remining activities • Impact of updated TSF limits for Leslie/ Bracken and Winkelhaak TSFs • Update of grades in Mineral Resource blocks in Leslie/Bracken TSF estimates • Modifying factors employed as per actual results since the commissioning of Elikhulu	10 years
Evander Mines' 7 Shaft – Egoli project The traditional off-reef footwall development of the deep-level, narrow tabular Witwatersrand orebodies has been optimised by placing the development haulages on-reef. This enhances the lead time to first gold and results in lock-up of material in pillars that could be extracted at the end of the operation's economic life. This is done using newly developed backfill and support technology currently successfully employed at the Group's 8 Shaft pillar mining operation.	▶ Remained constant year-on-year	• Cut-off grade increased slightly due to increases in mining costs and a constant gold price assumed	▶ Remained constant year-on-year	• Modifying factors remained constant year-on-year	9 years (on Measured and Indicated Mineral Resources, per independent feasibility study)
Rolspruit project This orebody is a down-dip extension of the same Kinross payshoot currently being exploited at 8 Shaft. The project is located immediately west-north-west of the 8 Shaft. Exploration on the Rolspruit project commenced in 1955, and by 1988, a total of 53 boreholes with accompanying reef deflections had been completed by various companies. The Group regularly reviews its portfolio of exploration projects and applies the latest available economic data to assess their feasibility.	▶ Remained constant year-on-year	• Cut-off grade increased slightly year-on-year to 424cmg/t (2022: 418cmg/t)	▶ Remained constant year-on-year	• Cut-off grade increased slightly due to inflationary increase in mining costs assumed through conventional narrow tabular breast mining at a depth of more than 2,500m to 475cmg/t (2022: 461cmg/t)	>29 years
Poplar project Exploration on the Poplar project commenced in the mid-1950s and has been the subject of several studies. A total of 104 mother holes were drilled in the project area, with an additional 146 intersections obtained through deflection drill holes.	▼ Decreased by 979kt at 4.57g/t for 144Koz, a 2% decrease year-on-year	• Cut-off grade increased slightly year-on-year due to inflationary increase in mining costs assumed to 519cmg/t (2022: 489cmg/t)	None reported		None reported
Evander South project This project is located directly west of Evander Mines' 9 Shaft and is south of the Poplar project. A total of 116 mother holes were drilled in the project area, with 475 deflections.	▼ Decreased by 1,575kt at 3.40g/t for 172Koz, a 3% decrease year-on-year	• Cut-off grade increased slightly year-on-year due to inflationary increase in mining costs assumed to 348cmg/t (2022: 333cmg/t)	None reported		None reported

ABRIDGED MINERAL RESOURCES AND MINERAL RESERVES REPORT
continued

Performance
Increase | Decrease | Unchanged

WEST RAND REGION

	Estimated Mineral Resources	Affected by		Estimated Mineral Reserves	Affected by	Modelled life-of-mine
Mogale Cluster The Mogale Cluster is expected to yield an average of approximately 50Koz of gold per annum over the initial 11 years of its life-of-mine, while the last two years are expected to yield an average of approximately 25Koz of gold per year. These production estimates exclude an Inferred Resource of 49Koz of gold estimated at the base of some of the TSFs.	▲ Increased by 125,267kt at 0.29g/t for 1,176Koz, a 100% increase year-on-year	• New project acquired		▲ Increased by 119,332kt at 0.29g/t for 1,095Koz, a 100% increase year-on-year	• New project acquired	13 years
Soweto Cluster The Soweto Cluster TSFs and the related MTR infrastructure on the West Rand, owned and operated by Pan African, will be utilised to re-treat historical gold plant tailings at a rate of up to 1.0mt per month through a newly constructed tailings retreatment plant within the Mogale Cluster.	▲ Increased by 133,494kt at 0.31g/t for 1,347Koz, a 100% increase year-on-year	• New project acquired		▲ Increased by 108,325kt at 0.28g/t for 982Koz, a 100% increase year-on-year	• New project acquired	16 years (blending the Mogale and Soweto Cluster material as feed to the MTR plant results in an overall 21 life-of-mine for the MTR plant)

Atomic radius (pm):

174

Gold has an atomic radius (the size of an atom from the centre of the nucleus to the most outermost isolated electron) of 174pm.

3

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

Pan African acknowledges the importance of protecting the environment and looking after its social licence to operate in delivering on its long-term and sustainable value creation and preservation.

INTELLECTUAL CAPITAL

Innovation and opportunity

Our entrepreneurial and performance-driven culture fosters innovation, while diversifying our portfolio and investing in sustainable solutions enhances long-term profitability and contributes to a sustainable future.

More than 130 years of mining the unique Barberton Greenstone Belt orebodies and an established track record in surface tailings remining.

STRATEGIC OBJECTIVE

Optimise the use of technology and harness the expertise of our teams to consistently deliver safe, reliable, efficient and responsible mining operations.

KEY OUTCOMES

- Pan African was awarded the merit award in the Chartered Governance Institute of Southern Africa's Integrated Reporting Awards for the Small Capital category in November 2022
- The mine planning department successfully implemented state-of-the-art planning and scheduling systems, allowing them to meticulously schedule and plan all mining-related activities with specific measurable tasks and timelines
- The survey department has been equipped with cutting-edge computer-aided drawing and 3D systems, bolstering their capabilities
- An operations control room was established at Barberton Mines, which is integrated with multiple SCADA systems to monitor various mining services to enhance response times to breakdowns and emergencies, ultimately leading to a reduction in production downtime and improved response time to safety incidents
- A Mineware reporting system is currently being installed at the Group's operations, which will provide valuable insights on production data, planning statistics and labour-related information for detailed analysis and faster decision-making
- A safety application is currently being implemented as well as upgrades to the mine's fibre communication infrastructure to empower any mine employee to report safety incidents from any location within the mine, even without an active internet connection
- The Company's ability to prevent and combat illegal mining, crime and other security-related incidents was improved through the implementation of an integrated security plan and various technology-driven prevention methods, including:
  - the installation of additional high-risk perimeter fences, early detection systems, CCTV networks and other modern surveillance technologies
  - the integration of radar, seismic, long-range thermal cameras and X-ray technology
- Since May 2022, a national police intervention project has been deployed to Barberton Mines specifically targeting illegal mining and associated criminal activities. Specialised police units, including the National Intervention Unit, tactical response teams and public order police, have been engaged in this independent external operation
- To effectively manage ESG data and drive sustainable business practices, the Group has implemented an ESG information management system

STRATEGIC INITIATIVES

- Optimise the Group's existing operations to achieve their targeted operational objectives
- Use technology to improve mine production, efficiency, safety and security
- Curtail illegal mining and property theft through cooperation between all stakeholders
- Maintain an entrepreneurial and performance-driven culture

Why these initiatives are important	Related risks	Long-term objectives
• An entrepreneurial and performance-driven culture is a competitive advantage, leading to superior decision-making, improved employee retention, loyalty, productivity and sustainability • Technology can be used as a tool to engage with employees on education and promote self-development as well as enhance the working environment to enable improved communication, productivity and safety	• Social instability • Safety • Geological variability • Skills • Capital allocation	• The Group will continue its journey to instil an entrepreneurial performance-driven culture throughout the organisation • Deploy technology to establish virtual communication platforms at all operations to improve employee engagement • Enforce the culture changes required to support our relentless pursuit of zero harm for all stakeholders and the environment

HUMAN CAPITAL

Health, safety and security

We prioritise employee health and safety and maintain stringent physical and cybersecurity measures to ensure responsible and sustainable operations. This creates a safe working environment that fosters employee trust and confidence.

Employees and contractors who are knowledgeable, competent and adequately skilled, supported by a robust safety culture in pursuit of a zero-harm working environment.

STRATEGIC OBJECTIVE

Attract, cultivate and retain exceptional talent while fostering a culture of safety, respect and continuous learning.

KEY STATISTICS

	Unit	2023	2022	2021	2020	2019
Employees	number	**2,469**	2,198	2,104	2,126	2,148
Employee remuneration	US$ million	**60.4**	65.1	62.1	52.5	59.7
Skills development and training	US$ million	**2.2**	0.8	1.1	1.7	1.0
TRIFR	Per million man hours	**7.96**	8.95	7.36	9.12	10.71
RIFR	Per million man hours	**0.81**	0.35	0.63	0.8	0.51
LTIFR	Per million man hours	**1.86**	1.04	1.41	1.70	1.62
Fatalities	number	**1**	–	1	–	–

At 30 June 2023, 90.73% (2022: 89.29%) of our employees were HDPs.

KEY OUTCOMES

- The Group experienced one fatality during the 2023 financial year (2022: no fatalities)
- In March 2023, Barberton Mines achieved 3 million fatality-free shifts. At the end of the 2023 financial year, Sheba Mine and Consort Mine achieved 11 and 22 years, respectively, without any fatalities
- The Group's TRIFR improved to 7.96 (2022: 8.95) per million man hours
- The Group's LTIFR regressed to 1.86 (2022: 1.04) per million man hours
- The Group's RIFR regressed to 0.81 (2022: 0.35) per million man hours
- The Group has implemented various awareness initiatives aimed at enhancing its safety performance
- A safety application is currently being implemented as well as upgrades to the mine's fibre communication infrastructure to empower any mine employee to report safety incidents from any location within the mine, even without an active internet connection
- The Group increased its focus on educating employees on lifestyle diseases and enhancing the health and wellness programme
- Tuberculosis cases reported in the 2023 financial year have decreased by 63.6% to eight cases (2022: 22 cases)
- Through engagement with the Group's corporate office, the South African Police Service deployed specialised police resources to our mines in May 2022 as part of a special intervention project to assist in combating illegal mining and other forms of transnational organised crime

STRATEGIC INITIATIVES

- Use technology to improve mine production, efficiency, safety and security
- Work towards zero fatalities and an annual improvement in the TRIFR to 3.86%
- Maintain an entrepreneurial and performance-driven culture
- Curtail illegal mining and property theft through cooperation between all stakeholders

Why these initiatives are important

- Promoting and providing our employees with a safe working and operating environment is key to the well-being of our employees and the sustainability of our operations

Related risks

- Social instability
- Operational execution
- Safety
- Ageing mines
- Skills

Long-term objective

- While injury rates are well below the South African mining industry average, we aim to achieve our objective of zero harm to employees and contractors

Talent and skills

We prioritise the development and retention of our people through transparent and constructive relationships with our employees and unions to address diversity, inclusivity and the challenge of an ageing workforce.

KEY OUTCOMES

- Employee turnover has increased to 12.9% (2022: 8.5%)
- The Group contributed US$170 thousand (2022: US$122 thousand) towards full-time bursaries for 14 university students (2022: 23 university students)
- Skills and development training expenditure increased to US$2.2 million (2022: US$0.8 million)
- As part of its skills development strategy, Barberton Mines has:
  - implemented a graduate development programme for 11 (2022: nil) students as part of the succession planning for the mining department
  - provided adult education and training to 25 (2022: 16) community learners through an accredited external training provider
  - provided an engineering learnership programme for one (2022: nil) employee and six (2022: three) community members as part of this programme
  - provided one (2022: nil) intern with workplace exposure in the finance department through the graduate programme
  - introduced 10 (2022: nil) employees to its onsetter programme
  - introduced nine (2022: three) employees to the learner miner programme
- Evander Mines' skills development strategy has:
  - provided an engineering learnership programme to its employees and community members. This programme includes six (2022: six) employees and six (2022: three) community members
  - continued with a formal mentorship programme whereby mentors are paired with mentees within the disciplines of engineering, metallurgy, administration and support, and instrumentation. Seventeen mentorships have been formally signed to date
  - provided 15 (2022: 13) university graduates with workplace exposure in both technical and support functions through its internship and graduate programmes
  - continued to assist its employees in furthering their studies in different fields; 17 employees are part of this programme

STRATEGIC INITIATIVES

- Develop employee skills and introduce retention programmes for scarce skills
- Maintain an entrepreneurial and performance-driven culture

Why these initiatives are important

- Ongoing, effective talent development and succession planning are essential to ensure we have the necessary skills to meet our strategic objectives and operational needs

Related risks

- Operational execution
- Safety
- Skills

Long-term objective

- Strengthen leadership and technical skills by developing an internal pipeline of successors for critical roles

SOCIAL AND RELATIONSHIP CAPITAL

The quality of our stakeholder relationships, the initiatives we have implemented to improve the well-being of our employees and host communities and our commitment to regulatory compliance and responsible business practices.

STRATEGIC OBJECTIVE

Engage stakeholders to build positive relationships, maintain our social licence to operate and create sustainable value.

KEY STATISTICS

	Unit	2023	2022	2021	2020	2019
CSI and LED initiatives and bursaries	US$ million	**1.7**	1.9	1.8	1.3	1.9
South African government taxes paid[1]	US$ million	**21.9**	24.2	33.1	16.1	14.1

[1] *Excluding VAT, but including employee taxes.*

Unemployment and social responsibility

We manage community expectations and mitigate social unrest through development projects and employment opportunities.

KEY OUTCOMES

- Pan African invested US$1.7 million (2022: US$1.9 million) in CSI and LED initiatives
- A running club at Barberton Mines was introduced as a health and wellness initiative to encourage fitness and well-being by providing professional fitness coaches and encouraging participation in sporting events
- The Group handed over phase 3 of the Sheba and Ngwenya Primary Schools in Barberton to the Department of Basic Education. A total of 35 local contractors participated in the infrastructure development of these schools creating approximately 285 temporary employment jobs during the three-year construction period
- Evander Mines completed the computer and science laboratory at Thomas Nhlabathi High School as part of its SLP. Furniture and equipment are being procured to ensure the facility is fully equipped. Additionally, a similar facility at Thistle Grove Combined School is progressing well and is expected to be completed in the 2024 financial year
- Barberton Mines initiated a high school scholarship programme in January 2022, granting full scholarships to 25 learners based on academic excellence and financial need. Twenty-two bursars successfully passed their 2022 academic year. The Group is considering expanding the programme to tertiary learning in the 2024 academic year
- Twenty-five permanent employment positions and up to 276 seasonal jobs have been created through the Barberton Blueberries project with total salaries of US$0.3 million (2022: US$0.2 million) paid
- The recent investment in the packhouse and frost mitigation equipment has significantly improved the Barberton Blueberries project's sustainability and global competitiveness
- The Barberton Blueberries project's first commercial harvest was completed in October 2022 with 120t sold. The current harvest season commenced in June 2023, with a forecast harvest of 150t planned for the international market and 70t for the domestic market
- April 2022 marked the first anniversary of the establishment of the office of Barberton Mines' enterprise supplier development programme. A nine-month-long business incubation programme is provided and 47 (2022: 37) local entrepreneurs have been enrolled to date, of which 32 entrepreneurs have already graduated. An 18-month-long mentorship programme is also offered and 13 (2022:13) local entrepreneurs have been enrolled to date. Currently, five entrepreneurs are rendering their services to Barberton Mines
- As part of its performing arts programme launched in 2016, Pan African partnered with Elangeni Generations Outreach, a renowned film-making institution, that provides technical support for the performing arts. On 4 June 2023, the first Pan African-funded movie series was broadcast on national television. The programme has yielded three films predominantly in the SiSwati language

STRATEGIC INITIATIVES

- Hand over phase 3 of the Sheba and Ngwenya Primary Schools in Barberton to the Department of Basic Education
- Curtail illegal mining and property theft through cooperation between all stakeholders

Why these initiatives are important	Related risk	Long-term objectives
• Most of our employees are employed from local communities, and the success of the Group's SLP initiatives and 'beyond compliance' community projects will lead to more prosperous and sustainable communities and contribute to a more stable operating environment • As employers and valuable contributors to the nation's economy, the Group has a key role to play in South Africa's transformation journey and making a contribution to the country's economic growth by improving infrastructure and facilities in our host communities • Creating a sustainable economy outside of mining prevents ghost towns once mining activities have ceased	• Social instability	• Focus on the youth through early childhood development programmes as well as arts and culture initiatives and skills development • Proactive management of community expectations through ongoing engagement and education • Through the Barberton Mines Transformation Trust, we aim to contribute to improving infrastructure and facilities in our host communities

Beyond compliance

We adopt a 'beyond compliance' approach, ensuring adherence to regulatory requirements while actively seeking opportunities to exceed these requirements for the benefit of our stakeholders.

KEY OUTCOMES

- Barberton Mines has approved SLPs in place
- Evander Mines' five-year SLP submission for July 2023 to June 2028 was submitted to the DMRE in January 2023
- Action plans and remedial activities are being implemented to mitigate high-risk safety and environmental issues associated with the Group's TSFs
- An ITRB was appointed to conduct a formal audit of the Group's TSF facilities management against the GISTM standards
- The DMRE has issued the integrated environmental authorisation for the MTR project
- The tax compliance policy, whistle-blowing policy, fraud prevention plan and investigation protocols were approved by the board in June 2023. The board also reviewed other key policies and charters to ensure their effectiveness and alignment with best practices
- PwC has assured certain key sustainability information in the Group's ESG report
- The Group published its maiden TCFD report for the 2023 financial year
- As part of the environmental due diligence for the MTR project, an Equator Principles gap analysis was completed which resulted in a roadmap to address identified deficiencies in the environmental and social management system for alignment

STRATEGIC INITIATIVES

- Work towards zero fatalities and an annual improvement in the TRIFR to 3.86%
- Rehabilitate 41% of MTR's surface area by 2030, while concurrently conducting remining operations
- Operate TSFs in line with the GISTM as far as reasonably practicable
- Address the gaps identified in the 2022 PwC ESG readiness review report, publish the Group's maiden TCFD report in 2023 and obtain assurance on selected ESG KPIs
- Progress the implementation of TSF audit recommendations and advance compliance with the GISTM as far as reasonably practicable

Why these initiatives are important	Related risk	Long-term objective
• Being committed to and focused on regulatory compliance within the Group enables and supports the long-term sustainability of the Group	• Operational execution	• Ongoing compliance with all applicable legislative and regulatory requirements pertinent to the Group's operations

NATURAL CAPITAL

The responsible use of fuel, energy, water, air and land resources while aspiring to do minimal harm to the environment.

STRATEGIC OBJECTIVE

Manage our operations with climate-conscious practices that preserve and protect natural resources and promote sustainability.

KEY STATISTICS

	Unit	2023	2022[1]	2021[1]	2020[1]	2019[1]
Energy consumption	TJ	**1,447.17**	1,405.44	1,468.68	1,395.25	1,433.00
Water consumption	ML	**9,178**	8,232	12,408	12,170	13,369
Scope 1 emissions	$ktCO_2e$	**3.7**	4.1	4.7	3.7	16.1
Scope 2 emissions	$ktCO_2e$	**332**	341	375	346	355
Carbon emissions intensity per tonne milled	tCO_2e/tonne	**0.022**	0.022	0.026	0.024	0.028
Carbon emissions intensity per ounce produced	tCO_2e/oz Au	**1.92**	1.68	1.88	2.01	2.16
Environmental rehabilitation obligation	US$ million	**10.1**	8.6	13.6	9.2	15.8

[1] *Following the assurance of key sustainability information certain prior years non-financial and sustainability numbers have been restated. These restatements do not affect our previously reported financial results or the integrity of the financial statements and primarily affect the following non-financial and sustainability KPIs: Energy consumption, water consumption, scope 1 and scope 2 emissions and carbon emissions intensity per ounce produced.*

Tailings management

We are committed to responsible tailings management, including the rehabilitation and recycling of waste products, to minimise the impact on the environment, mitigate risks, ensure regulatory compliance and uphold stakeholder trust.

KEY OUTCOMES

- The Group has conducted internal audits and studies over the past two years to evaluate the compliance of its TSF management against the GISTM standards
- An ITRB, comprising three suitably qualified independent members, was appointed to conduct a formal audit
- In line with the GISTM recommendations, Pan African appointed:
  - an accountable executive for tailings management in June 2022
  - a responsible tailings facility engineer in June 2022
  - Barberton Mines' engineer of record to also serve as Evander Mines' engineer of record
- Construction activities for phase 2 of the Elikhulu TSF are ongoing
- The Group commenced with the planning and design of phase 3 of the Elikhulu TSF extension

STRATEGIC INITIATIVES

- Operate TSFs in line with the GISTM as far as reasonably practicable
- Progress the implementation of TSF audit recommendations and advance compliance with the GISTM as far as reasonably practicable

Why these initiatives are important

- Demonstration of our commitment to conducting our operations in a manner that results in minimal harm to the environment and enables and supports the long-term sustainability of the Group and the environment in which we operate

Related risk

- Operational execution

Long-term objectives

- Consolidate the Kinross, Leslie/Bracken and Winkelhaak TSFs into a single facility at Elikhulu, which will materially reduce the environmental footprint of Evander Mines' TSFs and result in rehabilitated land becoming available for alternative uses
- Continue to develop, refine and enhance our biodiversity plans and evaluate new opportunities to add value for stakeholders by improving and maintaining nature conservation partnerships
- Invest in additional ESG value-add 'beyond compliance' projects with the intention of creating sustainable businesses and opportunities in our host communities

Biodiversity and decarbonisation

We uphold environmental preservation as a top priority and actively participate in programmes aimed at promoting biodiversity and supporting decarbonisation efforts. This commitment contributes to stakeholder value by minimising environmental impacts, mitigating regulatory risks and fostering positive community relationships.

KEY OUTCOMES

- A TCFD maturity assessment and roadmap were completed in the previous financial year, resulting in a three-year plan to significantly strengthen our climate change strategy
- We have actioned a significant part of that roadmap, specifically through:
  - conducting an overall climate change risk assessment and scenario analysis project during this financial year
  - taking steps to improve climate change governance and risk management within Pan African

  For the full report, refer to our website or refer to **page 129** for the non-financial and sustainability information statement
- In March 2023, a biodiversity gap analysis was conducted focusing on the Consort, Fairview and Sheba Mines mining areas. The objective of the analysis was to enhance future reporting in accordance with biodiversity GRI Standards
- The carbon emissions intensity increased to 1.92tCO_2/oz Au produced (2022:1.68tCO_2/oz Au produced)
- The Group generated 23,770MWh of renewable energy and purchased electricity amounted to 365,956MWh, achieving a 6.1% renewable energy mix
- Preparatory construction activities commenced on Fairview Mine's solar plant in May 2023
- Evander Mines' water retreatment plant was commissioned in March 2023
- Barberton Mines continues its partnership with the Barberton Nature Reserve and the Mpumalanga Tourism and Parks Agency as well as its sponsorship of orphaned rhinos at the Care for Wild Rhino Sanctuary
- There were no reportable environmental incidents at Barberton Mines
- There was one reportable environmental incident at Evander Mines which related to the failure of a pipeline transporting slurry from Elikhulu to the Winkelhaak TSF and resulted in a slurry spillage into Winkelhaakspruit. Remedial action was immediately initiated by repairing the pipe and cleaning the spillage area

STRATEGIC INITIATIVES

- Commission the water retreatment plant at Evander Mines
- Rehabilitate 41% of MTR's surface area by 2030, while concurrently conducting remining operations
- Diversify the Group's solar energy sources by entering into a 40MW power purchase agreement with an independent power producer
- Commence construction of the 8.75MW solar plant at Barberton Mines
- Expand Evander Mines' solar plant by 12MW
- Construct a 10MW solar plant at the MTR project

Why these initiatives are important

- Reducing the Group's carbon emissions is one of the ways Pan African is 'mining for a future' and forms part of our integrated 'beyond compliance' approach in support of our ESG objectives

Related risks

- Constrained electricity
- Operational execution
- Inflation

Long-term objectives

- Continue to prioritise the preservation of the environment and protect vital natural resources such as air, water, soil, minerals, fuel, plants and animals through biodiversity protection initiatives
- Our vision for climate change and energy management encompasses the following key elements:
  - Ensuring energy security by striving for pragmatic ways to produce and supply our electricity
  - Pursuing energy efficiency initiatives to optimise gold production sustainably while using less energy
  - Reducing GHG emissions by adopting an energy portfolio that includes a renewable energy mix, aligned with our commitment to sustainable mining and climate change response
  - Decarbonising gold production to enhance export competitiveness through effective GHG emissions intensity management
- By 2024, we aspire to have 30MW of solar capacity in place, resulting in reduced demand for grid electricity by 75,000MWh and an 80,000tCO_2e reduction in our Scope 2 carbon footprint annually

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

Climate change has been a consideration in Pan African's strategy for several years. As a gold mining company with significant energy requirements, we recognise that we have an essential role to play in mitigating our carbon footprint.

The non-financial and sustainability information statement has been drafted in accordance with the requirements of section 414 of the Companies Act 2006. Our approach to climate change must carefully balance mitigation of our carbon footprint, building climate adaptation and resilience and supporting the Just Energy Transition Framework.

PROGRESS ON TCFD REPORTING

During the 2022 financial year, we conducted a TCFD gap assessment and developed a TCFD integration roadmap. In the second half of the 2023 financial year, we commenced the roll-out of the roadmap.

Achieved by 2023	Planned for 2024
• TCFD gap assessment and integration roadmap • High-level climate change risk assessment • Commenced with a climate change scenario analysis • Conducted climate change training workshops • Updated applicable board committee charters • Published the first stand-alone TCFD report	• Finalise the climate change scenario analysis • Finalise the climate change risk and impact assessment • Integration of climate change into the core risk management framework • Finalise the methodology and publish upstream Scope 3 GHG emissions

We will continue working towards improving Pan African's long-term resilience against the physical and transitional effects of climate change as well as contributing to the global initiative on reducing GHG emissions.

STRATEGY

Our strategy is designed to address the current and projected impacts of climate change on the Group, and it aims to meet the growing demand from investors for disclosure on our approach to this pertinent issue.

Climate-related risks and opportunities

- To strengthen our understanding of climate change risks and opportunities, we initiated a scenario analysis process during the 2023 financial year which confirmed the resilience of our business model and strategy. Common issues raised across all considered scenarios include:
  - civil unrest in local communities due to the impact of climate change on Pan African's operations and the resultant loss of job opportunities
  - the impact of increasing temperatures over time on human performance and the BIOX® process
  - energy efficiency as a mechanism for reducing power costs and carbon emissions
  - market impositions on carbon-intensive exports
  - decreasing water availability and deteriorating quality
  - the necessity for a shift to renewable energy and storage solutions.

Refer to **pages 28** to **35** for a detailed discussion of our primary risks and the associated opportunities.

Impact

- The following risks could potentially have significant impacts on the Group's operations:
  - Boycotting of carbon-intensive gold may adversely impact revenue
  - A weaker US$/ZAR exchange rate and higher interest rates may adversely impact the Group's ability to execute climate change response plans such as self-generation
  - Civil unrest and activism associated with climate-related tension, such as water availability, may adversely impact the Group's operations and stakeholder management processes.

The following potential financial impacts were highlighted:

- Implementing climate change mitigation measures, such as investing in renewable energy, energy-efficient equipment and flood management, may result in increased costs
- To maintain productivity and safety, increasing temperatures may necessitate an increased investment in infrastructure, such as equipment and buildings at the BIOX® plant, as well as additional ventilation and cooling equipment for underground operations.

Strategy

- The identified opportunities align with the Group's strategic objectives, which include supporting decarbonisation efforts, investing in renewable energy and the pursuit of long-term environmental sustainability. Additionally, we aim to reduce our reliance on external providers for drinking water through the recycling of existing polluted water sources. Our roadmap also includes the following:
  - Incorporating assured climate-related performance metrics into the remuneration policy in addition to ESG criteria already included
  - Establishing an internal carbon price
  - Investigating revenue optimisation by exploring climate-related opportunities in products and services suitable for a low-carbon economy, including opportunities for further decarbonising the Group's gold.

Refer to **pages 22** to **25** for Pan African's resilient business model and **pages 20** and **21** for details on our strategic objectives and initiatives.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT continued

GOVERNANCE

Pan African is committed to the highest standards of corporate governance and recognises that an effective corporate governance culture is critical to long-term performance. The board is responsible for overseeing the management of Pan African and providing strategic direction. The board has established committees to assist it in the execution of its functions. More information on Pan African's corporate governance can be found in the 2023 ESG report.

Climate change governance structure

Pan African's main structures responsible for climate change governance and management are shown below.

Climate change-related matters are discussed at the social and ethics, SHEQC and audit and risk committee meetings and the board is updated quarterly. Although the board retains overall responsibility, the social and ethics committee is primarily responsible for climate change- related matters.

The audit and risk committee specifically focuses on climate change-related risks, while the Group's management is responsible for day-to-day climate change-related responsibilities.

The Group's key outcomes related to climate change have been considered under the electricity material matter on **page 101** and the biodiversity and decarbonisation material matter on **page 128**.

Management's role

The Group's ESG manager and ESG specialist are responsible for climate change-related matters, such as monitoring, reporting and compliance. They have adopted a collaborative approach, working closely with general and senior managers across the Group's operations.

As part of the Group's ongoing projects related to climate change, various capacity-building and training needs have been identified, and a capacity-building plan will be developed to effectively address these requirements. This plan aims to enhance the necessary skills and knowledge within the organisation to address climate change challenges successfully.

Governance activities in 2023

- The board, through the social and ethics committee, monitored:
  - the progress of the implementation of the 2022 PwC ESG readiness review recommendations to ensure the auditability of key sustainability information to be disclosed in the 2023 ESG report
  - carbon tax compliance and reporting
  - environmental compliance audits to National Environmental Management Act, 127 of 1998 (NEMA) regulations
- The board oversaw the progress of the required permit and construction activities for the 8.75MW solar plant at Barberton Mines
- The board, through the SHEQC committee:
  - monitored the Group's carbon footprint and GHG emissions and reviewed initiatives to reduce baseline GHG emissions
- The board monitored and approved the sustainability-linked bonds issued
- The board, through its social and ethics committee, monitored the Group's sustainability performance against predefined KPIs and reviewed sustainability reports for transparent, accurate and balanced reporting.

Outlook

- On the conclusion of the climate change risk assessment and scenario analysis in the 2024 financial year, a cross-functional committee comprising climate change champions at the operations will be responsible for elevating climate-related risks and opportunities and reporting quarterly to Exco, the board and its committees
- To enhance governance over climate-related risks and opportunities, we have drafted a Group ESG policy for consultation and plan to draft a climate change policy, however, the process has been postponed pending clarity on policy direction from the Climate Change Bill.

OVERVIEW OF PAN AFRICAN'S CLIMATE CHANGE GOVERNANCE

RISK MANAGEMENT

The Group has a comprehensive risk management framework in place. In line with our broader ESG priorities, we are progressively integrating climate risks into our risk management process, which includes a clear disclosure strategy. Our approach to defining and managing climate risks has and will continue to evolve.

Our risk management process

We utilise a structured and systematic risk management process to identify, assess and address uncertainties and protect stakeholder value, promoting long-term sustainability. This process considers risks from strategic, operational and external sources. A structured risk management process is used to identify, assess and manage or mitigate uncertainties, safeguarding stakeholder value and promoting long-term sustainability. Our risks and opportunities are managed across four tiers: the board, the board's committees, executive management and employees.

Managing climate-related risks

Aligned with the Group's ESG objectives, we are steadily integrating climate risks into our risk management process. As our understanding of climate change improves, we are enhancing our methodologies to identify and address these risks. We have made significant progress in the past year.

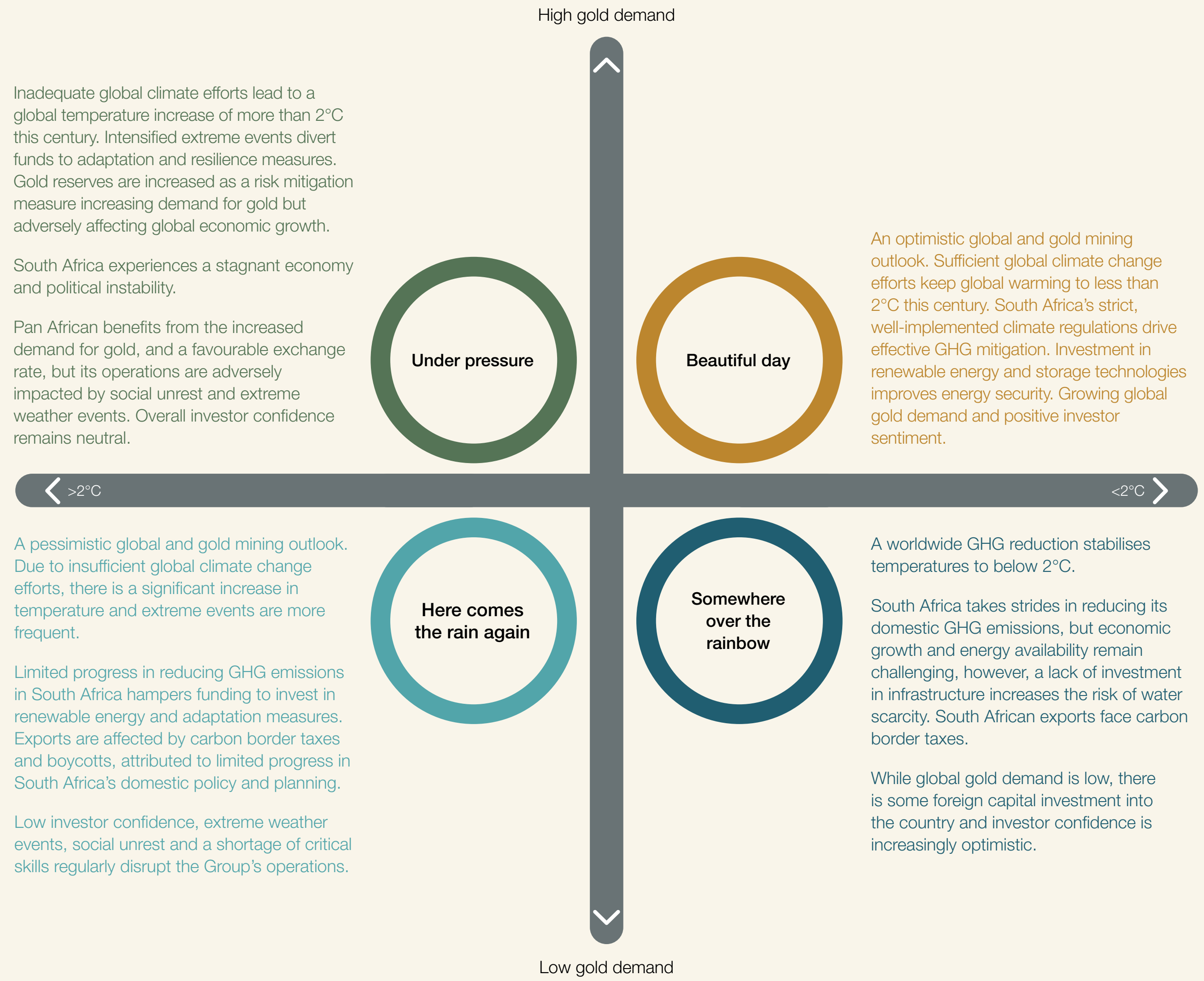
Integration into overall risk management

Where relevant, climate-related risks and opportunities are incorporated into the Group's risk management frameworks for monitoring and management.

Refer to **page 28** for more information on Pan African's risk management process.

SCENARIO ANALYSIS

To strengthen our understanding of climate change risks and opportunities, we initiated a scenario analysis process during 2023. The process included four scenarios, as illustrated below.



NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT continued

- Short-term focus (one year)
- Medium-term focus (two to three years)
- Long-term focus (three years or more)

The Group's climate change risks were identified during the 2023 financial year as part of an integrated assessment. These risks will be refined as part of the Group's broader climate change adaptation and mitigation journey, including board and management climate change training and scenario analysis.

Climate change risk	Possible mitigating actions/opportunities
Physical risks	
Droughts increase in intensity and duration	• Develop a comprehensive adaptation plan throughout the Group to address issues such as information gathering and stakeholder engagement • Introduce water efficiency measures and targets • Explore research and development opportunities for water reuse and recycling
Extreme weather events increase, including frost, storms and floods	• Engage in collaborative research to develop advanced long-range weather forecasting and early warning systems • Implement flood and mudslide prevention measures specifically tailored for our tailings facilities, which are integral components of the adaptation plan • Formulate strategies to effectively manage and mitigate the adverse impacts of frost, safeguarding critical processes from potential disruptions • Formulate contingency plans and refine transportation schedules to the refinery • Assess staff transport logistics and its potential impact on the Group's operations • Plan for anticipated supply chain disruptions and maintain operational continuity
Temperature increases	• Install upgraded ventilation and cooling systems to counter elevated temperatures • Build enclosures for vulnerable operations presently exposed to the environment • Develop strategies to manage the potential increase in diseases like malaria due to rising temperatures
Environmental risk	
Deterioration in water quality	• Enhance water retreatment facilities to effectively reduce water-related risks
Social risk	
Increased civil unrest	• Increase stakeholder engagement efforts and identify opportunities, such as providing water to local communities and aligning risk-mitigating strategies
Increased automation increases the risk of job losses	• Expand SLP and LED projects to proactively address potential societal challenges • Reskill and upskill staff for new areas, such as energy provision, to counteract workforce disruption risks
Reputational risks	
The Company may be viewed as unresponsive to climate change concerns	• Conduct regular briefings to keep stakeholders informed and mitigate uncertainties • Incorporate climate change criteria into procurement policies, mitigating supply chain vulnerabilities
Policy and regulatory risks	
Increased climate change legislation and tax regulations in South Africa The risk of non-compliance with current GHG reporting regulations and carbon tax regulations	• The Group discloses its emissions to the Department of Forestry, Fisheries and the Environment annually. Presently, we are unaffected by carbon tax as electricity consumption from the grid (Scope 2) is not covered by the regulations and our current fuel combustion (Scope 2) is taxed at source • Procure certified renewable energy and collaborate with independent power producers and purchase offset credits • Adopt a life cycle approach and focus on carbon dioxide emissions reduction
Border tax adjustment mechanisms expand to encompass gold exports	• Proactively explore new markets to mitigate potential market-related risks

METRICS AND TARGETS

Pan African has consistently disclosed its ESG performance in its previous integrated annual reports, using the report as its primary platform to reach its stakeholders. The extent of our disclosure has broadened over time.

We consider climate risk metrics related to water and energy use and GHG-emitting activities. We continue to meet our mandatory GHG emissions reporting regulations and comply with the Carbon Tax Act, 15 of 2019, in South Africa. Refer to **page 126** for our monitored KPIs, which include energy and water consumption and Scope 1 and 2 GHG emissions.

We currently target an energy mix comprising 75% fossil fuels and 25% renewable energy sources by 2030. Furthermore, we have set an aspirational renewable energy target for 2027, by which time, 15% of our energy generation is to be sourced from renewable sources. This overarching target aligns with our strategic goals concerning energy security, efficiency, emissions reduction and GHG emissions intensity. Refer to the chairman's statement on **page 51** where the key components of the Group's renewable energy strategy are outlined and to the chief executive officer's review on **page 55** for the progress which has been made on the Group's renewable energy projects.

CONCLUSION

This report reflects our commitment to transparency, resilience and sustainable financial practices. Through a rigorous assessment and disclosure of climate-related risks and opportunities, we have provided stakeholders with valuable insights into our strategic approach to addressing climate change. By incorporating the recommendations of the TCFD, we have enhanced our understanding of the potential impacts of climate change on our business and established a foundation for informed decision-making. We remain dedicated to proactive measures that promote long-term value creation, environmental stewardship and a sustainable future for all.

Refer to Pan African's TCFD report for the year ended 30 June 2023, which is available on our website at **www.panafricanresources.com** for further reading.

CORPORATE GOVERNANCE OVERVIEW

The Pan African board is committed to upholding corporate governance practices and promoting responsible corporate citizenship as an integral part of the Group's strategic framework.

The board assumes ultimate responsibility for ensuring that the Group adheres to sound corporate governance standards and makes business decisions with due diligence, expertise and focus to maximise sustainable value for all stakeholders.

Our board comprises a diverse group of directors who possess the requisite knowledge, expertise, technical experience and business acumen to govern the Group responsibly, ethically, honestly and transparently. We recognise that we operate in an evolving environment shaped by evolving social and political dynamics, and we are committed to maintaining effective and responsive governance structures that safeguard our reputation and social licence to operate, while creating sustainable value for our stakeholders.

CORPORATE GOVERNANCE FRAMEWORK

The board committees assist the board in discharging its duties and responsibilities, but without abdicating the board's responsibilities. Each committee has an approved charter to ensure the effective delegation of its roles and responsibilities from the board. The corporate governance framework, which was reviewed in June 2023, is depicted below.

The standards of disclosure relating to corporate governance are regulated by the Companies Act 2006, the South African Companies Act[1], the AIM Rules of the LSE, the JSE Listings Requirements and King IV™. We uphold the principles of King IV™, which we have adopted as our recognised corporate governance code for both the JSE and the AIM on the LSE. Our compliance with King IV™ is documented in our King IV™ corporate governance compliance report on **page 44** of the ESG report, which provides a transparent account of our adherence to these principles.

STAKEHOLDER CONCERNS, STRATEGIC FOCUS AREAS AND ISSUES ADDRESSED

Stakeholder engagement is a critical aspect of the Group's governance. Our stakeholder engagement and relationship policy can be found on our website at www.panafricanresources.com/about/corporate-governance/

Our directors are acutely aware of their responsibility to act in the best interests of the Company and its members as a whole, considering the short-, medium- and long-term success of the Company, taking into account the factors listed in section 172 of the Companies Act 2006.

The board is responsible for setting the strategic direction of the Group, overseeing the overall conduct of its business and culture and ensuring alignment with the Group's purpose and values as detailed on **pages 4** and **5**. The board convenes at least four times a year, with additional meetings as needed. In 2023, the board met on 10 occasions.

Regular updates on the Group's performance and related matters are provided to the board by the chief executive officer.

Refer to **pages 36** to **45** for an analysis of our key stakeholder relationships, with more detail on their significance and key concerns, why and how we engage as well as how these relationships are affected by our risks, material matters and strategic initiatives and the resultant strategic outcomes.

ETHICAL LEADERSHIP

Pan African is committed to the highest standards of personal and professional ethical behaviour. Its leadership endeavours to instil a culture of ethical behaviour that permeates throughout the Group. The Group's code of ethics details its values and practices which are in addition to the requirements of formal governance codes and legal requirements. It is designed to provide guidance on ethical conduct in all areas and across all activities.

The Group has a zero-tolerance approach to bribery and corruption. To ensure compliance with the UK Bribery Act, the Foreign Corrupt Practices Act of the United States of America and the South African Prevention and Combating of Corrupt Activities Act, a formal anti-bribery and anti-corruption policy is in place. Active steps are taken to ensure that the policy is enforced and used as an effective mechanism for curtailing corruption. Pan African aims to create an environment that discourages fraud and corruption through its policies, awareness campaigns and training, and encourages honesty and transparency across all functions within the organisation. In June 2023, the board approved the whistle-blowing policy, fraud prevention plan and investigation protocols. The commercial malpractices policy was also reviewed and updated in June 2023.

The Group has established an anonymous whistle-blowing hotline which can be used by both employees and external parties (including third-party service providers) to report any suspected unlawful or illegal activities linked to any of the Group's operations. The whistle-blowing register is reviewed quarterly by the audit and risk committee.

