

MINING FOR A FUTURE

PAN AFRICAN  
RESOURCES



**PROVISIONAL SUMMARISED AUDITED RESULTS**

for the year ended 30 June 2022

# RESULTS HIGHLIGHTS

## Excellent safety record maintained

Record gold production, with production increasing by

↑ **1.9% to 205,688oz**

(2021: 201,777oz)

All-in sustaining costs (AISC<sup>⚡</sup>) for the financial year ended 30 June 2022 (current financial year) of

**US\$1,284/oz (US\$1,261/oz)** a marginal increase of

↑ **1.8%**

when compared to the financial year ended 30 June 2021 (previous financial year)

When higher-cost operations are excluded, the AISC<sup>⚡</sup> of

**87%**

of the Group's gold production was **US\$1,145/oz**

Net cash from operating activities increased by

↑ **45.1% to US\$110.0 million**

(2021: US\$75.8 million)

Profit after tax of

↑ **US\$75.0 million**

(2021: US\$74.7 million)

and headline earnings<sup>⚡</sup> of

↑ **US\$75.6 million**

(2021: US\$74.7 million)

Earnings per share (EPS) increased to