[1] *The South African Companies Act is applicable to South African entities.*

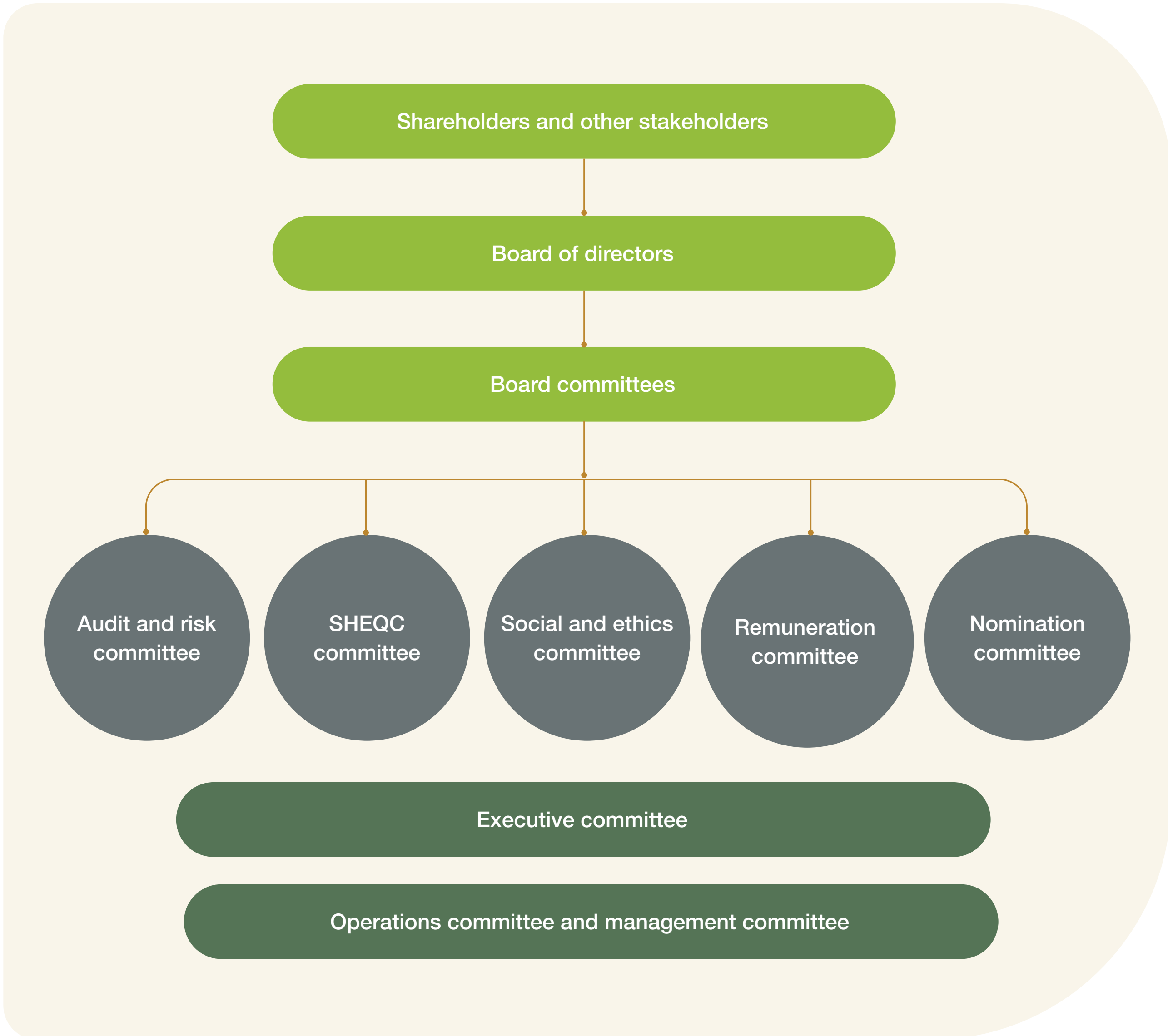
INTEGRATED THINKING

Our board's and management's objectives are clearly defined. The organisational structure and decision-making processes support the board and management in executing our strategy and delivering on our strategic objectives.

HUMAN RIGHTS

We recognise our responsibility as a good corporate citizen to both prevent and address potential risks of adverse human rights impacts linked to our business activities, as well as catalysing the advancement of human rights. We thereby, embed respect for human rights into our policies, procedures, programmes and activities across the Group which is key to delivering on our strategy.

- We abide by the human rights conventions of South Africa's Constitution and the human rights policy is informed by, and supports, various international standards. These include the United Nations Guiding Principles on Business and Human Rights and the conventions of the International Labour Organisation.
- We are committed to upholding freedom from child labour and forced or compulsory labour. We do not employ any individuals under the age of 18 years.
- We have a zero-tolerance policy in relation to any form of slavery or human trafficking.



CORPORATE GOVERNANCE OVERVIEW continued

PROVIDERS OF CAPITAL

Investors, shareholders, fund managers, analysts and financial institutions

Strategic objective

Ensure adequate, competitively priced and flexible financial resources for the funding of our operations and disciplined capital allocation for sustainable long-term value creation

Governance activities in 2023

- The board monitored the Group's capital structure, cash flow projections, debt covenant compliance and ongoing operational performance relative to budgets and operational forecasts. The board is confident that the Group's capital structure and its mitigation of liquidity risk are appropriate and effective
- The board recommended that management investigates and explores alternative sources of funding for the Group's capital programmes and, in March 2023, Pan African secured ZAR400 million by means of a synthetic gold forward sale transaction (US$21.6 million) as a component of the funding package for the MTR project's construction
- The board monitored and approved the sustainability-linked bonds issued
- Following the review of the definitive feasibility study and the merits of a large-scale tailings retreatment project, the board approved the acquisition of Mogale Gold and MSC
- The board reviewed the status of the Group's strategic capital projects ensuring that these projects are progressing as planned, in line with the projected timelines and within the allocated budget
- The board, through its social and ethics committee, monitored the Group's sustainability performance against predefined KPIs and reviewed sustainability reports for transparent, accurate and balanced reporting
- The executive directors actively engaged with shareholders to discuss and address concerns related to shareholder dilution resulting from possible equity issues to fund capital projects
- Taking into consideration the Group's strategic objectives, capital structure and liquidity, the board recommended the proposed dividend for the year ended 30 June 2023 to shareholders for their approval at the November 2023 AGM

Governance responsibility

- Board
- Audit and risk committee
- Exco

Looking ahead

- Monitor the Group's optimisation and restructuring initiatives intended to increase production and reduce costs
- Execute capital projects intended to sustain and increase gold production into the future
- Monitor debt levels as the MTR project's construction progresses
- Maintain the focus on generating sustainable shareholder returns
- Advance organic growth projects within our mining right areas and progress the exploration programme in north-eastern Sudan, once the in-country political situation allows for it

EMPLOYEES AND UNIONS

Strategic objective

Attract, cultivate and retain exceptional talent while fostering a culture of safety, respect and continuous learning

Governance activities in 2023

- The board, assisted by the SHEQC committee, had oversight of the Group's compliance with safety standards and monitored the safety performance and improvement measures implemented at the operations
- The board monitored the Group's response to the fatal accident that occurred at Evander Mines during the year as a result of a fall of ground
- Executive directors ensured that employee safety was a consistent and prominent agenda item in every Exco meeting
- The board discussed and approved initiatives to enhance the safety and risk management of the Group's TSFs
- The board actively monitored engagement between unions, employees and senior management at Barberton Mines to ensure the effective implementation of the continuous operating cycle, fostering open communication, collaboration and fair outcomes for all stakeholders involved
- Satisfied with management's assessment of the reconfiguration of Fairview and Sheba Mines into continuous shift operations, the board approved this transition
- The board, assisted by Remco:
  - deliberated succession plans, retention and remuneration schemes and identified future leaders within the Group and the development of these leaders
  - reviewed, monitored and ensured compliance in terms of stipulated employment equity targets and other regulatory requirements
- Following the conflict in Sudan, the board exercised oversight in ensuring the safe repatriation of all expatriate employees to South Africa. Additionally, proactive measures were taken to safeguard the Company's assets, including placing the large-scale assay laboratory on care and maintenance. After year-end, the Group resumed its Sudanese activities, following a detailed risk assessment of the operational environment in the exploration area

Governance responsibility

- Board
- SHEQC committee
- Social and ethics committee
- Exco

Looking ahead

- Continue to drive year-on-year improvements in safety performance
- Implement new safety initiatives at all operations
- Continue to maintain a strong focus on talent management, skills development and succession planning

CORPORATE GOVERNANCE OVERVIEW continued

COMMUNITIES

Strategic objective

Engage stakeholders to build positive relationships, maintain our social licence to operate and create sustainable value

Governance activities in 2023	Governance responsibility
• The executive directors managed stakeholder relationships on behalf of the Group, and the chief executive officer updated the board on the status of stakeholder engagements • Feedback from external stakeholders such as host communities, bankers, the South African government and shareholders was discussed by the board • The board, through the social and ethics committee, monitored the progress of the Group's CSI and LED projects and was satisfied with the progress made: – by the Group on its CSI and LED projects – on the Barberton Blueberries project, including the extent of employment opportunities created, remuneration paid to employees and blueberries harvested and sold • In August 2022, the board attended an ESG tour in Barberton which included the opening of the Barberton Blueberries project, visiting the Care for Wild Rhino Sanctuary, the Barberton Nature Reserve as well as a visit to Barberton Mines' Royal Sheba project	• Board • SHEQC committee • Social and ethics committee • Exco

Looking ahead

- Continue to engage with communities and stakeholders surrounding our operations and provide assistance in terms of our SLPs and other initiatives
- Continue investing in local community socio-economic development projects through Barberton Mines' and Evander Mines' SLP, CSI and 'beyond compliance' ESG projects
- Continue with small enterprise development assistance for local historically disadvantaged South African (HDSA) companies through business incubation centres that provide training, mentoring and support infrastructure

GOVERNMENTS AND REGULATORY BODIES

The South African government, the government of Sudan, the JSE, the A2X, the AIM, the OTCQX and other regulatory authorities

Strategic objective

Engage stakeholders to build positive relationships, maintain our social licence to operate and create sustainable value

Governance activities in 2023	Governance responsibility
• The board, through the audit and risk committee: – reviewed ongoing compliance with King IV™, the listings requirements (JSE and AIM) and other relevant regulations applicable to the Group. The board is satisfied with the extent of the Group's compliance with the King IV™ principles and the listings requirements – monitored investigations emanating from the Group's whistle-blowing hotline • The board, through the social and ethics committee and SHEQC committee, monitored compliance with SLP commitments • The board monitored the implementation of risk management initiatives aimed at enhancing the safety and operational management of the Group's TSFs, while striving for compliance with the GISTM as far as reasonably practicable • The board, through the audit and risk committee, approved the tax compliance policy, whistle-blowing policy, fraud prevention plan and investigation protocols in June 2023 and reviewed other key policies and charters to ensure their relevance, effectiveness and alignment with best practices • The board, through the social and ethics committee, monitored: – engagement with regulatory bodies to obtain the necessary environmental approvals for the commencement of construction of the MTR project – the progress of the implementation of the 2022 PwC ESG readiness review recommendations to ensure the auditability of key sustainability information to be disclosed in the 2023 ESG report – carbon tax compliance and reporting – environmental compliance audits to NEMA regulations • The board oversaw the progress of the required permitting and construction activities for the 8.75MW solar plant at Barberton Mines	• Board • Audit and risk committee • Social and ethics committee • Exco

Looking ahead

- Through ethical awareness campaigns, further promote and enhance awareness of ethical behaviour
- Continued compliance with the Group's SLPs
- Continue with our strategy of adopting a 'beyond compliance' ESG approach
- Continue to progress the implementation of TSF audit recommendations and compliance with the GISTM as far as reasonably practicable to ensure that the Group's TSFs are compliant, to the extent possible

THE ENVIRONMENT

Represented by civil society groups whose primary areas of interest include environmental-related issues

Strategic objective

Manage our operations with climate-conscious practices that preserve and protect natural resources and promote sustainability

Governance activities in 2023	Governance responsibility
• The board, through the SHEQC committee, monitored the progress of the Group's rehabilitation initiatives • The board monitored the progress of the construction of Barberton Mines' 8.75MW solar plant • The board monitored the progress of the construction of Evander Mines' water retreatment plant • Reportable environmental incidents were investigated and corrective actions were monitored by the SHEQC committee and discussed by the board • The board, through the SHEQC committee, monitored: – the Group's carbon footprint and GHG emissions and reviewed initiatives to reduce baseline GHG emissions – biodiversity and conservation collaboration partnerships between Barberton Nature Reserve and Barberton Mines – the sponsorship of the Care for Wild Rhino Sanctuary	• Board • SHEQC committee • Social and ethics committee • Exco

Looking ahead

- Continue to monitor and improve regulatory compliance
- Continue to assess and respond to any negative impacts that the Group's operations may have had on communities and the environment surrounding our operations

BOARD OF DIRECTORS

NON-EXECUTIVE DIRECTORS

KEITH SPENCER (73)

Chairman

Independent

BSc Eng (Mining)

Date of appointment
8 October 2007

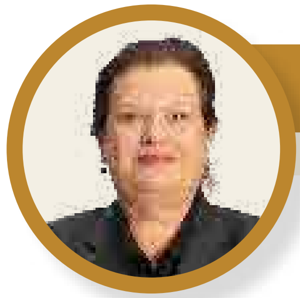
Significant directorships
None

Skills and experience
Keith is a mining engineer with 48 years' practical experience. Since 1986, Keith has held senior positions at some of the largest gold mines in the world including:
- Managing director of Driefontein Consolidated
- Chairman and managing director of Deelkraal Gold Mine
- Director on the boards of gold mines belonging to Gold Fields, South Africa
- Operations director of Metorex

Experience
- Technical and operational
- Risk management
- Environmental and sustainability
- Business and strategy
- Leadership

Committee membership
- SHEQC committee
- Nomination committee

Chairman of the SHEQC committee
Chairman of the nomination committee



DAWN EARP (61)

Non-executive lead independent director

Independent

BCompt (Hons), CA(SA)

Date of appointment
21 September 2021

Significant directorships
Arcelor Mittal South Africa, Impala Platinum Holdings, Truworths International Limited and South African Guide-dogs Association non-profit organisation

Skills and experience
Dawn previously held the position of financial director, both at Impala Platinum and Rand Refineries. She has served as a non-executive director of various private and listed companies

Experience
- Finance and accounting
- Risk management
- Governance and regulation
- Business and strategy
- Leadership
- Taxation

Committee membership
- Audit and risk committee
- SHEQC committee
- Nomination committee

Chairperson of the audit and risk committee

THABO MOSOLOLI (54)

Non-executive

Independent

BCom (Hons), CA(SA)

Date of appointment
9 December 2013

Significant directorships
MFT Investment Holdings, Truworths International Limited, New Season Investment Fund, MalaMala Game Reserve, Roadgrass Investments and Famous Brands Limited

Skills and experience
Thabo brings a wealth of experience in financial management, corporate governance and audit to the board. He qualified as a chartered accountant with KPMG in 1994. Since then, he has served on various boards as a member and chairman of audit committees in the resources and other industries in South Africa

Experience
- Finance and accounting
- Governance and regulation
- Business and strategy
- Leadership
- Taxation
- Environmental and sustainability

Committee membership
- Audit and risk committee
- Remuneration committee
- Social and ethics committee
- Nomination committee

Chairman of the social and ethics committee

YVONNE THEMBA (58)

Non-executive

Independent

BA, MBA

Date of appointment
17 July 2019

Significant directorships
Adopt-a-School Foundation non-profit organisation, Canadoce Investments Close Corporation, Bo Themba Projects Proprietary Limited, eLogistics Portal Proprietary Limited, Pfortner Holdings Proprietary Limited, Pfortner Solutions Proprietary Limited, Xerosystems Proprietary Limited and Energy Mobility Education Trust

Skills and experience
Yvonne is the executive director of BoThemba Projects. She was previously responsible for human capital at Phembani Group and Shanduka Group. She headed the group corporate communications department at African Life Assurance Limited and the CSI and corporate communications department at Sanlam. Prior to that, she was deputy director of the Life Officers' Association

Experience
- Technical and operational
- Risk management
- Governance and regulation
- Environmental and sustainability
- Business and strategy
- Leadership

Committee membership
- Remuneration committee
- Social and ethics committee
- Nomination committee

Chairperson of the remuneration committee

CHARLES NEEDHAM (69)

Non-executive

Independent

Articles of Clerkship-Accounting, Dip in Mining Taxation

Date of appointment
17 July 2019

Significant directorships
Alphamin Resources Corporation, Divitiae Holdings Limited, Imagined Earth Proprietary Limited, METPROP Proprietary Limited, MetQuip Proprietary Limited, Orpheus Property Holdings Proprietary Limited, Unit 8 Tradewinds Proprietary Limited (company is dormant) and Alphamin Bisie Mining Proprietary Limited

Skills and experience
Charles is chairman of Alphamin Resources Corporation (listed on the Toronto Stock Exchange). His previous experience includes 31 years at Metorex and its mining operations in Namibia, South Africa, Zambia and the Democratic Republic of the Congo. He progressively held the positions of group accountant, financial director and ultimately chief executive officer of Metorex

Experience
- Finance and accounting
- Technical and operational
- Governance and regulation
- Business and strategy
- Leadership

Committee membership
- Audit and risk committee
- Remuneration committee
- Nomination committee

EXECUTIVE DIRECTORS

COBUS LOOTS (45)

Chief executive officer

Not independent

CA(SA), CFA® Charterholder

Date of appointment
26 August 2009

Significant directorships
None

Skills and experience
Cobus has many years of experience in the African mining sector. He qualified as a chartered accountant with Deloitte & Touche in South Africa. He has been a director of Pan African since 2009, serving as financial director from 2013 until his appointment as chief executive officer on 1 March 2015

Experience
- Technical and operational
- Finance and accounting
- Business and strategy
- Leadership
- Technology
- Taxation

Committee membership
- SHEQC committee

DEON LOUW (61)

Financial director

Not independent

CA(SA), CFA® Charterholder, HDip (Tax Law), AMCT (UK)

Date of appointment
1 March 2015

Significant directorships
None

Skills and experience
Deon has extensive finance and business experience, which includes investment banking, advisory and business administration in the finance and mining sectors. As a founding member of Investec Bank's emerging market finance team, he was involved in financing mining transactions in sub-Saharan Africa for more than a decade. He fulfilled the roles of chief financial officer of Shanduka Coal, financial director of Sentula Mining Limited, director of Resource Finance Advisers and head of resource structured finance at Investec Bank

Experience
- Finance and accounting
- Risk management
- Business and strategy
- Leadership
- Technology
- Taxation
- Environmental and sustainability

Committee membership
- Social and ethics committee

BOARD OF DIRECTORS continued

THE BOARD AND ITS COMMITTEES (AT JUNE 2023)

Board of directors	Audit and risk committee	Safety, health, environment, quality and community committee	Social and ethics committee	Nomination committee	Remuneration committee
Meets at least four times a year	Meets at least four times a year	Meets at least four times a year	Meets at least four times a year	Meets when required	Meets at least twice a year
Keith Spencer	**Dawn Earp**	**Keith Spencer**	**Thabo Mosololi**	**Keith Spencer**	**Yvonne Themba**
Chairman	*Chairperson*	*Chairman*	*Chairman*	*Chairman*	*Chairperson*
	Members: Charles Needham, Thabo Mosololi Other non-executive and executive board members attend as invitees.	**Members:** Dawn Earp, Cobus Loots	**Members:** Yvonne Themba, Deon Louw	**Members:** Dawn Earp, Thabo Mosololi, Yvonne Themba, Charles Needham	**Members:** Charles Needham, Thabo Mosololi
The board provides leadership to the Group and is collectively responsible for promoting and safeguarding the long-term success and sustainability of the business. The board is supported by several committees to which certain powers have been delegated. The board delegates the responsibility of managing the Group's operations, developing strategy and implementing the board's directives to executive management.	The audit and risk committee assists the board in fulfilling its corporate governance and oversight responsibilities to ensure the integrity of the Group's financial and corporate reporting, while ensuring that adequate systems of internal control and risk management processes are in place and are operating effectively.	The SHEQC committee was established to assist the board in its oversight of the effectiveness of Pan African's SHEQC policies and programmes and to keep the board informed on Pan African's objectives and compliance with and maintenance of applicable standards.	The social and ethics committee assists the board in ensuring that the Group is and remains a committed and socially responsible corporate citizen by creating a sustainable business, having regard for the Group's economic, social and environmental impact on the areas in which it operates.	The role of the nomination committee is to assist the board in ensuring that: • the composition of the board has an appropriate level of skills, experience, diversity and independence • directors are appointed through a formal nomination process • induction of newly appointed directors and ongoing training and development of existing directors is undertaken • formal succession plans for the board, chief executive officer and senior management appointments are in place.	Remco assists the board to ensure that: • both executive and non-executive directors are fairly and responsibly remunerated • executive directors' remuneration is structured to incentivise sustainable performance for the benefit of shareholders • the disclosure of director remuneration is accurate, complete and transparent.

EXECUTIVE COMMITTEE

Exco meets on a regular basis to review the Company's performance against a set of predetermined objectives and to manage the Group's operations, develop the Group's strategy and implement the board's directives. Exco is not a subcommittee of the board. Members of Exco include the chief executive officer, the financial director, the shared services executive, the Group finance executive, the Group mining engineer, the Group technical services manager and the Group consulting metallurgist and executive accountable for tailings.

BOARD COMPOSITION

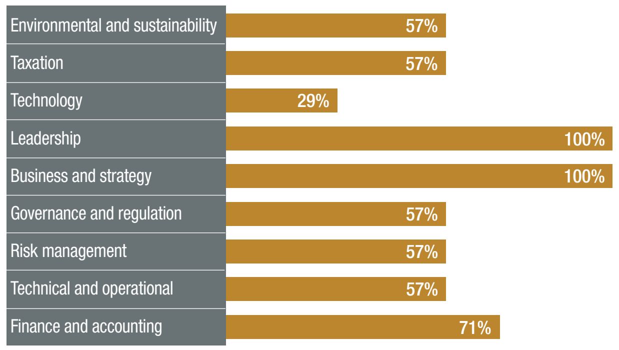
There were no changes in the board's composition during the 2023 financial year.

The board comprises a majority of independent non-executive directors with five independent non-executive directors and two executive directors (not independent). The executive directors are the chief executive officer and the financial director. We believe the board has the appropriate balance of knowledge, skills, experience, diversity, continuity and independence to objectively and effectively discharge its governance role and responsibilities.

Pursuant to the articles of association of the Company, one-third of directors, excluding any director appointed since the previous AGM, must retire on a rotational basis from office at each AGM. Cobus Loots and Deon Louw will retire by rotation pursuant to the articles of association. They again make themselves available for re-election at the November 2023 AGM.

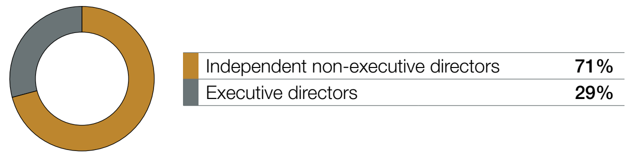
Diversity of experience

Our board reflects a considerable amount of experience in mining, business and related activities and collectively has a wealth of industry knowledge[1].



[1] *Percentage of directors with requisite skills.*

Director independence



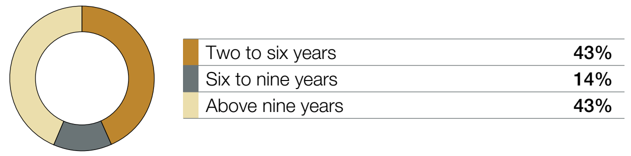
The board comprises seven directors: two executive directors (chief executive officer and financial director) and five non-executive directors. The board's non-executive directors are all independent of management and free from any business or other relationship which could materially interfere with their ability to exercise independent judgement.

There is a separation of responsibilities between the leadership of the board (the responsibility of the chairman) and the executive responsibility for the leadership of the Group's business (the responsibility of the chief executive officer).

Diversity of age

The board is responsible for implementing a retirement age of 73 for its members. In certain cases, the board reserves the right to extend the age limit to 78 years, depending on the board member's fitness to serve as a director.

Diversity of tenure



In terms of the JSE Listings Requirements and the Group's constitutional documents, one-third of directors, excluding any director appointed since the previous AGM, must retire from office at each AGM on a rotational basis. Non-executive directors who have served more than nine years are subject to an annual assessment of their independence.

Keith Spencer and Thabo Mosololi, both independent non-executive directors, have served on the board for more than nine years. An assessment of their independence was conducted, and the board has satisfied itself that they both display independence of thought, mindset and judgement in their roles as chairmen of the board and the social and ethics committee, respectively.

BOARD OF DIRECTORS continued

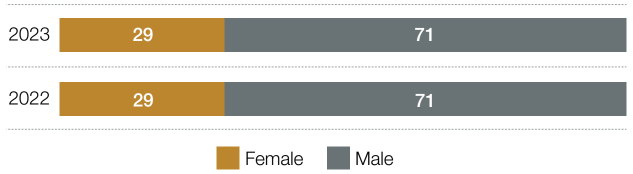
Time commitment and external appointments

The board acknowledges that non-executive directors have business interests other than those of the Company. Before their appointment to the board, non-executive directors are required to declare any directorships, appointments and other business interests to the Company in writing. Non-executive directors are required to seek approval from the chairman, on behalf of the board, before accepting significant additional commitments that might affect the time they have available to perform their role as non-executive directors. The board's conflict of interest policy was reviewed in June 2023. Currently, four of the five non-executive directors hold more than two external appointments.

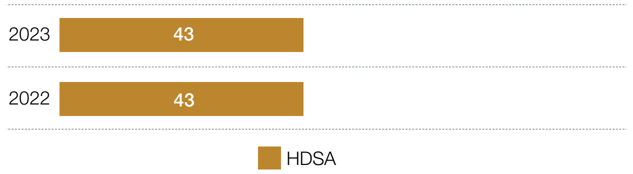
Refer to **pages 140** and **141** for the external appointments held. The board has considered these external commitments, taking into account the time commitment required for each role, and is satisfied that they do not impact the individual board members' ability to discharge their responsibilities fully and effectively in respect of their roles in the Company. As evidenced in the table on **page 41** of the ESG report, in 2023, directors attended 95.4% of board and committee meetings.

Executive directors are required to seek approval from the board, following consideration by the nomination committee, before accepting an external directorship. Currently, the two executive directors do not hold any external appointments.

Gender
(%)



Historically disadvantaged South Africans
(%)



To enable the board to discharge its duties and responsibilities effectively, the board considers the benefits of all aspects of diversity in its composition.

The board has exceeded the following target for its director representation:

- **25%** female
- **40%** HDSA.

REMUNERATION REPORT

On behalf of Remco and the board, I am pleased to present the 2023 financial year's remuneration report. This report presents a succinct overview of Remco's activities during the past year and provides context to the Group's remuneration philosophy and practices.

We review our corporate governance practices regularly and have adopted King IV™ as the recognised corporate governance code to ensure that we act in the best interests of our stakeholders, comply with applicable laws and regulations and expeditiously adapt to the evolving regulatory environment. In compliance with King IV™, this report is presented in three parts:

- Part one is the background statement and provides context to our remuneration philosophy and resultant decisions
- Part two contains our forward-looking remuneration policy
- Part three details how we have implemented our remuneration policy during the 2023 financial year. Directors' and prescribed officers' emoluments and incentives are disclosed in **note 37** to the annual financial statements on **pages 239** to **243**.

PART ONE: BACKGROUND STATEMENT

REMUNERATION GOVERNANCE

Remco, comprising only independent non-executive directors, monitors the effectiveness and credibility of the Group's executive remuneration system through the application of its charter, which is reviewed on an annual basis. The committee reviews the performance of the executive officers and senior management and sets the scale, structure and basis of their remuneration as well as the terms of their employment contracts. The committee also considers remuneration packages and policies and makes recommendations in this regard to the board. The membership and meeting attendance of Remco is shown in the Group's ESG report on **page 41**.

The chief executive officer, the financial director and the executive: shared services attend Remco meetings as invitees, but are not present when their remuneration is discussed.

Some of the key focus areas discussed during the financial year were:

Focus area	Discussion
Setting appropriate short-term incentive (STI) parameters for the 2023 financial year	Ensuring appropriate parameters are set for the upcoming financial year
Remuneration adjustments and benchmarking	Ensuring that remuneration levels were in line with the Group's remuneration philosophy and aligned with industry peer benchmarks provided by REMchannel® market analysis and other independent sources
Value creation	Identifying key strategic value drivers for the Group and incorporating these into management long-term incentive (LTI) and STI schemes
Salaries and wages	Ratification of annual salary increases for non-unionised operational employees
Other areas of focus	Internal and external matters considered by Remco during the current financial year included: • approval of the 2022 financial year STI incentives which were paid during the 2023 financial year • analysing market-related non-executive directors' remuneration information provided by management and proposing non-executive directors' remuneration aligned to industry best practice to the board for approval • together with the board, reviewing and monitoring the performance of senior executives • selecting an appropriate peer group of companies for LTI benchmarking purposes, assisted by independent research and analysis

Remco reviewed general remuneration levels and structures across the Group and is satisfied that current procedures and practices adequately ensure that employee performance objectives are defined, progress is tracked and training and development opportunities are identified. Remco is satisfied that it acted objectively and independently in the application of a remuneration policy and pursuit of a philosophy that underpins the Group's objectives and stakeholder aspirations. It is also satisfied that, to the extent it makes use of external consultants, these consultants are independent and objective.

REMUNERATION REPORT continued

INTERNAL AND EXTERNAL FACTORS IMPACTING REMUNERATION OUTCOMES

In the current financial year, management continued to deliver into the board's strategic mandate of positioning Pan African as a safe, sustainable and higher-margin gold producer.

Remco is satisfied that the executive directors, guided by the board, continue to provide exemplary leadership and remain committed to achieving the Group's objectives and targets. The Group's performance over the past years is a testament to the efforts and acumen of our senior management team and the Group's employees, who performed exceptionally well under challenging circumstances.

We wish to thank management and all of our employees for their unrelenting efforts in what are unprecedented and tumultuous times, and we look forward to the year ahead and further progress in positioning Pan African as a sector-leading gold producer.

ENGAGEMENT WITH SHAREHOLDERS

Remco engages with key shareholders on the Group's remuneration structures on a regular basis. Furthermore, Remco commits to engage with major shareholders in the event that either the remuneration policy or the implementation report is disapproved by 25% or more of the votes exercised at the AGM.

The levels of support for our remuneration policy and implementation remained relatively unchanged during 2022, with 71.53% (2021: 71.78%) of votes cast being in favour of our remuneration report, and 73.01% (2021: 69.06%) of votes cast being in favour of our implementation report.

As required by King IV™, Pan African invited those dissenting shareholders who rejected the remuneration resolutions to engage with the Company on their remuneration policy and/or implementation report concerns. The Company undertook to respond in writing and, if required, engage further with these shareholders.

Only one material shareholder engaged with us in the past year on the remuneration resolutions. Remco has in the past engaged with large institutional and other shareholders on any concerns and will continue to do so in the future. These engagements include meetings with the chairperson of Remco and written responses to queries raised, where appropriate.

We value constructive engagements and, where appropriate, have addressed concerns and implemented improvements to our remuneration policies and structures.

ACCESS TO INFORMATION AND ADVISERS

Remco has unrestricted access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities.

Remuneration is reviewed annually and independently benchmarked against a competitor and peer group, which includes South African mining and national sectors, as well as international peers, so as to provide Remco with the requisite insights into the prevailing executive remuneration environment.

The board reviews and ratifies remuneration proposals from Remco, whereafter they are submitted to shareholders for a non-binding vote of approval at the AGM.

LOOKING FORWARD

In the coming year, Remco's emphasis will include:

- ongoing review of operational production incentives and bonuses and their alignment with the Group's performance
- better alignment with shareholders' requirements and improved efficiency and effectiveness of the STI and LTI schemes
- continuous review of the Group's compliance with regulatory requirements for executive compensation.

IN SUMMARY

Our commitment to responsible remuneration practices remains resolute. In the face of evolving global expectations and governance standards, we have taken proactive steps to ensure that our executive remuneration framework remains transparent, fair and equitable. Our practices are based on benchmarking against relevant industry peers, considering market trends and adhering to local regulations.

Remco firmly believes that our success is not only measured by short-term financial gains but also by the sustainable growth and resilience of our business. Therefore, we continue to stress the importance of long-term performance through the utilisation of LTIs, which are tied to share price growth and ESG performance targets and vest over an extended period. This approach encourages and incentivises our senior management to think beyond immediate gains and to make decisions that contribute to the enduring success of the Company.

I thank my fellow committee members for their valuable contributions, and management for their commitment and special effort during the past financial year amid significant challenges.

We will continue to shape the remuneration policy to ensure that it fairly rewards deserving employees and contributes to propelling the Group into a sustainable and bright future.

On behalf of Remco

Yvonne Themba
Chairperson of the remuneration committee

13 September 2023

PART TWO: REMUNERATION POLICY

REMUNERATION OBJECTIVES

The Group's remuneration framework is structured to support our strategic pillars:

Profitability	Sustainability	Stakeholders	Growth
We aim to maintain a strong focus on profitability by being one of the highest-margin producers of gold in Southern Africa	Our sustainability strategy is centred on creating long-term value for all stakeholders by balancing economic, environmental and social considerations	We believe that an integrated stakeholder approach is crucial for our success and prioritise the health and well-being of our employees and host communities	Our growth strategy is based on a combination of organic portfolio growth and production-enhancing, value-accretive projects

OUR STRATEGIC OBJECTIVES

	FINANCIAL CAPITAL	MANUFACTURED CAPITAL	INTELLECTUAL CAPITAL
STRATEGIC OBJECTIVES	**Ensure adequate, competitively priced and flexible financial resources for the funding of our operations and disciplined capital allocation for sustainable long-term value creation**	**Unlock the full potential of our Mineral Resources and Mineral Reserves through sustainable extraction and processing, while embracing renewable energy, to pave the way for a responsible and prosperous mining future**	**Optimise the use of technology and harness the expertise of our teams to consistently deliver safe, reliable, efficient and responsible mining operations**
KPIs	• Profitability • Managing senior debt and credit facilities • Cash generated by operating activities • Returns to shareholders	• Gold production • Capital spend • Sustaining organic production and developing expansion projects • Evander Mines' 24, 25 and 26 Level project • Other organic growth projects • Group AISC	• Optimisation initiatives • Monitoring TSFs • Mintails acquisition and project execution • Exploration programme in north-eastern Sudan

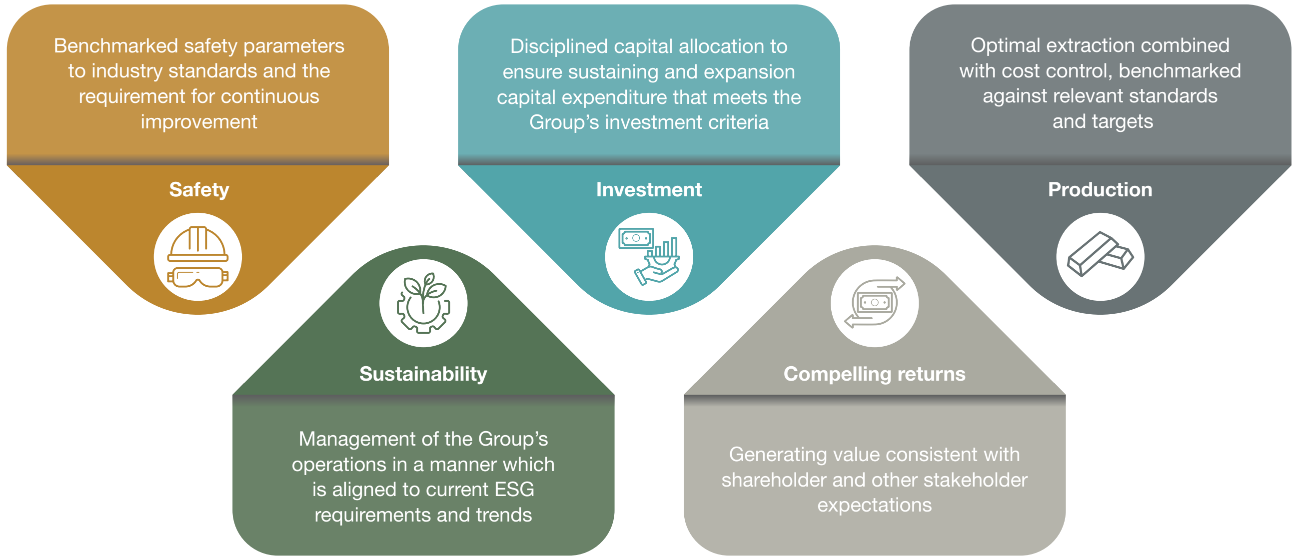
	HUMAN CAPITAL	SOCIAL AND RELATIONSHIP CAPITAL	NATURAL CAPITAL
STRATEGIC OBJECTIVES	**Attract, cultivate and retain exceptional talent while fostering a culture of safety, respect and continuous learning**	**Engage stakeholders to build positive relationships, maintain our social licence to operate and create sustainable value**	**Manage our operations with climate-conscious practices that preserve and protect natural resources and promote sustainability**
KPIs	• Zero-harm initiatives • Injury frequency rates • Entrepreneurial and results-driven culture	• Barberton Blueberries project • Community clinics and schools • Sponsorships • Curtail illegal mining	Progress on: • Evander Mines' 12MW expansion study • Barberton Mines' 8.75MW solar plant • Sturdee Energy power purchase agreement offtake arrangement • Mitigating high-risk safety and environmental issues • Conservation initiatives

REMUNERATION REPORT continued

ALIGNING REMUNERATION TO STRATEGY

Remco assists the board in aligning remuneration with the Group's overall business strategy while attracting, incentivising, developing and retaining people capable of creating long-term value for all our stakeholders, as detailed below.

Strategic business activities and incentive criteria



REMUNERATION PHILOSOPHY

Pan African's remuneration philosophy seeks to reward executive directors, senior management and our various levels of employees for performance, consistent with its key remuneration objectives. It recognises that these individuals have the ability to materially impact the performance of the Group over the short, medium and long term.

Executive directors and senior executives carry significant responsibility, statutory and otherwise, and appropriate skills are difficult to attract and retain in what is an increasingly challenging and competitive environment. It is therefore critical that remuneration levels align with the contribution and performance of the Group, its operating units and, importantly, the contribution of key individuals.

The Group's remuneration policy provides a framework for remuneration to attract, retain and motivate employees to achieve the organisation's strategic objectives within its risk tolerance and risk management framework.

The remuneration framework for senior management recognises the following principles:

Objective of STIs	Objective of LTIs	Alignment to shareholders	Application of discretion
Comprises an annual incentive which rewards management for matters under their control and influence, and excludes matters outside their control, specifically, commodity prices and exchange rates	Aligns the long-term interest of the Group's management and employees with that of the Group's shareholders through incentives that are directly linked to the increase in Pan African's share price, relative to that of its peers, progress with ESG initiatives and returns generated on capital employed. These awards generally vest over a three- to four-year period	We believe that the combination of these incentives should achieve the objectives embedded in the remuneration philosophy by aligning the interests of employees with the aspirations of our shareholders	**Remco has the authority to apply its discretion in instances where specific circumstances are outside the control of the operations or executives, and not taking account of these circumstances would be prejudicial to employees or management**

To achieve its remuneration objectives, Remco, in consultation with and through oversight from the board, retains flexibility and a degree of discretion in the manner in which it incentivises and rewards performance. Remco took note of previous concerns raised by shareholders and undertook, from the 2020 financial year, not to award incentives or discretionary bonuses to employees for successfully concluding transactions, with the exception of a change in control of Pan African. However, the committee retains its discretion to implement incentives with the intent of ensuring the successful execution of large-scale capital projects that materially increase Group production and margins.

EQUITABLE AND RESPONSIBLE REMUNERATION

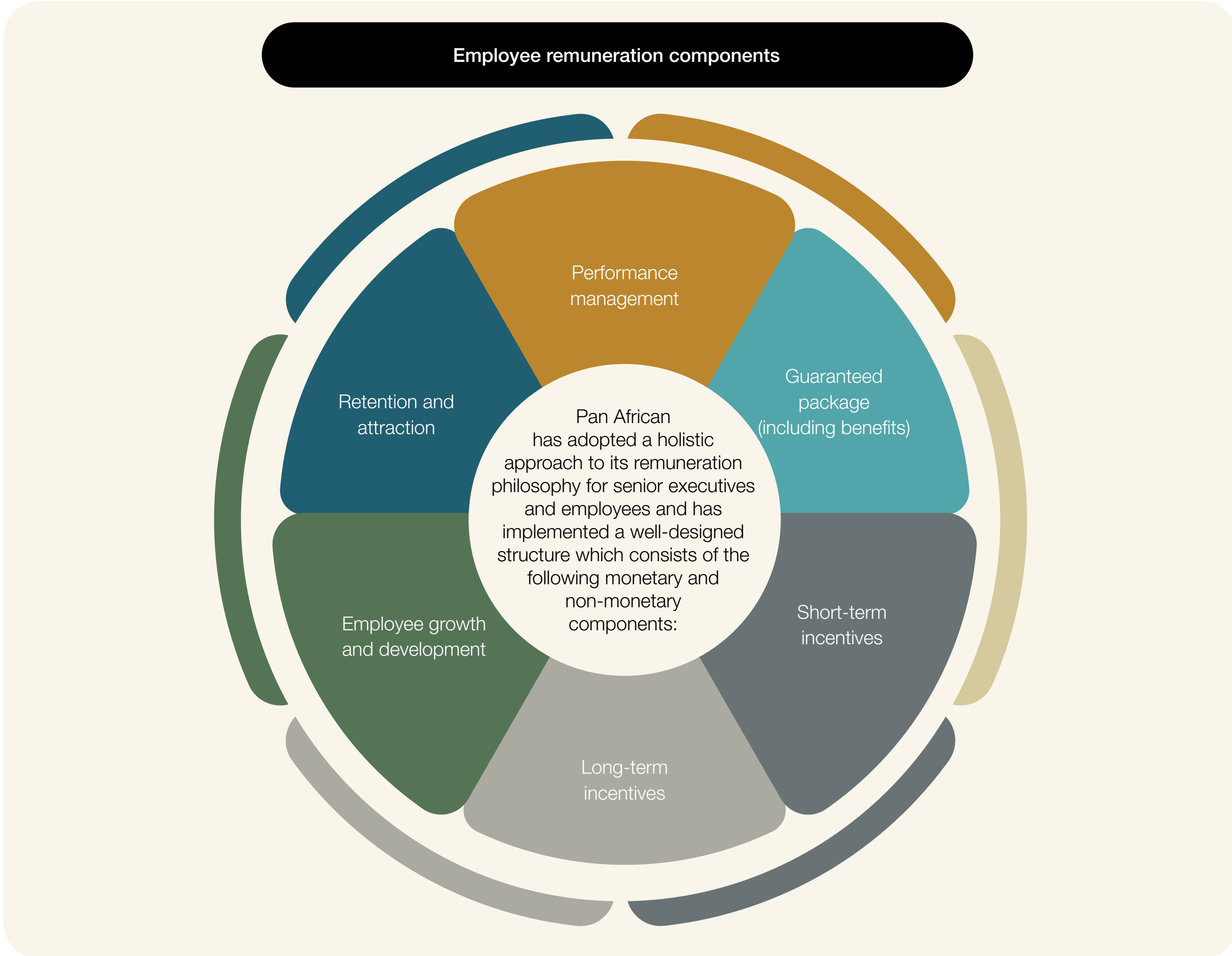
Remco remains committed to ensuring fair remuneration across all levels in the Group – employees, irrespective of their gender or race, are paid equally for comparable peer positions. Remuneration is based solely on the employee's qualifications, experience, appointment level, scarcity of skill and performance levels, with no other differentiating factors being relevant.

Senior executives' remuneration is structured in a manner to disincentivise undue risk-taking and is formulated by Remco, comprising only independent non-executive directors, with an emphasis on value creation.

Remco regularly reviews compensation levels and incentive schemes to ensure they remain market-related and aligned with executive compensation best practice by using REMchannel® market analysis and other independent benchmarking sources. The REMchannel® analysis is an independent report compiled from extensive and detailed participant-provided information and is customised for sectoral differences and remuneration practices complexities.

Remco strives to fairly remunerate the Group's employees at a level that approximates market-related benchmarks, ensuring the retention of key skills and enabling the Group to attract and retain top candidates for senior management positions.

REMUNERATION FRAMEWORK



Although remuneration is disclosed in US$, the Group's reporting currency, all non-executive directors, executive directors and employees are remunerated in South African rand and no compensation is made in other currencies or linked to other currencies, with the exception of employees deployed in foreign countries.

REMUNERATION REPORT continued

GUARANTEED PACKAGE

	Executive and senior management	Collective bargaining unit and other employees
Eligibility	• Exco • Operations committee (Opsco) • Management committee (Manco) • Heads of department (HODs)	• Collective bargaining employees
Pay structure	Total guaranteed pay (TGP)	Cost plus benefits
Key features	• Pensionable salary • Leave • Pension/provident fund contributions (including life and disability cover) • Medical contributions • Travel allowance These items are included in each eligible employee's total TGP	• Pensionable salary • Leave • Pension/provident fund contributions (including life and disability cover) • Medical contributions • Overtime/housing or living-out allowance • Other fixed allowances
Policy	Reviewed annually against competitive industry peer market data supplied by REMchannel®. The Group generally rewards employees between the 25th and 50th percentile, as per REMchannel®'s market analysis, aligned to an individual's contribution to the Group, including: • skills and competencies required to generate results • sustained contribution to the Group • the value of the role and contribution of the individual to the Group	Aligned to an individual's contribution to the Group, including: • skills and competencies required to generate results • sustained contribution to the Group • the value of the role and contribution of the individual to the Group Compensation is determined by all relevant factors in the industry such as annual or multi-year wage agreements
How guaranteed pay is determined	Pay is determined by the following factors: • Contractual arrangements • Group performance • Individual performance • Inflation • Annual benchmarking against relevant peers • Outlook for the next financial year	All relevant factors, including annual or multi-year wage agreements

VARIABLE REMUNERATION CONDITIONS

Short-term incentives

Framework

	Executive and senior management	Collective bargaining unit and other employees
Purpose	To drive and reward short- and medium-term results, reflecting the level and risk time horizon	To drive and reward short-term results, reflecting the level and risk time horizon
Eligibility	Exco, Opsco, Manco and HODs	Collective bargaining employees
Payment period	• Exco, Opsco and Manco are paid annually • HODs are paid quarterly	Paid monthly, quarterly and annually depending on seniority of employee
Performance measures and STI opportunity	Financial and non-financial parameters and metrics at a Group, subsidiary and individual (and team) level: • Group financial and strategic performance • Business unit (team) financial and strategic performance • Individual contribution to team performance • Individual performance, including alignment with corporate values and meeting performance objectives If the individual, team or the Group does not meet, or only partially meets risk and compliance requirements, no award or a reduced award may be granted	• Eligibility to participate in the scheme • The maximum variable remuneration as a percentage of total individual TGP • Production and other target parameters to be achieved
Maximum STI opportunity (stretch targets)	For achieving 105% of budgeted gold production (maximum stretch), participating management's production KPI percentage is increased from the maximum of 100% to 140%, with a pro rata increase between 100% and 105% specific to the gold production KPI Senior executives are encouraged to accumulate a material long-term shareholding in the Group	The maximum variable remuneration as a percentage of total TGP of an individual
STI gatekeepers	To protect the Company from incentive payments that are unaffordable or inappropriate in the specific circumstances: • If the Group makes operational losses • Unacceptable or unprofessional personal behaviour, resulting in a disciplinary judgement • Material non-compliance with regulations, with the executive being guilty of serious misconduct or negligence	Not applicable
Malus and clawback	All STIs are subject to malus and clawback provisions	Not applicable

REMUNERATION REPORT continued

STI performance measures and maximum opportunity

KPIs relate to predetermined value drivers designed to enhance shareholder value and are reviewed on a regular basis. See the remuneration framework on **page 149** for details.

Position	Maximum STI[1]	Group-based KPIs			Individual KPIs	
		Weight	Weight	Parameters	Weight	Determined by
Chief executive officer	110%	60%	50% 30% 20%	Total Group gold sold (ounces) Total Group cost per kilogramme of gold produced Group safety record *Stretch targets on production*	40%	Remco and the board
Financial director	80%	60%	50% 30% 20%	Total Group gold sold (ounces) Total Group cost per kilogramme of gold produced Group safety record *Stretch targets on production*	40%	Remco and the board
Senior managers at corporate level	50%	60%	50% 30% 20%	Total Group gold sold (ounces) Total Group cost per kilogramme of gold produced Group safety record *Stretch targets on production*	40%	Chief executive officer in consultation with Remco
Senior managers at operational level	50%	80%	50% 30% 20%	Total Group gold sold (ounces) Total Group cost per kilogramme of gold produced Group safety record *Stretch targets on production*	20%	Chief executive officer in consultation with Remco

[1] *2023 maximum variable remuneration as a percentage of TGP – qualification criteria at 100% achievement.*

Long-term incentives

The Group has in recent years simplified its LTI schemes and currently has two LTI schemes for Group employees; the PAR Gold Long-term Incentive Plan (PGLIP) for senior corporate management and the Pan African Share Appreciation Bonus Plan (PASABP) for senior operational management.

The PGLIP is a conditional share plan that is performance-linked with allocations based on a percentage of TGP in line with current market benchmarks. Senior corporate management qualifies to purchase a predetermined number of shares, at a nominal value, in PAR Gold Proprietary Limited (PAR Gold), with each annual allocation being a new class of share, as calculated by the allocation formula.

On measurement date, participants may receive, subject to vesting conditions, dividends from PAR Gold, based on their respective shareholdings, as per the predetermined dividend formula.

In terms of the PASABP, select senior employees of the Group are allocated notional shares in Pan African Resources PLC. These notional shares will confer a conditional right to the participant, entitling the employee to be paid a cash bonus equal to the appreciation in the Company's share price, from the date of allocation to the date of surrender or deemed surrender of the participant's notional shares (share appreciation bonus).

The Company also has an employee share ownership programme at Barberton Mines.

Summary of current LTIs

Details	PASABP	PGLIP
Objectives	The main objectives of the LTIs are to: • appropriately incentivise selected managerial employees within the Group • ensure retention of key skills required for the Group's ongoing profitable performance and growth • align management interests with those of shareholders and shareholder aspirations • ensure longer-term vesting • link incentives to share price performance • provide objective measurement and benchmarking against the Group's performance and/or personal contribution Discretionary incentives are designed to drive and reward long-term corporate growth, within the context of sustaining Company values, and to align the interests of shareholders and scheme participants. These include share incentive or similar schemes It is the intention to structure any form of LTI in such a way as to attract and retain the requisite Group skills and to ensure that it is market-related and promotes appropriate actions and behaviour	
Instrument	A conditional share incentive plan where select senior Group employees are allocated notional shares in Pan African. These notional shares will confer a conditional right to a participant, entitling the participant to a cash bonus equal to the appreciation in the Company's share price from the date of allocation to the date of surrender or deemed surrender of the participant's notional shares (share appreciation bonus)	A conditional share incentive plan where participants qualify to acquire actual PAR Gold shares of a special class, based on an allocation formula, at a nominal value. At the end of the measurement period, subject to dividend formula conditions being fulfilled, employees receive a dividend per share, provided the employee is still an employee of good standing
Eligibility	Operational management	Corporate senior managers and executive directors
Vesting period	Four years	Three years
Performance criteria and vesting percentages	• Continued employment within the Group for senior managers at an operational level • Share price performance is the main driver of value in this scheme and unless the share price appreciates, there is no benefit for the participant	• The PGLIP dividend payment is performance-linked with allocations based on a percentage of TGP, in line with current market benchmarks • Employees qualify to purchase a number of shares in PAR Gold, as calculated by the allocation formula, at a nominal value. These shares may qualify for dividends in accordance with a dividend formula at the end of the measurement period • Return on shareholders' funds (ROSF), total shareholder returns (TSR) and ESG criteria are used as part of the dividend qualifying formula • Once dividends have been declared and paid on these shares, PAR Gold may reacquire them from the participants at a nominal value
Allocation criteria	Minimum notional shareholding formula: Current TGP multiplied by a Paterson Grading factor, divided by Pan African's 30-day volume-weighted average price (VWAP) share price Paterson Grading factors applied: • E-Upper – 3 times • E-Lower – 2 times • D-Upper – Once	Annual share allocation formula: Current TGP multiplied by the applicable industry benchmark percentage, divided by Pan African's 90-day VWAP share price and multiplied by a factor of 95% Current industry benchmarked percentages used: • Chief executive officer – 130% • Financial director – 120% • Senior management – 40% to 80%, depending on seniority
Measurement criteria	Pan African's 30-day VWAP share price	In accordance with dividend formula
Strike price	Pan African's 30-day VWAP share price, applicable to each allocation	Not applicable
Change of control	All unvested options vest automatically	Vesting will occur on a pro rata basis based on lapsed time. In the event of death or disability, similar pro rata vesting will occur
Other criteria	Lapses on the sixth anniversary of the date on which the option was issued	• There is no mechanism to carry over or defer unvested shares (due to underperformance) • Malfeasance/malice and clawback clauses are included consistent with current market practice
Settlement	Cash, based on Pan African's share price appreciation between date of award and date of exercise	Dividend based on Pan African's 90-day VWAP share price on measurement date
Dilution limit	Non-dilutive scheme	Non-dilutive scheme

REMUNERATION REPORT continued

PGLIP D shares dividend criteria

- **ROSF – 50% weighting (calculated as average ROSF over a three-year period)**
  Annual ROSF is calculated as follows:

ROSF = Net profit after tax/average shareholder funds (equity and distributable reserves) over the financial year

  – Relative – 20% (average ROSF relative to a peer group over a three-year period)
  – Absolute – 80% (ROSF equal to or higher than the Group's cost of equity).

- **TSR – 20% weighting (calculated over a three-year period)**
  Shareholders' returns are calculated as follows:

TSR = {(current price – starting price) + dividends} ÷ starting price at inception of the three-year term

- ESG criteria – 30% weighting
  Predetermined ESG performance criteria will be set for each measurement period.
- ESG criteria for the 2023 financial year – possible part vesting of PGLIP D shares:
  – Successful commissioning of Evander Mines' water retreatment plant, with operational performance in line with the feasibility study – **Environmental**
  – Commence construction of Barberton Mines' solar plant by June 2023 – **Environmental**
  – Feasibility study on agri-solar project for Evander Mines' and Barberton Mines' solar plants – **Social**
  – Successful handover of the Ngwane and Sheba schools to the Department of Basic Education by Barberton Mines – **Social**
  – Addressing gaps identified in the PwC ESG readiness review report 2022 – **Governance**
  – Issuing of the initial 2023 TCFD report – **Governance**
  – Climate change targets for 2030 consistent with the RMB, Sustainability Bond Performance Targets – **Governance/environmental**
  – Appoint an ITRB comprising members from independent credible tailings companies, consistent with the GISTM requirements – **Environmental/governance**
  – Commission a formal compliance audit to gauge TSF compliance, in relation to the GISTM, taking into consideration the individual ages of the historical TSFs, the applicable legal framework at the time of construction and operational periods – **Environmental/governance.**

All the required measurement criteria (ROSHF, TSR and ESG) for the PGLIP D shares dividend were met at 30 June 2023 and as such the participants will receive a PGLIP D shares dividend in the 2024 financial year.

PGLIP E shares dividend criteria

- **ROSF – 50% weighting (calculated as average ROSF over a three-year period)**
  Annual ROSF is calculated as follows:

ROSF = Net profit after tax/average shareholder funds (equity and distributable reserves) over the financial year

  – Relative – 20% (average ROSF relative to a peer group over a three-year period)
  – Absolute – 80% (ROSF equal to or higher than the Group's cost of equity).

- **TSR – 20% weighting (calculated over a three-year period)**
  Shareholders' returns are calculated as follows:

TSR = {(closing 90-day VWAP share price – starting 90-day VWAP share price) + dividends} ÷ starting 90-day VWAP share price

- **ESG criteria – 30% weighting**
  Predetermined ESG performance criteria will be set for each measurement period.
  ESG criteria for the 2024 financial year – conditional PGLIP E shares vesting:

Number	Project	Category	Details
1	Barberton Mines' solar plant producing first power by June 2024	**Environmental**	The Group's decarbonisation strategy is aligned with the Sustainability Bond Linked Finance (SBLF) framework of a 15% renewable energy mix by 2027
2	Achieving the land rehabilitation targets for the MTR project as per the RMB Sustainability Bond Performance Targets for 2024	**Environmental**	The MTR project to achieve land rehabilitation of 8% for 2024 as detailed in the SBLF
3	Commence construction of the Sturdee Energy Bela-Bela solar plant by June 2024	**Environmental**	The Group's decarbonisation strategy with an intended 30% renewable energy mix by 2030
4	Construction and commissioning of the arsenic treatment plant at the Fairview BIOX® plant by June 2024	**Environmental**	Barberton Mines' land rehabilitation strategy to reduce the environmental impact of on-site pollutants
5	Achieving the safety targets for the Group's TRIFR as per the RMB Sustainability Bond Performance Targets for 2024	**Social**	Achieving a Group TRIFR of 8.50% for 2024
6	Successful handover of school computer and science laboratories to the Department of Basic Education by Evander Mines by June 2024	**Social**	Implementation of Evander Mines' SLP 2023 for social licence to operate compliance
7	Implementation of a formal health and wellness programme at Barberton Mines – Phase 1	**Social**	Wellness programmes, with specific emphasis on: **KPI 1 – Human resources:** Lifestyle disease awareness and education for 40% of the workforce **KPI 2 – Social:** Increase the number of physically active employees from a 25% baseline by promoting the sporting codes of soccer, running and aerobics
8	PwC assurance certificate of 10 ESG disclosures in the ESG report 2024	**Governance**	Corporate governance in ESG reporting
9	Scheduling the GISTM recommendations with implementation of high-risk findings from the TSF audit report, post completion of an impact assessment	**Governance**	Tailings management safety and compliance

REMUNERATION REPORT continued

Example of PGLIP scheme – share awards and dividend formula application

Information used for calculation

- Participant TGP: ZAR2,000,000
- Participant multiple based on Paterson Grading: 70%
- Pan African's 90-day VWAP share price on date of issue: ZAR3.50
- Pan African's 90-day VWAP share price on vesting date: ZAR4.50
- 100% of dividend qualifying criteria fulfilled after the three-year measurement period.

PAR Gold shares qualified for

Formula

(TGP x multiple based on Paterson Grading) ÷ Pan African's 90-day VWAP x 95%[1]
= number of PAR Gold shares available for purchase

Calculated as follows: ((ZAR2,000,000 x 70%) ÷ ZAR3.50) x 95% = 380,000 PAR Gold C, D and E shares

Note 1: *The 95% weighting is a condition of the conversion of the Pan African Resources Senior Management Share Scheme to the PGLIP scheme, to ensure tax parity between the two schemes*

PAR Gold dividend

The number of shares calculated above will qualify for a dividend, based on the above-mentioned dividend qualifying criteria, equal to Pan African's 90-day VWAP share price on measurement date, calculated as follows:

(PAR Gold shares x Pan African's 90-day VWAP on measurement date)
x percentage of dividend criteria achieved = possible dividend

That is: **380,000 shares x ZAR4.50 x 100% = ZAR1,710,000**

The participant will therefore be entitled to a dividend of ZAR1,710,000, before dividend taxation, at the end of the three-year measurement period, assuming all vesting criteria are fulfilled

RISK MANAGEMENT AND REMUNERATION

Pan African recognises the need to fairly remunerate employees to attract, incentivise and retain talent. It is, however, cognisant of the need to ensure that effective risk management is part of its remuneration criteria to promote the desired behaviour and to avoid exposing the Group to intolerable risk levels. The Group's remuneration philosophy reinforces the need for superior and sustainable long-term results while promoting sound risk management principles.

These performance elements incorporate production and personal performance parameters which are weighted, based on the relevant seniority level, to drive the desired personal behaviour. Safety is imperative to the mining operations and is included in the Group's production incentive parameters.

All senior management KPIs include specific performance elements and deliverables aligned with the Group's strategic or other critical objectives.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Remco advises the board on non-executive directors' fees. In determining their fees, Remco considers the directors' responsibilities throughout the year, scarcity of skills, the Group's performance, market-related conditions and local and international comparative remuneration levels. King IV™ recommends that fees should comprise a base fee and an attendance fee per meeting.

The board agreed that a fixed fee for directors' services on the board and subcommittees was more appropriate as the board's input extends beyond the attendance of meetings.

When non-executive directors are required to spend significantly more time and effort than is normally expected in preparing for and attending board meetings, Remco considers additional fees to compensate non-executive directors for their additional time and effort.

There are no contractual arrangements for compensation for loss of office for non-executive directors. Non-executive directors' remuneration is subject to regulations which include the Companies Act 2006, the JSE Listings Requirements and King IV™.

EXCO, OPSCO AND MANCO REMUNERATION

Remco is responsible for making recommendations to the board regarding the remuneration of the chief executive officer, financial director, chief operating officer and senior corporate management. Remuneration of executive and senior management is reviewed on an annual basis in relation to the Group's operational, financial and strategic performance as well as individual contribution thereto, alignment with the Group's values and contributions to risk management and compliance requirements.

Where the individual, team or the Group does not meet, or only partially meets performance requirements, either all or a portion of the discretionary awards are forfeited. An annual benchmarking exercise, conducted by REMchannel® market analysis (supplemented with other independent benchmarking sources), is used as a basis to determine a fair market-related remuneration package.

Individual KPIs are agreed annually and contain the performance elements disclosed on **page 159**.

Remuneration comprises fixed and variable (STI and LTI) remuneration components. STIs have certain parameters, disclosed on **page 152**, to ensure a performance-based culture.

The board and Exco retain a level of discretion to determine which parameters apply, their respective weighting taking cognisance of immediate and evolving priorities, and alignment of employee behaviour to shareholder aspirations.

PRESCRIBED OFFICERS

The Group's prescribed officers are those individuals who exercise general executive control over and manage a significant portion of the Group's business activities or regularly participate, to a material degree, in the exercise of general executive control over a significant portion of the Group's business activities.

In accordance with these requirements, Pan African's prescribed officers are included in **note 37** to the annual financial statements on **pages 239** to **243**.

PART THREE: REMUNERATION IMPLEMENTATION REPORT

The detailed remuneration of the Group's non-executive directors, executive directors and prescribed officers is disclosed in **note 37** to the annual financial statements on **pages 239** to **243**.

EXECUTIVE DIRECTORS' OPERATIONAL AND PERSONAL KPI ANALYSIS

Executive directors' remuneration

US$ thousand	Basic remuneration	Allowance	Leave payment	Retention[3] payment	Total remuneration	Incentives[1]	PGLIP	Total single figure remuneration
2023								
Cobus Loots	407	10	10	250	677	350	1,043	2,070
Deon Louw	370	–	–	222	592	226	855	1,673
Total	777	10	10	472	1,269	576	1,898	3,743

US$ thousand	Basic remuneration	Allowance	Leave payment	Total remuneration	Incentives[2]	Loan repayment[4]	PGLIP[4]	PGLIP[4] net payment received	Total single figure remuneration
2022									
Cobus Loots	443	13	13	469	457	(4,042)	4,537	495	1,421
Deon Louw	404	–	–	404	295	(2,713)	3,124	411	1,111
Total	847	13	13	873	752	(6,755)	7,661	906	2,532

1 *These incentives, paid in the 2023 financial year, relate to the 2022 financial year's annual STI achievement, consistent with the approved qualifying criteria.*

2 *These incentives paid in the 2022 financial year, relate to the 2021 financial year annual STI achievement, consistent with the approved qualifying criteria.*

3 *Retention payments made in accordance with the employees' employment contracts. See details on* ***page 161****.*

4 *These loan advances from PAR Gold relate to the restructuring of the Group's LTI. In terms of the rules of the restructured Pan African Corporate Option Scheme (PACOS) scheme (PGLIP B shares), participants were entitled to an advance, on market-related terms (South African repo rate plus a margin of 1%) once a monetary value has vested and is locked-in. This rate is applied to all participants of the scheme. Subsequent PGLIP issues (C, D and future share issues) do not provide for advances to participants. Advances from PAR Gold amounting to US$12.3 million were made to scheme participants in the 2021 financial year, and are included in the current portion of loans receivable, for that financial year, in the Group's statement of financial position. These advances were offset against dividends when declared by PAR Gold, consistent with the rules of the restructured scheme. As detailed in the 17 September 2020 and 30 June 2021 announcements, all listings and regulatory requirements were complied with in the restructuring of these incentive schemes and loans advanced to scheme participants. With the inception of PACOS (converted to PGLIP B shares), the Pan African 30-day VWAP share price was ZAR1.21 and at the measurement date for the PGLIP B shares, the Pan African 30-day VWAP share price was ZAR5.65.*

Chief executive officer's performance for incentive purposes

2023	2022
Production parameters Production parameters, per operation, are weighted on the basis of budgeted profit contribution: • Barberton Mines' production and safety weighting of 42% was 7.02% (max. 27.94%) • Evander Mines' production and safety weighting of 58% was 12.67% (max. 38.06%) • Production stretch parameter was 1.8% (max. 13.20%)	**Production parameters** Production parameters, per operation, are weighted on the basis of budgeted profit contribution: • Barberton Mines' production and safety weighting of 42% was 7.75% (max. 27.91%) • Evander Mines' production and safety weighting of 58% was 33.6% (max. 38.09%) • Production stretch parameter was 4.4% (max. 13.20%)
Personal KPIs Personal KPIs approved by Remco and fulfilled for the 2023 financial year were: • Establish a funding strategy for the Group's renewable energy projects to ensure sufficient and reasonably priced funding for future projects • Successful inaugural issuance under the DMTN programme as partial funding for the MTR project • Successful implementation of continuous operations at Barberton Mines • Increase in institutional shareholding through funds from the USA • Finalise all permitting required for the commencement of construction of the MTR plant	**Personal KPIs** Personal KPIs approved by Remco and fulfilled for the 2022 financial year were: • Complete the definitive feasibility study on the Mintails acquisition and progress the transaction, as communicated to the market, taking cognisance of legal impediments • Complete the establishment of the Sudanese exploration venture and initiate the exploration programme • Board approval of Evander Mines' underground development plan • Complete the USA/Europe marketing drive, with a view to increasing trade in the ADR programme and enhancing new shareholder traction

Financial director's performance for incentive purposes

2023	2022
Production parameters Production parameters, per operation, are weighted on the basis of budgeted profit contribution: • Barberton Mines' production and safety weighting of 42% was 5.10% (max. 20.31%) • Evander Mines' production and safety weighting of 58% was 9.21% (max. 27.69%) • Production stretch parameter was 1.3% (max. 9.60%)	**Production parameters** Production parameters, per operation, are weighted on the basis of budgeted profit contribution: • Barberton Mines' production and safety weighting of 42% was 5.64% (max. 20.30%) • Evander Mines' production and safety weighting of 58% was 24.42% (max. 27.70%) • Production stretch parameter was 3.2% (max. 9.60%)
Personal KPIs Personal KPIs, approved by Remco and fulfilled for the 2023 financial year were: • Successful inaugural issuance under the DMTN programme as partial funding for the MTR project • Secure a funding package for the MTR project consisting of a senior debt facility and an alternative funding source for Pan African's equity contribution to the total funding package • Establish a funding strategy for the Group's renewable energy projects to ensure sufficient and reasonably priced funding for future projects	**Personal KPIs** Personal KPIs, approved by Remco and fulfilled for the 2022 financial year were: • Complete the definitive feasibility study on the Mintails acquisition and progress the transaction, as communicated to the market • Tangible progress made with funding sources for the MTR project development • Complete the establishment of the Sudanese corporate structure and establishment of the exploration programme • Complete the share buy-back programme • Complete the USA/Europe marketing drive, with a view to increasing trade in the ADR programme and enhancing new shareholder traction

REMUNERATION REPORT continued

EXECUTIVE DIRECTORS' LTI SCHEME ANALYSIS

The executive directors' LTI schemes are cash-settled. These option costs are accrued annually, based on independent actuarial valuations. Payment occurs when qualification criteria are fulfilled and vested options are exercised, subject to Remco approval.

Shares granted but not vested

	Number of unvested shares/options				
Executive directors	Opening balance	Issued	Exercised	Forfeited	Closing balance
2023					
Cobus Loots					
PGLIP[1, 3]					
– PAR Gold D shares	**2,848,556**	**–**	**–**	**–**	**2,848,556[2]**
– PAR Gold E shares	**2,337,972**	**–**	**–**	**–**	**2,337,972**
– PAR Gold F shares	**–**	**2,190,419**	**–**	**–**	**2,190,419**
Deon Louw					
PGLIP[1, 3]					
– PAR Gold D shares	**2,335,468**	**–**	**–**	**–**	**2,335,468[2]**
– PAR Gold E shares	**1,916,851**	**–**	**–**	**–**	**1,916,851**
– PAR Gold F shares	**–**	**1,795,876**	**–**	**–**	**1,795,876**
2022					
Cobus Loots					
PGLIP[1]					
– PAR Gold C shares	4,434,380	–	–	–	4,434,380[2]
– PAR Gold D shares	2,848,556	–	–	–	2,848,556[2]
– PAR Gold E shares	–	2,337,972	–	–	2,337,972
Deon Louw					
PGLIP[1]					
– PAR Gold C shares	3,635,648	–	–	–	3,635,648[2]
– PAR Gold D shares	2,335,468	–	–	–	2,335,468[2]
– PAR Gold E shares	–	1,916,851	–	–	1,916,851

[1] *These are cash-settled shares issued under the PGLIP scheme. These shares receive dividends only if the specified measurement criteria are fulfilled at the end of a three-year measurement period.*

[2] *Shares to be repurchased at a nominal amount and cancelled by PAR Gold during the 2024 financial year; no further payment will be made on these shares, consistent with the rules of the PGLIP scheme.*

[3] *Subsequent to year-end, on the recommendation of Remco, the board approved in principle an additional tranche under the PGLIP scheme for the MTR project to vest in 2025. Measurement criteria will be based on safe and timely commissioning, project completion within the approved budget and operational performance as per the feasibility study parameters. Participants will be finalised by the end of October 2023.*

Vested share options (no further payments to be made on these shares/options)

	Number of vested shares/options				
Executive directors	Opening balance	Issued	Exercised	Forfeited	Closing balance
2023					
Cobus Loots					
PGLIP[1]					
– PAR Gold B shares	**17,107,580**	**–**	**–**	**–**	**17,107,580[2]**
– PAR Gold C shares	**4,434,380**	**–**	**–**	**–**	**4,434,380[2]**
Deon Louw					
PGLIP[1]					
– PAR Gold B shares	**11,523,153**	**–**	**–**	**–**	**11,523,153[2]**
– PAR Gold C shares	**3,635,648**	**–**	**–**	**–**	**3,635,648[2]**
2022					
Cobus Loots					
PGLIP[1]					
– PAR Gold B shares	17,107,580	–	–	–	17,107,580[2]
Deon Louw					
PGLIP[1]					
– PAR Gold B shares	11,523,153	–	–	–	11,523,153[2]

[1] *These are cash-settled shares issued under the PGLIP scheme. These shares receive dividends only if the specified measurement criteria are fulfilled at the end of a three-year measurement period.*

[2] *Shares to be repurchased at a nominal amount and cancelled by PAR Gold during the 2024 financial year; no further payment will be made on these shares, consistent with the rules of the PGLIP scheme.*

SUMMARY OF KEY CONTRACTUAL ARRANGEMENTS FOR THE CHIEF EXECUTIVE OFFICER AND FINANCIAL DIRECTOR

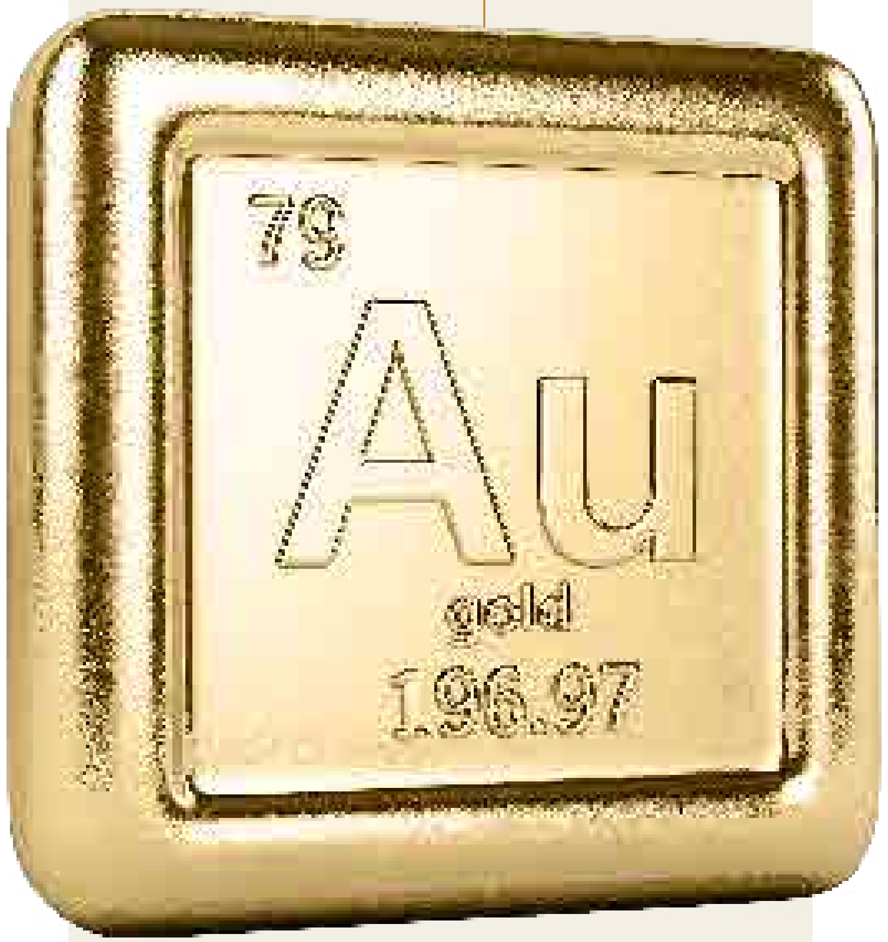
	Chief executive officer	Financial director
Contract duration	Employed on a permanent basis from 1 July 2022	Current contract extended to 30 June 2024, with an option to extend by an additional 12 months, by mutual agreement
Retention payment	• 120% x 50% of TGP payable at inception, 120% x 50% of TGP payable at the end of three years (30 June 2025) • The employee is not allowed to resign within the first 12 months from the inception of his employment contract	• 120% x 50% of TGP payable at inception of contract and the amount payable at the end of the two-year employment contract will be based on the following formula: ((employee's TGP on 30 June 2024 x 120% x 50%) x 1/3) • Should the contract be extended for a third year, the amount payable at the end of the three-year employment contract will be based on the following formula: ((employee's TGP on 30 June 2024 x 120% x 50%) x 3/3) • The employee is prohibited from resigning within the first 12 months of the employment contract's inception
STI	A maximum of 110% of annual TGP	A maximum of 80% of annual TGP
LTI – PGLIP	Acquires PAR Gold shares	Acquires PAR Gold shares
Minimum shareholding in Pan African	• Previous requirement of ZAR2 million to be held for a minimum of two years. No increased requirement as Remco reviewed the employee shareholding during the current financial year and concluded that the employee held sufficient shares on 30 June 2023, comprising: – 5,048,504 indirect beneficial shares – 1,873,982 direct beneficial shares – 314,280 contracts for differences	• Initial requirement of ZAR0.5 million to be held for a minimum of two years. No increased requirement as Remco reviewed the employee shareholding during the current financial year and concluded that the employee held sufficient shares on 30 June 2023, comprising: – 3,122,349 indirect beneficial shares – 988,112 direct beneficial shares

Protons:

79

Neutrons:

118



There are 79 protons and 118 neutrons
in the nucleus of one gold atom.

ANNUAL FINANCIAL STATEMENTS

4

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the integrated annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and the Company financial statements in accordance with United Kingdom (UK) adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the UK Companies Act 2006 (Companies Act 2006).

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' CONFIRMATIONS

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

Keith Spencer
Chairman

Cobus Loots
Chief executive officer

Deon Louw
Financial director

13 September 2023

We have removed all signatures from this document to protect the security and privacy of all our signatories.

CHIEF EXECUTIVE OFFICER'S AND FINANCIAL DIRECTOR'S RESPONSIBILITY STATEMENT

Each of the directors, whose names are stated below, hereby confirm that:

- the annual financial statements set out on **pages 164** to **248**, fairly present in all material aspects the financial position, financial performance and cash flows of the issuer in terms of International Financial Reporting Standards (IFRS)
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the financial statements false or misleading
- internal financial controls have been put in place to ensure that material information relating to the issuer and its subsidiaries has been provided to effectively prepare the financial statements of the issuer
- the internal controls are adequate and effective and can be relied upon in compiling the financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls
- where we are not satisfied, we have disclosed to the audit and risk committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have remediated the deficiencies
- we are not aware of any fraud involving directors.

Cobus Loots
Chief executive officer

Deon Louw
Financial director

13 September 2023

CERTIFICATE OF THE COMPANY SECRETARY

I hereby certify that Pan African Resources PLC (Pan African) has lodged with the Registrar of Companies for England and Wales all such returns as are required of a public company in terms of the Companies Act 2006. All such returns are true, correct and up to date.

St James's Corporate Services Limited
Company secretary

13 September 2023

DIRECTORS' REPORT

The directors present the integrated annual report and the audited financial statements for the reporting period ended 30 June 2023.

PRINCIPAL ACTIVITIES

Pan African is incorporated in the UK and registered in England and Wales under the Companies Act 2006. Pan African is a public company limited by shares with the registration number 3937466. The Company has a dual primary listing on the Main Board of the JSE Limited (JSE) and the London Stock Exchange (LSE) Alternative Investment Market (AIM). The Company also has a sponsored Level 1 American Depository Receipt (ADR) programme in the United States of America (USA) through the Bank of New York Mellon and a secondary listing on the A2X Market exchange. In addition, Pan African Resources Funding Company Limited (Funding Company) issued listed notes on the JSE Debt Board in the current reporting period (refer to **pages 217** and **218**.

The nature of the Group's operations and its principal activities relate to gold mining and exploration activities. The Group owns and operates a portfolio of high-quality, low-cost operations and projects located in South Africa and an exploration project in Sudan.

A full review of the activities of the business and of its prospects is contained in the chief executive officer's review (**page 54**) and in the operational performance review (**page 82**) that accompany these annual financial statements, with financial and non-financial key performance indicators (KPIs) shown on **pages 68** and **69**.

FINANCIAL RESULTS

The results for the 2023 reporting period are disclosed in the Group statement of profit or loss and other comprehensive income on **page 179**. The key features of these results can be found in the financial director's review on **page 74**. Pan African has elected earnings per share and headline earnings per share as its key performance metrics for trading purposes.

OPERATIONAL REVIEW

The operations are reviewed in detail in the operational performance review on **page 82**.

HISTORICAL DIVIDENDS

At the annual general meeting (AGM) of the shareholders held on 24 November 2022, a final dividend of ZA 18.00000 cents per share equating to 0.86915 pence per share (US 1.05820 cents per share) was approved.

RISK MANAGEMENT

A separate risk committee is not considered necessary, as this role is fulfilled by the board, its subcommittees and executive management. The identification and management of critical risks is a strategic focus area for executive management, reviewed monthly and, together with action plans, reported regularly to the board. The Group's risk management and key business risks are documented within our risks and opportunities section on **page 28**.

INTERNAL CONTROL

The board is responsible for maintaining a sound system of internal controls to safeguard shareholders' investments and Group assets. The directors monitor the operation of internal controls. The objective of the system is to safeguard the Group's assets, ensure proper accounting records are maintained and that the financial information used within the business and for publication is reliable. Any such system of internal control can only provide reasonable, but not absolute, assurance against material misstatement or loss.

Internal financial control procedures undertaken by the board include:

- reviewing monthly financial reports and monitoring performance
- reviewing internal audit reports and follow-up action of weaknesses identified by these reports
- reviewing the competency and experience of senior management
- prior approval of all significant expenditure, including all major investment decisions
- reviewing and debating Group policies.

The board has reviewed the operation and effectiveness of the Group's system of internal controls for the 2023 reporting period and the period up to the date of approval of the financial statements, and is satisfied that there has been no material breakdown in the Group's system of internal controls for the review period.

GOING CONCERN

The Group closely monitors and manages its liquidity risk by means of a centralised treasury function. Cash forecasts are regularly produced and sensitivities run for different scenarios including, but not limited to, changes in commodity prices and different production profiles from the Group's producing assets. The Group had US$49.9 million (2022: US$42.4 million) of available debt facilities and US$34.7 million (2022: US$26.7 million) of cash and cash equivalents at 30 June 2023. The Group has considered the going concern forecast through to 30 June 2025, using a base case rand gold price of ZAR1,050,000/kg (US$1,838/oz) and a downside rand gold price of ZAR954,000/kg (US$1,670/oz). The Group's forecasts based on the board-approved budgets demonstrate that it will have sufficient liquidity headroom to meet its obligations, under both scenarios, in the ordinary course of business (refer to **note 41**), and will comply with financial covenants for the 12 months from the date of approval of the financial statements; in the downside case, this includes mitigating actions which are in management's control.

The board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis of accounting in preparation of the 30 June 2023 financial statements.

DIRECTORS

There were no changes to the board during the reporting period under review.

The directors for the current reporting period are:

- Mr KC Spencer — *Independent non-executive chairman*
- Mr JAJ Loots — *Chief executive officer*
- Mr GP Louw — *Financial director*
- Mrs D Earp — *Independent non-executive director*
- Mr TF Mosololi — *Independent non-executive director*
- Mrs YN Themba — *Independent non-executive director*
- Mr CDS Needham — *Independent non-executive director*

The Company has directors' and public officers' liability insurance in place that provides insurance cover in the event of a claim or legal action. The insurance cover was in place throughout the reporting period and remains in place.

DIRECTORS' REMUNERATION AND SHAREHOLDING

Details of the directors' remuneration and shareholding are set out in **note 37** to the financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

No material contracts in which directors have an interest were entered into during the reporting period.

COMPANY SECRETARY

St James's Corporate Services Limited is the company secretary. The business and postal addresses are set out on the back page.

LITIGATION AND CLAIMS

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

EVENTS AFTER THE REPORTING PERIOD

Post the current reporting period, the Group entered into a ZAR1.3 billion (US$70.3 million) senior debt facility, designated for the funding of the Group's Mogale Tailings Retreatment project (MTR project) and a refinance of the existing revolving credit facility (RCF) of ZAR1 billion (US$54.1 million) with a new repayment date of 30 June 2026. The senior Debt Facility and RCF were underwritten by Rand Merchant Bank, a division of FirstRand Bank Limited (RMB), with Nedbank Limited (acting through its Nedbank Corporate and Investment Banking division) as co-financier.

The new RCF has a three-year term and provides the Group with access to flexible and cost-effective working capital. The senior debt facility has a six-year term, with quarterly repayments commencing two years after the financial close date. The financial close date for this agreement for both facilities became effective on 31 July 2023.

AUDITORS

PricewaterhouseCoopers LLP's (PwC) appointment as external auditor was approved by shareholders at the Company's AGM on 24 November 2022. Tim McAllister was the designated audit partner for the reporting period ended 30 June 2023.

Each of the persons who are directors, at the date of approval of this integrated annual report, confirm that:

- as far as the directors are aware, all relevant information has been provided to the Group's auditors
- the directors have taken all the steps that they ought to have taken as directors to be aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with section 418 of the Companies Act 2006.

PwC has expressed its willingness to continue in office as auditors, and a resolution to reappoint them will be proposed at the forthcoming AGM.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The board of directors hereby approves the integrated annual report, strategic report and annual financial statements.

By order of the board

Cobus Loots
Chief executive officer

13 September 2023

AUDIT AND RISK COMMITTEE REPORT

INTRODUCTION

The principal purpose of the audit and risk committee is to assist the board in fulfilling its corporate governance and oversight responsibilities to ensure the integrity of the Group's financial and corporate reporting while ensuring adequate systems of internal control and risk management are in place and are operating effectively. The functions of a risk committee at a Group level also fall within the ambit of the audit and risk committee.

The committee has both reporting responsibilities to the shareholders and the board and is accountable to them. It operates in line with a documented charter and complies with all relevant legislation, regulation and governance codes and executes its duties in terms of the requirements of the governance codes in the UK (for AIM) and South Africa, and through adopting the King IV Report on Corporate Governance for South Africa, 2016™ (King IV™) as its code of corporate governance.

The performance of the audit and risk committee is evaluated against its charter on an annual basis and a self-evaluation of the committee's effectiveness is performed by the members and reviewed by the board.

The directors were appointed to the committee at the AGM on 24 November 2022. In terms of King IV™, all three members of the audit and risk committee are independent non-executive directors.

At 30 June 2023, the audit and risk committee comprised three independent non-executive directors.

The independent non-executive directors of the audit and risk committee at the date of approval of this report were:

- Dawn Earp *(chairperson of the audit and risk committee)*
- Thabo Mosololi
- Charles Needham.

Details on the number of meetings held and attendance by members are included on **page 41** of the environmental, social and governance (ESG) report on our website at https://www.panafricanresources.com/investors/gri-and-sustainability/

All the members of the audit and risk committee are considered by the board to have an independent and objective mindset. The board believes that the audit and risk committee members collectively have the necessary skills to carry out their duties effectively and with due care. In cases where circumstances and issues arise, which are deemed outside of the scope of expertise of the audit and risk committee members, independent services and advice from professional bodies and service providers are sourced.

AUDIT AND RISK COMMITTEE RESPONSIBILITIES AND DUTIES

The audit and risk committee fulfils its responsibilities and duties as set out in its charter. The functions of the audit and risk committee include:

- reviewing the interim and annual financial statements, challenging the consistency and appropriateness of accounting principles, policies and practices that have been applied in the preparation, measurement and disclosures in the financial reports, culminating in a recommendation to the board for approval
- reviewing the integrity of the integrated annual report by ensuring its content is reliable and includes all relevant operational, financial and other non-financial information, risks and other relevant factors culminating in a recommendation to the board for approval
- reviewing the ESG, Task Force on Climate-related Financial Disclosures (TCFD) and Mineral Resources and Mineral Reserves reports for consistency with information in the integrated annual report
- considering significant judgements and estimates applied in the preparation of the interim results and annual financial statements
- oversight of whistle-blowing procedures
- monitoring the integrity of formal announcements relating to the Group's financial performance and reviewing significant financial and other reporting judgements
- reviewing the external audit reports
- reviewing the effectiveness of the external audit function
- assessing the external auditors' independence, specifying guidelines for, and authorising if applicable, the award of non-audit services to the external auditors
- approving the audit fees in respect of the annual external audit
- making recommendations to the board on the appointment, reappointment or change of the Group's external auditors. Such changes are subject to shareholder approval at the Company's AGM
- reviewing the effectiveness of the internal audit function
- reviewing the internal audit management reports with, when relevant, recommendations being made to the board
- approving the internal audit plan
- ensuring that a coordinated approach to all assurance activities is in place
- monitoring the Group's compliance with legal and regulatory requirements including listings requirements
- ensuring that effective procedures are in place relating to the Group's whistle-blowing and anti-corruption policies
- evaluating the appropriateness and effectiveness of risk management, internal controls and governance processes including information technology governance
- reviewing the chief executive officer's and financial director's responsibility statement in terms of paragraph 3.84(K) of the JSE Listings Requirements
- dealing with concerns relating to accounting and tax practices, significant accounting transactions including impairments, internal audit, the audit or content of financial statements and internal financial controls
- evaluating the performance of the financial director and the finance department
- reviewing the adequacy of the Group's risk management process, policies, mitigating controls and risk register
- reviewing the adequacy of the Group's insurance cover
- reviewing the governance of information and technology and the effectiveness of the Group's information systems
- reviewing the Group's going concern status to determine the appropriateness of the Group's financial statements being presented on a going concern basis, together with the solvency and liquidity assessment as part of the dividend recommendation to the board.

EXTERNAL AUDITORS

The committee is responsible for recommending the appointment or reappointment of a firm of external auditors to the board that, in turn, will recommend the appointment to shareholders. The committee is responsible for determining that the designated appointee firm and signing registered auditor have the necessary independence, experience, qualifications and skills and that the audit fee is adequate.

Tim McAllister was the designated audit partner for the 2023 reporting period.

PwC's appointment as external auditors for the 2023 reporting period was approved by the shareholders at the Company's previous AGM held on 25 November 2022. PwC will be recommended for reappointment as auditors for the 2024 reporting period at the next AGM.

The audit and risk committee is satisfied with the accreditation of PwC. The committee satisfied itself that the external auditors are independent as defined by the Companies Act 2006 and the standards stipulated by the auditing profession. The committee received the quality information from the firm regarding the individual auditor, their quality process, their JSE accreditation and the regulator's inspection letters. The audit and risk committee concluded it is appropriate to recommend PwC to the board for shareholder approval. The audit and risk committee held meetings with the external auditors, without the presence of management, and the chairperson of the audit and risk committee independently met with the external auditors as required during the financial year.

The audit and risk committee, in consultation with executive management, agreed to the terms of engagement. The audit fee for the external audit has been considered and approved for the 2023 reporting period, taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

The committee monitors the external auditors' performance and the effectiveness of the audit process as provided in the terms of engagement and in respect of audit scope and approach. The committee reviewed and approved the annual audit plan at its meeting in June 2023 including the proposed scope, materiality levels and significant risk areas.

It was established that the approach was appropriate to be responsive to regulatory changes and organisational risks and other applicable requirements.

Through the review of external audit reports, and interactions with the external audit team, the audit and risk committee is satisfied with the quality of the external audit performed for the reporting period.

EXTERNAL AUDITORS' INDEPENDENCE

The committee has a policy on the nature and extent of non-audit services which is reviewed annually. The policy allows for limited other services as well as the provision of reporting accountant services in relation to capital market transactions.

The external auditors' independence is impacted by non-audit services that are provided to the client.

Pan African has put measures in place in order to prevent the impairment of the external auditors' independence, namely:

- Disallowance of certain services that may cause impairment of their independence such as providing internal audit services
- All non-audit services provided by the external auditors are preapproved by the executive committee (Exco) and the audit and risk committee
- Appropriate disclosure of all non-audit services provided by the external auditors.

The approval of non-audit services by the external auditors only occurs when there is certainty that these services will not cause any impairment to the independence of the external auditors.

Non-audit fees represented US$14 thousand (2022: US$26 thousand) of the 2023 audit fee of US$437 thousand (2022: US$408 thousand) which does not affect the auditors' independence as it equates to 3.2% (2022: 6.4%) of the total fee. Refer to **note 10** to the financial statements for the disclosure of the audit and non-audit fees.

FINANCIAL REPORTING

The principal role of the audit and risk committee in relation to financial reporting is reviewing, with senior management and the external auditors, the integrated annual report, financial results announcements and other publications to ensure statutory and regulatory compliance.

The committee has evaluated the consolidated and separate financial statements for the reporting period ended 30 June 2023 and, based on the information provided to the committee, considers that the consolidated and separate financial statements comply, in all material respects, with the requirements of the Companies Act 2006 and IFRS. The consolidated and separate financial statements were subsequently recommended to the board for approval. The audit and risk committee makes its recommendation based on a comprehensive review conducted by the executive directors and other senior management. Furthermore, compliance with King IV™ requirements is continuously being assessed and improved on.

The committee reviewed the annual financial statements and the non-financial information in the integrated annual report and web-based information and concluded that the key risks have been appropriately reported on.

The Company has established appropriate financial reporting procedures and the committee confirms that such procedures are operating sufficiently.

No instances of fraud involving the directors occurred during the current reporting period.

AUDIT AND RISK COMMITTEE REPORT continued

SIGNIFICANT ISSUES CONSIDERED BY THE AUDIT AND RISK COMMITTEE

Significant judgements, estimates and assumptions made by management are detailed in the notes to the consolidated and separate financial statements. Position papers were presented to the audit and risk committee by management during the course of the reporting period detailing management's critical and other significant accounting judgements and estimates. These were reviewed by the audit and risk committee and included, but were not limited to, the following areas:

Critical accounting judgements	Audit and risk committee response
Impairment assessment of goodwill and cash generating units (CGUs) In accordance with IAS 36: *Impairment of Assets*, goodwill is tested for impairment annually or earlier where an indicator of impairment becomes apparent. The values of mining operations are sensitive to a range of attributes unique to each asset. Management is required to apply judgement in the key underlying assumptions and estimation of: • Mineral Resources and Mineral Reserves • Commodity prices • Foreign exchange rates • Discount rates • Operating costs, capital expenditure and other operating factors.	The committee monitors the impairment review process, including the identification of impairment indicators. The committee has reviewed the judgements and inputs used in the valuation of the recoverable amount, together with the identification of CGUs. Goodwill relating to the Barberton Mines underground operations is assessed at each reporting date for impairment in accordance with IAS 36 and the committee is satisfied that there are no indications of impairment. The committee is also satisfied that there is no indication of impairment indicating impairment of other CGUs.
Other significant accounting judgements	**Audit and risk committee response**
Going concern basis of accounting	The committee has reviewed the forecast net debt levels, headroom on existing facilities and compliance with debt covenants. The going concern analysis covered the period 1 July 2023 to 30 June 2025, and considered a range of downside sensitivities, including the impact of lower commodity prices and reduced production levels. The committee concluded that it was appropriate to adopt going concern as a basis for the preparation of the financial statements.
Deferred tax	The committee has reviewed management's judgement applied in the determination of the future expected deferred tax rate for the Group's gold mining entities based on the approved budgets for the Group. The committee considered the key assumptions consistent with the assumptions discussed in the impairment of goodwill section, applied in the determination of the future expected deferred tax rate to be reasonable.
Rehabilitation and decommissioning obligation	The committee reviewed the estimate for the environmental and decommissioning obligation, which was based on the work of external consultants and internal experts. The committee considered the disclosure of the rehabilitation and decommissioning obligation in the financial statements and the changes in assumptions and other drivers of the movement in the obligation and concluded that the recognised obligation was appropriate.
Revenue	The committee reviewed management's judgement applied in accounting for the forward sale contract entered into with RMB. The committee considered the recognition, measurement and related disclosures and concluded these to be in compliance with IFRS.

INTERNAL AUDITOR

The committee performs an oversight role of the internal audit function, which is outsourced to a third party, by approval of the internal audit plan and review of the internal auditor's findings on a regular basis. The committee has satisfied itself that the internal audit function is independent and has the necessary resources, standing and authority to discharge its duties. The head of internal audit has direct access to the chairperson of the audit and risk committee, and the internal auditor is invited to attend each audit and risk committee meeting.

The committee reviewed the proposed 2023 internal audit plan and assessed whether the plan addressed the key areas of risk for the Group. The committee approved the plan having discussed the scope of work in relationship to the Group's risks.

The committee assesses the work of internal audit on a regular basis through receipt of reports on the progress of the internal audit plan. The committee met with the head of internal audit on two occasions, which enabled further evaluation of the work performed.

COMMITTEE REMUNERATION

Audit and risk committee members are remunerated in the same way as members of other board subcommittees. The fees are reviewed annually by the remuneration committee. The remuneration report, which includes the remuneration policy and the implementation report, is tabled for endorsement by the shareholders at the AGM. No retirement fund contributions are made by the Group to or on behalf of non-executive directors. Refer to **page 240** for disclosure of remuneration to audit and risk committee members.

SUBSIDIARY COMPANIES

The functions of the audit and risk committee are also performed for each subsidiary company of the Pan African Group.

FINANCIAL DIRECTOR

The committee assessed and is satisfied that Deon Louw has the appropriate skills, expertise and experience, for the role of financial director, as required by the JSE Listings Requirements and AIM Rules.

The committee considered the functioning of the Company's finance department and believes that it functions effectively, with the required controls and systems in place.

RISK MANAGEMENT

Risk management is the responsibility of the board and is integral to the achievement of the Group's objectives.

Refer to our primary risks and opportunities section on **page 28** where the risk management approach and process are discussed further.

The board, through the audit and risk committee, fulfils its responsibility in reviewing the effectiveness of the Group's risk management approach and internal controls through the review of reports submitted over the course of the reporting period covering the risk management process and control environment, specifically in-depth reviews of the Group's risk registers and review of internal audit reports.

The committee is satisfied that there was no material breakdown in the internal accounting controls during the reporting period under review.

I would like to extend my appreciation to my fellow committee members, management and the external and internal auditors for their work and support throughout the reporting period.

On behalf of the audit and risk committee

Dawn Earp
Chairperson of the audit and risk committee

13 September 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PAN AFRICAN RESOURCES PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion, Pan African Resources PLC's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 30 June 2023 and of the Group's and Company's profit and the Group's and Company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Integrated Annual Report (the "Annual Report"), which comprise: the Group and the Company statements of financial position as at 30 June 2023; the Group and the Company statements of profit or loss and other comprehensive income, the Group and the Company statements of cash flows, and the Group and the Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other listed entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in **note 10** to the financial statements, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

OUR AUDIT APPROACH

Overview

Audit scope

- As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.
- We performed an audit of the three significant components of the Group, namely Barberton Mines (Pty) Ltd, Evander Gold Mining (Pty) Ltd and Pan African Resources PLC. In addition, we performed specified procedures over ten other components in the Group.
- Financial reporting is undertaken for the consolidated Group at the head office in Johannesburg, South Africa. Our scope enabled us to obtain 100% coverage of consolidated revenue, 82% of the Group's absolute profit before tax and 98% of consolidated total assets.

Key audit matters

- Goodwill impairment assessment and impairment trigger assessment of property, plant and equipment (Group)
- Carrying value of investments in subsidiaries and receivables from Group companies (Company)

Materiality

- Overall Group materiality: US$4.3 million (2022: US$5.3 million) based on 5% of profit before tax.
- Overall Company materiality: US$1.4 million (2022: US$1.8 million) based on approximately 1% of total assets.
- Performance materiality: US$3.2 million (2022: US$4.0 million) (Group) and US$1.1 million (2022: US$1.4 million) (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment assessment and impairment trigger assessment of property, plant and equipment (Group) Impairment assessments require significant judgement and there is the risk that the valuation of the assets may be incorrect, and any potential impairment charge or reversal miscalculated. As such, this was a key area of focus for our audit due to the material nature of the respective balances. The Group has goodwill of US$16.1 million and property, plant and equipment of US$395.2 million as at 30 June 2023, primarily contained in four cash generating units ("CGUs"). The Barberton Mines' underground operations CGU has the total goodwill balance of US$16.1 million allocated to it. The Barberton Mines' underground operations CGU has been assessed for impairment using a fair value less costs of disposal model which is based on future cash flow forecasts using life of mine reserve and production estimates approved by the internal competent person. Management has concluded that the recoverable amount of the Barberton Mines' underground operations CGU is greater than the carrying amount of the associated net assets, therefore no impairment charge has been recognised. In addition, management has performed an impairment trigger and impairment reversal trigger assessment for the other CGUs in the Group. Management has determined that there were no triggers for impairment or impairment reversal in any of the other CGUs, having considered factors such as long-term gold prices, foreign exchange, inflation and interest rates, life of mine reserves and production.	In assessing the carrying value of the Barberton Mines' underground operations CGU, we evaluated management's future cash flow forecasts and the process by which they were drawn up, including checking the mathematical accuracy of their cash flow model. We agreed future capital and operating expenditure to the latest Board approved budget and the latest approved reserves and resources statement, forecast life of mine production plan and capital expenditure budget. We assessed the reasonableness of management's future forecasts of capital and operating expenses included in the cash flow forecasts in light of the historical accuracy of such forecasts and the current operational results. We note that the reserves and resources statement is prepared internally, and we assessed the competent person's qualifications, professional standing and experience and concluded that they are appropriately qualified and experienced. We used our valuation experts to assist us in evaluating the appropriateness of key market related assumptions in management's valuation model, including gold prices, and foreign exchange, inflation and discount rates. We have also ensured that the impact of climate change has been considered. We performed sensitivity analysis around the key assumptions within the cash flow forecasts using a range of discount rates and lower long-term gold prices and exchange rates based on what, in our view, a market participant may apply. We considered management's impairment trigger and reversal analysis and agreed that no impairment or reversal indicators existed for the other CGUs in the Group. We examined the related disclosures in **notes 15** and **16** of the financial statements, including the sensitivities provided with respect to the Barberton Mines' underground operations CGU. Based on our analysis, we consider management's impairment assessment and conclusions relating to the recoverable amount of goodwill, as well as the associated disclosures, to be reasonable. We also consider management's conclusions that there were no impairment triggers or reversal indicators for any of the other CGUs to be reasonable.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PAN AFRICAN RESOURCES PLC continued

Key audit matter	How our audit addressed the key audit matter
Carrying value of investments in subsidiaries and receivables from Group companies (Company) As at 30 June 2023, the Company holds investments in subsidiaries amounting to $83.6 million, comprising shares and long-term funding balances for which the directors do not intend to demand repayment in the foreseeable future, as well as short-term receivables from Group companies of $61.1 million. In assessing the carrying value of the assets, management considered whether the underlying net assets of the investments support the carrying amount, the nature of the underlying assets and whether other facts and circumstances, including impairments recorded in the Group financial statements, could also be indicative of impairment. Management has also performed an assessment of the expected credit losses of the receivables from Group companies, which also impacts the carrying value. Based on management's assessment, management has concluded that no impairment is required in relation to the carrying value of investments in subsidiaries and receivables from Group companies. Management has also concluded that no expected credit losses against the receivables from Group companies are required.	In respect of investments in subsidiaries and receivables from Group companies, we evaluated and challenged management's assessment of the carrying values. We independently performed an assessment of internal and external factors, including considering the market capitalisation of the Group with reference to the carrying value of investments in subsidiaries and receivables from Group companies. As a result of our work, we are satisfied that the carrying value of the Company's investments in subsidiaries and receivables from Group companies is appropriate as at 30 June 2023.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at the statutory reporting unit level by us, as the Group audit team, or through involvement of our component auditors in South Africa. The Group's assets and operations are primarily located within two mine sites in South Africa. Financial reporting is undertaken at the head office in Johannesburg.

We identified three reporting units which, in our view, required an audit of their complete financial information, either due to their size or risk characteristics. This included the two main operating subsidiaries in South Africa, as well as the Company. In addition, we performed specified procedures over ten other components in the Group. Audit work was performed by our component auditors in South Africa and we determined the level of involvement we needed to have in the audit work for each reporting unit to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

As part of our year-end audit, the Group audit team's involvement comprised of site visits to one of the South African operations, working with our component audit team in-person in Johannesburg, and various other procedures performed remotely, including conference calls and other forms of communication as considered necessary. We performed remote and in-person working paper reviews to satisfy ourselves as to the appropriateness of audit work performed by our component audit team. We also attended key meetings virtually and in person with local management and our component team.

The impact of climate risk on our audit

In planning our work, including identifying areas of audit risk and determining an appropriate audit response, we were mindful of the increased focus on the impact of climate change risk on companies and their financial reporting. As part of our audit, we made enquiries of management to understand its processes to assess the extent of the potential impact of climate change risks on the Group and its financial statements. We used our knowledge of the Group to consider the completeness of the risk assessment performed by management, giving consideration to both physical and transition risks, and management's own public reporting and announcements. This included consideration of the Group's renewable energy target for 2027, by which time it is targeting 15% of its energy use to be sourced from renewable sources.

Whilst the impact is uncertain, we particularly considered the impact of both physical and transition risks arising due to climate change, as well as the climate targets announced by the Group on the recoverable value of the Group's property, plant and equipment; there were no indications that the useful lives had been impacted by climate change as disclosed in **note 15**. We concur with management's assessment that there are no indications.

We also read the disclosures made in relation to climate change, in the other information within the Annual Report, and considered their consistency with the financial statements and our knowledge from our audit; this included a reading of the Group's Non-Financial and Sustainability Information Statement.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – Company
Overall materiality	US$4.3 million (2022: US$5.3 million).	US$1.4 million (2022: US$1.8 million).
How we determined it	5% of profit before tax	Approximately 1% of total assets
Rationale for benchmark applied	We believe that profit before tax is the primary measure used by shareholders in assessing the performance of the Group and is a generally accepted auditing benchmark.	We believe that total assets is the most appropriate benchmark as the entity is the ultimate holding company of the Group and therefore its financial position is driven substantially by its investments and intercompany loans.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between US$1.4 million and US$4.3 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (overall materiality: 75%) of overall materiality, amounting to US$3.2 million (2022: US$4.0 million) for the Group financial statements and US$1.1 million (2022: US$1.4 million) for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above US$214,000 (Group audit) (2022: US$260,000) and US$71,000 (Company audit) (2022: US$96,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

CONCLUSIONS RELATING TO GOING CONCERN

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining the directors' evaluation of the cash flow forecasts for the Group for the going concern period, which supports their use of the going concern basis of accounting for the Group and the Company;
- Testing the integrity of the forecast model, including the mathematical accuracy;
- Holding discussions with management and reviewing the key assumptions in the forecast model, such as the gold price and exchange rates, which we have compared against consensus prices and rates from external sources to verify the reasonability, and forecasted production, and operational and capital expenditure, which we have agreed to the Group budget;
- Consideration of the historical accuracy of management's forecasting;
- Critically evaluating management's downside sensitivities and agreeing that these represent severe but plausible downside scenarios;
- Obtaining an understanding of the Group's existing facilities and the debt capacity of the Group, and its ability to comply with debt covenants, over the going concern period; and
- Reviewing the disclosure provided in the Directors' Report and **note 41** to the financial statements, and concurring that this is sufficient to inform members about the directors' going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PAN AFRICAN RESOURCES PLC continued

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with UK and South African tax legislation and employment law, and regulations and environmental legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in key accounting estimates, and posting inappropriate journal entries to manipulate results. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Enquiries of the directors, management and the Group's legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of minutes of meetings of the Board of Directors;
- Challenging assumptions and judgements made by management in relation to their significant accounting judgements and estimates;
- Identifying and testing journal entries that exhibit risk-based criteria, in particular any journal entries posted with unusual account combinations that could be used to manipulate the results and other key performance indicators; and
- Review of related work performed by the component audit team, including their responses to risks related to management override of controls and to the risk of fraud in revenue recognition.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

COMPANIES ACT 2006 EXCEPTION REPORTING

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Timothy McAllister
Senior Statutory Auditor

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

13 September 2023

STATEMENTS OF FINANCIAL POSITION

as at 30 June

US$ thousand	Notes	Group 2023	Group 2022	Company 2023	Company 2022
ASSETS					
Non-current assets					
Property, plant and equipment	15	**395,247**	355,802	**–**	–
Goodwill	16	**16,117**	18,642	**–**	–
Intangible assets	17	**265**	281	**–**	–
Deferred tax assets	32	**428**	2,074	**309**	1,774
Long-term inventory	22	**5,992**	189	**–**	–
Investments in subsidiaries	19	**–**	–	**83,555**	96,630
Investments – other	20	**–**	1,127	**–**	1,127
Environmental rehabilitation obligation fund	21	**21,627**	23,024	**–**	–
Total non-current assets		**439,676**	401,139	**83,864**	99,531
Current assets					
Inventory	22	**9,567**	9,977	**–**	–
Trade and other receivables	23	**15,182**	17,275	**90**	53
Current tax assets	32	**1,292**	751	**188**	–
Receivables from Group companies		**–**	–	**61,050**	79,594
Loan receivable	18	**–**	271	**–**	–
Derivative financial asset	35	**451**	686	**–**	–
Cash and cash equivalents	24	**34,771**	26,993	**2,435**	2,457
Total current assets		**61,263**	55,953	**63,763**	82,104
Total assets		**500,939**	457,092	**147,627**	181,635
EQUITY AND LIABILITIES					
Share capital	25	**38,002**	38,002	**38,002**	38,002
Share premium		**235,063**	235,063	**235,063**	235,063
Retained earnings		**306,004**	264,840	**47,239**	57,578
Reserves	26	**(283,946)**	(243,125)	**(173,980)**	(151,043)
Equity attributable to owners of the Company		**295,123**	294,780	**146,324**	179,600
Non-controlling interests		**(527)**	(171)	**–**	–
Total equity		**294,596**	294,609	**146,324**	179,600
Non-current liabilities					
Environmental rehabilitation obligation	27	**10,085**	8,603	**–**	–
Borrowings	28	**42,485**	33,293	**–**	–
Lease liabilities	29	**2,849**	3,795	**–**	–
Contract liability	8	**7,081**	–	**–**	–
Share-based payment obligations	30	**1,884**	4,022	**–**	–
Deferred tax liabilities	32	**64,573**	53,781	**–**	–
Total non-current liabilities		**128,957**	103,494	**–**	–
Current liabilities					
Trade and other payables	31	**52,072**	50,224	**1,303**	1,669
Borrowings	28	**10,868**	1,319	**–**	–
Lease liabilities	29	**634**	553	**–**	–
Contract liability	8	**10,621**	–	**–**	–
Share-based payment obligations	30	**2,404**	5,559	**–**	–
Derivative financial liability	35	**55**	–	**–**	–
Current tax liabilities	32	**732**	1,334	**–**	366
Total current liabilities		**77,386**	58,989	**1,303**	2,035
Total equity and liabilities		**500,939**	457,092	**147,627**	181,635

The above statement of financial position should be read in conjunction with the accompanying notes.

The annual financial statements on **pages 164** to **248** were approved by the board of directors and authorised for issue on 13 September 2023 and were signed on its behalf by:

Cobus Loots
Chief executive officer

Deon Louw
Financial director

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the reporting period ended 30 June

US$ thousand	Notes	Group 2023	Group 2022	Company 2023	Company 2022
Revenue	8	**321,606**	376,371	**17,550**	32,116
Cost of production	9	**(219,189)**	(252,873)	**–**	–
Gross profit		**102,417**	123,498	**17,550**	32,116
Other income	10	**5,906**	8,501	**255**	209
Other expenses	10	**(13,253)**	(18,329)	**(4,758)**	(7,189)
Royalty costs		**(963)**	(2,096)	**–**	–
Impairment loss on plant and equipment	15	**–**	(467)	**–**	–
Income before finance income and finance costs		**94,107**	111,107	**13,047**	25,136
Finance income	12	**1,139**	1,095	**99**	28
Finance costs	12	**(9,692)**	(5,326)	**(1)**	(28)
Profit before tax		**85,554**	106,876	**13,145**	25,136
Income tax expense	32	**(24,817)**	(31,924)	**(316)**	(1,153)
Profit for the period		**60,737**	74,952	**12,829**	23,983
Other comprehensive (loss)/income					
Items that may be reclassified to profit or loss					
Foreign currency translation reserve movement	26	**(40,978)**	(40,125)	**(23,140)**	(27,809)
Items that may not be reclassified to profit or loss					
Investment measured at fair value through other comprehensive income movement	20	**1,563**	975	**1,563**	975
Tax thereon		**(1,360)**	(46)	**(1,360)**	(46)
Other comprehensive loss for the period, net of tax		**(40,775)**	(39,196)	**(22,937)**	(26,880)
Total comprehensive income/(loss) for the period		**19,962**	35,756	**(10,108)**	(2,897)
Profit/(loss) attributable to:		**60,737**	74,952		
Owners of the Company		**61,139**	75,137		
Non-controlling interests		**(402)**	(185)		
Total comprehensive income/(loss) attributable to:		**19,962**	35,756		
Owners of the Company		**20,318**	35,930		
Non-controlling interests		**(356)**	(174)		
Basic and diluted earnings per share (US cents)	13	**3.19**	3.90		

The above statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENTS OF CASH FLOWS

for the reporting period ended 30 June

		Group		Company	
US$ thousand	**Notes**	**2023**	**2022**	**2023**	**2022**
Cash flows from operating activities					
Net cash from operating activities before dividend, tax, royalties and net finance costs	34.1	**132,941**	142,879	**13,389**	28,442
Dividend paid	14	**(23,168)**	(24,984)	**(23,168)**	(24,984)
Reciprocal dividend received		**3,193**	3,425	**–**	–
Income tax paid	34.2	**(6,521)**	(6,764)	**(883)**	(1,108)
Royalties paid	34.3	**(1,194)**	(1,756)	**–**	–
Securities transfer tax paid		**(7)**	–	**–**	–
Finance costs paid		**(6,254)**	(4,042)	**(1)**	(12)
Finance income received		**1,133**	1,248	**99**	28
Net cash from/(used in) operating activities		**100,123**	110,006	**(10,564)**	2,366
Cash flows from investing activities					
Additions to property, plant and equipment		**(112,709)**	(82,683)	**–**	–
Proceeds from disposal of property, plant and equipment		**160**	563	**–**	–
Additions to intangible assets	17	**(113)**	(2)	**–**	–
Consideration for assets acquired, net of cash acquired	36	**(2,939)**	–	**–**	–
Repayment of loan receivable		**255**	583	**–**	–
Receipts from the environmental rehabilitation obligation fund	21	**130**	151	**–**	–
Proceeds from disposal of investments – other	20	**2,485**	–	**2,485**	–
Increase in investments in subsidiaries	19	**–**	–	**(12)**	(13)
Advances of loans to subsidiaries		**–**	–	**(32,547)**	(38,214)
Repayment of loans to subsidiaries		**–**	–	**40,239**	40,486
Net cash (used in)/from investing activities		**(112,731)**	(81,388)	**10,165**	2,259
Cash flows from financing activities					
Proceeds from borrowings	34.4	**94,705**	12,903	**–**	–
Repayment of borrowings	34.4	**(69,276)**	(41,422)	**–**	–
Share buy-back		**–**	(3,222)	**–**	(3,222)
Repayment of lease liabilities	34.4	**(562)**	(616)	**–**	–
Net cash from/(used in) financing activities		**24,867**	(32,357)	**–**	(3,222)
Net increase/(decrease) in cash and cash equivalents		**12,259**	(3,739)	**(399)**	1,403
Cash and cash equivalents at the beginning of the period		**26,993**	35,133	**2,457**	2,963
Effect of foreign exchange rate changes		**(4,481)**	(4,401)	**377**	(1,909)
Cash and cash equivalents at the end of the period	24	**34,771**	26,993	**2,435**	2,457

The above statements of cash flows should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY

for the reporting period ended 30 June

	Group						
US$ thousand	**Share capital**	**Share premium**	**Reserves[1]**	**Retained earnings**	**Equity attributable to the owners of the Company**	**Non-controlling interests**	**Total equity**
Balance as at 1 July 2021	38,151	235,063	(200,837)	211,254	283,631	–	283,631
Total comprehensive income	–	–	(39,207)	75,137	35,930	(174)	35,756
Profit for the period	–	–	–	75,137	75,137	(185)	74,952
Other comprehensive loss	–	–	(39,207)	–	(39,207)	11	(39,196)
Dividends paid	–	–	–	(24,984)	(24,984)	–	(24,984)
Reciprocal dividend – PAR Gold[2]	–	–	–	3,425	3,425	–	3,425
Recognition of non-controlling interests	–	–	–	–	–	3	3
Share buy-back[3]	(149)	–	(3,073)	–	(3,222)	–	(3,222)
Unwinding of broad-based black economic empowerment (B-BBEE) structure: share-based payment	–	–	(8)	8	–	–	–
Balance as at 30 June 2022	**38,002**	**235,063**	**(243,125)**	**264,840**	**294,780**	**(171)**	**294,609**
Total comprehensive income	**–**	**–**	**(40 821)**	**61,139**	**20,318**	**(356)**	**19,962**
Profit for the period	**–**	**–**	**–**	**61,139**	**61,139**	**(402)**	**60,737**
Other comprehensive loss	**–**	**–**	**(40,821)**	**–**	**(40,821)**	**46**	**(40,775)**
Dividends paid	**–**	**–**	**–**	**(23,168)**	**(23,168)**	**–**	**(23,168)**
Reciprocal dividend – PAR Gold[2]	**–**	**–**	**–**	**3,193**	**3,193**	**–**	**3,193**
Balance as at 30 June 2023	**38,002**	**235,063**	**(283,946)**	**306,004**	**295,123**	**(527)**	**294,596**

	Company				
US$ thousand	**Share capital**	**Share premium**	**Reserves[1]**	**Retained earnings**	**Total equity**
Balance as at 1 July 2021	38,151	235,063	(121,090)	58,579	210,703
Total comprehensive loss	–	–	(26,880)	23,983	(2,897)
Profit for the period	–	–	–	23,983	23,983
Other comprehensive loss	–	–	(26,880)	–	(26,880)
Dividends paid	–	–	–	(24,984)	(24,984)
Share buy-back[3]	(149)	–	(3,073)	–	(3,222)
Balance as at 30 June 2022	**38,002**	**235,063**	**(151,043)**	**57,578**	**179,600**
Total comprehensive loss	**–**	**–**	**(22,937)**	**12,829**	**(10,108)**
Profit for the period	**–**	**–**	**–**	**12,829**	**12,829**
Other comprehensive loss	**–**	**–**	**(22,937)**	**–**	**(22,937)**
Dividends paid	**–**	**–**	**–**	**(23,168)**	**(23,168)**
Balance as at 30 June 2023	38,002	235,063	(173,980)	47,239	146,324

[1] *Reserves comprise all reserves balances. Refer to **note 26** for further details.*

[2] *Reciprocal dividend – PAR Gold Proprietary Limited (PAR Gold) refers to the intra-Group transaction which relates to the dividend received on the treasury shares held by PAR Group in the Company. PAR Gold holds 13.8% (2022: 13.8%) of the issued share capital of the Company. Refer to **note 38** in respect of the related party transaction.*

[3] *The Company completed a share buy-back programme which resulted in the total issued shares of the Company decreasing by 11,825,491 shares during the previous reporting period.*

The above statements of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

for the reporting period ended 30 June

1. GENERAL INFORMATION

Pan African Resources PLC (the Company) is incorporated in the UK and registered in England and Wales under the Companies Act 2006 with the registration number 3937466. The Company has a dual primary listing on the JSE and the UK's AIM. The Company's shares can also be traded on its Level 1 ADR programme in the USA and on the A2X Market exchange as a secondary exchange in South Africa. In addition, Funding Company issued listed domestic medium-term notes (DMTN) on the JSE Debt Board in the current reporting period (**pages 217** and **218**. The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the Group). The nature of the Group's operations and its principal activities relate to commodity mining and exploration activities.

2. STATEMENT OF COMPLIANCE

The financial statements of the Pan African Group have been prepared in accordance with UK-adopted international accounting standards and the requirements of the Companies Act 2006 as applicable to the companies reporting under these standards.

Furthermore, they have been prepared in accordance with SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee, Financial Reporting Pronouncement as issued by the Financial Reporting Standards and the JSE Listings Requirements.

3. BASIS OF PREPARATION

The financial statements have been prepared as a going concern (refer to **note 41**) on the historical basis, except for financial assets at fair value through other comprehensive income or fair value through profit or loss, the environmental rehabilitation obligation fund and derivative financial instruments, which are stated at fair value. The accounting policies, inclusive of judgements and estimates, have been consistently applied for the reporting periods presented and comply with IFRS.

Functional and presentation currency

The financial statements are presented in US$ and all values are rounded to the nearest thousand (US$'000), except where otherwise indicated.

The individual financial results of each Group company are maintained in their functional currencies, which are determined by reference to the primary economic environment in which each company operates. The Company, and its South African subsidiaries, have determined their functional currency as the South African rand. The subsidiary in Sudan has determined its functional currency as the Sudanese pound.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, inclusive of judgements and estimates, have been consistently applied for the reporting periods presented and comply with IFRS.

4.1 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within 12 months after the reporting period
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within 12 months after the reporting period
- or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

4.2 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Transactions eliminated on consolidation

Intra-Group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred assets.

Non-controlling interests

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Subsequently, the carrying amount of the non-controlling interests is the amount of the interest at initial recognition plus its share of subsequent changes in equity.

4.3 Foreign currency

Foreign transactions

Foreign currency transactions by Group companies are recognised in the functional currency of the company at the rate of exchange ruling on the date of the transaction.

At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange ruling at the reporting date. Gains or losses arising on translation of monetary items are recognised in the statement of profit or loss and other comprehensive income.

Non-monetary assets and liabilities are measured in terms of historical cost in a foreign currency and are translated using the exchange rates at the dates of the initial transactions.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rate at the reporting date. The income and expenses of foreign operations are translated at the exchange rates at the dates of the transactions.

Foreign currency translation differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve, except to the extent that the translation difference is allocated to non-controlling interests. Foreign exchange gains and losses arising from a monetary receivable from, or payable to, a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of the net investment in a foreign operation and are recognised in other comprehensive income and presented in the foreign currency translation reserve.

When a foreign operation is disposed of in its entirety or partially such that control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

Translation to presentation currency

The Group's assets and liabilities are translated into the presentation currency (US$) of the Group at the rate of exchange prevailing at the reporting date. Income and expense items are translated at the exchange rate prevailing at the date of the significant transaction or the average rate for the period. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

4.4 Impairment of non-financial assets

At each reporting date, the Group assesses the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the asset's recoverable amount is estimated. An asset with an indefinite useful life, for example goodwill, is not subject to amortisation and is tested at the reporting date for impairment.

Impairment losses are immediately recognised as an expense in profit or loss whenever the carrying amount of an asset or its CGU exceeds its recoverable amount.

An impairment loss in respect of goodwill is not reversed. For other assets, a reversal of an impairment loss is recognised in profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised on the asset or CGU.

4.5 Financial assets

Classification, recognition and measurement

The Group's financial assets are classified into the following measurement categories: instruments measured at amortised cost, instruments measured at fair value through other comprehensive income and instruments measured at fair value through profit or loss.

Financial assets are classified as measured at amortised cost only if the asset is held within a business model whose objective is to collect the contractual cash flows and contractual terms of the asset give rise to cash flows that are solely payments of principal interest.

The Group has elected to measure equity instruments at fair value through other comprehensive income as this better reflects the strategic nature of the Group's equity investments. For equity instruments at fair value through other comprehensive income, changes in the fair value, including those related to foreign exchange, are recognised in other comprehensive income and there is no subsequent reclassification of fair value gains and losses to profit or loss.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss including all derivative financial assets and the environmental rehabilitation obligation fund.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus transaction costs that are directly attributable to its acquisition. Transaction costs for an item at fair value through profit or loss are expensed. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets at amortised cost are subsequently measured using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at fair value through other comprehensive income are subsequently measured at fair value. Other net gains and losses are recognised in other comprehensive income and never reclassified to profit or loss.

Financial assets at fair value through profit or loss are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS continued

for the reporting period ended 30 June

Impairment

The Group recognises loss allowances for expected credit losses (ECLs) on a financial asset measured at amortised cost. The Group recognises ECLs based on lifetime default events for financial assets, except those that have not experienced a significant increase in credit risk, which are measured using 12-month default events. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience, informed credit assessment and includes forward-looking information. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk. Credit losses are measured as the difference between the cash flows due in accordance with the contract and the cash flows the Group expects to receive. A financial asset is 'credit-impaired' when one or more events that have a detrimental adverse impact on the estimated future cash flows of a financial asset have occurred.

Derecognition

Financial assets are derecognised when the right to receive cash flows from the asset has expired, or the right to receive cash flows has been transferred together with substantially all the risks and rewards of ownership, or the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

4.6 Financial liabilities

Classification, recognition and measurement

Financial liabilities are classified and accounted for as debt according to the substance of the contractual arrangements entered into.

Financial liabilities are classified and measured at amortised cost or fair value through profit or loss. A financial liability is classified at fair value through profit or loss if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Borrowings and trade and other payables are initially recognised at fair value net of directly attributable transaction costs, except for derivative instruments which are initially recognised at fair value. Financial liabilities at fair value through profit or loss are measured at fair value, and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains or losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial liabilities are derecognised when the associated obligation has been discharged, cancelled or has expired. A substantial modification of the terms of a financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the extinguished financial liability and the consideration paid is recognised in profit or loss. The terms of a financial liability are considered substantially different if the present value of the cash flows under the new terms (including any fees paid net of fees received) differs at least 10% from the present value of the financial liability's cash flows using the original effective interest rate and term.

The gains or losses on non-substantial modifications are recognised as part of finance costs or income. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified financial liability.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability.

4.7 Fair value measurement

Fair value is determined based on observable market data (in the case of listed investments, the market share price) or discounted cash flow models (and other valuation techniques) using assumptions considered to be reasonable and consistent with those that would be applied by a market participant. Where discounted cash flows 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.

The determination of assumptions used in assessing the fair value of identifiable assets and liabilities is subjective and the use of different valuation assumptions could have a significant impact on financial results. In particular, expected future cash flows, which are used in discounted cash flow models, are inherently uncertain and could materially change over time. They are significantly affected by several factors including Mineral Resources and Mineral Reserves, together with economic factors such as commodity prices, exchange rates, discount rates and estimates of production costs and future capital expenditure.

5. JUDGEMENTS AND ESTIMATES

The preparation of the financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that may materially affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- **Note 8**: Revenue
- **Note 15**: Property, plant and equipment
- **Note 36**: Acquisitions and disposals.

Significant assumptions and estimates

Information about assumptions and estimation uncertainties at 30 June 2023 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next reporting period is included in the following notes:

- **Note 16**: Goodwill
- **Note 32**: Tax expense.

Information about other assumptions and estimation uncertainties is included in the following notes:

- **Note 15**: Property, plant and equipment
- **Note 27**: Environmental rehabilitation obligation
- **Note 28**: Guarantees
- **Note 29**: Leases
- **Note 30**: Share-based payment obligation
- **Note 33**: ESOP transactions
- **Note 39**: Commitments.

NOTES TO THE FINANCIAL STATEMENTS continued

for the reporting period ended 30 June

6. RECENT ACCOUNTING DEVELOPMENTS

6.1 New standards, interpretations and amendments effective for the first time as at 30 June 2023

The following standards became effective during the current reporting period:

Title	Impact	Annual period beginning on or after
Annual Improvements Cycle 2018 – 2020[1]	IFRS 9: *Financial Instruments* has been amended to only include costs or fees between the borrower and the lender in the calculation of the '10% test' for derecognition of a financial liability. Fees paid to third parties are excluded from the calculation.	1 January 2022
Amendment to IAS 16: *Property, Plant and Equipment* – Proceeds before Intended Use[1]	The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.	1 January 2022

[1] *None of the above amendments had a material impact on the Group and Company.*

6.2 New standards, interpretations and amendments issued but not yet effective as at 30 June 2023

The following standards and interpretations applicable to the Group, which were in issue and not yet effective as at 30 June 2023, have not been early adopted by the Group:

Title	Impact	Annual period beginning on or after
Amendment to IAS 1: *Presentation of Financial Statements* on Classification of Liabilities as Current or Non-current[1]	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. A number of requirements are required to be met in conjunction with this amendment.	1 January 2024
Narrow scope amendments to IAS 1: *Presentation of Financial Statements*, Practice Statement 2 and IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors*[1]	The amendments aim to improve accounting policy disclosures and help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.	1 January 2023
Amendments to IAS 12: *Income Taxes* – Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]	The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.	1 January 2023

[1] *None of the above amendments are expected to have a material impact on the Group and Company.*

IBOR reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposure to the Johannesburg Interbank Average Rate (JIBAR). The South African Reserve Bank has indicated their intention to move away from JIBAR and to create an alternative reference rate for South Africa. This reform is at various stages globally, and a suitable alternative for South Africa is expected to be announced in due course. Accordingly, there is uncertainty surrounding the timing and manner in which the transition would occur and how this would affect various financial instruments issued and held by the Group. Funding Company, the Group's corporate treasury function, currently monitors the Group's transition to an alternative rate and evaluates the extent to which contracts reference JIBAR, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties.

7. SEGMENT ANALYSIS

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 Exco. The operating segments of the Group are determined based on the reports used to make strategic decisions that are reviewed by Exco. 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 reported segments are all located in South Africa except for the exploration assets located in Sudan and comprise the following:

- Barberton Mines including the Barberton Tailings Retreatment Plant (BTRP) located in Barberton
- Evander Mines (the Elikhulu Tailings Retreatment Plant (Elikhulu), underground 8 Shaft pillar, 24, 25 and 26 Level project, Egoli project and surface sources) located in Evander
- MTR project: the MTR project located in Mogale district; a plant is being constructed to process gold tailings deposits of Mogale Gold and Mintails SA Soweto Cluster (MSC).

These segments derive their revenue from mining, extraction, production and the sale of gold.

- Solar projects currently consist of the solar plant located at Evander Mines, and the planned development of a solar plant at Barberton Mines and the extension of Evander Mines' solar plant
- Exploration assets consist of five prospecting concessions (or exploration licences) in north-eastern Sudan (the Block 12 concessions), covering an area of almost 1,100km² and located approximately 70km north-west of Port Sudan
- Agricultural ESG projects mainly comprise the Group's Barberton Blueberries project (Barberton Blue Proprietary Limited (Barberton Blue)), as well as other small-scale agricultural projects in the Barberton Mines host community areas
- Corporate consists mainly of the Group's holding companies and management services company which renders services to the Group and is located in Johannesburg
- Funding Company is the centralised treasury function of the Group located in Johannesburg.

NOTES TO THE FINANCIAL STATEMENTS continued

for the reporting period ended 30 June

7. SEGMENT ANALYSIS continued

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

		2023					2023				
US$ thousand	**Notes**	**Barberton Mines**	**Evander Mines**	**Solar projects**	**MTR project**	**Mining operations**	**Exploration assets**	**Agricultural ESG projects**	**Corporate**	**Funding Company**	**Group total**
Revenue		154,641	166,659	–	–	321,300	–	306	–	–	321,606
Cost of production	9	(106,644)	(91,239)	(238)	–	(198,121)	–	(669)	–	–	(198,790)
Depreciation and amortisation	15	(8,806)	(10,905)	(472)	(3)	(20,186)	–	(213)	–	–	(20,399)
Gross profit/(loss)		39,191	64,515	(710)	(3)	102,993	–	(576)	–	–	102,417
Other income[1]		1,021	3,283	–	395	4,699	17	–	486	704	5,906
Other expenses[1]		(1,812)	(2,601)	(12)	(665)	(5,090)	(767)	(131)	(6,912)	(353)	(13,253)
Royalty costs		(598)	(365)	–	–	(963)	–	–	–	–	(963)
Income/(loss) before finance income and finance costs		37,802	64,832	(722)	(273)	101,639	(750)	(707)	(6,426)	351	94,107
Finance income[1]		2	7	2	135	146	–	–	117	876	1,139
Finance costs[1]		(430)	(1,782)	(578)	(174)	(2,964)	–	–	(40)	(6,688)	(9,692)
Profit/(loss) before tax		37,374	63,057	(1,298)	(312)	98,821	(750)	(707)	(6,349)	(5,461)	85,554
Income tax expense		(9,348)	(14,688)	(137)	(7)	(24,180)	–	–	(487)	(150)	(24,817)
Profit/(loss) for the period excluding intra-Group transactions		28,026	48,369	(1,435)	(319)	74,641	(750)	(707)	(6,836)	(5,611)	60,737
Revenue		–	–	2,198	–	2,198	–	–	12,904	–	15,102
Cost of production		–	(2,198)	–	–	(2,198)	–	–	–	–	(2,198)
Elimination of dividends received from/(paid to) fellow Group companies		–	–	–	–	–	–	–	(12,904)	–	(12,904)
Management fees		(5,784)	(3,471)	(169)	–	(9,424)	(169)	(101)	9,807	(113)	–
Finance income/(costs)		2,165	(2,519)	(299)	(135)	(788)	–	(523)	(3,340)	4,651	–
Profit/(loss) after tax including intra-Group transactions		24,407	40,181	295	(454)	64,429	(919)	(1,331)	(369)	(1,073)	60,737
Segment assets (total assets excluding goodwill)		132,031	280,915	11,003	17,177	441,126	4,199	3,060	4,569	31,868	484,822
Segment liabilities		48,755	93,342	1,443	4,284	147,824	1	129	4,923	53,466	206,343
Net assets (excluding goodwill)[2]		83,276	187,573	9,560	12,893	293,302	4,198	2,931	(354)	(21,598)	278,479
Goodwill		16,117	–	–	–	16,117	–	–	–	–	16,117
Capital expenditure[3]		20,391	79,889	2,251	8,806	111,337	872	400	350	–	112,959
Reconciliation of adjusted EBITDA[4]											
Income/(loss) before tax, finance income and finance costs		37,802	64,832	(722)	(273)	101,639	(750)	(707)	(6,426)	351	94,107
Excluding: depreciation and amortisation included in gross profit		8,806	10,905	472	3	20,186	–	213	–	–	20,399
Excluding: other depreciation and amortisation		–	–	–	–	–	178	14	312	–	504
Adjusted EBITDA[4]		46,608	75,737	(250)	(270)	121,825	(572)	(480)	(6,114)	351	115,010

[1] *Other expenses and income exclude intra-Group management fees. Finance income and finance costs exclude intra-Group interest.*

[2] *The segment assets and liabilities above exclude intra-Group balances.*

[3] *Capital expenditure comprises additions to property, plant and equipment, mineral rights, exploration and intangible assets.*

[4] *Adjusted EBITDA comprises earnings before interest, tax, depreciation, amortisation and impairment losses.*

NOTES TO THE FINANCIAL STATEMENTS continued

for the reporting period ended 30 June

7. SEGMENT ANALYSIS continued

		2022				2022				
US$ thousand	**Notes**	**Barberton Mines**	**Evander Mines**	**Solar projects**	**Mining operations**	**Exploration assets**	**Agricultural ESG projects**	**Corporate**	**Funding Company**	**Group total**
Revenue		174,596	201,775	–	376,371	–	–	–	–	376,371
Cost of production	9	(115,129)	(110,654)	(257)	(226,040)	–	(405)	–	–	(226,445)
Depreciation and amortisation	15	(10,460)	(15,836)	(90)	(26,386)	–	(42)	–	–	(26,428)
Gross profit/(loss)		49,007	75,285	(347)	123,945	–	(447)	–	–	123,498
Other income[1]		2,222	4,601	–	6,823	41	–	285	1,352	8,501
Other expenses[1]		(2,949)	(1,097)	–	(4,046)	(83)	(195)	(13,669)	(336)	(18,329)
Royalty costs		(1,581)	(515)	–	(2,096)	–	–	–	–	(2,096)
Impairment loss on plant and equipment		–	(467)	–	(467)	–	–	–	–	(467)
Income/(loss) before finance income and finance costs		46,699	77,807	(347)	124,159	(42)	(642)	(13,384)	1,016	111,107
Finance income[1]		141	2	1	144	–	1	384	566	1,095
Finance costs[1]		(708)	(1,732)	(119)	(2,559)	–	–	(49)	(2,718)	(5,326)
Profit/(loss) before tax		46,132	76,077	(465)	121,744	(42)	(641)	(13,049)	(1,136)	106,876
Income tax (expense)/benefit		(12,281)	(18,157)	103	(30,335)	–	–	(1,245)	(344)	(31,924)
Profit/(loss) for the period excluding intra-Group transactions		33,851	57,920	(362)	91,409	(42)	(641)	(14,294)	(1,480)	74,952
Revenue		–	–	308	308	–	–	28,665	279	29,252
Cost of production		–	(308)	–	(308)	–	–	–	–	(308)
Elimination of dividends received from/(paid to) fellow Group companies		–	–	–	–	–	–	(28,665)	(279)	(28,944)
Management fees		(5,700)	(6,240)	(197)	(12,137)	–	(118)	12,386	(131)	–
Finance income/(costs)		1,718	(3,430)	(26)	(1,738)	–	(349)	(1,544)	3,631	–
Profit/(loss) after tax including intra-Group transactions		29,869	47,942	(277)	77,534	(42)	(1,108)	(3,452)	2,020	74,952
Segment assets (total assets excluding goodwill)		139,985	246,549	12,018	398,552	3,345	3,592	8,619	24,342	438,450
Segment liabilities		50,584	68,013	8,477	127,074	1	97	9,104	26,207	162,483
Net assets (excluding goodwill)[2]		89,401	178,536	3,541	271,478	3,344	3,495	(485)	(1,865)	275,967
Goodwill		18,642	–	–	18,642	–	–	–	–	18,642
Capital expenditure[3]		28,419	39,327	8,828	76,574	3,639	1,000	1,597	–	82,810
Reconciliation of adjusted EBITDA[4]										
Income/(loss) before tax, finance income and finance costs		46,699	77,807	(347)	124,159	(42)	(642)	(13,384)	1,016	111,107
Excluding: depreciation and amortisation included in gross profit		10,460	15,836	90	26,386	–	42	–	–	26,428
Excluding: other depreciation and amortisation		–	–	–	–	–	14	252	–	266
EBITDA[4]		57,159	93,643	(257)	150,545	(42)	(586)	(13,132)	1,016	137,801
Excluding: impairment loss on plant and equipment		–	467	–	467	–	–	–	–	467
Adjusted EBITDA[4]		57,159	94,110	(257)	151,012	(42)	(586)	(13,132)	1,016	138,268

[1] *Other expenses and income exclude intra-Group management fees. Finance income and finance costs exclude intra-Group interest.*

[2] *The segment assets and liabilities above exclude intra-Group balances.*

[3] *Capital expenditure comprises additions to property, plant and equipment, mineral rights, exploration and intangible assets.*

[4] *Adjusted EBITDA comprises earnings before interest, tax, depreciation, amortisation and impairment losses.*

NOTES TO THE FINANCIAL STATEMENTS continued

for the reporting period ended 30 June

8. REVENUE

Accounting policy

Revenue from contracts with customers

Sale of precious metals

The Group sells precious metals, mainly gold, into the market through commodity trading transactions with financial institutions. Revenue from metal sales is recognised when the Group satisfies its performance obligations under its contracts with financial institutions, by transferring such metals to the financial institutions' control. Transfer of control is at a point in time when risk and title to the metals passes to the customer, being the date of delivery of the precious metals to Rand Refinery Proprietary Limited (Rand Refinery).

Revenue is recognised based on the current prevailing gold price and the ounces delivered to Rand Refinery. There is no element of financing as payment is received shortly after delivery of the gold to Rand Refinery.

Revenue from the sale of slag is recognised at a point in time when the product is delivered to the customer and at the prevailing rate at the transaction date.

Sale of blueberries

The Group sells blueberries in the market through Berryworld South Africa on consignment. The blueberries are subject to a quality review by the purchaser, and the price is determined based on the quality and grade in line with the prevailing market price. Revenue is recognised at a point in time based on the prevailing market price and the quantities delivered. There is no element of financing as payment is received shortly after delivery.

Management fees

The Company has entered into service level agreements with its subsidiaries, whereby its directors and employees provide management services to subsidiaries in the Group. These services are recovered based on time spent managing the subsidiaries (input method) and the fees are recognised in profit or loss as revenue when the services are rendered.

Other revenue

Dividend received

The dividend from a subsidiary is recognised as revenue of the Company at a point in time which is when the Company's right, as shareholder, to receive payment has been established.

Disaggregation of revenue

	Group		Company	
US$ thousand	**2023**	**2022**	**2023**	**2022**
Revenue from contracts with customers				
Gold revenue	**320,822**	375,673	**–**	–
Silver revenue	**478**	698	**–**	–
Blueberries revenue[1]	**306**	–	**–**	–
Management fees	**–**	–	**4,646**	7,355
Other revenue				
Dividend received from subsidiary	**–**	–	**12,904**	24,761
Total revenue	**321,606**	376,371	**17,550**	32,116

[1] *Revenue amounting to US$216,000 (2022: US$ nil) was earned through export sales.*

8. REVENUE continued

Contract liability

Significant judgement

The Group entered into a forward sale contract on 13 March 2023 with RMB, whereby 4,846oz of gold will be delivered monthly to RMB at a fixed price of ZAR1,025,000/kg (US$1,723/oz) per month for a period of 24 months. The Group received consideration of US$21.6 million (ZAR400 million) in advance which has been recognised as a contract liability. Revenue is recognised monthly on a straight-line basis.

Significant judgement has been applied in accounting for the transaction as IFRS 15: *Revenue from Contracts with Customers* as opposed to IFRS 9: *Financial Instruments* given the valuation methodology applied in pricing the transaction. Promised consideration has been adjusted for the time value of money as the period between payment by RMB and transfer of the promised goods by the Group exceeds 12 months and, as such, contains a significant financing component. The financing component has been presented as part of finance costs.

	Group		Company	
US$ thousand	**2023**	**2022**	**2023**	**2022**
Balance as at 1 July	**–**	–	**–**	–
Advance consideration received	**21,600**	–	**–**	–
Unwinding of finance costs	**629**	–	**–**	–
Recognised as revenue	**(4,381)**	–	**–**	–
Foreign currency translation movement	**(146)**	–	**–**	–
Balance as at 30 June	**17,702**	–	**–**	–
Less: current portion	**(10,621)**	–	**–**	–
Non-current portion	**7 081**	–	**–**	–

9. COST OF PRODUCTION

Cost of production is summarised by the nature of its components and consists of the following:

		Group		Company	
US$ thousand	**Note**	**2023**	**2022**	**2023**	**2022**
Salaries and wages		**(51,040)**	(56,864)	**–**	–
Electricity		**(28,508)**	(33,844)	**–**	–
Mining		**(31,463)**	(40,280)	**–**	–
Processing and metallurgy		**(51,494)**	(55,978)	**–**	–
Engineering and technical services		**(18,787)**	(21,423)	**–**	–
Administration and other		**(9,027)**	(8,852)	**–**	–
Realisation costs		**(993)**	(1,085)	**–**	–
Security		**(7,436)**	(8,119)	**–**	–
Fuel costs		**(42)**	–	**–**	–
Cost of production before depreciation and amortisation		**(198,790)**	(226,445)	**–**	–
Depreciation and amortisation	15	**(20,399)**	(26,428)	**–**	–
Total cost of production		**(219,189)**	(252,873)	**–**	–

NOTES TO THE FINANCIAL STATEMENTS continued

for the reporting period ended 30 June

10. OTHER INCOME/(EXPENSES)

		Group		Company	
US$ thousand	Notes	2023	2022	2023	2022
Other income					
Gain on foreign exchange		284	291	255	209
Gain arising from unrealised derivatives	35	–	565	–	–
Gain arising from realised derivatives		347	145	–	–
Change in estimate on environmental rehabilitation obligation	27	888	4,712	–	–
Fair value gain on environmental rehabilitation obligation funds	21	1,936	563	–	–
Insurance compensation		675	–	–	–
South African Revenue Service (SARS) diesel refunds		428	469	–	–
Consulting fees		223	75	–	–
Other		1 125	445	–	–
Total other income		5,906	8,501	255	209
Other expenses					
Loss arising from unrealised derivatives	35	(209)	–	–	–
Loss arising from realised derivatives		(111)	(163)	–	–
Expenses relating to short-term leases		(53)	(742)	–	–
Expenses relating to leases of low-value assets		(6)	(104)	–	–
Non-mining depreciation and amortisation	15	(504)	(266)	–	–
Non-executive directors' emoluments	37	(334)	(357)	(334)	(356)
Executive directors' emoluments	37	(1,845)	(1,625)	(1,845)	(1,625)
Cash-settled share-based payment expense	30	(894)	(5,617)	(678)	(3,078)
Auditors' remuneration[1]		(437)	(408)	(229)	(279)
– current year audit fee		(442)	(323)	(231)	(244)
– Over/(under) provision of audit fee		19	(59)	2	(35)
– Non-audit fees for other assurance services rendered		(14)	(26)	–	–
Salaries corporate office		(3,477)	(3,275)	(1,042)	(835)
Investor and public relations costs		(226)	(171)	(93)	(122)
Travel costs		(279)	(212)	(12)	(4)
Office costs		(310)	(120)	–	–
Business development costs		(87)	(208)	–	(17)
Consulting fees		(665)	(734)	(51)	(16)
Legal fees		(200)	(352)	(62)	(149)
Corporate social expenditure		(1,486)	(1,771)	–	–
Other		(2,130)	(2,204)	(412)	(708)
Total other expenses		(13,253)	(18,329)	(4,758)	(7,189)
Net other expenses		(7,347)	(9,828)	(4,503)	(6,980)

[1] *All audit fees are paid locally in South Africa with the exception of the PwC UK audit fee of US$184,000 (2022: US$152,000). Details of the Company's policy on the use of the statutory auditors' non-audit services and the safeguards to ensure their independence and objectivity are disclosed in the audit and risk committee report on* ***pages 168*** *to* ***171****.*

11. EMPLOYEE COSTS AND COMPLEMENT

Accounting policy

Short-term employment benefits

Salaries, wages, annual leave, incentives and non-monetary benefits are recognised in the period in which the related services are rendered by employees. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by an employee and the obligation can be estimated reliably.

Defined contribution plans

Payments to the Group's defined contribution retirement benefit plans are recognised as an expense as they fall due. Payments made to state-managed schemes are accounted for as defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan and are recognised as an expense as they fall due.

	Group		Company	
US$ thousand	2023	2022	2023	2022
Salaries and wages included in profit or loss	56,362	61,764	2,887	2,460
Included in employee costs above are contributions to the defined contribution plans	3,987	2,132	18	18
Salaries and wages capitalised to property, plant and equipment	4,075	3,347	–	–

	Group			
Number of employees	2023 Average	2023 Closing	2022 Average	2022 Closing
Corporate	23	24	23	26
Barberton Blue	27	25	24	26
MTR project	2	6	–	–
Evander Mines	247	247	250	257
Barberton Mines	2,005	2,167	1,860	1,889
Total number of employees	2,304	2,469	2,157	2,198

The majority of employees are required to be members of either the Barberton Pension Umbrella Fund, the Sentinel Retirement Fund, the Mine Workers Provident Fund or the Alexander Forbes Group Provident Fund. These are defined contribution funds which are registered under and governed by the South African Pension Funds Act, 24 of 1956, as amended. The assets of the schemes are held separately from those of the Group in independent funds and they are under the control of the funds trustees. This cost represents the employer's contributions payable to the respective schemes by the Group and Company at rates specified in the rules of each scheme.

NOTES TO THE FINANCIAL STATEMENTS continued

for the reporting period ended 30 June

12. FINANCE (COSTS)/INCOME

Accounting policy

Finance income comprises interest income received on cash deposits, loans receivable, attorney's trust account and SARS.

Finance costs comprise interest on borrowings, lease liabilities, contract liability, instalment sale obligations, environmental rehabilitation obligation, SARS and modification gains or losses on borrowings.

Finance income and costs are recognised using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset
- the amortised cost of the financial liability.

In calculating finance income and costs, the effective interest rate is applied to the gross carrying amount of the asset or to the amortised cost of the liability.

	Group		Company	
US$ thousand	**2023**	**2022**	**2023**	**2022**
Finance income				
Finance income in respect of:				
– Cash and cash equivalents	**991**	601	**99**	28
– Loans receivable	**8**	352	**–**	–
– Attorney's trust account	**134**	–	**–**	–
– SARS	**6**	139	**–**	–
– Other	**–**	3	**–**	–
Total finance income	**1,139**	**1,095**	**99**	**28**
Finance costs				
Finance costs in respect of:				
– Borrowings	**(6,351)**	(3,885)	**–**	–
– Modification (loss)/gain on borrowings	**(995)**	956	**–**	–
– Lease liabilities	**(389)**	(478)	**–**	–
– Environmental rehabilitation obligation	**(1,267)**	(1,878)	**–**	–
– Contract liability	**(629)**	–	**–**	–
– SARS	**–**	(17)	**–**	(16)
– Instalment sale obligation	**–**	(9)	**–**	–
– Other	**(61)**	(15)	**–**	(12)
Total finance costs	**(9,692)**	(5,326)	**–**	(28)
Net finance (costs)/income	**(8,553)**	(4,231)	**99**	–

13. EARNINGS PER SHARE

Basic and diluted earnings per share is based on the Group's profit or loss for the year attributable to owners of the Company, divided by the weighted average number of shares outstanding during the year. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding on the assumption that all potentially dilutive ordinary shares are converted to ordinary shares. There was no dilutive impact on the weighted average number of shares in issue during the current or previous reporting period.

Reconciliation of weighted average number of ordinary shares

	Group	
Number of shares in issue in thousands	**2023**	**2022**
Ordinary shares in issue	**2,222,862**	2,222,862
Treasury shares	**(306,358)**	(306,358)
Ordinary shares outstanding	**1,916,504**	1,916,504
Adjustment for weighting of ordinary shares outstanding as a result of the share buy-back	**–**	9,562
Weighted average number of ordinary shares outstanding at the reporting date	**1,916,504**	1,926,066

Basic and diluted earnings per share

The calculation of basic and diluted earnings per ordinary share is based on the following:

	Group	
US$ thousand	**2023**	**2022**
Profit attributable to owners of the Company	**61,139**	75,137
Basic and diluted earnings per share (US cents)	**3.19**	3.90

Headline earnings per share

Headline earnings per share is based on the Group's headline earnings, determined in accordance with SAICA Circular 2023/1 which forms part of the JSE Listings Requirements, divided by the weighted average number of shares outstanding during the reporting period.

The reconciliation between earnings and headline earnings is as follows:

	Group	
US$ thousand	**2023**	**2022**
Profit attributable to owners of the Company	**61,139**	75,137
Adjusted for:		
Insurance compensation	**(675)**	–
Tax on insurance compensation	**–**	–
Impairment loss on plant and equipment	**–**	467
Tax on impairment loss on plant and equipment	**–**	–
Headline earnings	**60,464**	75,604
Headline and diluted headline earnings per share (US cents)	**3.15**	3.93

Net asset and tangible net asset value

	Group	
US cents	**2023**	**2022**
Net asset value	**294,596**	294,609
Net asset value per share[1]	**15.37**	15.37
Tangible net asset value	**234,215**	222,338
Tangible net asset value per share[2]	**12.22**	11.60

[1] *Net assets equates to the total assets less total liabilities.*

[2] *Tangible net assets represent total assets less total liabilities, mineral rights, goodwill, mining properties, exploration assets and intangible assets.*

The net asset and tangible net asset value per share is calculated by dividing the net asset and tangible net asset value by the number of ordinary shares outstanding at the end of the reporting period. This information is not required by IFRS but is presented as additional information to the users of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS continued
for the reporting period ended 30 June

14. DIVIDENDS

Accounting policy

Final dividends are recognised as a liability on the date on which such dividends are declared.

Dividends withholding tax is a tax withheld on dividends paid to shareholders that are subject to this tax at a rate applicable in terms of legislative requirements. The Group withholds dividend tax on behalf of its shareholders, as a representative taxpayer, at the applicable rate on dividends paid. Amounts withheld are not recognised as part of the Group's tax expense but rather as part of the dividend paid, recognised in equity.

Cash flows from dividends paid and the reciprocal dividend are classified under operating activities in the statement of cash flows.

Dividends declared and paid

The board has proposed a final dividend of ZAR400.1 million for the 2023 reporting period (approximately US$21.2 million), equal to ZA 18.00000 cents per share or approximately US 0.95592 cents per share (0.75219 pence per share). The dividend is subject to approval by shareholders at the AGM, which is convened for 23 November 2023.

The British pound (GBP) and US$ proposed final dividend were calculated based on a total of 2,222,862,046 shares in issue and an illustrative exchange rate of US$/ZAR:18.83 and GBP/ZAR:23.93, respectively.

In light of the results for the current reporting period and the favourable financial prospects for the operations in the 2024 reporting period, the board has applied its discretion and has proposed a dividend consistent with the Company's dividend policy guidelines, which provide for a 40% to 50% payout ratio of free cash flow.

A final dividend of ZA 18.00000 cents per share equating to US 1.05820 cents per share (0.86915 pence per share) was approved for the 2022 financial year at the AGM held on 24 November 2022.

15. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Property, plant and equipment comprises all properties, plant and equipment, mineral rights and mining properties, exploration assets, right-of-use assets (refer below), capital under construction and bearer plants. These assets (excluding exploration assets and capital under construction) are initially measured at cost whereafter they are measured at cost less accumulated depreciation and accumulated impairment losses. Exploration assets and capital under construction are initially measured at cost, whereafter they are measured at cost less accumulated impairment losses.

Costs include expenditure that is directly attributable to the acquisition or construction of the asset, borrowing costs capitalised, as well as the costs of dismantling and removing an asset and restoring the site on which it is located. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Exploration and evaluation costs are expensed in the year in which they are incurred until they result in projects that the Group evaluates as being technically or commercially feasible, have sufficient resources to complete development and can demonstrate that the projects will generate future economic benefits.

Exploration assets consist of the costs of acquiring rights and activities associated with converting a Mineral Resource to a Mineral Reserve. The process thereof includes drilling, sampling and other processes necessary to evaluate the technical feasibility and commercial viability of a Mineral Resource to prove whether a Mineral Reserve exists. Exploration assets also include geological, geochemical and geophysical studies associated with prospective projects and tangible assets which comprise property, plant and equipment used for exploratory activities. Costs are capitalised to the extent that they are a directly attributable exploration expenditure and classified as a separate class of assets on a project-by-project basis. Once a Mineral Reserve is determined, or the project is ready for development, the asset attributable to the Mineral Reserve or project is tested for impairment and then reclassified to the appropriate class of assets. Depreciation commences when the assets are available for use.

The blueberry plants are recognised as bearer plants as they are used in the supply of agricultural produce (blueberries) and are expected to bear produce for more than one period and have a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

15. PROPERTY, PLANT AND EQUIPMENT continued

Accounting policy continued

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using appropriate methods over their estimated useful lives, and is generally recognised in profit or loss. Land and capital under construction are not depreciated.

Mining rights and mining property, plant and machinery, shafts and exploration assets are depreciated over the estimated life-of-mine to their residual values using the units-of-production method based on estimated Proven and Probable Mineral Reserves.

Buildings and infrastructure and items of plant and machinery for which consumption is not linked to production are depreciated to their residual values at varying rates on a straight-line basis over their estimated useful lives or the life-of-mine, whichever is shorter. The estimated useful lives may vary between five and 20 years.

Other non-mining assets are depreciated on the straight-line basis over their expected useful lives which may vary between three and 10 years.

Right-of-use assets are depreciated on a straight-line basis from the lease commencement date over the useful life of the asset if ownership of the underlying asset will transfer to the Group at the end of the lease term.

Bearer plants are depreciated on a straight-line basis over their estimated useful lives, being 10 years.

When capital under construction assets are capable of operating in the manner as intended by management, they are transferred to the appropriate asset class and depreciated in line with their respective asset class.

Depreciation methods, residual values and estimated useful lives are reviewed annually at each reporting date and adjusted if appropriate.

Right-of-use assets

The Group recognises a right-of-use asset and a corresponding lease liability at each lease commencement date with respect to all lease arrangements in which it is the lessee. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs which comprise the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The Group assesses right-of-use assets for impairment when such indicators exist and right-of-use assets are adjusted for certain remeasurements of the lease liability.

Derecognition

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss on the derecognition of an item of property, plant and equipment (calculated as the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Significant judgements

Impairment and impairment reversals

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

NOTES TO THE FINANCIAL STATEMENTS continued

for the reporting period ended 30 June

15. PROPERTY, PLANT AND EQUIPMENT continued

Significant judgements continued

Cash-generating units

The Group defines a CGU as the smallest identifiable group of assets that generate cash flows largely independent of cash flows from other assets or a group of assets. The allocation of assets to a CGU requires judgement.

The Group's CGUs have been determined as follows:

- **Barberton Mines' underground operations:** Underground operations (Fairview, Sheba and Consort) are reliant on the Fairview BIOX® plant for processing and these operations have been grouped together as a single CGU
- **BTRP:** The BTRP has the ability to treat and smelt gold independently of the Fairview BIOX® plant and is independent of the underground operations resulting in the BTRP representing a single CGU
- **Egoli project:** A drilling programme and feasibility study were completed in September and November 2017, respectively. Dewatering in accordance with the phased development approach has commenced. The Egoli project will be developed as a project independent of Evander Mines' underground operations resulting in the project representing a separate CGU
- **Elikhulu:** The surface mining operation has been constructed in a manner such that it is independent of Evander Mines' underground operations resulting in Elikhulu being determined as a single CGU
- **Evander Mines' underground operations:** This CGU includes 7 Shaft, 8 Shaft and the run-of-mine circuit at the Kinross metallurgical plant and 8 Shaft pillar mining, which are independent of Elikhulu and the Egoli project, resulting in them representing a single CGU
- **Agricultural ESG projects:** This CGU comprises Barberton Blue as well as other small-scale agricultural projects in Barberton Mines' host community areas
- **Solar projects:** This CGU currently consists of the solar plant located at Evander Mines
- **MTR project:** This CGU comprises MTR, Mogale Gold and MSC in which the construction of the tailings retreatment plant has commenced
- **Sudan:** This CGU consists of exploration assets and five prospecting concessions (or exploration licences) in north-eastern Sudan.

Depreciation – units-of-production method

The calculation of the units-of-production rate of depreciation could be affected if actual production in the future varies significantly from current forecast production. This would generally arise when there are significant changes in any of the factors or assumptions used in estimating Mineral Reserves and Mineral Resources. These factors could include:

- changes in Mineral Reserves and Mineral Resources
- the grade of Mineral Reserves and Mineral Resources
- differences between actual commodity prices and commodity price assumptions
- unforeseen operational issues at mine sites including planned extraction efficiencies
- changes in capital, operating, mining processing and reclamation costs, discount rates and foreign exchange rates.

15. PROPERTY, PLANT AND EQUIPMENT continued

Significant judgements continued

Cash flow projections and key assumptions

Expected future cash flows used in discounted cash flow models are inherently uncertain and could materially change over time. Cash flow projections are significantly affected by a number of factors including Mineral Resources and Mineral Reserves together with economic factors such as commodity prices, foreign exchange rates and discount rates and estimates of production costs and future capital expenditure.

Cash flow projections are based on financial forecasts and life-of-mine plans incorporating key assumptions (refer to **page 205**) as detailed below:

- **Mineral Resources and Mineral Reserves:** Mineral Resources and, where considered appropriate, Mineral Reserves, are reflected within projected cash flows, based on Mineral Resources and Mineral Reserves statements (in accordance with the SAMREC Code for South African properties) and exploration and evaluation work undertaken by appropriately qualified persons. Mineral Resources are included where management has a high degree of confidence in their economic extraction, despite additional evaluation still being required prior to meeting the required confidence to convert to Mineral Reserves. Refer to the abridged Mineral Resources and Mineral Reserves report on **pages 103** to **115** or our website at https://www.panafricanresources.com/operations-at-a-glance-2/mineral-resource-mineral-reserve-2/ for further disclosure of the Group's Mineral Resources and Mineral Reserves and life-of-mine plans
- **Commodity prices:** Commodity prices are based on the latest internal forecasts, benchmarked with external sources of information, to ensure that they are within the range of available analyst forecasts. Where existing sales contracts are in place, the effects of such contracts or hedging arrangements 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 life-of-mine plans and internal management forecasts. Cost assumptions incorporate management experience and expectations, as well as the nature and location of the operation and the risk associated therewith (for example, the grade of Mineral Resources and Mineral Reserves varying significantly over time and unforeseen operational issues).

Impairment considerations

There was no change in the composition of the Group's CGUs other than the addition of the MTR project CGU (**note 36**). No impairment indicators were identified in the Group's CGUs for impairment testing in the current and previous reporting periods.

The Sudan exploration project is located in the Red Sea State of Sudan, near the key coastal city of Port Sudan. This area is not affected by the conflict, and the assets remain unscathed.

Following the outbreak of violence in Sudan, all expatriate employees working on the exploration project were safely repatriated. All of the Group's assets situated in Sudan, including the fire assay multi-element analytical laboratory, are currently guarded and have been placed under care and maintenance. The return of the expatriate workforce was initiated during August 2023 to resume exploration activities. The carrying amount of the Group's investment in the Sudan exploration project to date, including the acquisition of the exploration concessions and other assets, amounts to approximately US$5.0 million.

NOTES TO THE FINANCIAL STATEMENTS continued

for the reporting period ended 30 June

15. PROPERTY, PLANT AND EQUIPMENT continued

US$ thousand	Land[1]	Mineral rights and mining property	Exploration assets – other[2]	Exploration assets – Sudan	Leasehold improvements	Buildings and infrastructure – owned	Buildings and infrastructure – right-of-use assets	Plant and machinery – owned	Plant and machinery – right-of-use assets	Capital under construction[3]	Shafts and exploration	Bearer plants	Other[4]	Total
GROUP														
Cost														
Balance as at 1 July 2021	2,569	45,243	32,974	–	–	85,869	606	302,269	5,401	21,984	114,949	–	633	612,497
Transfers to intangible assets	–	–	–	–	–	–	–	(53)	–	–	–	–	–	(53)
Additions	–	–	–	1,500	600	6,158	–	11,244	127	50,688	12,442	–	51	82,810
Disposals	–	–	–	–	–	1,640	–	17,093	–	(22,005)	42	1,292	(2)	(1,940)
Borrowing costs capitalised	–	–	–	–	–	–	–	–	–	558	–	–	–	558
Decrease in environmental rehabilitation obligation asset[5]	–	–	–	–	–	(812)	–	–	–	–	–	–	–	(812)
Foreign currency translation reserve movement	(316)	(5,558)	(4,051)	(98)	(39)	(11,004)	(74)	(38,975)	(672)	(4,605)	(14,934)	(84)	(81)	(80,491)
Balance as at 30 June 2022	**2,253**	**39,685**	**28,923**	**1,402**	**561**	**81,851**	**532**	**291,578**	**4,856**	**46,620**	**112,499**	**1,208**	**601**	**612,569**
Additions – right-of-use asset	**–**	**–**	**–**	**–**	**–**	**–**	**312**	**–**	**–**	**–**	**–**	**–**	**–**	**312**
Acquisition[6]	**18**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**18**
Additions	**3,221**	**138**	**–**	**282**	**260**	**2,772**	**–**	**11,038**	**(3)**	**7,249**	**87,644**	**7**	**351**	**112,959**
Disposals	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(75)**	**–**	**–**	**–**	**–**	**(102)**	**(177)**
Transfers	**–**	**598**	**(54)**	**–**	**–**	**13,997**	**–**	**12,134**	**(39)**	**(26,575)**	**–**	**–**	**(5)**	**56**
Foreign currency translation reserve movement	**(488)**	**(5,416)**	**(3,914)**	**(115)**	**248**	**(12,028)**	**(89)**	**(40,542)**	**(655)**	**(5,226)**	**(20,169)**	**(164)**	**(95)**	**(88,653)**
Balance as at 30 June 2023	**5,004**	**35,005**	**24,955**	**1,569**	**1,069**	**86,592**	**755**	**274,133**	**4,159**	**22,068**	**179,974**	**1,051**	**750**	**637,084**
Accumulated depreciation and accumulated impairment losses														
Balance as at 1 July 2021	–	(20,954)	–	–	–	(34,299)	(314)	(155,988)	(1,223)	–	(52,156)	–	(641)	(265,575)
Transfers to intangible assets	–	–	–	–	–	–	–	–	–	–	–	–	99	99
Depreciation	–	(804)	–	–	–	(5,291)	(99)	(17,519)	(407)	–	(2,347)	(22)	(77)	(26,566)
Impairment loss[7]	–	–	–	–	–	–	–	(467)	–	–	–	–	–	(467)
Disposals	–	–	–	–	–	–	–	1,377	–	–	–	–	–	1,377
Decrease in environmental rehabilitation obligation asset[5]	–	–	–	–	–	81	–	–	–	–	–	–	–	81
Foreign currency translation reserve movement	–	2,627	–	–	–	4,553	45	20,245	177		6,560	1	76	34,284
Balance as at 30 June 2022	**–**	**(19,131)**	**–**	**–**	**–**	**(34,956)**	**(368)**	**(152,352)**	**(1,453)**	**–**	**(47,943)**	**(21)**	**(543)**	**(256,767)**
Depreciation	**–**	**(487)**	**–**	**–**	**(82)**	**(3,486)**	**(189)**	**(13,439)**	**(582)**	**–**	**(2,341)**	**(111)**	**(96)**	**(20,813)**
Disposals	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**55**	**–**	**–**	**–**	**–**	**–**	**55**
Transfers	**–**	**(562)**	**–**	**–**	**–**	**(6,610)**	**–**	**3,914**	**13**	**–**	**2,968**	**–**	**27**	**(250)**
Foreign currency translation reserve movement	**–**	**2,650**	**–**	**–**	**(3)**	**5,302**	**61**	**21,156**	**229**	**–**	**6,457**	**9**	**77**	**35,938**
Balance as at 30 June 2023	**–**	**(17,530)**	**–**	**–**	**(85)**	**(39,750)**	**(496)**	**(140,666)**	**(1,793)**	**–**	**(40,859)**	**(123)**	**(535)**	**(241,837)**
Carrying amount														
As at 30 June 2022	2,253	20,554	28,923	1,402	561	46,895	164	139,226	3,403	46,620	64,556	1,187	58	355,802
As at 30 June 2023	**5,004**	**17,475**	**24,955**	**1,569**	**984**	**46,842**	**259**	**133,467**	**2,366**	**22,068**	**139,115**	**928**	**215**	**395,247**

[1] *Land registers are maintained at the offices of Barberton Mines and Evander Mines, which may be inspected by a member or their duly authorised agents.*

[2] *Exploration assets comprising Evander South, Rolspruit and Poplar were recognised on 1 March 2013 at their respective fair values in terms of IFRS 3: Business Combinations.*

[3] *Capital under construction represents ongoing capital projects within the Group.*

[4] *Other assets include computer equipment and furniture and fittings.*

[5] *Refer to* ***note 27****.*

[6] *Refer to* ***note 36****.*

[7] *The impairment loss relates to a slurry tank that failed.*

Refer to **note 28** for property, plant and equipment pledged as security for the Group's senior debt.

NOTES TO THE FINANCIAL STATEMENTS continued

for the reporting period ended 30 June

15. PROPERTY, PLANT AND EQUIPMENT continued

Reconciliation of depreciation and amortisation as included in cost of production:

		Group	
US$ thousand	Notes	2023	2022
Depreciation on property, plant and equipment		**(20,813)**	(26,566)
Amortisation of intangible assets	17	**(90)**	(128)
Add back: other depreciation and amortisation	10	**504**	266
Total depreciation and amortisation included in cost of production	9	**(20,399)**	(26,428)

16. GOODWILL

Accounting policy

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Impairment

The Group tests its goodwill annually for impairment or more frequently if events or circumstances indicate a potential impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated firstly to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed.

	Group		Company	
US$ thousand	2023	2022	2023	2022
Goodwill[1]	**16,117**	18,642	**–**	–

[1] *The movement is due to the translation at the closing rate of US$/ZAR:18.83 (2022: US$/ZAR:16.28).*

The Group's goodwill was historically recognised on the acquisition of Barberton Mines in July 2007 and was allocated to Barberton Mines' mining operations' CGU from which the expected benefit from the business combination will arise.

Barberton Mines' impairment assessment was performed in accordance with the Group's accounting policies and no impairment of the goodwill was identified.

The recoverable amount of Barberton Mines' CGU is determined from a discounted life-of-mine cash flow model to indicate fair value less cost to sell. The key assumptions for the fair value less cost to sell calculation include the discount rate, changes to the gold price and direct costs expected over the life-of-mine.

16. GOODWILL continued

Impairment assessment assumptions

The Group determines the recoverable amounts of goodwill by calculating the fair value less cost to sell from the discounted life-of-mine model cash flows of the respective CGUs. The fair value was categorised as Level 3 as the valuation technique depends to a significant extent on unobservable valuation inputs. The Group prepares cash flow projections derived from the most recent financial forecasts approved by management. Fair value less cost to sell is derived by discounting future cash flows of the CGU on a nominal basis using the following key assumptions.

	2023	2022
Nominal discount rate (post-tax) (%)	**16.4**	15.5
Gold price (ZAR/kg) – initial year[1]	**1,139,656**	953,003
Long-term cost inflation (%)	**5.1**	5.1
Life-of-mine (years)	**20**	20

[1] *The forecast nominal gold price used in the discounted life-of-mine cash flow model for impairment testing purposes is determined for each year by management's best estimate of future gold prices, based on historical and market data from both internal and external sources. In determining the forecast gold price for each year, management used consensus forecast prices and forward US$/ZAR exchange rates from various market sources.*

There is a degree of uncertainty associated with the estimation of the long-term gold price forecast and to provide for this risk, management has estimated a reasonable downside scenario by considering a possible decline in the nominal gold price to ZAR954,000/kg (June 2022: ZAR869,000/kg) with a 4.55% annual growth over the life-of-mine, assuming all other variables remain constant. The outcome of this sensitivity analysis would result in an impairment loss on goodwill of US$16.1 million (2022: US$18.6 million).

The following table addresses additional sensitivities in respect of the impairment of goodwill:

	Unit	Sensitivity	Adjusted inputs	(Decrease)/ increase in recoverable amount US$ thousand	Resultant goodwill impairment US$ thousand
2023					
Gold price – initial year	**ZAR/kg**	**5% decrease in US$ gold price[1]**	**1,082,673**	**(27,334)**	**16,117**
Nominal post-tax discount rate	**%**	**1% point increase in discount rate[1]**	**17.40**	**(4,850)**	**–**
South African rand	**US$/ZAR**	**5% stronger**	**17.39**	**(27,334)**	**16,117**
South African rand	**US$/ZAR**	**3% weaker[1]**	**18.85**	**15,754**	**–**
2022					
Gold price – initial year	ZAR/kg	5% decrease in US$ gold price[1]	905,353	(44,310)	18,642
Nominal post-tax discount rate	%	1% point increase in discount rate[1]	16.50	(8,041)	–
South African rand	US$/ZAR	5% stronger	16.06	(44,310)	18,642
South African rand	US$/ZAR	3% weaker[1]	17.41	25,328	–

[1] *The annual inputs in the life-of-mine cash flow model for impairment testing purposes were adjusted to reflect the change as per the sensitivities.*

NOTES TO THE FINANCIAL STATEMENTS continued

for the reporting period ended 30 June

17. INTANGIBLE ASSETS

Accounting policy

Intangible assets comprise software costs and are measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred. These intangible assets are amortised over their estimated useful lives, usually between three and five years, or the duration of the licences. Amortisation methods, residual values and estimated useful lives are reviewed at each reporting date.

	Group		Company	
US$ thousand	**2023**	**2022**	**2023**	**2022**
Software costs				
Balance as at 1 July	**281**	505	**–**	–
Gross carrying amount	**1,282**	1,403	**–**	–
Accumulated amortisation	**(973)**	(866)	**–**	–
Accumulated impairment losses	**(28)**	(32)	**–**	–
Transfer from property, plant and equipment	**–**	(46)	**–**	–
Additions	**113**	2	**–**	–
Amortisation	**(90)**	(128)	**–**	–
Foreign currency translation reserve movement	**(39)**	(52)	**–**	–
Balance as at 30 June	**265**	281	**–**	–
Gross carrying amount	**1,215**	1,282	**–**	–
Accumulated amortisation	**(926)**	(973)	**–**	–
Accumulated impairment losses	**(24)**	(28)	**–**	–

No changes were made to the useful lives of the intangible assets based on the review in the current and previous reporting periods.

No indicators of impairment were present in the current or previous reporting period and therefore no impairment loss was recognised.

18. LOAN RECEIVABLE

Accounting policy

Refer to **note 4.5** for the policy addressing financial assets at amortised cost.

	Group		Company	
US$ thousand	**2023**	**2022**	**2023**	**2022**
Other loan receivable[1]	**–**	271	**–**	–
Total loan receivable	**–**	271	**–**	–
Non-current portion	**–**	–	**–**	–
Current portion	**–**	271	**–**	–
Total loan receivable	**–**	271	**–**	–

[1] *Other loan receivable accrued interest at the prevailing prime rate with a 2% margin with repayment terms of up to 24 months. The loan receivable was settled on 31 December 2022.*

19. INVESTMENTS IN SUBSIDIARIES

Accounting policy

The Company, in its separate financial statements, measures investments in subsidiaries at cost less accumulated impairment losses, if any.

The subsidiaries listed as follows are incorporated in South Africa, which is also their principal place of business except for Pan African Resources Minerals DMCC which is registered in Dubai and Pan African Resources Minerals Co Limited which is registered in Sudan.

The registered address of the Company is Suite 31, 2nd Floor, 107 Cheapside, London, EC2V 6DN. The registered address of the Company's South African subsidiaries is The Firs Building, 2nd Floor, Office 204, corner Biermann and Cradock Avenues, Rosebank, Johannesburg, 2196.

The registered address of the Dubai company is Dubai Multi Commodities Centre, DMCC Business Centre, AG Tower, Dubai. The registered address of the Sudan company is Khartoum, Khartoum 2, Block No 5, House No 8.

19. INVESTMENTS IN SUBSIDIARIES continued

The Company has investments in the following subsidiaries:

		Statutory holding		Effective holding of the Company	Company Carrying amount US$ thousand	
	Principal activity	**2023 %**	**2022 %**	**%**	**2023**	**2023**
South Africa						
Barberton Mines Proprietary Limited (Barberton Mines)[1]	Gold mining	**95.00**	95.00	100.00	**–**	–
Evander Gold Mines Proprietary Limited (Evander Gold Mines)[1]	Gold mining	**100.00**	100.00	100.00	**–**	–
Evander Gold Mining Proprietary Limited (Evander Mines)	Gold mining	**100.00**	100.00	100.00	**–**	–
Mogale Tailings Retreatment Proprietary Limited (MTR)[2]	Gold mining	**100.00**	100.00	100.00	**–**	–
Mogale Gold Proprietary Limited (Mogale Gold)[2]	Gold mining	**100.00**	–	100.00	**–**	–
Mintails SA Soweto Cluster Proprietary Limited (MSC)[2]	Gold mining	**100.00**	–	100.00	**–**	–
Pan African Resources Funding Company Limited (Funding Company)[3]	Treasury services	**100.00**	100.00	100.00	**–**	–
Pan African Resources SA Holding Company Proprietary Limited (PAR SA Holdings)[4]	Holding company	**100.00**	100.00	100.00	**82,416**	95,324
Pan African Resources Management Services Company Proprietary Limited (PAR Management Services)[5]	Administration services	**100.00**	100.00	100.00	**1,062**	1,229
Concrete Rose Proprietary Limited (Concrete Rose)[6]	B-BBEE company	**100.00**	100.00	100.00	**–**	–
PAR Gold Proprietary Limited (PAR Gold)[7]	Investing	**49.90**	49.90	100.00	**–**	–
Barberton Mines BEE Company Proprietary Limited (Barberton Mines BEE Company)[8]	Employee share ownership plan (ESOP) arrangement	**100.00**	100.00	100.00	**–**	–
Barberton Mines ESOP Trust[8]	ESOP arrangement	**100.00**	100.00	100.00	**–**	–
Evander Mines ESOP Trust[9]	ESOP arrangement	**100.00**	100.00	100.00	**–**	–
Evander Solar Solutions Proprietary Limited (Evander Solar Solutions)[10]	Solar plant	**100.00**	100.00	100.00	**–**	–
Barberton Blue Proprietary Limited (Barberton Blue)	Agricultural ESG project	**80.00**	80.00	80.00	**–**	–
Barberton Green Proprietary Limited (Barberton Green)	Agricultural ESG project	**100.00**	100.00	100.00	**–**	–
Pan African Resources Properties Proprietary Limited (PAR Properties)[11]	Property company	**100.00**	100.00	100.00	**56**	64
Other						
Pan African Resources Minerals DMCC[12]	Holding company of the operations in Sudan	**80.00**	80.00	80.00	**20**	11
Pan African Resources Minerals Co Limited[12]	Exploration – Sudan	**100.00**	100.00	100.00	**1**	2
Total investments in subsidiaries					**83,555**	96,630

NOTES TO THE FINANCIAL STATEMENTS continued

for the reporting period ended 30 June

19. INVESTMENTS IN SUBSIDIARIES continued

	Company	
US$ thousand	2023	2022
Movement in investments in subsidiaries		
Balance as at 1 July	**96,630**	110,150
Investment in Pan African Resources Minerals Co Limited	**–**	2
Investment in Pan African Resources Minerals DMCC	**12**	11
Foreign currency translation reserve movement	**(13,087)**	(13,533)
Total investments in subsidiaries	**83,555**	96,630

1 *Employees own 5% of the issued share capital of Barberton Mines and Evander Mines through an ESOP. During the 2018 reporting period, the Group's South African investments were restructured resulting in Barberton Mines and Elikhulu being transferred to PAR SA Holdings. The ESOP at Evander Mines is being reviewed to ensure compliance with B-BBEE share ownership programme requirements. Refer to* **note 26***.*

2 *MTR is the Group holding company for the MTR project operations.*

3 *Funding Company centrally provides treasury services to the Group entities. It was converted to a public company in October 2022 as part of the JSE Debt Listing Requirements.*

4 *PAR SA Holdings is the Group's holding company for the mining investments in Mpumalanga province.*

5 *The purpose of PAR Management Services is to provide management services to the mining operations.*

6 *The Group's B-BBEE transaction was unwound during the previous reporting period.*

7 *During the 2016 reporting period, the Group concluded a share buy-back transaction in which 49.9% of PAR Gold's issued share capital was acquired. The transaction translated to a share buy-back for accounting purposes due to Funding Company receiving the majority of the economic benefits of PAR Gold. Following the conclusion of the B-BBEE restructure on 15 January 2018, PAR Gold's shareholders now comprise 49.9% Funding Company and 50.1% K2015200726 Proprietary Limited (K Company), of which 49.5% of the shares held by K Company derive no economic benefit although all the shares are entitled to a voting right. PAR Gold disposed of 130 million shares in the Company on 30 May 2018, resulting in its shareholding in the Company reducing to 13.8% (2022:13.8%). Refer to* **note 26***.*

8 *The Barberton Mines ESOP arrangement was established through two entities which are effectively controlled by the Group. These entities are Barberton Mines BEE Company which owns 5% of the issued share capital in Barberton Mines and the Barberton Mines ESOP Trust which holds all the issued share capital in Barberton Mines BEE Company. Barberton Mines' employees are beneficiaries of the ESOP Trust. The Barberton Mines ESOP Trust and B-BBEE company are consolidated into the Group. Refer to* **note 33***.*

9 *The Evander Mines ESOP arrangement was established through two entities which are effectively controlled by the Group. These entities are Evander Mines BEE Company which owns 5% of the issued share capital in Evander Mines and the Evander Mines ESOP Trust which holds all the issued share capital in Evander Mines BEE Company. Evander Mines' employees are beneficiaries of the ESOP Trust. The Evander Mines ESOP Trust and B-BBEE company are consolidated into the Group. The ESOP at Evander Mines is being reviewed to ensure compliance with B-BBEE share ownership programme requirements. Evander Mines BEE Company was deregistered in the previous reporting period and the 5% shares are now held by the ESOP Trust.*

10 *The purpose of Evander Solar Solutions is to establish a solar plant to provide electricity to the mining operations.*

11 *PAR Properties owns a historical building in Barberton.*

12 *Pan African Resources Minerals DMCC registered in Dubai is the holding company of Pan African Resources Minerals Co Limited registered in Sudan. The Group, through Pan African Minerals secured five prospecting concessions (or exploration licences) in north-eastern Sudan during the previous reporting period.*

20. INVESTMENTS – OTHER

Accounting policy

The investment in equity interest is measured at fair value through other comprehensive income. Refer to **note 4.5** for the policy addressing financial assets measured at fair value through other comprehensive income.

		Group		Company	
US$ thousand	Principal activity	2023	2022	2023	2022
MC Mining Limited (MC Mining)[1]	Coal mining	**–**	1,127	**–**	1,127

The registered address of the investment is Suite 8, 7 The Esplanade, Mt Pleasant WA 6153, Australia.

	Group		Company	
US$ thousand	2023	2022	2023	2022
Movement in investment				
Balance as at 1 July	**1,127**	1,064	**1,127**	1,064
Fair value adjustment through other comprehensive income	**1,563**	208	**1,563**	208
Disposal of investment	**(2,485)**	–	**(2,485)**	–
Foreign currency translation reserve movement	**(205)**	(145)	**(205)**	(145)
Total investments – other	**–**	1,127	**–**	1,127

1 *During the reporting period, the Company disposed of its investment in MC Mining for an amount of US$2.5 million. The Company previously held 15,432,581 of MC Mining's issued share capital representing a 9.3% shareholding. MC Mining is an emerging coal exploration, development and mining company operating in South Africa.*

21. ENVIRONMENTAL REHABILITATION OBLIGATION FUND

Accounting policy

These investments are classified as financial assets at fair value through profit or loss. Refer to **note 4.5** for the policy addressing financial assets measured at fair value through profit or loss.

Funds held in insurance investment products

US$ thousand	Notes	Barberton Mines	Evander Mines	Mogale Gold	Total
Balance as at 1 July 2021		4,326	21,484	–	25,810
Drawdowns		(30)	(121)	–	(151)
Fair value gain recognised in profit or loss	10	94	469	–	563
Foreign currency translation reserve movement		(536)	(2,662)	–	(3,198)
Balance as at 30 June 2022		**3,854**	**19,170**	**–**	**23,024**
Acquisition	37	**–**	**–**	**18**	**18**
Drawdowns		**(30)**	**(100)**	**–**	**(130)**
Fair value gain recognised in profit or loss	10	**325**	**1,611**	**–**	**1,936**
Foreign currency translation reserve movement		**(539)**	**(2,681)**	**(1)**	**(3,221)**
Balance as at 30 June 2023		**3,610**	**18,000**	**17**	**21,627**

The Group invests in an insurance investment product held by Cenviro Solutions Proprietary Limited (Cenviro Solutions) underwritten by Centriq Insurance Company Limited. Contributions are made in the form of premiums paid to Cenviro Solutions and funds are held in insurance investment products. The insurance policies are held in the respective names of the mining operations, Evander Mines and Barberton Mines.

Cenviro Solutions has issued guarantees to the Department of Mineral Resources and Energy (DMRE) in support of the Group's environmental rehabilitation obligation. The Group's environmental rehabilitation obligation is fully funded by the investments held in the investment products.

Refer to **note 27** for details of the environmental rehabilitation obligation.

NOTES TO THE FINANCIAL STATEMENTS continued

for the reporting period ended 30 June

22. INVENTORY

Accounting policy

Inventory is measured at the lower of cost, determined on a weighted average basis, and net realisable value. Costs include direct mining costs and mine overheads.

An allowance for obsolete or damaged inventory is maintained by the Group. The level of the allowance for obsolete inventory is equivalent to the value of the difference between the cost of the inventory and its net realisable value or current replacement cost at the reporting date. Movement in this allowance is recognised in cost of production.

	Group		Company	
US$ thousand	2023	2022	2023	2022
Consumables stores	10,197	10,585	–	–
Current portion of long-term inventory	78	113	–	–
Allowance for obsolete inventory	(708)	(721)	–	–
Current inventory	9,567	9,977	–	–
Long-term inventory[1]	5,992	189	–	–
Total inventory	15,559	10,166	–	–
Inventory recognised in cost of production	26,446	22,303	–	–

[1] *The long-term inventory increased in the current reporting period as a result of the Mogale Gold and MSC acquisition (refer to* ***note 36****). Previously the long-term inventory related to a holding of tailings contained in Barberton Mines' Harper tailings storage facility (TSF).*

There was no write-down of inventory to net realisable value or any reversal of write-downs in the current or previous reporting period.

23. TRADE AND OTHER RECEIVABLES

Accounting policy

Trade and other receivables are measured at initial recognition at fair value plus transaction costs. They are subsequently measured at amortised cost, less an allowance for ECLs. Refer to **note 4.5** for the policy addressing financial assets measured at amortised cost.

	Group		Company	
US$ thousand	2023	2022	2023	2022
Trade receivables	6,946	8,020	–	–
Net other receivables	2,218	2,870	–	–
– Other receivables[1]	2,489	2,930	–	–
– Loss allowance	(271)	(60)	–	–
Total financial assets	9,164	10,890	–	–
Prepayments	1,315	1,150	32	53
Value-added tax (VAT) receivable	4,703	5,235	58	–
Total non-financial assets	6,018	6,385	90	53
Total trade and other receivables	15,182	17,275	90	53

[1] *Other receivables arise from transactions outside the usual operating activities of the Group and consist mainly of sundry debtors of US$1.9 million (2022: US$2.9 million) of Evander Mines and Barberton Mines.*

It is the Group's policy to only sell gold to and transact its foreign exchange with reputable South African financial institutions. The sale of gold and foreign exchange is executed on behalf of the Group by TreasuryOne Proprietary Limited, an independent treasury consultancy firm. Due to the creditworthiness of these institutions, the Group has not recognised an allowance for ECLs on trade receivables. Proceeds from the sale of gold are received within seven days of delivery from these institutions. These financial institutions are the major customers representing more than 95% of the trade receivable balance for the gold mining subsidiaries, namely Barberton Mines and Evander Mines.

The loss allowance on other receivables is estimated by the Group's management based on the current economic environment and the individual debtor's circumstances.

Trade receivables have been pledged as security in terms of the Group's senior debt as disclosed in **note 28**.

24. CASH AND CASH EQUIVALENTS

Accounting policy

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are classified as financial assets measured at amortised cost.

Refer to **note 4.5** for the policy addressing financial assets measured at amortised cost.

	Group		Company	
US$ thousand	2023	2022	2023	2022
Cash and cash equivalents	34,771	26,993	2,435	2,457
Restricted cash[1]	(240)	(277)	–	–
Total cash and cash equivalents net of restricted cash	34,531	26,716	2,435	2,457

[1] *Restricted cash relates to funds withdrawn from the environmental rehabilitation obligation fund and COVID-19 Temporary Employee Relief Scheme funds.*

25. SHARE CAPITAL

Accounting policy

Ordinary shares are classified as equity, Incremental costs directly attributable to the issue or repurchase of ordinary shares are recognised as a deduction from equity, net of tax.

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares, which have not been cancelled, or shares held internally by the Group in PAR Gold, are classified as treasury shares and are presented as a reduction in share capital. When treasury shares are subsequently sold or reissued, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share capital. Repurchased and cancelled shares are presented as a reduction in share capital and the share buy-back reserve.

Authorised and issued share capital

	Group		Company	
Number of shares	2023	2022	2023	2022
Issued number of ordinary shares	2,222,862,046	2,222,862,046	2,222,862,046	2,222,862,046
Reconciliation of the number of shares				
Number of ordinary shares in issue at the beginning of the reporting period	2,222,862,046	2,234,687,537	2,222,862,046	2,234,687,537
Shares delisted (share buy-back)[1]	–	(11,825,491)	–	(11,825,491)
Total number of shares in issue	2,222,862,046	2,222,862,046	2,222,862,046	2,222,862,046
Treasury shares	(306,358,058)	(306,358,058)	(306,358,058)	(306,358,058)
Number of ordinary shares outstanding and fully paid	1,916,503,988	1,916,503,988	1,916,503,988	1,916,503,988

[1] *The Company completed a share buy-back programme which resulted in the total issued shares of the Company decreasing by 11,825,491 shares during the previous reporting period.*

The movement on share capital for the reporting period is as follows:

	Group		Company	
US$ thousand	2023	2022	2023	2022
Balance as at 1 July	38,002	38,151	38,002	38,151
Shares delisted (share buy-back)	–	(149)	–	(149)
Balance as at 30 June	38,002	38,002	38,002	38,002

Repurchase of shares in the previous reporting period

As announced on the Stock Exchange News service (SENS) on 12 May 2022, the Company completed its share buy-back programme (the programme) during the previous reporting period. During the period 1 April to 9 May 2022, the Company repurchased an aggregate of 11,825,491 ordinary shares at 0.01 pence each for a total consideration of ZAR50.3 million (US$3.2 million), inclusive of transaction costs. A total number of 7,568,744 ordinary shares were bought back on the LSE at a volume-weighted average price (VWAP) of 21.67 pence per share. A total number of 4,256,747 ordinary shares were bought back on the JSE at a VWAP of ZA418.21 cents per share. All shares purchased under the programme were paid for in cash and have been cancelled.

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for the reporting period ended 30 June

26. RESERVES

	Group							
US$ thousand	Foreign currency translation reserve[1]	Share-based payment reserve[2]	Realisation of equity reserve[3]	Treasury share reserve[4]	Merger reserve[5]	Share buy-back reserve[6]	Fair value reserve[7]	Total reserves
Balance as at 1 July 2021	(132,480)	2,620	(18,122)	(24,872)	(21,638)	–	(6,345)	(200,837)
Share buy-back	–	–	–	–	–	(3,073)	–	(3,073)
Unwinding of B-BBEE structure share-based payment	–	(8)	–	–	–	–	–	(8)
Fair value adjustment of investment – other	–	–	–	–	–	–	162	162
Foreign currency translation reserve movement	(40,136)	–	–	–	–	–	767	(39,369)
Balance as at 30 June 2022	**(172,616)**	**2,612**	**(18,122)**	**(24,872)**	**(21,638)**	**(3,073)**	**(5,416)**	**(243,125)**
Fair value adjustment of investment – other	**–**	**–**	**–**	**–**	**–**	**–**	**203**	**203**
Foreign currency translation reserve movement	**(41,741)**	**–**	**–**	**–**	**–**	**–**	**717**	**(41,024)**
Balance as at 30 June 2023	**(214,357)**	**2,612**	**(18,122)**	**(24,872)**	**(21,638)**	**(3,073)**	**(4,496)**	**(283,946)**

[1] *The translation reserve comprises all foreign exchange differences arising from the translation of the Group's annual financial statements to its presentation currency of US$ and the translation of the financial statements of foreign operations.*

[2] *The share-based payment reserve consists of historical costs relating to the equity-settled share-based payment arrangement established by the Company on 1 September 2005 to specific employees, officers, directors and qualifying consultants as approved by the board. On 15 January 2018, the Group concluded a B-BBEE restructuring exercise with Concrete Rose as the Group's new B-BBEE entity (refer to **note 19**). Concrete Rose's issued share capital is held 49.9% by Funding Company, and 50.1% by strategic B-BBEE partners through a vendor-financed arrangement. The nature of the restructuring transaction gave Concrete Rose a 22.11% ownership in PAR SA Holdings. The B-BBEE entity's ultimate shareholding in PAR SA Holdings will be determined by reference to the value of PAR SA Holdings and the increase in the vendor loan on expiry of the scheme. On the effective date of the transaction, the implied option in this scheme was valued at US$608.3 thousand. The incremental value arose due to an extension of the B-BBEE scheme's original term from 31 December 2018 to 31 December 2021, and an increase in the trickle dividend from 5% to 10%. The Group's B-BBEE transaction was unwound during the previous reporting period.*

[3] *The realisation of equity reserve was created in June 2009 through the acquisition of PAR Gold's 26% shareholding in Barberton Mines, in exchange for the issue of new ordinary shares in the Company to PAR Gold.*

[4] *The treasury share reserve was created on 7 June 2016. The Group purchased shares in PAR Gold, representing 23.83% or 436.4 million of its issued share capital at the time. The accounting effect of this transaction was similar to that of a share buy-back as the Group acquired shares in a company that held an investment in the Company. On 30 May 2018, PAR Gold publicly disposed of 130 million shares in the Company resulting in its shareholding reducing to 13.8% (2022:13.8%).*

[5] *The merger reserve was created through the historical publicly reverse acquisition of Barberton Mines in July 2007.*

[6] *As announced on SENS on 12 May 2022, the Company completed its share buy-back programme. All shares purchased under the programme have been cancelled.*

[7] *The fair value reserve comprises gains and losses recognised on financial assets measured at fair value through other comprehensive income.*

26. RESERVES continued

	Company					
US$ thousand	Foreign currency translation reserve[1]	Share-based payment reserve[2]	Merger reserve[3]	Share buy-back reserve[4]	Fair value reserve[5]	Total reserves
Balance as at 1 July 2021	(119,379)	1,481	3,153	–	(6,345)	(121,090)
Share buy-back	–	–	–	(3,073)	–	(3,073)
Fair value adjustment of investments – other	–	–	–	–	162	162
Foreign currency translation reserve movement	(27,809)	–	–	–	767	(27,042)
Balance as at 30 June 2022	**(147,188)**	**1,481**	**3,153**	**(3,073)**	**(5,416)**	**(151,043)**
Share buy-back	**–**	**–**	**–**	**–**	**–**	**–**
Disposal of investments – other	**–**	**–**	**–**	**–**	**203**	**203**
Foreign currency translation reserve movement	**(23,857)**	**–**	**–**	**–**	**717**	**(23,140)**
Balance as at 30 June 2023	**(171,045)**	**1,481**	**3,153**	**(3,073)**	**(4,496)**	**(173,980)**

[1] *The translation reserve comprises all foreign exchange differences arising from the translation of the Company's financial statements to its presentation currency of US$.*

[2] *The share-based payment reserve consists of historical costs relating to the equity-settled share-based payment arrangement established by the Company on 1 September 2005 to specific employees, officers, directors and qualifying consultants as approved by the board. On 15 January 2018, the Group concluded a B-BBEE restructuring exercise with Concrete Rose as the Group's new B-BBEE entity (refer to **note 19**). Concrete Rose's issued share capital is held 49.9% by Funding Company, and 50.1% by strategic B-BBEE partners through a vendor-financed arrangement. The nature of the restructuring transaction gave Concrete Rose a 22.11% ownership in PAR SA Holdings. The B-BBEE entity's ultimate shareholding in PAR SA Holdings will be determined by reference to the value of PAR SA Holdings and the increase in the vendor loan on expiry of the scheme. On the effective date of the transaction, the implied option in this scheme was valued at US$608.3 thousand. The incremental value arose due to an extension of the B-BBEE scheme's original term from 31 December 2018 to 31 December 2021, and an increase in the trickle dividend from 5% to 10%. The Group's B-BBEE transaction was unwound during the previous reporting period.*

[3] *The merger reserve was created through the historical reverse acquisition of Barberton Mines in July 2007.*

[4] *As announced on SENS on 12 May 2022, the Company completed its share buy-back programme. All shares purchased under the programme have been cancelled.*

[5] *The fair value reserve comprises gains and losses recognised on financial assets measured at fair value through other comprehensive income.*

NOTES TO THE FINANCIAL STATEMENTS continued

for the reporting period ended 30 June

27. ENVIRONMENTAL REHABILITATION OBLIGATION

Accounting policy

An obligation to incur environmental restoration, rehabilitation and decommissioning costs arises when disturbance is caused by the development or ongoing production of a mining asset.

These obligations are based on the mining operations' environmental plans, in compliance with current environmental and regulatory requirements. The obligation is based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date.

These costs are initially capitalised to property, plant and equipment and are subsequently recognised in profit or loss over the life of the operation through depreciation of the asset and the unwinding of the discount on the obligation.

Annual changes in the obligation consist of finance costs relating to the change in the present value and changes in estimates. Increases due to additional environmental disturbances are capitalised to property, plant and equipment and depreciated over the remaining lives of the mines.

The estimates are reviewed annually by the Group and are discounted using a risk-free rate that is adjusted to reflect the current market assessments of the time value of money and the risks specific to the obligation.

The Group provides for the present value of decommissioning costs other than rehabilitation costs, if any, when the directors have prepared a detailed plan for closure of the particular operation, the remaining life of which is such that significant changes to the plan are unlikely, and the directors have raised a valid expectation in those affected that it will carry out the closure by starting to implement that plan or announcing its main features to those affected by it.

Significant assumptions and estimates

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

At each reporting date, the Group estimates the environmental rehabilitation obligation. There is judgement in the assumptions used in determining the estimated obligation which include:
- closure costs, which are determined in accordance with regulatory requirements
- the inflation rate of 6% (2022: 5%), which has been adjusted for a long-term view
- the risk-free rate, which is compounded annually and linked to the life-of-mine
- the life-of-mine and related Mineral Resources and Mineral Reserves. Refer to the unaudited abridged Mineral Resources and Mineral Reserves report on **pages 103** to **115**.

An assessment of the Group's environmental rehabilitation plan identified a risk relating to the potential pollution of groundwater at Barberton Mines. As a result of the amendments to the Financial Closure Provision Regulations promulgated in terms of the National Environmental Management Act 107 of 1998, the Group is required to include an obligation for all latent and residual environmental liabilities, including water pollution, as part of the obligation for environmental rehabilitation and decommissioning costs from September 2023. The Group has undertaken several detailed assessments, including a geohydrological study at Barberton Mines, to ascertain the latent and residual environmental liability as a result of the amendments and to quantify the impact of the amendments. Based on the current closure cost estimate, the amendments will result in an increase to the current obligation of approximately US$2.8 million (US$0.8 million on a discounted basis) for environmental and decommissioning costs in real terms, once the amendments become effective.

While not a member of the International Council on Mining and Metals (ICMM), the Group is working towards conformance with the Global Industry Standard for Tailings Management (GISTM) as far as reasonably practicable, with respect to its TSFs. The Group is currently progressing with its gap analysis of its tailings governance and management framework, with reference to the ICMM Conformance Protocols for the GISTM.

While this work is ongoing, it is not currently possible to reliably estimate the value of incremental costs required to achieve conformance with the new standard and hence no additional provision has been recorded in this respect.

The movement in the Group's environmental rehabilitation obligation is as follows:

US$ thousand	Notes	Group 2023	Group 2022	Company 2023	Company 2022
Balance as at 1 July		**8,603**	13,609	**–**	–
Acquisition	36	**2,391**	–	**–**	–
Change in estimate – recognised in profit or loss	10	**(888)**	(4,712)	**–**	–
Change in estimate – capitalised		**138**	–	**–**	–
Change in estimate – write-off of rehabilitation asset	15	**–**	(731)	**–**	–
Unwinding of finance costs	12	**1,267**	1,878	**–**	–
Foreign currency translation reserve movement		**(1,426)**	(1,441)	**–**	–
Balance as at 30 June		**10,085**	8,603	**–**	–

27. ENVIRONMENTAL REHABILITATION OBLIGATION continued

The movement in the Group's environmental rehabilitation obligation has been impacted by changes noted in the table below, relative to the previous reporting period.

US$ thousand	2023 Period to rehabilitation (years)	2023 Risk-free rate (nominal) %	2022 Period to rehabilitation (years)	2022 Risk-free rate (nominal) %
Barberton Mines (Fairview)	**20.00**	**14.26**	20.00	12.23
Barberton Mines (Sheba)	**20.00**	**14.26**	20.00	12.23
Barberton Mines (Consort)	**9.00**	**14.95**	9.00	14.28
Barberton Mines (BTRP)	**9.00**	**14.95**	2.00	8.28
Evander Mines (8 Shaft and Kinross plant)	**13.00**	**14.45**	14.00	12.58
Evander Mines (Elikhulu)	**10.00**	**15.67**	11.00	14.10
Mogale Gold	**16.00**	**17.61**	–	–
MSC	**19.00**	**14.26**	–	–

28. BORROWINGS

US$ thousand	Notes	Group 2023	Group 2022	Company 2023	Company 2022
RCF	28.1	**10,628**	26,192	**–**	–
Term loan facility	28.2	**–**	–	**–**	–
DMTN bonds	28.3	**42,725**	–	**–**	–
Redink Rentals (RF) Limited loan (Redink facility)	28.4	**–**	8,420	**–**	–
		53,353	34,612	**–**	–
Non-current portion		**42,485**	33,293	**–**	–
Current portion		**10,868**	1,319	**–**	–
Total borrowings		**53,353**	34,612	**–**	–

28.1 Revolving credit facility

The movement on the RCF is as follows:

US$ thousand	Note	Group 2023	Group 2022	Company 2023	Company 2022
Balance as at 1 July		**26,192**	16,669	**–**	–
Drawdowns		**48,382**	12,903	**–**	–
Finance costs incurred		**2,161**	1,999	**–**	–
Unwinding of non-refundable fees		**273**	337	**–**	–
Modification adjustment[1]		**995**	(956)	**–**	–
Restructuring of the facility	28.2	**–**	34,835	**–**	–
Repayment of capital		**(61,779)**	(37,810)	**–**	–
Repayment of finance costs		**(2,181)**	(1,802)	**–**	–
Foreign currency translation reserve movement		**(3,415)**	17	**–**	–
Balance as at 30 June		**10,628**	26,192	**–**	–
Less: current portion		**(10,628)**	(17)	**–**	–
Non-current portion		**–**	26,175	**–**	–

[1] *The terms of the RCF were renegotiated on 17 November 2021 (refer to the terms below). The restructure of the RCF resulted in a modification gain being recognised in the prior reporting period. The modification gain as disclosed in finance costs (**note 12**) was calculated as the difference between the original carrying amount at the date of the renegotiation and the present value of the renegotiated term. In the current reporting period, the repayment of the facility was accelerated, which resulted in the realisation of the modification adjustment.*

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for the reporting period ended 30 June

28. BORROWINGS continued

28.1 Revolving credit facility continued

The terms of the facility are as follows:

Facility amount	ZAR1 billion
Lenders	Rand Merchant Bank (a division of FirstRand Bank Limited) and Nedbank Limited
Borrower	Funding Company
Interest rate	Depending on the rollover period based on one-month, three-month or six-month JIBAR
Interest rate margin	2.75%
Commitment fee	0.9625% of the aggregate of the available commitment, payable quarterly in arrears
Term of loan	32 months effective from 17 November 2021
Commitment reduction dates/ repayment period	The commitment on the facility reduces as follows: • ZAR850 million on 31 December 2022 • ZAR700 million on 31 December 2023
Final maturity date	30 June 2024

Securities

Bonds as security for the facility:

The following bonds were registered in favour of the lenders:

- Mortgage bond B3644/2015 – Barberton Mines/Bowwood on Main No. 40 (RF) Proprietary Limited
- Mortgage bond B1163/2016 – Evander Gold Mining/Bowwood on Main No. 40 (RF) Proprietary Limited
- Mortgage bond B4673/2015 – Evander Gold Mining/Bowwood on Main No. 40 (RF) Proprietary Limited
- Mortgage bond B7829/2015 – Evander Gold Mining/Bowwood on Main No. 40 (RF) Proprietary Limited
- Mortgage bond B3701/2015 – Evander Township Limited/Bowwood on Main No. 40 (RF) Proprietary Limited
- Mortgage bond B6665/2015 – Evander Township Limited/Bowwood on Main No. 40 (RF) Proprietary Limited
- General notarial bond BN15110/2015 – Barberton Mines/Bowwood on Main No. 40 (RF) Proprietary Limited
- General notarial bond BN15357/2015 – Evander Gold Mining/Bowwood on Main No. 40 (RF) Proprietary Limited
- General notarial bond BN20757/2017 – Evander Gold Mining/Bowwood on Main No. 40 (RF) Proprietary Limited
- General notarial bond BN20755/2017 – Barberton Mines/Bowwood on Main No. 40 (RF) Proprietary Limited
- Special notarial bond BN15563/2015 – Evander Gold Mining/Bowwood on Main No. 40 (RF) Proprietary Limited
- Special notarial bond BN15616/2015 – Barberton Mines/Bowwood on Main No. 40 (RF) Proprietary Limited
- Special notarial bond BN20758/2017 – Evander Gold Mining/Bowwood on Main No. 40 (RF) Proprietary Limited
- Special notarial bond BN20756/2017 – Barberton Mines/Bowwood on Main No. 40 (RF) Proprietary Limited
- Special notarial bond BN12838/2018 – Evander Gold Mining/Bowwood on Main No. 40 (RF) Proprietary Limited.

Ceded rights to the lenders as security for the facilities:

- Bank accounts
- Trade debtors
- Insurance proceeds
- Immovable property
- Shares held in subsidiaries.

28. BORROWINGS continued

28.2 Term loan facility

The term facility was settled during the previous reporting period as part of the restructure referred to in **note 28.1**.

	Group		Company	
US$ thousand	**2023**	**2022**	**2023**	**2022**
Balance as at 1 July	–	42,017	–	–
Finance costs incurred	–	1,159	–	–
Repayment of capital	–	(3,312)	–	–
Repayment of finance costs	–	(751)	–	–
Settlement due to restructuring of RCF facility	–	(34,835)	–	–
Foreign currency translation reserve movement	–	(4,278)	–	–
Balance as at 30 June	–	–	–	–
Less: current portion	–	–	–	–
Non-current portion	–	–	–	–

28.3 DMTN bonds

	Group		Company	
US$ thousand	**2023**	**2022**	**2023**	**2022**
Balance as at 1 July	–	–	–	–
Notes issued	**46,323**	–	–	–
Finance costs incurred	**2,724**	–	–	–
Repayment of finance costs	**(2,383)**	–	–	–
Foreign currency translation reserve movement	**(3,939)**	–	–	–
Balance as at 30 June	**42,725**	–	–	–
Less: current portion	**(240)**	–	–	–
Non-current portion	**42,485**	–	–	–

During the current reporting period, the Group issued two listed bonds to the cumulative value of ZAR800 million (US$46.3 million) at an exchange rate of US$/ZAR:17.27.

NOTES TO THE FINANCIAL STATEMENTS continued

for the reporting period ended 30 June

28. BORROWINGS continued

28.3 DMTN bonds continued

The terms of the bonds issued under the DMTN programme are as follows:

Debt security code	PARS01	PARS02
ISIN	ZAG000192758	ZAG000192766
Type of debt security	Senior second ranking secured	Senior second ranking secured
Listing	Sustainability segment of the JSE	Sustainability segment of the JSE
Issue date	13 December 2022	13 December 2022
Issue price	100%	100%
Nominal amount per note	ZAR1 million	ZAR1 million
Aggregate nominal amount	ZAR585 million	ZAR215 million
Reference rate	Three-month JIBAR	Three-month JIBAR
Margin	3.60%	3.75%
Interest commencement date	13 December 2022	13 December 2022
Interest payment basis	Floating rate	Floating rate
First interest payment date	13 March 2023	13 March 2023
Interest payment terms	Quarterly	Quarterly
Maturity date	13 December 2025	13 December 2027
Final maturity amount	100%	100%
Guarantors	Pan African Resources PLC, Evander Gold Mining Proprietary Limited, Barberton Mines Proprietary Limited, Evander Gold Mines Proprietary Limited and Pan African Resources SA Holdings Proprietary Limited	Pan African Resources PLC, Evander Gold Mining Proprietary Limited, Barberton Mines Proprietary Limited; Evander Gold Mines Proprietary Limited and Pan African Resources SA Holdings Proprietary Limited
Dealer	Rand Merchant Bank, a division of FirstRand Bank Limited	Rand Merchant Bank, a division of FirstRand Bank Limited

The following KPIs are applicable to both PARS01 and PARS02:

	KPI		
	Renewable energy	Land rehabilitation	Employee safety
Sustainability target met	-3bps margin adjustment per reporting period, commencing 30 June 2023	-2bps margin adjustment per reporting period, commencing 30 June 2024	-1bps margin adjustment per reporting period, commencing 30 June 2023
Penalty threshold level not achieved	+3bps margin adjustment per reporting period, commencing 30 June 2023	+2bps margin adjustment per reporting period, commencing 30 June 2024	+1bps margin adjustment per reporting period, commencing 30 June 2023
Realised value at reporting date	6.10%	n/a	7.96%
Sustainability performance target	Achieved	n/a	Achieved

Refer to our sustainability-linked finance framework on **page 72** for further information on the respective ESG targets.

Financial covenants

The financial covenants listed below are in place for the RCF and DMTN bonds and are calculated for a 12-month period at each reporting date.

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

Measurement date	Ratio
30 June 2022	4:1
30 June 2023	4:1
30 June 2024 until maturity date	4:1

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

Measurement date	Ratio
30 June 2022	2:1
30 June 2023	2:1
30 June 2024 until maturity date	2:1

- The debt service cover ratio, measured semi-annually, must be more than 1.3 times.

The financial covenants were met for the current and previous reporting periods.

28. BORROWINGS continued

28.4 Redink facility

	Group		Company	
US$ thousand	2023	2022	2023	2022
Balance as at 1 July	**8,420**	9,921	**–**	–
Advance received	**–**	–	**–**	–
Finance costs incurred	**578**	679	**–**	–
Repayment of capital	**(7,497)**	(300)	**–**	–
Repayment of finance costs	**(688)**	(671)	**–**	–
Foreign currency translation reserve movement	**(813)**	(1,209)	**–**	–
Balance as at 30 June	**–**	8,420	**–**	–
Less: current portion	**–**	(1,302)	**–**	–
Non-current portion	**–**	7,118	**–**	–

Evander Solar Solutions entered into a loan with Redink Rentals (RF) Limited to fund the solar plant located at Evander Mines. The loan is a rand facility and bears interest at three-month JIBAR plus a margin of 3.5%. Interest repayments are settled quarterly. Principal repayments commenced on 30 April 2022 and the loan was fully settled during the current reporting period.

A general notarial bond was registered over the borrower's movable property.

28.5 Credit facilities

The Group has the following credit facilities, guarantees and derivative trading facilities in place:

	Group		Company	
US$ thousand	2023	2022	2023	2022
RCF	**53,107**	61,425	**–**	–
Redink facility	**–**	8,308	**–**	–
Guarantees[1]				
Eskom Holdings SOC Limited	**1,234**	1,428	**–**	–
DMRE – Cenviro Solutions insurance investment product	**34,687**	23,893	**–**	–
General banking facility[2]	**7,435**	8,600	**–**	–
Pre-settlement splits				
Forward exchange contract limit facility	**2,390**	2,764	**–**	–
Precious metals hedging facility	**2,124**	2,457	**–**	–
Gold hedging facility	**14,339**	16,585	**–**	–
US$ gold and derivatives trading facilities[3]	**32,996**	38,164	**–**	–
Gold loan facility	**15,401**	17,813	**–**	–
Credit cards	**126**	146	**–**	–
Other	**266**	307	**266**	307
Total credit facilities	**164,105**	181,890	**266**	307

[1] *The guarantees issued to Eskom Holdings SOC Limited relate to the supply of electricity. The guarantees issued to the DMRE relate to the Group's environmental rehabilitation obligation.*

[2] *The Nedbank Limited and RMB general banking facilities are unsecured and were unutilised in the current and previous reporting periods. These facilities when utilised bear interest at rates linked to the South African prime interest rate.*

[3] *The US$ gold and derivative trading facilities are used by the Group for the purpose of trading gold inventory and subsequent conversion of US$ sales proceeds into rand. The facilities are held at Absa Bank Limited, Nedbank Limited, Rand Merchant Bank Limited and Investec Bank Limited.*

NOTES TO THE FINANCIAL STATEMENTS continued

for the reporting period ended 30 June

28. BORROWINGS continued

28.5 Credit facilities continued

The Group has access to the following available facilities as at the reporting date:

	Group		Company	
US$ thousand	2023	2022	2023	2022
General banking facilities	7,435	8,600	–	–
Utilisation of the general banking facilities	–	–	–	–
RCF	53,107	61,425	–	–
Utilisation of the RCF[1]	(10,674)	(27,607)	–	–
Redink facility	–	8,308	–	–
Utilisation of the Redink facility[1]	–	(8,308)	–	–
Total available debt facilities	**49,868**	42,418	–	–

[1] *Excludes accrued interest on the facility as at 30 June.*

29. LEASES

Accounting policy

The Group as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low-value assets. For these leases, the Group recognises the lease payments as an expense on a straight-line basis over the term of the lease.

Measurement and recognition of leases as a lessee

The right-of-use asset is measured at cost, which includes the initial measurement of the corresponding lease liability. Refer to **note 15** for the policy on right-of-use assets.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate and payments arising from options reasonably certain to be exercised.

Lease payments to be made under reasonably certain extension options have been included in the measurement of the lease liability.

The lease liability is subsequently measured at amortised cost (using the effective interest method). It is remeasured to reflect any reassessment or modification. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is reduced to zero.

Right-of-use assets have been included in property, plant and equipment (**note 15**).

Contracts may contain both lease and non-lease components. The Group has elected not to separate non-lease components, and instead account for any lease and non-lease components as a single lease component in respect of office buildings.

Leased assets may not be used as security for borrowing purposes.

Judgements and estimates

Management applies judgement in assessing the likelihood of exercising termination or extension options in determining the lease term. Termination and extension options are included to provide operational flexibility should the economic outlook for an asset be different to expectations. Management considers all facts and circumstances including past practice and any cost that will be incurred to change the asset if an option to extend is not exercised, to assist in determining the lease term. All extension options available have been assessed as reasonably certain to be exercised and included in lease liabilities.

The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. No revisions were made to the lease terms determined at inception of the leases.

Management used the incremental borrowing rate for all leases. Incremental borrowing rates are determined monthly and based on the aggregate of JIBAR and the margin applicable to the RCF.

29. LEASES continued

The movement in the lease liabilities is as follows:

	Group		Company	
US$ thousand	2023	2022	2023	2022
Balance as at 1 July	**4,348**	5,303	–	–
Additions	312	127	–	–
Reassessment	(42)	–	–	–
Repayments	(951)	(931)	–	–
Finance costs	389	478	–	–
Foreign currency translation reserve movement	(573)	(629)	–	–
Balance as at 30 June	**3,483**	4,348	–	–
Less: current portion	(634)	(553)	–	–
Non-current portion	2,849	3,795	–	–

The total cash outflow for leases including low-value asset leases and short-term leases was US$1.0 million (2022: US$1.8 million).

30. SHARE-BASED PAYMENT OBLIGATIONS

Accounting policy

Equity-settled share-based payment arrangements

All equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with corresponding adjustments to the equity-settled share-based payment reserve (refer to **note 26**).

Cash-settled share-based payment arrangements

The fair value of the amount payable to employees in respect of cash-settled share-based payments, which are settled in cash, is recognised as an expense with a corresponding increase in the liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at the settlement date based on the fair value of the cash-settled share-based payment liability. Any changes in the liability are recognised in profit or loss.

Significant assumptions and estimates

The determination of the fair value of a cash-settled share-based payment obligation is subject to management applying key assumptions and estimates. The fair value is calculated using actuarial valuations. The following tables provide details regarding the cash-settled share-based payment liabilities and the inputs used in the models.

		Group		Company	
US$ thousand	Notes	2023	2022	2023	2022
Cash-settled share-based payment obligation	30.1	4,279	9,563	–	–
Post-retirement benefits[1]	30.2	9	18	–	–
Balance as at 30 June		**4,288**	9,581	–	–

[1] *All post-retirement benefits are classified as non-current liabilities.*

NOTES TO THE FINANCIAL STATEMENTS continued

for the reporting period ended 30 June

30. SHARE-BASED PAYMENT OBLIGATIONS continued

30.1 Cash-settled share-based payment obligation

The reconciliation of the cash-settled share-based payment obligation is as follows:

	Group		Company	
US$ thousand	**2023**	**2022**	**2023**	**2022**
Balance as at 1 July	**9,563**	21,389	**–**	205
Expense for the period	**894**	5,617	**678**	3,078
Payments made	**(5,262)**	(15,456)	**(141)**	(105)
PAR Gold loan	**–**	–	**–**	(3,166)
Foreign currency translation reserve movement	**(916)**	(1,987)	**(537)**	(12)
Balance as at 30 June	**4,279**	9,563	**–**	–
Less: current portion	**2,404**	5,559	**–**	–
Non-current portion	**1,875**	4,004	**–**	–

The Group recognised cash-settled share-based payment expenses on each scheme as follows:

	Group		Company	
US$ thousand	**2023**	**2022**	**2023**	**2022**
Group cash-settled share options – Pan African Share Appreciation Bonus Plan (PASABP)	**241**	1,019	**141**	(88)
ESOP transactions	**(40)**	–	**–**	–
PAR Gold Long-term Incentive Plan (PGLIP)				
– Par Gold C Shares	**–**	2,992	**–**	2,163
– Par Gold D Shares	**775**	990	**595**	604
– Par Gold E Shares	**(156)**	616	**(101)**	399
– Par Gold F Shares	**74**	–	**43**	–
Total expense recognised in profit or loss	**894**	5,617	**678**	3,078

Group cash-settled share options – PASABP

Details of the share options outstanding are as follows:

	2023		2022	
	Weighted average exercise price (ZAR)	**Number of options**	**Weighted average exercise price (ZAR)**	**Number of options**
Outstanding as at 1 July		**38,009,138**		32,120,675
Granted	**3.85**	**6,483,231**	3.19	18,747,805
Exercised	**4.03**	**(14,479,743)**	4.03	(8,245,146)
Forfeited	**3.27**	**(8,762,537)**	2.57	(4,614,196)
Outstanding as at 30 June		**21,250,089**		38,009,138
Exercisable as at 30 June		**3,131,325**		5,395,730

30. SHARE-BASED PAYMENT OBLIGATIONS continued

30.1 Cash-settled share-based payment obligation continued

Group cash-settled share options – PASABP continued

Fair values were calculated using the binomial pricing model with the following key inputs:

	Group	
	2023	**2022**
Weighted average share price (ZAR)	**1.21**	1.21
Weighted average exercise/strike price (ZAR)	**3.12**	1.73
Exercise price (ZAR)	**1.36 – 4.42**	1.36 – 4.42
Expected volatility (%)	**46 – 62**	44 – 66
Expected life (years)	**3 – 6**	3 – 6
Weighted average remaining life (years)	**3.87**	3.09
Risk-free rate (%)	**9.3 – 10.3**	7.0 – 9.6
Expected dividend yield (%)	**3**	3

Refer to **pages 160** and **161** of the remuneration report for further details on the Group's cash-settled share-based payment arrangements.

Expected volatility is impacted by the following factors:

- The historical volatility of the share price over the most recent period that is commensurate with the expected option term (taking into account the remaining contractual life of the scheme and the effect of expected early exercise)
- The length of time an entity's shares have been publicly traded.

Participation in share-based and other long-term incentive (LTI) schemes is restricted to employees as described in the remuneration report. The Group has introduced ESOPs at Barberton Mines and Evander Mines which have been recognised as cash-settled share-based payment arrangements. Refer to **note 33**.

PAR Gold Long-term Incentive Plan (PGLIP)

To incentivise and retain the Group's executive directors and corporate senior management and to align their interests with those of the Group's stakeholders, and LTI was introduced and was in issue as at 30 June 2023. Refer to the remuneration report on **pages 153** to **156** for further details of this scheme.

Details of the shares outstanding as at the reporting date are as follows:

	Group	
Number of PAR Gold shares	**2023**	**2022**
PAR Gold B shares[1]		
Outstanding as at 1 July	**48,700,619**	52,159,310
Shares acquired by participants	**–**	–
Shares repurchased by PAR Gold	**–**	(3,458,691)
Shares in issue as at 30 June	**48,700,619**	48,700,619
PAR Gold C shares		
Outstanding as at 1 July	**16,160,564**	16,160,564
Shares acquired by participants	**–**	–
Shares in issue as at 30 June	**16,160,564**	16,160,564
PAR Gold D shares		
Outstanding as at 1 July	**11,259,168**	11,259,168
Shares acquired by participants	**–**	–
Shares in issue as at 30 June	**11,259,168**	11,259,168
PAR Gold E shares		
Outstanding as at 1 July	**9,785,729**	–
Shares acquired by participants	**–**	9,785,729
Shares in issue as at 30 June	**9,785,729**	9,785,729
PAR Gold F shares		
Outstanding as at 1 July	**–**	–
Shares acquired by participants	**10,109,130**	–
Shares in issue as at 30 June	**10,109,130**	–

[1] *Dividends declared during the reporting period amounted to US$3.5 million (2022: US$13.5 million).*

NOTES TO THE FINANCIAL STATEMENTS continued

for the reporting period ended 30 June

30. SHARE-BASED PAYMENT OBLIGATIONS continued

30.1 Cash-settled share-based payment obligation continued

PAR Gold long-term incentive plan (PGLIP) continued

Fair values were calculated using the Monte Carlo simulation with the following key inputs:

	PAR Gold B shares	PAR Gold C shares	PAR Gold D shares	PAR Gold E shares	PAR Gold F shares
Number of shares	48,700,619	16,160,564	11,259,168	9,785,729	10,109,130
Grant date	1 July 2020	1 July 2019	1 July 2020	1 July 2021	1 July 2022
Vesting date	31 December 2021	1 July 2022	1 July 2023	1 July 2024	1 July 2025
Share price at grant date (based on 90-day VWAP (ZAR)	1.21	1.80	2.86	3.67	4.19
90-day VWAP as at 30 June 2023 (ZAR)	**n/a**	**n/a**	**3.60**	**3.59**	**3.59**
90-day VWAP as at 30 June 2022 (ZAR)	n/a	4.18	4.19	4.19	n/a
Probability of vesting as at 30 June 2023 (%)	**n/a**	**n/a**	**100**	**28**	**11**
Probability of vesting as at 30 June 2022 (%)	n/a	100	67	69	n/a
Fair value per option as at 30 June 2023 (ZAR)	**n/a**	**n/a**	**3.60**	**1.01**	**0.39**
Fair value per option as at 30 June 2022 (ZAR)	n/a	4.18	2.80	2.88	n/a

30.2 Post-employment medical aid benefits

Historically, Barberton Mines and Evander Mines provided retirement benefits by way of medical aid scheme contributions for certain employees. The practice has been discontinued for several years. The net present value of estimated future costs of each company's contributions towards medical aid schemes for these retirees is recognised as a liability. The calculation of the liability for post-retirement medical benefits is performed internally by management using SARS' life expectancy tables as the benefits payable are a fixed amount per pensioner. The liability is reviewed annually with movements therein recognised in profit or loss.

31. TRADE AND OTHER PAYABLES

	Group		Company	
US$ thousand	**2023**	**2022**	**2023**	**2022**
Trade payables	**36,361**	30,003	**139**	281
Other payables	**10,530**	13,754	**239**	247
Financial liabilities	**46,891**	43,757	**378**	528
Accrual for employee benefits and leave pay liability	**5,132**	6,218	**925**	897
VAT payable	**49**	249	**–**	244
Non-financial liabilities	**5,181**	6,467	**925**	1,141
Total trade and other payables	**52,072**	50,224	**1,303**	1,669

32. INCOME TAX

Accounting policy

The income tax expense comprises current and deferred tax. It is recognised in profit or loss, other comprehensive income or directly in equity.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to the tax payable or receivable in respect of previous periods. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding amounts used for tax purposes. Deferred tax liabilities are recognised for taxable temporary differences, and deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available against which they can be utilised. Deferred tax assets and liabilities are not recognised if the temporary differences arise from goodwill, from the initial recognition (other than a business combination) of other assets and liabilities in a transaction which affects neither tax nor accounting profit or relates to investments in subsidiaries, to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or parts of the assets to be recovered.

Capital expenditure not deducted is carried forward, to be deducted from future taxable income.

Significant assumptions and estimates

Deferred tax

South African income tax on gold mining income is determined according to the gold formula that takes into account the taxable income and revenue from gold mining operations. Judgement was applied in determining the future expected deferred tax rates of the Group's mining entities. The Group prepares nominal cash flow models to calculate the expected average income tax rate over the life-of-mine. The key assumptions in the cash flow models are the same as those noted in the cash flow projections and key assumptions disclosed in **note 16**.

NOTES TO THE FINANCIAL STATEMENTS continued

for the reporting period ended 30 June

32. INCOME TAX continued

	Group		Company	
US$ thousand	**2023**	**2022**	**2023**	**2022**
Income tax expense				
South African normal tax	**5,536**	6,964	**344**	1,311
– Current year	**5,550**	6,563	**341**	977
– Prior year	**(14)**	401	**3**	334
Securities transfer tax	**7**	–	**–**	–
Deferred tax	**19,274**	24,960	**(28)**	(158)
– Current year	**19,285**	24,882	**(28)**	(228)
– Prior year	**(11)**	–	**–**	–
– Rate change[1]	**–**	78	**–**	70
Total income tax expense recognised in profit or loss	**24,817**	31,924	**316**	1,153
Profit before tax	**85,554**	106,876	**13,145**	25,136
Tax rate reconciliation				
Tax at the domestic tax rate	**23,100**	29,925	**3,549**	7,038
Tax rate differential[2]	**414**	(2,417)	**–**	–
Rate change[3]	**–**	3,786	**–**	70
Exempt income[4]	**(431)**	(1,573)	**(3,484)**	(6,933)
Non-deductible expenses	**1,060**	1,402	**248**	644
Securities transfer tax	**7**	–	**–**	–
Accelerated wear and tear	**573**	–	**–**	–
Under/(over) provision – prior year	**(25)**	401	**3**	334
Assessed losses for which no deferred tax asset was recognised	**187**	406	**–**	–
Tax effects on the utilisation of assessed losses	**(68)**	(6)	**–**	–
Total income tax expense recognised in profit or loss	**24,817**	31,924	**316**	1,153

[1] *The South African corporate normal tax rate has reduced to 27% for the years of assessment ended on or after 1 March 2023.*

[2] *The tax rate differential is the difference between the statutory company tax rate of 27% and the effective gold mining tax rate calculated in terms of the gold mining formula.*

[3] *The rate change is as a result of a change in the deferred tax rates applied to the taxable and deductible temporary differences prevailing at the reporting date in respect of changes in the tax rates applied as per the gold mining formula and the reduction in the South African normal tax rate.*

[4] *In the Company, other exempt income comprises intra-Group dividend received.*

32. INCOME TAX continued

	Group		Company	
%	**2023**	**2022**	**2023**	**2022**
Tax rate reconciliation				
Effective tax rate				
South African statutory rate	**27.0**	28.0	**27.0**	28.0
Tax rate differential[1]	**0.5**	(2.2)	**–**	–
Rate change[2]	**–**	3.5	**–**	0.3
Other exempt income[3]	**(0.5)**	(1.5)	**(26.5)**	(27.6)
Other non-deductible expenses	**1.2**	1.3	**1.9**	2.6
Securities transfer tax	**–**	–	**–**	–
Accelerated wear and tear	**0.7**	–	**–**	–
Under/(over) provision – prior year	**–**	0.4	**–**	1.3
Assessed losses for which no deferred tax asset was recognised	**0.2**	0.4	**–**	–
Tax effects on the utilisation of assessed losses	**(0.1)**	–	**–**	–
Effective tax rate	**29.0**	29.9	**2.4**	4.6

[1] *The tax rate differential is the difference between the statutory company tax rate of 27% and the effective gold mining tax rate calculated in terms of the gold mining formula.*

[2] *The rate change is as a result of a decrease in the deferred tax rates applied to the taxable and deductible temporary differences prevailing at the reporting date in respect of changes in the tax rates applied as per the gold mining formula.*

[3] *In the Company, other exempt income comprises intra-Group dividend received.*

Current tax

	Group		Company	
US$ thousand	**2023**	**2022**	**2023**	**2022**
Current tax asset	**1,292**	751	**188**	–
Current tax liability	**(732)**	(1,334)	**–**	(366)

The current tax asset and liability of the Group and Company relate to SARS.

NOTES TO THE FINANCIAL STATEMENTS continued
for the reporting period ended 30 June

32. INCOME TAX continued
Deferred tax

US$ thousand	Group 2023	Group 2022	Company 2023	Company 2022
Deferred tax liabilities				
Arising from temporary differences relating to:				
Property, plant and equipment	**69,635**	57,427	**–**	–
Environmental rehabilitation obligation	**(2,393)**	(3,566)	**–**	–
Prepayments	**(69)**	–	**–**	–
Assessed loss	**(1,670)**	(79)	**–**	–
Other	**(930)**	(1)	**–**	–
Net deferred tax liabilities	**64,573**	53,781	**–**	–
Reconciliation of deferred tax liabilities				
Net deferred tax liabilities as at 1 July	**53,781**	34,515	**–**	–
Deferred tax recognised in profit or loss	**19,104**	25,143	**–**	–
Transferred from deferred tax assets[1]	**46**	–	**–**	–
Foreign currency translation reserve movement	**(8,358)**	(5,877)	**–**	–
Net deferred tax liabilities as at 30 June	**64,573**	53,781	**–**	–
Deferred tax assets				
Arising from temporary differences relating to:				
Property, plant and equipment	**(96)**	(1,494)	**–**	–
Other payables	**408**	488	**309**	302
Assessed loss	**–**	1,330	**–**	–
Prepayments	**–**	(15)	**–**	(10)
Other	**116**	1,765	**–**	1,482
Net deferred tax assets	**428**	2,074	**309**	1,774
Reconciliation of deferred tax assets				
Net deferred tax assets as at 1 July	**2,074**	2,217	**1,774**	1,904
Deferred tax recognised in profit or loss	**(170)**	183	**28**	158
Deferred tax recognised in other comprehensive income	**(1,360)**	(46)	**(1,360)**	(46)
Transferred to deferred tax liability[1]	**46**	–	**–**	–
Foreign currency translation reserve movement	**(162)**	(280)	**(133)**	(242)
Net deferred tax assets as at 30 June	**428**	2,074	**309**	1,774

[1] *In the current reporting period, the deferred tax balance moved from a deductible to a taxable temporary difference in Evander Solar Solutions.*

US$ thousand	Assessed loss carried forward 2023	Assessed loss carried forward 2022	Unredeemed capital carried forward 2023	Unredeemed capital carried forward 2022
Evander Mines	**401**	289	**77,259**	90,432

Deferred tax assets have been recognised on the basis that the individual Group companies will be able to generate future taxable economic benefits to utilise current deductible temporary differences.

32. INCOME TAX continued
Deferred tax rates applied within the Group

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted by the reporting date. The rates used to calculate deferred tax are based on the current estimate of future profitability when temporary differences will be utilised. The respective rates are calculated based on management's best estimate through which the temporary difference will be realised over the life of the mining operations.

	Group 2023 %	Group 2022 %
Barberton Mines	**21.00**	19.00
Evander Mines (other and mining rights)	**28.00**	28.00
Other Group companies[1]	**27.00**	27.00

[1] *The South African corporate normal tax rate reduced to 27% for the year of assessment ended on or after 31 March 2023.*

33. BARBERTON MINES ESOP TRANSACTIONS

The ESOP has been classified as a cash-settled share-based payment transaction as the ESOP agreement provides for the mines to acquire the shares at the end of the agreement.

On 1 June 2015, Barberton Mines entered into an agreement with Barberton Mines BEE Company and the Barberton Mines BEE Trust. The agreement provided that Barberton Mines would issue 5% of its authorised share capital for a consideration of ZAR99.5 million to Barberton Mines BEE Company which is 100% held by the Barberton Mines BEE Trust. The beneficiaries of the Barberton Mines BEE Trust are all Barberton Mines' employees of a Paterson Grading C5 level and below.

The share issue was vendor-financed by Barberton Mines by means of preference shares issued by Barberton Mines BEE Company to Barberton Mines for ZAR99.5 million.

Notional preference share subscription terms:
- Real interest rate of 2% per annum
- Vesting period of the B-BBEE scheme is 10 years.

The ESOP allows for a portion of the dividends declared by Barberton Mines to be set off against the preference share liability.

The retention percentages applied to dividends for repayment are summarised as follows:

	Year 1 %	Year 2 %	Year 3 %	Year 4 %	Years 5 to 10 %
Percentage of ordinary dividends withheld for redemption of the preference share liability	50	50	60	70	80
Percentage of dividends accruing to the Barberton Mines BEE Trust	50	50	40	30	20
Total dividend percentage	**100**	**100**	**100**	**100**	**100**

Barberton Mines' ordinary dividend policy provides for 80% of the mine's net cash generated during a reporting period to be declared as a dividend subject to compliance with the liquidity and solvency requirements of the South African Companies Act, 71 of 2008.

The cash-settled share-based payment is valued independently by actuaries at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS continued

for the reporting period ended 30 June

33. BARBERTON MINES ESOP TRANSACTIONS continued

Reconciliation of the ESOP liability

	Group		Company	
US$ thousand	**2023**	**2022**	**2023**	**2022**
Balance as at 1 July	**1,196**	1,413	**–**	–
Fair value loss recognised in profit or loss	**(40)**	(46)	**–**	–
Foreign currency translation reserve movement	**(122)**	(171)	**–**	–
Balance as at 30 June	**1,034**	1,196	**–**	–
Statement of profit or loss and other comprehensive income				
Cash-settled share-based payment expense recognised in profit or loss	**130**	210	**–**	–

34. CASH FLOW INFORMATION

34.1 Cash flow from operating activities

		Group		Company	
US$ thousand	**Notes**	**2023**	**2022**	**2023**	**2022**
Profit before tax		**85,554**	106,876	**13,145**	25,136
Adjusted for:		**24,317**	33,265	**580**	3,078
Impairment loss on plant and equipment	15	**–**	467	**–**	–
Cash-settled share-based payment expense	10	**894**	5,617	**678**	3,078
Finance income	12	**(1,139)**	(1,095)	**(99)**	(28)
Finance costs	12	**9,692**	5,326	**1**	28
Royalty costs	34.3	**963**	2,096	**–**	–
Fair value loss/(gain) on financial instruments	10	**209**	(565)	**–**	–
Change in estimate of the environmental rehabilitation obligation	10	**(888)**	(4,712)	**–**	–
Contract liability recognised as revenue	8	**(4,381)**	–	**–**	–
Fair value gain on environmental rehabilitation obligation fund	10	**(1,936)**	(563)	**–**	–
Depreciation and amortisation	15	**20,903**	26,694	**–**	–
Operating cash flows before working capital changes		**109,871**	140,141	**13,725**	28,214
Working capital		**6,732**	6,930	**(195)**	333
(Increase)/decrease in inventories		**(938)**	94	**–**	–
(Increase)/decrease in trade and other receivables		**(235)**	4,412	**(48)**	1,117
Increase/(decrease) in trade and other payables		**7,905**	2,424	**(147)**	(784)
Settlement of cash-settled share-based payment obligation	30	**(5,262)**	(15,456)	**(141)**	(105)
Contract liability – advanced consideration received	8	**21,600**	–	**–**	–
Loan repayments in terms of Group share schemes		**–**	11,264	**–**	–
Net cash from operating activities before dividend, tax, royalties and net finance costs		**132,941**	142,879	**13,389**	28,442

34. CASH FLOW INFORMATION continued

34.2 Income tax paid

	Group		Company	
US$ thousand	**2023**	**2022**	**2023**	**2022**
Income tax expense recognised in profit or loss	**24,817**	31,924	**316**	1,153
Less: deferred tax expense	**(19,274)**	(24,960)	**28**	158
Security transfer tax	**(7)**	–	**–**	–
	5,536	6,964	**344**	1,311
Current tax payable as at 1 July	**836**	448	**366**	224
Current tax receivable/(payable) as at 30 June	**143**	(836)	**188**	(366)
Accrued finance costs	**–**	16	**–**	16
Finance costs paid	**(1)**	–	**–**	–
Accrued finance income	**(6)**	(73)	**–**	–
Foreign currency translation reserve movement	**13**	246	**(15)**	(77)
Tax paid during the reporting period	**6,521**	6,765	**883**	1,108

34.3 Royalty costs paid

	Group		Company	
US$ thousand	**2023**	**2022**	**2023**	**2022**
Royalty costs receivable as at 1 July	**(253)**	(445)	**–**	–
Royalty costs receivable at 30 June	**417**	253	**–**	–
Royalty costs recognised in profit or loss	**963**	2,096	**–**	–
Accrued finance income	**–**	(65)	**–**	–
Foreign currency translation reserve movement	**67**	(83)	**–**	–
Royalty costs paid during the reporting period	**1,194**	1,756	**–**	–

NOTES TO THE FINANCIAL STATEMENTS continued

for the reporting period ended 30 June

34. CASH FLOW INFORMATION continued

34.4 Reconciliation of liabilities arising from financing activities

	Group		
US$ thousand	Borrowings	Lease liabilities	Total
Balance as at 1 July 2021	68,607	5,477	74,084
Changes from financing cash flows	(28,519)	(616)	(29,135)
Proceeds from borrowings	12,903	–	12,903
Repayment of borrowings	(41,422)	–	(41,422)
Repayment of lease liabilities	–	(616)	(616)
Other changes	(5,476)	(513)	(5,989)
Finance costs incurred	3,837	487	4,324
Finance costs paid	(3,224)	(487)	(3,711)
Restructuring fees	337	–	337
Modification gain on borrowings	(956)	–	(956)
Additions	–	127	127
Foreign currency translation reserve movement	(5,470)	(640)	(6,110)
Balance as at 30 June 2022	**34,612**	**4,348**	**38,960**
Changes from financing cash flows	**25,429**	**(562)**	**24,867**
Proceeds from borrowings	**94,705**	**–**	**94,705**
Repayment of borrowings	**(69,276)**	**–**	**(69,276)**
Repayment of lease liabilities	**–**	**(562)**	**(562)**
Other changes	**(6,688)**	**(303)**	**(6,991)**
Finance costs incurred	**5,463**	**389**	**5,852**
Finance costs paid	**(5,252)**	**(389)**	**(5,641)**
Restructuring fees	**273**	**–**	**273**
Modification loss on borrowings	**995**	**–**	**995**
Additions	**–**	**312**	**312**
Reassessment	**–**	**(42)**	**(42)**
Foreign currency translation reserve movement	**(8,167)**	**(573)**	**(8,740)**
Balance as at 30 June 2023	**53,353**	**3,483**	**56,836**

35. FINANCIAL RISK MANAGEMENT

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the sustainable return to shareholders through the optimisation of the debt and equity ratios. The Group's overall strategy remained unchanged during the previous reporting period.

		Group	
US$ thousand	Notes	2023	2022
Components of capital and financial covenants			
Cash and cash equivalents	24	**(34,771)**	(26,993)
RCF	28	**10,628**	26,192
Redink facility	28	**–**	8,420
DMTN bond	28	**42,725**	–
Add: net derivative financial liability/(asset)	35	**(396)**	(686)
Lease liabilities	29	**3,483**	4,348
Restricted cash	24	**240**	277
Refinancing modification adjustment[1]		**–**	749
Facility arranging fees adjustment[1]		**46**	684
Net debt[1]		**21,955**	12,991
Total equity		**294,596**	294,609
Net debt-to-equity ratio		**0.07**	0.04
Finance costs paid			
RCF		**2,181**	1,802
Term loan facility		**–**	751
Redink facility		**688**	671
DMTN bond		**2,383**	–
General banking facility		**1,001**	818
Finance costs – interest-bearing facilities		**6,253**	4,042
Adjusted EBITDA[2]		**115,010**	138,268
Fair value gain on derivatives		**(26)**	(547)
Net adjusted EBITDA		**114,984**	137,721
Interest cover ratio		**18.4**	34.1
Net debt		**21,955**	12,991
Net adjusted EBITDA[3]		**114,984**	137,721
Net debt-to-net adjusted EBITDA		**0.2**	0.1
Net adjusted EBITDA[3]		**114,984**	137,721
Net working capital change		**6,732**	6,930
Add: non-cash flow items		**5,349**	2,440
Total capital expenditure less capital funded through permitted indebtedness		**(64,327)**	(82,810)
Less: income, royalties and securities transfer taxes paid		**(7,722)**	(8,520)
Free cash flow		**55,016**	55,761
Finance costs on interest-bearing facilities		**6,253**	4,042
Obligatory debt principal repayments		**1,125**	3,611
Debt service obligation		**7,378**	7,653
Debt service cover ratio		**7.5**	7.3

[1] *The Group's net debt excludes the unaccrued refinancing modification and unaccrued facilities' arranging fees.*

[2] *Adjusted EBITDA represents earnings before interest, tax, depreciation and amortisation and impairment losses.*

[3] *Net adjusted EBITDA is the adjusted EBITDA excluding realised and unrealised gains and losses on financial instruments.*

Refer to **note 28** for a summary of the financial covenants limits.

NOTES TO THE FINANCIAL STATEMENTS continued

for the reporting period ended 30 June

35. FINANCIAL RISK MANAGEMENT continued

Categories of financial instruments

		Group		Company	
US$ thousand	Notes	2023	2022	2023	2022
Financial assets					
At amortised cost					
Cash and cash equivalents	24	34,771	26,993	2,435	2,457
Loan receivable	18	–	271	–	–
Receivables from Group companies		–	–	61,050	79,594
Trade and other receivables	23	9,164	10,890	–	–
At fair value through other comprehensive income					
Investments – other	20	–	1,127	–	1,127
At fair value through profit or loss					
Environmental rehabilitation obligation fund	21	21,627	23,024	–	–
Derivative financial asset	35	451	686	–	–
Financial liabilities					
At amortised cost					
Trade and other payables	31	46,891	43,757	378	528
Borrowings	28	53,353	34,612	–	–
At fair value through profit or loss					
Derivative financial liability	35	55	–	–	–

Financial risk management

The Group seeks to minimise the adverse impact of financial risks by using derivative financial instruments to hedge risk exposure where appropriate. The use of any financial derivatives is approved by the board, which provides guidance on a continuous basis on managing foreign exchange, interest rate, credit and liquidity risk in line with the Group's treasury policy. Exposure limits are reviewed regularly. The Group does not enter into derivative instrument transactions for speculative use.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk.

The combined maximum credit risk exposure of the Group is as follows:

		Group	
US$ thousand	Notes	2023	2022
Loan receivable	18	–	271
Trade and other receivables	23	9,164	10,890
Cash and cash equivalents	24	34,771	26,993
Guarantees to the DMRE and Eskom	28	35,921	25,321

Loan receivable

The Group's credit risk is deemed to be minimal given the nature of the counterparty and the historically low levels of credit default. There is no current observable data to indicate a material future default risk and as a result the credit quality at the reporting date is considered high.

Trade and other receivables

Credit risk is deemed to be minimal as the Group only sells refined gold to highly reputable South African financial institutions. Given the creditworthiness of these institutions, there is no ECL pertaining to trade receivables. Other receivables net of ECLs are estimated by the Group's management based on the current economic environment and individual debtor circumstances (**note 23**).

35. FINANCIAL RISK MANAGEMENT continued

Financial risk management continued

Credit risk continued

Cash and cash equivalents

Cash and cash equivalents are held with banks and financial institution counterparties, which are AA- to AA+ rated. Impairment on cash and cash equivalents has been measured on a 12-month ECL basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Guarantees to the DMRE and Eskom

The guarantees in favour of the DMRE are represented by funds held by Cenviro Solutions in an insurance investment product and are invested in interest-bearing and equity instruments within the insurance product. Cenviro Solutions is a reputable and vetted counterparty which is also underwritten by Centriq Insurance Company Limited. Based on the nature of the counterparty, credit default is considered minimal at the reporting date.

The guarantees in favour of Eskom are represented by funds held by rated South African institutions. The credit risk on liquid funds is limited due to these funds being invested with reputable financial institutions.

Market risk

The risk is that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, commodity prices and interest rates.

Foreign currency risk

The Group undertakes certain transactions in foreign currencies exposing the Group to foreign exchange rate fluctuations. Exchange rate exposures are managed within approved policy parameters. The Group specifically ensures US$ gold sale receipts are converted into rand as efficiently as possible.

The closing foreign exchange rate applied to the statement of financial position and the average rate applied to profit or loss is as follows:

	2023		2022	
Currency rates	Closing rate	Average rate	Closing rate	Average rate
US$/ZAR exchange rate	18.83	17.77	16.28	15.22

Sensitivity analysis – foreign currency

A movement in the US$ exchange rate relative to the rand of 10% during the reporting period would have affected the translation of profit for the period, current assets and liabilities as shown below. The analysis assumes that all other variables remain constant.

Impact on profit for the period

US$ thousand	As presented	10% increase	10% decrease
2023	60,737	(5,502)	6,719
2022	74,952	(6,805)	8,315

Impact on current assets and liabilities

US$ thousand	As presented	10% increase	10% decrease
2023			
Current assets	61,263	(5,569)	6,807
Current liabilities	77,386	(7,035)	8,598
2022			
Current assets	55,953	(5,086)	6,217
Current liabilities	58,989	(5,364)	6,556

NOTES TO THE FINANCIAL STATEMENTS continued
for the reporting period ended 30 June

35. FINANCIAL RISK MANAGEMENT continued
Financial risk management continued
Market risk continued
Commodity price risk

The Group is affected by the gold price volatility. The Group may enter into forward contracts to hedge its exposure to fluctuations in gold prices and exchange rates on specific transactions. The contracts are matched with anticipated future cash flows from gold sales receipts.

Sensitivity analysis – commodity price

A movement in the average rand gold price during the reporting period of 10% on the Group's revenue exposed to this risk would have increased/(decreased) profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant.

	2023	2022
Average gold spot price received (US$/oz)	**1,836**	1,824
Average gold spot price received (ZAR/kg)	**1,048,823**	892,431

Impact on profit for the period

US$ thousand	As presented	10% increase/ (decrease)
2023	**60,737**	**22,769**
2022	74,952	26,164

Interest rate risk

The Group is exposed to interest rate risk as Funding Company, on behalf of the Group, borrows and invests funds at both fixed and floating interest rates. Fluctuations in interest rates impact short-term investment and financing activities, giving rise to interest rate risk. In the ordinary course of business, the Group receives cash proceeds from its operations and is required to fund working capital and capital expenditure requirements. Cash is managed to ensure that surplus funds are invested to maximise returns while ensuring that capital is safeguarded to the maximum extent by only investing with reputable financial institutions. Contractual arrangements for committed borrowing facilities are maintained to meet the Group's normal and contingent funding needs.

Sensitivity analysis – interest rate

The Group's borrowings incur interest based on JIBAR (refer to **note 28**). A reasonably possible change in interest rates during the reporting period as noted in the table would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Impact on finance costs – borrowings

US$ thousand	As presented	10% increase/ (decrease)
2023	**6,351**	**635**
2022	3,885	389

35. FINANCIAL RISK MANAGEMENT continued
Derivative financial instruments
Interest rate hedge

	Group	
US$ thousand	**2023**	**2022**
Asset		
Balance as at 1 July	**686**	180
Unrealised fair value (loss)/gain	**(151)**	565
Foreign currency translation reserve movement	**(84)**	(59)
Balance as at 30 June	**451**	686

Fixed interest rate hedge terms	
Notional amount	ZAR300 million
Trade date	21 February 2021
Termination date	19 February 2024
Group entity	Funding Company
Financial institution	Nedbank and Rand Merchant Bank
Fixed rate (yield)	4.625%
Floating rate option	ZAR-JIBAR-SAFEX
Floating rate designated maturity	Three months

Diesel hedge

	Group	
US$ thousand	**2023**	**2022**
Liability		
Balance as at 1 July	**–**	–
Unrealised fair value loss	**(58)**	–
Foreign currency translation reserve movement	**3**	–
Balance as at 30 June	**(55)**	–

Diesel price hedge terms	
Total quantity (litres)	1,377,510
Trade date	1 December 2022
Duration	10 months
Period	January to October 2023
Group entity	Funding Company
Financial institution	Rand Merchant Bank
Average swap price (ZAR/litre)	22.3778

NOTES TO THE FINANCIAL STATEMENTS continued

for the reporting period ended 30 June

35. FINANCIAL RISK MANAGEMENT continued

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board, but is delegated to the executive management, which has an established liquidity risk management framework for the Group's short-term funding and liquidity requirements. This framework involves daily monitoring of the Group's cash position, regular review of cash flow forecasts and maturity profiles of financial assets and liabilities. Liquidity risk is managed by maintaining adequate working capital reserves and borrowing capacity on banking facilities.

The Group expects to meet its obligations from its operating cash flows and the borrowing capacity on its existing banking facilities.

The following table details the Group's undiscounted contractual maturities for its financial liabilities:

US$ thousand	Notes	Carrying amount	Less than 12 months	Year 2	Year 3	Year 4 and longer	Total contractual cash flows
Group							
June 2023							
Trade and other payables	31	**46,891**	**46,891**	**–**	**–**	**–**	**46,891**
Borrowings	28	**53,353**	**15,792**	**5,149**	**34,345**	**13,514**	**68,800**
Lease liabilities	29	**3,483**	**701**	**799**	**671**	**1,420**	**3,591**
Derivative financial liability	35	**55**	**55**	**–**	**–**	**–**	**55**
June 2022							
Trade and other payables	31	43,757	43,757	–	–	–	43,757
Borrowings	28	34,612	3,936	3,924	30,480	4,978	43,318
Lease liabilities	29	4,348	978	1,007	969	2,806	5,760
Company							
June 2023							
Trade and other payables	31	**378**	**378**	**–**	**–**	**–**	**378**
June 2022							
Trade and other payables	31	528	528	–	–	–	528

Fair value of financial instruments

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

Fair value hierarchy

Financial instruments measured at fair value are classified in the fair value hierarchy based on the extent to which fair value is observable.

The levels are determined as follows:

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

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

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

US$ thousand	Notes	Level 1	Level 2	Total
June 2023				
Environmental rehabilitation obligation fund[1]	21	**–**	**21,627**	**21,627**
Derivative financial asset	35	**–**	**451**	**451**
Derivative financial liability	35	**–**	**(55)**	**(55)**
June 2022				
Investments – other[2]	21	1,127	–	1,127
Environmental rehabilitation obligation fund[1]	22	–	23,024	23,024
Derivative financial asset	35	–	686	686

[1] *The environmental rehabilitation obligation fund is classified as Level 2 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.*

[2] *The fair value of the listed investment is classified as Level 1 as its share price is quoted on a stock exchange.*

36. ACQUISITIONS AND DISPOSALS

As announced on SENS on 6 October 2022, the Company closed the transaction whereby Mogale Tailings Retreatment Proprietary Limited (MTR), a wholly owned subsidiary of the Company, would acquire the total share capital and claims of Mogale Gold and MSC, (collectively, the sale transaction). Both Mogale Gold and MSC were previously 100% owned by Mintails Mining SA Proprietary Limited, which was placed in provisional liquidation during 2018. The sale transaction's aggregate cash consideration of ZAR50.0 million (approximately US$2.9 million at an exchange rate of US$/ZAR:17.01) was settled on closing. The details of the sale transaction, Mineral Resources potential and strategic rationale for the acquisition were outlined in the Company's announcement of 6 November 2020. The Company completed a definitive feasibility study on the Mogale Gold TSFs and announced the results of this study on 30 June 2022 (the study). The study demonstrated compelling economics and the potential to significantly increase the Group's gold production (an increase in excess of 25% compared to current Group annual production) over an initial life-of-mine of 13 years. Remining of the MSC TSFs has the potential to add further production upside and extend the life-of-mine to 21 years.

Following the completion of the definitive feasibility study, the Company commenced detailed engineering optimisation studies and the impact assessments required for the environmental authorisation process, stakeholder engagements and permitting. Construction is currently underway.

Significant judgement

IFRS 3: *Business Combinations* requires an entity to determine whether a transaction or event is a business combination by applying the definition of a business. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of generating income from ordinary activities and consists of inputs and processes applied to those inputs that have the ability to contribute to the creation of outputs. In this case, both Mogale Gold and MSC had no active operations, assets or a skilled workforce to extract gold from the tailings, therefore the acquisition did not constitute the acquisition of a business as there was no integrated set of activities in place capable of being managed to convert the acquired input (the TSF) into outputs (gold).

On acquisition, the acquirer, MTR, was required to identify and recognise the individual assets and liabilities acquired. The purchase price was allocated to the assets acquired and liabilities assumed based on their relative fair values at the date of acquisition. Since the transaction did not constitute the acquisition of a business, no goodwill has been recognised.

Purchase price allocation

US$ thousand	Mogale Gold	MSC	Total
Property, plant and equipment	18	–	18
Long-term inventory (TSFs)	5,387	1,127	6,514
Trade and other receivables			
VAT receivable	23	3	26
Environmental rehabilitation obligation fund	18	–	18
Environmental rehabilitation obligation	(1,995)	(396)	(2,391)
Trade and other payables			
Trade payables	(1,235)	–	(1,235)
Other payables	(11)	–	(11)
Net assets acquired	2,205	734	2,939
Cash consideration	2,205	734	2,939

There were no disposals during the current or previous reporting period.

37. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

The key management personnel for which remuneration has been disclosed below are executive directors, non-executive directors and prescribed officers:

	Group		Company	
US$ thousand	2023	2022	2023	2022
Executive directors				
Emoluments	**1,845**	1,625	**1,845**	1,625
Executive directors' emoluments	**1,845**	1,625	**1,845**	1,625
Non-executive directors				
Emoluments	**334**	357	**334**	357
Non-executive directors' emoluments	**334**	357	**334**	357
Total directors' emoluments	**2,179**	1,982	**2,179**	1,982

NOTES TO THE FINANCIAL STATEMENTS continued

for the reporting period ended 30 June

37. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS continued

Executive directors

US$ thousand	Basic remuneration	Allowances	Leave payout	Retention[1] payment	Total remuneration	Incentives[2]	PGLIP[4]	Total single figure remuneration[5]
2023								
Mr JAJ Loots	407	10	10	250	677	350	1,043	2,070
Mr GP Louw	370	–	–	222	592	226	855	1,673
Total	777	10	10	472	1,269	576	1,898	3,743

US$ thousand	Basic remuneration	Allowances	Leave payout	Total remuneration	Incentives[3]	Loan repayment	PGLIP[4]	PGLIP[4] net payment received	Total single figure remuneration[5]
2022									
Mr JAJ Loots	443	13	13	469	457	(4,042)	4,537	495	1,421
Mr GP Louw	404	–	–	404	295	(2,713)	3,124	411	1,111
Total	847	13	13	873	752	(6,755)	7,661	906	2,532

1 *Retention payments are made in accordance with the employees' employment contracts. See details on* ***page 161****.*

2 *These incentives, paid in the 2023 reporting period, relate to the 2022 annual short-term incentive (STI) achievement consistent with the approved qualifying criteria.*

3 *These incentives, paid in the 2022 reporting period, relate to the 2021 annual STI achievement consistent with the approved qualifying criteria.*

4 *In terms of the rules of the Pan African Corporate Option Scheme (PACOS) restructured scheme (PGLIP B shares), participants were entitled to an advance, on market-related terms (South African repo rate plus a margin of 1%) once a monetary value had vested and locked-in. This rate has been applied to all participants of the scheme. Subsequent PGLIP issues (C, D and future share issues) do not allow for any advances to participants. Advances from PAR Gold amounting to US$12.3 million were made to scheme participants in the 2021 reporting period. These advances were offset against dividends when declared by PAR Gold, as per the rules of the restructured scheme. As detailed in the 17 September 2020 and 30 June 2021 announcements, all listings and regulatory requirements were complied with in the restructure of these incentive schemes and loans advanced to scheme participants. With the inception of PACOS (converted to PGLIP B shares) the Pan African 30-day VWAP share price was ZAR1.21, and at the measurement date for the PGLIP B shares, the Pan African 30-day VWAP share price was ZAR5.65.*

5 *Total remuneration and incentives represent short-term employee benefits. The PGLIP represents share-based payments.*

Non-executive directors

Non-executive directors are entitled to the following emoluments as approved annually by Remco for services rendered, which are based on the subcommittees on which they serve:

US$ thousand	Mr KC Spencer *(Chairman)*	Mrs D Earp	Mr TF Mosololi	Mr CDS Needham	Mrs YN Themba	Total
	2023					
Board of directors	72	36	36	36	36	216
Remuneration committee	–	–	7	7	11	25
Audit and risk committee *(Mrs D Earp as chairperson)*	–	14	9	9	–	32
Safety, health, environmental, quality and community (SHEQC) committee	11	7	–	–	–	18
Nomination committee	5	5	5	5	5	25
Social and ethics committee	–	–	11	–	7	18
	88	62	68	57	59	334

37. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS continued

Non-executive directors continued

US$ thousand	Mr KC Spencer *(Chairman)*	Mrs D Earp[1]	Mrs HH Hickey[1]	Mr TF Mosololi	Mr CDS Needham	Mrs YN Themba	Total
	2022						
Board of directors	77	24	14	38	38	38	229
Remuneration committee	–	–	–	8	8	12	28
Audit and risk committee *(Mrs D Earp as chairperson)*	–	15	–	10	10	–	35
SHEQC committee	12	8	–	–	–	–	20
Nomination committee	5	5	–	5	5	5	25
Social and ethics committee	–	–	–	12	–	8	20
	94	52	14	73	61	63	357

1 *During the previous reporting period, Mrs HH Hickey stepped down from the board of directors effective 16 September 2021 and was replaced by Mrs D Earp effective 21 September 2021.*

There were no changes to the board of directors in the current reporting period.

No retirement fund contributions are made by the Company on behalf of non-executive directors.

The Group has directors' and public officers' liability insurance in place that provides insurance cover in the event of a claim or legal action. The insurance cover was in place throughout the reporting period and remains in place.

Prescribed officers

Mr EB Thorne was appointed 1 July 2022 as Group Mining Engineer. Mr J Irons and Mrs M Kok have been included due to increased responsibilities within the Group.

During the current reporting period, the following charges were made to the prescribed officers:

US$ thousand	Basic remuneration	Retirement fund	Life and disability plan	Allowances	Leave payout	Total remuneration	Incentives	PGLIP	Total single figure remuneration[1]
	2023								
Mr JD Symington	191	–	–	7		198	68	207	473
Mr H Pretorius	170	23	4	4		201	56	121	378
Mr J Irons	170	6	–	11	10	197	67	236	500
Mr EB Thorne	192	–	–	12	–	204	–	–	204
Mrs M Kok	127	17	3	1	8	156	54	–	210
	850	46	7	35	18	956	245	564	1,765

US$ thousand	Basic remuneration	Retirement fund	Life and disability plan	Allowances	Leave payout	Total remuneration	Incentives	Loan repayment	PGLIP	PGLIP net payment received	Total single figure remuneration[1]
	2022										
Mr JD Symington	186	–	–	8	–	194	88	(599)	799	200	482
Mr H Pretorius	138	18	3	6	6	171	73	(239)	319	80	324
	324	18	3	14	6	365	161	(838)	1,118	280	806

1 *Total remuneration and incentives represent short-term employee benefits. The PGLIP LTI represents share-based payments.*

NOTES TO THE FINANCIAL STATEMENTS continued

for the reporting period ended 30 June

37. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS continued

Directors' dealings in shares

All the shares held by directors are direct and indirect beneficial interests.

Reporting period 30 June 2023

Mr JAJ Loots entered into the following Company share transactions:

- On 26 May 2023: purchased 200,000 ordinary shares at GBP0.132 and 200,000 contracts for differences (CFDs) at GBP0.1377.

Mr JAJ Loots held 5,048,504 indirect beneficial shares, representing 0.2271% of the Company's issued share capital, and 1,873,982 direct beneficial shares, representing 0.0843% of the Company's issued share capital and 314,280 CFDs at 30 June 2023.

Mr GP Louw entered into the following Company share transactions:

- On 26 May 2023: purchased 230,000 ordinary shares at VWAP ZAR3.2913.

Mr GP Louw held 3,122,349 indirect beneficial shares, representing 0.1405% of the Company's issued share capital, and 998,112 direct beneficial shares outstanding, representing 0.0445% of the Company's issued share capital at 30 June 2023.

Mr TF Mosololi held 160,000 shares, representing 0.0072% of the Company's issued share capital at 30 June 2023.

Mr KC Spencer held 3,000,000 shares, representing 0.1342% of the total issued shares of the Company at 30 June 2023.

Mr CDS Needham held 25,000 shares, representing 0.001% of the total issued shares of the Company at 30 June 2023.

No dealings in the securities of the Company by the directors took place between the reporting date and the date of approval of the annual financial statements.

Reporting period 30 June 2022

Mr JAJ Loots entered into the following Company share transactions:

- On 15 September 2021: purchased 200,000 ordinary shares at GBP0.167 per share and 100,000 ordinary shares at GBP0.173.

Mr JAJ Loots 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 and 114,280 CFDs at 30 June 2022.

Mr GP Louw entered into the following Company share transactions:

- On 15 September 2021: purchased 220,000 ordinary shares at ZAR3.42 per share.

Mr GP Louw 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 30 June 2022.

Mr TF Mosololi entered into the following Company share transactions:

- On 21 September 2021: purchased 50,000 ordinary shares at ZAR3.15 per share.

Mr TF Mosololi held 160,000 shares, representing 0.0072% of the Company's issued share capital at 30 June 2022.

Mr KC Spencer entered into the following Company share transactions:

- On 1 October 2021: transferred 3,000,000 ordinary shares between nominee accounts with no change in beneficial interest.

Mr KC Spencer held 3,000,000 shares, representing 0.1342% of the total issued shares of the Company at 30 June 2022.

Mr CDS Needham held 25,000 shares, representing 0.001% of the total issued shares of the Company at 30 June 2022.

No dealings in the securities of the Company by the directors took place between the year-end and the date of approval of the annual financial statements.

37. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS continued

LTI scheme

Shares granted but not yet vested	Total number of shares 1 July 2022	Grant date	Issued during the reporting period	Dividend measurement date	Forfeited/ repurchased during the reporting period	Total number of shares 30 June 2023
Mr JAJ Loots						
– PAR Gold D shares	2,848,556	1 July 2020	–	1 July 2023	–	**2,848,556**
– PAR Gold E shares	2,337,972	1 July 2021	–	1 July 2024	–	**2,337,972**
– PAR Gold F shares	–	1 July 2022	**2,190,419**	1 July 2025	–	**2,190,419**
Mr GP Louw						
– PAR Gold D shares	2,335,468	1 July 2020		1 July 2023	–	**2,335,468**
– PAR Gold E shares	1,916,851	1 July 2021	–	1 July 2024	–	**1,916,851**
– PAR Gold F shares	–	1 July 2022	**1,795,876**	1 July 2025	–	**1,795,876**
Mr JD Symington						
– PAR Gold D shares	566,082	1 July 2020	–	1 July 2023	–	**566,082**
– PAR Gold E shares	610,492	1 July 2021	–	1 July 2024	–	**610,492**
– PAR Gold F shares	–	1 July 2022	**636,363**	1 July 2025	–	**636,363**
Mr H Pretorius						
– PAR Gold D shares	420,057	1 July 2020	–	1 July 2023	–	**420,057**
– PAR Gold E shares	438,791	1 July 2021	–	1 July 2024	–	**438,791**
– PAR Gold F shares	–	1 July 2022	**636,363**	1 July 2025	–	**636,363**
Mr J Irons						
– PAR Gold D shares	644,093	1 July 2020	–	1 July 2023	–	**644,093**
– PAR Gold E shares	528,645	1 July 2021	–	1 July 2024	–	**528,645**
– PAR Gold F shares	–	1 July 2022	**540,909**	1 July 2025	–	**540,909**
Ms M Kok						
– PAR Gold D shares	462,781	1 July 2020	–	1 July 2023	–	**462,781**
– PAR Gold E shares	427,526	1 July 2021	–	1 July 2024	–	**427,526**
– PAR Gold F shares	–	1 July 2022	**413,637**	1 July 2025	–	**413,637**
Mr E Thorne						
– PAR Gold F shares	–	1 July 2022	**636,363**	1 July 2025	–	**636,363**
Total number of shares not yet vested	13,537,314		**6,849,930**		–	**20,387,244**

These are cash-settled shares issued under the PGLIP scheme. These shares receive dividends only if the specified measurement criteria are fulfilled at the end of a three-year measurement period.

Vested shares	Total number of shares 1 July 2022	Grant date	Issued during the reporting period	Dividend measurement date	Forfeited/ repurchased during the reporting period	Total number of shares 30 June 2023
Mr JAJ Loots						
– PAR Gold B shares	17,107,580	1 July 2020	–	31 December 2021	–	**17,107,580**
– PAR Gold C shares	4,434,380	1 July 2019	–	1 July 2022	–	**4,434,380**
Mr GP Louw						
– PAR Gold B shares	11,523,153	1 July 2020	–	31 December 2021	–	**11,523,153**
– PAR Gold C shares	3,635,648	1 July 2019	–	1 July 2022	–	**3,635,648**
Mr JD Symington						
– PAR Gold B shares	2,920,661	1 July 2020	–	31 December 2021	–	**2,920,661**
– PAR Gold C shares	881,227	1 July 2019	–	1 July 2022	–	**881,227**
Mr H Pretorius						
– PAR Gold B shares	1,152,893	1 July 2020	–	31 December 2021	–	**1,152,893**
– PAR Gold C shares	514,093	1 July 2019	–	1 July 2022	–	**514,093**
Mr J Irons						
– PAR Gold B shares	3,766,116	1 July 2020	–	31 December 2021	–	**3,766,116**
– PAR Gold C shares	1,002,668	1 July 2019	–	1 July 2022	–	**1,002,668**
Total number of vested shares	46,938,419		–		–	**46,938,419**

Shares to be repurchased at a nominal amount and cancelled by PAR Gold during the 2024 financial year, no further dividend payment will be made on these shares as per the rules of the PGLIP scheme.

NOTES TO THE FINANCIAL STATEMENTS continued

for the reporting period ended 30 June

38. RELATED PARTY TRANSACTIONS

	2023								
US$ thousand	Company	Funding Company	PAR Management Services	Consolidation entity	Barberton Mines	Evander Mines[1]	Evander Gold Mines	PAR SA Holdings	PAR Gold
Transactions									
Management fee received/(paid)	4,645	(113)	7,417	(2,254)	(5,784)	(3,471)	–	–	–
Dividends received from/(paid to) fellow Group companies[2]	12,904	–	–	(3,103)	(12,904)	–	–	–	3,103
Intra-Group finance income/(costs)	–	4,651	(2,915)	(397)	2,166	(2,519)	–	–	–
Revenue	–	–	–	–	–	–	–	–	–
Cost of production	–	–	–	–	–	(2,198)	–	–	–
Gold purchases from Evander Gold Mines Proprietary Limited	–	–	–	–	–	(93,986)	93,986	–	–
Cost of gold production income invoiced to Evander Mines	–	–	–	–	–	93,055	(93,055)	–	–
Balances									
Company receivables/(payables)	61,059	(52,309)	(14,757)	–	–	(4)	–	–	10,369
Funding Company receivables/(payables)	52,309	(2,708)	(35,603)	–	61,961	(51,590)	–	6	2,926
PAR Management Services receivables/(payables)	14,757	35,603	(2,398)	–	(25,503)	(28,259)	–	–	6,650
Barberton Mines receivables/(payables)	–	–	–	–	883	–	–	–	–
Evander Mines receivables/(payables)	–	–	–	–	–	(55,854)	55,688	–	–
MTR project receivables/(payables)	–	–	–	–	–	–	–	–	–

	2023										
US$ thousand	K Company	Evander Solar Solutions	Project Kite[3]	PAR Properties	Concrete Rose	Barberton Blue	MTR	Mogale Gold	MSC	Pan African Resources Minerals – Sudan	Pan African Resources Minerals – Dubai
Transactions											
Management fee received/(paid)	–	(169)	(34)	–	–	(68)	–	–	–	(169)	–
Dividends received from/(paid to) fellow Group companies[2]	–	–	–	–	–	–	–	–	–	–	–
Intra-Group finance income/(costs)	(29)	(299)	(140)	–	–	(383)	(135)	–	–	–	–
Revenue	–	2,198	–	–	–	–	–	–	–	–	–
Cost of production	–	–	–	–	–	–	–	–	–	–	–
Gold purchases from Evander Gold Mines Proprietary Limited	–	–	–	–	–	–	–	–	–	–	–
Cost of gold production income invoiced to Evander Mines	–	–	–	–	–	–	–	–	–	–	–
Balances											
Company receivables/(payables)	–	–	–	–	–	–	–	–	–	(4,358)	–
Funding Company receivables/(payables)	(285)	(8,278)	(1,286)	(14)	4	(3,779)	(13,663)	–	–	–	–
PAR Management Services receivables/(payables)	–	(518)	(37)	(4)	–	(73)	–	–	–	(218)	–
Barberton Mines receivables/(payables)	–	(883)	–	–	–	–	–	–	–	–	–
Evander Mines receivables/(payables)	–	166	–	–	–	–	–	–	–	–	–
MTR project receivables/(payables)	–	–	–	–	–	–	11,312	(11,221)	(91)	–	–

[1] *Evander Gold Mines Limited and Evander Gold Mining Proprietary Limited are collectively referred to as Evander Mines due to an interim mining arrangement being in place since 1 March 2013, and until such time that the intra-Group mining right transfer occurs.*

[2] *Dividends received from subsidiaries related to the PAR Gold reciprocal dividend. Refer to the statement of changes in equity and additional disclosures relating to PAR Gold in **note 19**.*

[3] *Project Kite relates to an agricultural Group project which is held in a previously dormant Group entity.*

NOTES TO THE FINANCIAL STATEMENTS continued

for the reporting period ended 30 June

38. RELATED PARTY TRANSACTIONS continued

	2022							2022									
US$ thousand	Company	Funding Company	PAR Management Services	Consolidation entity	Barberton Mines	Evander Mines[1]	Evander Gold Mines	PAR SA Holdings	PAR Gold	K Company	Evander Solar Solutions	Project Kite[3]	Concrete Rose	Barberton Blue	MTR	Pan African Resources Minerals – Sudan	Pan African Resources Minerals – Dubai
Transactions																	
Management fee received/(paid)	7,355	(131)	5,425	(394)	(5,700)	(6,240)	–	–	–	–	(197)	(39)	–	(79)	–	–	–
Dividends received from/ (paid to) fellow Group companies[2]	24,763	279	–	(3,623)	(25,322)	–	–	–	3,623	–	–	–	280	–	–	–	–
Intra-Group finance income/(costs)	–	3,631	(1,521)	–	1,718	(3,430)	–	–	–	(23)	(27)	(96)	–	(252)	–	–	–
Revenue	–	–	–	–	–	–	–	–	–	–	308	–	–	–	–	–	–
Cost of production	–	–	–	–	–	(308)	–	–	–	–	–	–	–	–	–	–	–
Gold purchases from Evander Gold Mines Proprietary Limited	–	–	–	–	–	(112,078)	112,078	–	–	–	–	–	–	–	–	–	–
Cost of gold production income invoiced to Evander Mines	–	–	–	–	–	110,969	(110,969)	–	–	–	–	–	–	–	–	–	–
Balances																	
Company receivables/(payables)	79,594	(68,021)	(19,352)	–	–	–	–	–	11,407	–	(2)	–	–	–	(35)	(3,602)	11
Funding Company receivables/ (payables)	68,021	(25,076)	(25,812)	–	59,122	(72,194)	–	7	3,811	(297)	(3,079)	(1,266)	5	(3,242)	–	–	–
PAR Management Services receivables/(payables)	19,352	25,812	(3,127)	–	(21,980)	(25,734)	–	–	7,522	–	(389)	(42)	–	(85)	(1,329)	–	–
Barberton Mines receivables/ (payables)	–	–	–	–	409	–	–	–	–	–	(406)	(3)	–	–	–	–	–
Evander Mines |receivables/ (payables)	–	–	–	–	–	(63,340)	63,273	–	–	–	67	–	–	–	–	–	–

[1] *Evander Gold Mines Limited and Evander Gold Mining Proprietary Limited are collectively referred to as Evander Mines due to an interim mining arrangement being in place since 1 March 2013, and until such time that the intra-Group mining right transfer occurs.*

[2] *Dividends received from subsidiaries related to the PAR Gold reciprocal dividend. Refer to the statement of changes in equity and additional disclosures relating to PAR Gold in **note 19**.*

[3] *Project Kite relates to an agricultural Group project which is held in a previously dormant Group entity.*

Refer to investments in subsidiaries (**note 19**) for the relationships of the related parties to the Company.

All key management personnel involved in related party transactions are directors and prescribed officers whose remuneration is disclosed in **note 37**.

Intra-Group loans provided by Funding Company have no specific repayment terms but bear interest in relation to treasury services rendered.

NOTES TO THE FINANCIAL STATEMENTS continued

for the reporting period ended 30 June

39. COMMITMENTS

The Group had contracted outstanding open orders at the reporting date of US$34.4 million (2022: US$27.4 million).

Board-approved commitments for the next reporting period, not yet contracted for, amount to US$155.6 million (2022: US$82.1 million).

40. CONTINGENT LIABILITIES

The Group identified no material contingent liabilities in the current or previous reporting period.

41. 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$49.9 million (2022: US$42.4 million) of available debt facilities and US$34.7 million} (2022: US$26.7 million) of cash and cash equivalents at 30 June 2023. The Group has considered the going concern forecast through to 30 June 2025, using a base case rand gold price of ZAR1,050,000/kg (US$1,838/oz) and a downside rand gold price of ZAR954,000/kg (US$1,670/oz). The Group's forecasts based on the board-approved budgets demonstrate that it will have sufficient liquidity headroom to meet its obligations, under both scenarios, in the ordinary course of business and will comply with financial covenants for the 12 months from the authorisation date of the financial statements; in the downside case, this includes mitigating actions which are in management's control.

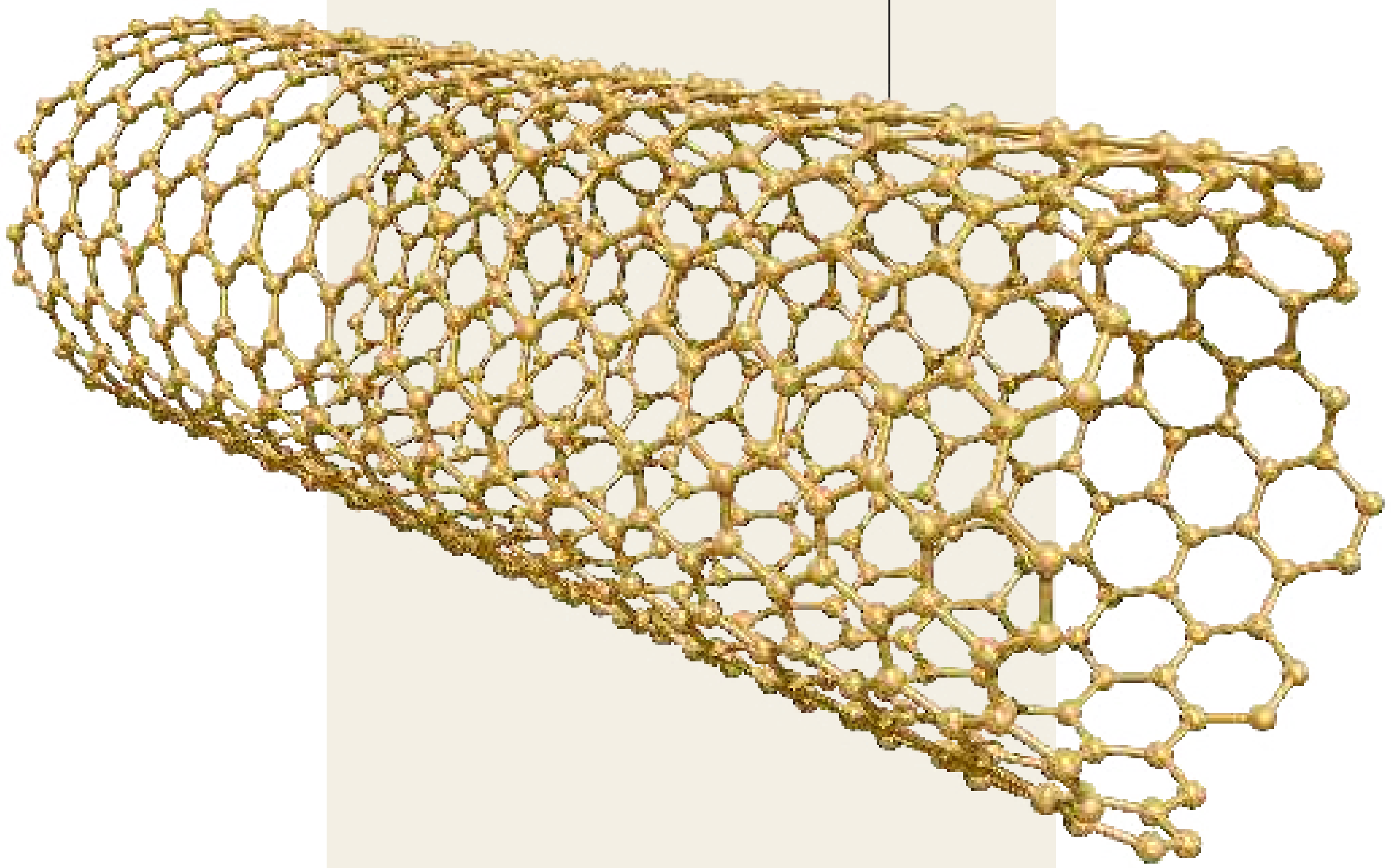
42. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the current reporting period, the Group entered into a ZAR1.3 billion (US$70.3 million) senior debt facility, designated for the funding of the Group's MTR project and a refinance of the existing RCF of ZAR1 billion (US$54.1 million) with a new repayment date of 30 June 2026. The senior debt facility and RCF were underwritten by RMB, with Nedbank Limited (acting through its Nedbank Corporate and Investment Banking division) as co-financier.

The new RCF has a three-year term and provides the Group with access to flexible and cost-effective working capital. The senior debt facility has a six-year term, with quarterly repayments commencing two years after the financial close date. The financial close date for this agreement for both facilities became effective on 31 July 2023.

2,000

gold atoms per nanoparticle



The crystal structure of gold reveals that there are four atoms per unit cell and approximately 500 unit cells per nanoparticle.

5

OTHER INFORMATION

Pan African has again expanded its shareholder base in the past year.

SHAREHOLDERS' ANALYSIS

for the year ended 30 June 2023

Register date: 30 June 2023
Issued share capital: 2,222,862,046 shares

SHAREHOLDER SPREAD

	2023				2022			
	Number of share-holders	%	Number of shares	%	Number of share-holders	%	Number of shares	%
1 – 1,000 shares	4,937	52.01	768,436	0.04	4,777	50.62	741,271	0.03
1,001 – 10,000 shares	2,216	23.34	9,630,796	0.43	2,298	24.35	10,051,803	0.45
10,001 – 100,000 shares	1,655	17.43	56,664,701	2.55	1,633	17.30	55,492,031	2.50
100,001 – 1,000,000 shares	495	5.21	159,826,334	7.19	519	5.50	164,097,707	7.38
1,000,001 shares and over	190	2.01	1,995,971,779	89.79	210	2.23	1,992,479,234	89.64
Total	9,493	100.00	2,222,862,046	100.00	9,437	100.00	2,222,862,046	100.00

DISTRIBUTION OF SHAREHOLDERS

	2023				2022			
	Number of share-holders	%	Number of shares	%	Number of share-holders	%	Number of shares	%
Banks	255	2.69	828,707,727	37.28	273	2.89	805,737,677	36.25
Brokers	26	0.27	56,299,843	2.53	25	0.26	42,155,676	1.90
Close corporations	39	0.41	2,509,203	0.11	33	0.35	2,220,769	0.10
Endowment funds	20	0.21	10,528,716	0.47	25	0.26	10,876,662	0.49
Hedge funds	–	–	–	–	1	0.01	94,500	–
Individuals	7,979	84.05	101,161,142	4.55	8,012	84.90	94,603,649	4.26
Insurance companies	24	0.25	31,359,043	1.41	29	0.31	38,431,746	1.73
Investment companies	10	0.11	1,186,658	0.05	7	0.07	763,878	0.03
Medical aid schemes	6	0.06	6,286,585	0.28	5	0.05	5,219,253	0.23
Mutual funds	177	1.86	506,004,728	22.76	195	2.07	532,489,245	23.96
Nominees and trusts	268	2.82	17,878,575	0.80	264	2.80	17,548,900	0.79
Other corporations	46	0.48	942,318	0.04	57	0.60	1,535,627	0.07
Pension funds	511	5.38	326,557,426	14.70	392	4.15	337,113,638	15.17
Private companies	125	1.33	330,514,591	14.88	111	1.18	331,005,715	14.89
Public companies	7	0.08	2,925,491	0.14	8	0.1	3,065,111	0.13
Total	9,493	100.00	2,222,862,046	100.00	9,437	100.00	2,222,862,046	100.00

PUBLIC/NON-PUBLIC SHAREHOLDERS

	2023				2022			
	Number of share-holders	%	Number of shares	%	Number of share-holders	%	Number of shares	%
Non-public shareholders	13	0.14	721,371,735	32.45	13	0.14	736,408,851	33.13
Directors	11	0.12	14,217,947	0.64	11	0.12	13,787,947	0.62
Strategic holders (more than 10%)	2	0.02	707,153,788	31.81	2	0.02	722,620,904	32.51
Public shareholders	9,480	99.86	1,501,490,311	67.55	9,424	99.86	1,486,453,195	66.87
Total	9,493	100.00	2,222,862,046	100.00	9,437	100.00	2,222,862,046	100.00

BENEFICIAL SHAREHOLDERS' HOLDING OF 3% OR MORE

	2023		2022	
	Number of shares	%	Number of shares	%
PAR Gold	306,358,058	13.78	306,358,058	13.78
South African state-controlled entities	228,671,312	10.29	204,234,290	9.19
Allan Gray Balanced Fund	145,358,460	6.54	145,358,460	6.54
LF Ruffer Gold Fund	94,424,183	4.25	100,158,862	4.51

SHAREHOLDERS' HOLDING OF 5% OR MORE

	2023		2022	
	Number of shares	%	Number of shares	%
Allan Gray Investment Management	400,795,730	18.03	416,262,846	18.73
PAR Gold	306,358,058	13.78	306,358,058	13.78
MandG Investment Managers Proprietary Limited	127,885,647	5.75	–	–

ALTERNATIVE PERFORMANCE MEASURES

INTRODUCTION

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

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

- **Financial APMs:** These financial measures are usually derived from the annual financial statements which have been 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 consolidated annual financial statements for the year ended 30 June 2023.
- **Non-financial APMs:** These measures incorporate certain non-financial information that management believes is useful when assessing the performance of the Group.
- **Ratios:** Ratios may be calculated using any of the APMs referred to above, IFRS measures or a combination of APMs and IFRS measures. APMs are not uniformly defined by all companies and may not be comparable with APM disclosures made by other companies, and they exclude:
  - measures defined or specified by an applicable reporting framework such as revenue, profit or loss or earnings per share
  - physical or non-financial measures such as number of employees, number of subscribers, revenue per unit measure (when the revenue figures are extracted directly from the annual financial statements) or social and environmental measures such as gas emissions, breakdown of workforce by contract or geographical location
  - information on major shareholdings, acquisition or disposal of own shares and total number of voting rights
  - information to explain the compliance with the terms of an agreement or legislative requirements such as lending covenants or the basis of calculating director or executive remuneration.

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.

PURPOSE OF APMs

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

Their use is driven by characteristics particularly visible in the mining sector.

- **Earnings volatility:** The sector is characterised by significant volatility in earnings driven by movements in macroeconomic factors, primarily commodity prices and foreign exchange rates.
- This volatility is outside the control of management and can mask underlying changes in performance. As such, when comparing year-on-year performance, management excludes certain non-recurring items to aid comparability and then quantifies and isolates uncontrollable factors to improve understanding of the controllable portion of variances.
- **Nature of investment:** Investments in the sector are typically capital-intensive and occur over several years requiring significant funding before generating cash. These investments are often made through debt and equity providers and the nature of the Group's ownership interest affects how the financial results of these operations are reflected in the Group's results, for example, whether full consolidation (subsidiaries), consolidation of the Group's attributable assets and liabilities (joint operations) or equity-accounted (associates and joint ventures).
- **Portfolio complexity:** At year-end, the Group's operating portfolio remains largely in commodities, mainly gold, which accounts for 99.8% of the Group's revenue at year-end. The cost, value of and return from each saleable unit (such as tonne or ounce) therefore does not differ materially between each operating business. This makes understanding both the overall portfolio performance, and the relative performance of each mining operation on a like-for-like basis, less challenging.

Consequently, APMs are used by the board and management for planning and reporting. A subset is also used by management in setting director and management remuneration. The measures are also used in discussions with the investment analyst community and credit rating agencies.

Financial APMs

Group APM	Related IFRS measure	Adjustments to reconcile to primary statements	Rationale for adjustment
Performance			
All-in sustaining costs (AISC)	Cost of production	• Other related costs as defined by the World Gold Council, including royalty costs, community costs, sustaining and development capital (excluding non-gold operations)	The objective of AISC and all-in cost (AIC) metrics is to provide key stakeholders 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 IFRS
All-in cost	Cost of production	• Once-off capital costs	As per the above for AISC with additional expansionary capital and once-off non-production-related cost adjustments
Adjusted EBITDA	Profit after tax	• Taxation • Depreciation and amortisation • Net finance costs • Impairment loss or impairment reversals	Excludes the impact of non-recurring items or certain accounting adjustments that can mask underlying changes in performance
Net adjusted EBITDA	Profit after tax	• Taxation • Depreciation and amortisation • Net finance costs • Impairment loss or impairment reversals • Unrealised fair value gains or losses on financial derivative instruments undertaken in the normal course of business	Excludes the impact of non-recurring items or certain accounting adjustments that can mask underlying changes in performance
Free cash flow	Profit after tax	• Taxation • Depreciation and amortisation • Net finance costs • Impairment loss or impairment reversals • Profit/loss after tax from discontinued operations • Unrealised fair value gains or losses on financial derivative instruments undertaken in the normal course of business • Adjusted for working capital changes • Adjusted for non-cash flow items as determined in accordance with IAS 7 • Less capital expenditure funded through permitted indebtedness • Less tax paid	Reflects available cash flow to service debt obligations
Attributable cash flow per share	Cash generated by operating activities	• Less capital expenditure • Less capital funded through permitted indebtedness • Less obligatory debt repayments	
Headline earnings	Profit after tax	• Profit on disposal of property, plant and equipment • Tax on profit on disposal of property, plant and equipment and mineral rights • Impairment or impairment reversals • Tax on impairment or impairment reversals	Indicates the extent of the Group's normalised earnings to shareholders based on SAICA's Circular 2021/1
Statement of financial position			
Net debt	Borrowings from financial institutions less cash and related hedges	• IFRS 9 accounting adjustments • IFRS 16 lease liabilities • Restricted cash • Instalment sale obligations	Excludes the impact of accounting adjustments from the net debt obligations of the Group Refer to **note 35**
Net senior debt	Borrowings from financial institutions less cash	• IFRS 9 *accounting adjustments* • IFRS 16 *lease liabilities* • Restricted cash • Instalment sale obligations	Excludes the impact of accounting adjustments from the net debt obligations of the Group

ALTERNATIVE PERFORMANCE MEASURES continued

All-in sustaining costs

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

All-in costs

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

AISC and AIC 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 operational production table on **pages 94** and **95**. A kilogramme of gold is converted to an ounce of gold at a ratio of 1:32.1509.

The following tables set out a reconciliation of Pan African's cost of production as calculated in accordance with IFRS to AISC and AIC for the financial years ended 30 June 2023 and 30 June 2022. The equivalent of a rand per kilogramme and US$ per ounce basis is disclosed in the Group's operational production table on **pages 94** and **95**.

	Mining operations			Tailings operations					Total operations		
Year ended 30 June 2023 ZAR million	**Barberton Mines**	**Evander Mines**	**Total**	**Barberton Mines**	**BTRP**	**Evander Mines' surface sources**	**Elikhulu**	**Total**	**Barberton Mines total[1]**	**Evander Mines total[1]**	**Group total[1]**
Cost of production	1,647.2	639.4	2,286.6	247.9	201.8	819.1	1,268.8	1,895.1	1,660.3	3,555.4	3,555.4
Royalties	10.6	5.3	15.9	0.1	–	1.2	1.3	10.7	6.5	17.2	17.2
Community cost related to gold operations	21.1	4.2	25.3	–	–	–	–	21.1	4.2	25.3	25.3
By-products credits	(1.8)	(6.7)	(8.5)	–	–	–	–	(1.8)	(6.7)	(8.5)	(8.5)
Corporate, general and administrative costs	101.8	46.5	148.3	–	–	57.6	57.6	101.8	104.1	205.9	205.9
Reclamation and remediation – accretion and amortisation (operating sites)	(6.0)	(4.3)	(10.3)	–	–	–	–	(6.0)	(4.3)	(10.3)	(10.3)
Sustaining capital – development	128.9	–	128.9	–	–	–	–	128.9	–	128.9	128.9
Sustaining capital – maintenance	175.2	–	175.2	5.2	9.4	27.9	42.5	180.4	37.3	217.7	217.7
All-in sustaining costs[1]	2,076.9	684.4	2,761.3	253.1	211.2	905.9	1,370.2	2,330.0	1,801.5	4,131.5	4,131.5
Expansion capital – capital expenditure	46.7	1,077.8	1,124.5	6.4	–	304.5	310.9	53.1	1,382.3	1,435.4	1,435.4
All-in costs[1]	2,123.6	1,762.2	3,885.8	259.5	211.2	1,210.4	1,681.1	2,383.1	3,183.8	5,566.9	5,566.9

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

	Mining operations			Tailings operations				Total operations		
Year ended 30 June 2022 ZAR million	**Barberton Mines**	**Evander Mines**	**Total**	**BTRP**	**Evander Mines' surface sources**	**Elikhulu**	**Total**	**Barberton Mines total[1]**	**Evander Mines total[1]**	**Group total[1]**
Cost of production	1,495.6	768.4	2,264.0	256.7	226.3	694.2	1,177.2	1,752.3	1,688.9	3,441.2
Royalties	23.3	6.8	30.1	0.8	–	1.0	1.8	24.1	7.8	31.9
Community cost related to gold operations	24.1	1.1	25.2	–	–	–	–	24.1	1.1	25.2
By-products credits	(1.5)	(9.1)	(10.6)	–	–	–	–	(1.5)	(9.1)	(10.6)
Corporate, general and administrative costs	75.7	61.0	136.7	–	–	54.3	54.3	75.7	115.3	191.0
Reclamation and remediation – accretion and amortisation (operating sites)	(2.0)	(1.3)	(3.3)	–	–	–	–	(2.0)	(1.3)	(3.3)
Sustaining capital – development	113.1	–	113.1	–	–	–	–	113.1	–	113.1
Sustaining capital – maintenance	167.6	–	167.6	7.7	7.8	47.9	63.4	175.3	55.7	231.0
All-in sustaining costs[1]	1,895.9	827.0	2,722.9	265.2	234.1	797.5	1,296.8	2,161.1	1,858.6	4,019.7
Expansion capital – capital expenditure	144.1	410.4	554.5	–	11.9	120.5	132.4	144.1	542.8	686.9
All-in costs[1]	2,040.0	1,237.4	3,277.4	265.2	246.0	918.0	1,429.2	2,305.2	2,401.4	4,706.6

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

ALTERNATIVE PERFORMANCE MEASURES continued

Sustaining capital

Sustaining capital is the capital needed to sustain the current production base.

Expansion capital

Expansion capital relates to capital expenditure for the growth of the production base.

		Sustaining capital		Expansion capital		Total capital	
		2023 US$ million	2022 US$ million	2023 US$ million	2022 US$ million	2023 US$ million	2022 USS million
Barberton Mines	Mining operations	**17.1**	18.4	**2.6**	9.5	**19.7**	27.9
	BTRP	**0.3**	0.5	**0.4**	–	**0.7**	0.5
	Barberton Mines total	**17.4**	18.9	**3.0**	9.5	**20.4**	28.4
Evander Mines	Mining operations	**–**	–	**60.7**	26.9	**60.7**	26.9
	Surface sources	**0.5**	0.5	**–**	0.8	**0.5**	1.3
	Elikhulu	**1.6**	3.1	**17.1**	7.9	**18.7**	11.0
	Evander Mines total	**2.1**	3.6	**77.8**	35.6	**79.9**	39.2
MTR project		**–**	–	**8.8**	–	**8.8**	–
Corporate	Agricultural ESG projects	**0.4**	–	**–**	1.0	**0.4**	1.0
	Solar projects	**–**	–	**2.3**	8.8	**2.3**	8.8
	Exploration assets	**–**	–	**0.9**	3.6	**0.9**	3.6
	Corporate	**0.3**	0.6	**–**	1.2	**0.3**	1.8
Group total		**20.2**	23.1	**92.8**	59.7	**113.0**	82.8

Net debt

Net debt is calculated as total borrowings from financial institutions (before IFRS 9 accounting adjustments less cash and cash equivalents (including derivatives that are entered into in connection with protection against, or benefit from, fluctuations in exchange rates or commodity prices)). A reconciliation to the consolidated statement of financial position is provided in **note 35** to the annual financial statements.

Net senior debt

Net senior debt includes secured, interest-bearing debt provided by financial institutions, net of available cash.

US$ million	2023	2022
Cash and cash equivalents	**(34.8)**	(27.0)
Restricted cash	**0.2**	0.3
Borrowings	**53.4**	34.6
Refinancing modification adjustment	**–**	0.7
Facilities arranging fees adjustment	**0.1**	0.7
Net senior debt	**18.9**	9.3

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 finance income and finance costs and tax, before any amount attributable to the amortisation of intangible assets and the depreciation of tangible assets and before any extraordinary items or the impairment of non-financial assets. A reconciliation of the Group's adjusted EBITDA is provided in **note 7** to the annual financial statements.

A reconciliation of the adjusted EBITDA by operation has been provided below.

	Mining operations			Tailings operations				Total operations		
ZAR million	Barberton Mines	Evander Mines	Total	BTRP	Evander Mines	Evander Mines' surface sources	Total	Barberton Mines total	Evander Mines total	Group total
Net income before finance income and finance costs	447.4	503.0	950.4	263.3	11.3	669.9	944.5	710.7	1,184.2	1,894.9
Depreciation and amortisation	110.0	127.5	237.5	46.5	–	66.3	112.8	156.5	193.8	350.3
EBITDA	557.4	630.5	1,187.9	309.8	11.3	736.2	1,057.3	867.2	1,378.0	2,245.2
Adjusted EBITDA – 2023	**557.4**	**630.5**	**1,187.9**	**309.8**	**11.3**	**736.2**	**1,057.3**	**867.2**	**1,378.0**	**2,245.2**
Net income before finance income and finance costs	636.1	545.5	1,181.6	160.1	30.6	700.8	891.5	796.2	1,276.9	2,073.1
Depreciation and amortisation	101.5	59.4	160.9	57.7	–	183.0	240.7	159.2	242.4	401.6
EBITDA	737.6	604.9	1,342.5	217.8	30.6	883.8	1,132.2	955.4	1,519.3	2,474.7
Impairment	–	–	–	–	–	7.1	7.1	–	7.1	7.1
Adjusted EBITDA – 2022	737.6	604.9	1,342.5	217.8	30.6	890.9	1,139.3	955.4	1,526.4	2,481.8

Net adjusted EBITDA

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

A reconciliation from adjusted EBITDA to net adjusted EBITDA is provided in **note 35** to the annual financial statements.

Total finance costs on interest-bearing facilities

Is defined as interest payable on the Group's debt facilities and has been calculated in **note 35** to the annual financial statements.

Free cash flow

Free cash flow starts with adjusted EBITDA and is adjusted for changes in net working capital, non-cash flow items as determined by IAS 7, capital expenditure less capital funded through permitted indebtedness and tax payments.

A reconciliation from adjusted EBITDA to free cash flow has been calculated in **note 35** to the annual financial statements.

Headline earnings

Headline earnings, a JSE-defined performance measure (as defined by Circular 2021/1 issued by SAICA), are reconciled from profit/(loss) after tax in **note 13** to the annual financial statements.

ALTERNATIVE PERFORMANCE MEASURES continued

RATIOS

Return on shareholder funds

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

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. This ratio has been calculated in **note 35** to the annual financial statements.

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. This ratio has been calculated in **note 35** to the annual financial statements.

Interest cover ratio

This ratio measures the Group's ability to pay interest on its outstanding senior debt from net adjusted EBITDA and is calculated as total net adjusted EBITDA divided by finance costs incurred on interest-bearing debt. This ratio has been calculated in **note 35** to the annual financial statements.

Debt service cover ratio

This ratio measures the cash flow available for debt service relative to the Group's obligatory principal and interest debt obligations and is calculated as free cash flow available for debt service divided by principal and interest-debt obligations. This ratio has been calculated in **note 35** to the annual financial statements.

Net asset value per share

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

	Unit	2023	2022
Total equity	US$ million	**294.6**	294.6
Shares in issue	million	**2,222.9**	2,222.9
Treasury shares	million	**(306.4)**	(306.4)
Net asset value per share	US cents	**15.37**	15.37

Attributable cash flow per share

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

	Unit	2023	2022
Net cash from operating activities	US$ thousand	**100,123**	110,006
Capital expenditure less capital funded through permitted indebtedness	US$ thousand	**(64,327)**	(82,810)
Obligatory debt capital repayments	US$ thousand	**(7,722)**	(3,611)
Attributable cash flow	US$ thousand	**55,016**	23,585
Shares in issue	Number thousand	**2,222,862**	2,222,862
Treasury shares	Number thousand	**(306,358)**	(306,358)
Total	Number thousand	**1,916,504**	1,916,504
Attributable cash flow per share	US cents per share	**1.46**	1.23

Cash flow yield per share

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

	Unit	2023	2022
Attributable cash flow per share	US cents per share	**1.46**	1.23
Price per Pan African share[1]	US cents per share	**16.09**	24.20
Cash flow yield per share	%	**9.1**	5.1

[1] *Amounts converted at the 30 June 2023 closing exchange rate of US$/ZAR:18.83 (2022: US$/ZAR:16.28).*

Return on capital employed

This ratio measures the profitability of the capital employed by the Group in its operations. It demonstrates how effectively profits are generated on both debt and equity capital and is calculated by dividing earnings before finance costs and tax by the sum of the average equity for the current and previous financial years and the average debt provided by financial institutions for this same period.

	Unit	2023	2022
Net income before finance income and finance costs	US$ million	**94.1**	111.1
Average equity	US$ million	**294.6**	289.1
Average borrowings	US$ million	**44.0**	51.6
Return on capital employed	%	**27.8**	32.6

Adjusted EBITDA margin

Is calculated as adjusted EBITDA divided by revenue.

Gross profit margin

This is calculated as gross profit divided by revenue.

Current ratio

The liquidity ratio that measures the Group's ability to pay its current liabilities from current assets and is calculated as current assets divided by current liabilities and has been calculated in the Group's five-year overview on **pages 70** and **71**.

Price earnings ratio

Is calculated as the last sale price (refer to the Group's five-year overview on **pages 70** and **71**) for the year divided by the earnings per share either in ZA cents or in GB pence per the table below.

	2023 cents	2023 pence	2022 cents	2022 pence	2021 cents	2021 pence	2020 cents	2020 pence	2019 cents	2019 pence
Earnings per share	**56.69**	**2.65**	59.16	2.92	59.65	2.88	36.0	1.82	27.89	1.54

Dividend yield at the last traded share price

Is calculated as the dividend per share either in ZA cents or GB pence per the table below expressed as a percentage of the last price per share traded per the Group's five-year overview on **pages 70** and **71**.

	2023 cents	2023 pence	2022 cents	2022 pence	2021 cents	2021 pence	2020 cents	2020 pence	2019 cents	2019 pence
Dividends per share	**18.00**	**0.75**	18.00	0.90	18.00	0.92	14.00	0.65	2.24	0.13

GLOSSARY

DEFINITIONS OF TERMS AND ABBREVIATIONS USED IN THIS REPORT

%	Parts per hundred/percentage
°C	Degrees Celsius
um	Micrometre
79	The atomic number of gold
3D	Three-dimensional
A2X	The A2X Market 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
ADR	American Depository Receipt programme through the Bank of New York Mellon
AGM	Annual general meeting
AIM	Alternative Investment Market, the LSE's international market for smaller growing companies
APMs	Alternative performance measures
Au	Gold
B-BBEE	Broad-based black economic empowerment
Barberton Blue	Barberton Blue Proprietary Limited
Barberton Green	Barberton Green Proprietary Limited
Barberton Mines	Barberton Mines Proprietary Limited
Barberton Mines BEE Company	Barberton Mines BEE Company Proprietary Limited
BIOX®	The Biological Oxidation (BIOX®) gold extraction process was developed at Barberton Mines. It is an environmentally friendly process of releasing gold from the sulphide that surrounds it by using bacteria
Blyvoor	Blyvoor Gold Operations Proprietary Limited
the board	The board of directors of Pan African, as set out on **pages 140** and **141**
Brownfield project	Project based on prior work or rebuilt from a previous one
BTRP	Barberton Tailings Retreatment Plant, a gold recovery tailings plant owned by Barberton Mines, which reached steady-state production in June 2013
CCTV	Closed-circuit television
cm	Centimetre
cmg/t	Centimetre grammes per tonne
CO_2	Carbon dioxide
CO_2 e/t	Carbon dioxide emissions per tonne
Companies Act 2006	An act of the Parliament of the UK which forms the primary source of UK company law
Concrete Rose	Concrete Rose Proprietary Limited
COVID-19	Coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
CRM	Certified reference material
CSI	Corporate social investment
DMRE	Department of Mineral Resources and Energy
DMTN	Domestic Medium-term Note
Elikhulu	The Elikhulu Tailings Retreatment Plant in Mpumalanga province, with its inaugural gold pour in August 2018
ESG	Environmental, social and governance
ESG report	Pan African's environmental, social and governance report
Eskom	Electricity Supply Commission, South Africa electricity supplier
ESOP	Employee share ownership plan
Evander Gold Mines	Evander Gold Mines Proprietary Limited
Evander Mines	Evander Gold Mining Proprietary Limited
Evander Mines BEE Company	Evander Mines BEE Company Proprietary Limited
Evander Solar Solutions	Evander Solar Solutions Proprietary Limited
Exco	Executive committee of Pan African Resources
FIFR	Fatal injury frequency rate
FRC	The UK Financial Reporting Council
Funding Company	Pan African Resources Funding Company Proprietary Limited
g	Gramme
GBP	British pound
GHG	Greenhouse gas
GISTM	Global Industry Standard on Tailings Management
GJ	Gigajoule
GRI	Global Reporting Initiative
GRI	Global Reporting Initiative
g/t	Grammes/tonne
ha	Hectare
HDP	Historically disadvantaged person
HDSA	Historically disadvantaged South African
HODs	Heads of departments
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
<IR> Framework	International Integrated Reporting Framework of the IFRS Foundation
ISAs (UK)	International Standards on Auditing (UK)
ISIN	International Securities Identification Number
ITRB	Independent tailings review board
JSE	JSE Limited incorporating the Johannesburg Stock Exchange, the main bourse in South Africa
juwi South Africa	juwi Renewable Energies Proprietary Limited
K Company	K2015200726 Proprietary Limited
kg	Kilogramme
King IV™	King IV Report on Corporate Governance for South Africa, 2016™
km	Kilometres
km^2	Square kilometre
Koz	Thousand ounces
KPIs	Key performance indicators – a set of quantifiable measures that a company or industry uses to gauge or compare performance in terms of meeting their strategic and operational goals
kt	Thousand tonnes
$ktCO_2e$	Please define (from the ESG report)
LED	Local economic development
LSE	London Stock Exchange
LTIFR	Lost-time injury frequency rate
m	Metre
Manco	Management committee on operations
MC Mining	MC Mining Limited (previously known as Coal of Africa Limited)
Metorex	Metorex Limited
Mintails transaction	Pan African entered into conditional sale of shares agreements to acquire Mogale Gold and MSC
ML	Megalitre
MMR	Main Muiden Reef
Mogale Gold	Mogale Gold Proprietary Limited
Moz	Million ounces
MRC	Main Reef Complex
MRE	Mineral Resources estimation
MSC	Mintails SA Soweto Cluster Proprietary Limited
Mt	Megatonne
MTR	Mogale Tailings Retreatment Proprietary Limited
MTR project or plant	The Mogale Tailings Retreatment project is located in the Mogale district. A plant is being constructed to process gold tailings deposited onto the Mogale Gold and MSC TSFs
MW	Megawatt
MWh	Megawatt hour
n	Neutron
NEMA	National Environmental Management Act, 127 of 1998
NPC	Non-profit company
Opsco	Operations committee of Pan African Resources
OTCQX	OTCQX Best Market in the United States of America
oz	Ounce
p	Proton
PACOS	Pan African Corporate Option Scheme (new revised scheme for corporate senior managers, effective from 1 July 2018)
Pan African Resources PLC	Holding company – Pan African
PAR Gold	PAR Gold Proprietary Limited
PAR Management Services	Pan African Resources Management Services Company Proprietary Limited
PAR Properties	Pan African Resources Properties Proprietary Limited
PAR SA Holdings	Pan African Resources SA Holding Company Proprietary Limited
PASABP	Pan African Share Appreciation Bonus Plan (previous scheme for corporate senior managers)
PC	Barberton Mines' Prince Consort Shaft
PGLIP	PAR Gold Long-term Incentive Plan
Phoenix Platinum	Phoenix Platinum Mining Proprietary Limited, a subsidiary of Pan African Resources
pm	Picometre
Prescribed officer	A person is a prescribed officer of the Company for all purposes of the South African Companies Act if that person exercises general executive control over and management of the whole, or a significant portion, of the business and activities of the Company
Project Kite	Project Kite relates to an agricultural Group project which is held in a previously dormant Group entity
PwC	PricewaterhouseCoopers LLP/ PricewaterhouseCoopers Inc.
QA/QC	Quality assurance and quality control
Rand Refinery	Rand Refinery Proprietary Limited
Redink facility	Redink Rentals (RF) Limited loan

GLOSSARY continued

REMchannel®	Internet-based remuneration survey providing data across a wide variety of industries in South Africa
Remco	Remuneration committee of Pan African Resources
RIFR	Reportable injury frequency rate
RMB	Rand Merchant Bank, a division of FirstRand Bank Limited
RoM	Run-of-mine
SA	South Africa
SAFEX	South African Futures Exchange
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
SANS	South African National Standard
SARS	South African Revenue Service
SBLF	Sustainability Bond Linked Finance
SCADA	Supervisory control and data acquisition
SENS	Stock Exchange News Service
SGS Barberton	SGS Barberton assay laboratory
SGS Performance	SGS Performance assay laboratory located in Randfontein
SHEQC	Safety, health, environment, quality and community
SLP	Social and Labour Plan, required in terms of Regulation 46 of the Mineral and Petroleum Resources Development Act, 28 of 2002
South African Companies Act	South African Companies Act, 71 of 2008
t	Tonne
TCFD	Task Force on Climate-related Financial Disclosures
TCFD report	Pan African's Task Force on Climate-related Financial Disclosures report
tCO_2e	tonnes (t) of carbon dioxide (CO_2) equivalent
the current financial year or the year under review	The financial year ended 30 June 2023
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
the prior or previous financial year	The financial year ended 30 June 2023
the report	Pan African Resources PLC's 2023 integrated annual report
TJ	Terajoule (Tera = 1012) or a trillion joules
TRIFR	Total recordable injury frequency rate
TSF	Tailings storage facility
UK	United Kingdom
UN SDGs	United Nations Sustainable Development Goals
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

FREQUENTLY USED FINANCIAL TERMS

AIC	All-in cost
AISC	All-in sustaining costs
bps	Basis points
CFD	Contract for difference
CGU	Cash-generating unit
EBITDA	Earnings before interest, income taxation expense, depreciation and amortisation
ECL	Expected credit loss/es
GDP	Gross domestic product
IBOR	Interbank offered rate
JIBAR	Johannesburg Interbank Average Rate
LTI	Long-term incentive
RCF	Revolving credit facility
ROSF	Return on shareholders' funds
STI	Short-term incentive
TGP	Total guaranteed pay
TSR	Total shareholder returns
VWAP	Volume-weighted average price

CORPORATE INFORMATION

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FORWARD-LOOKING STATEMENTS

Statements in this report that address exploration activities, mining potential and future plans and objectives of Pan African are forward-looking statements and forward-looking information that involve various risks, assumptions and uncertainties and are not statements of fact.

The directors and management of Pan African believe that the expectations expressed in such forward-looking statements or forward-looking information are based on reasonable assumptions, expectations, estimates and projections. These statements, however, should not be construed as being guarantees or warranties (whether expressed or implied) of future performance.

There can be no assurance that such statements will prove to be accurate and actual values, results and future events could differ materially from those anticipated in these statements. Important factors that could cause actual results to differ materially from statements expressed in this report include among others, the actual results of exploration activities, technical analysis, the lack of availability to Pan African of necessary capital on acceptable terms, general economic, business and financial market conditions, political risks, industry trends, competition, changes in government regulations, delays in obtaining governmental approvals, interest rate fluctuations, currency fluctuations, changes in business strategy or development plans and other risks.

Although Pan African has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. Pan African is not obliged to publicly update any forward-looking statements included in this report, or revise any changes in events, conditions or circumstances on which any such statements are based, occurring after the publication date of this report, other than as required by regulation.

SHAREHOLDERS' DIARY

Financial year-end	30 June 2023
Results announcement	13 September 2023
Integrated annual report released on website	13 September 2023
Notice of AGM distributed	31 October 2023
Annual general meeting	23 November 2023
Interim results announcement	14 February 2024

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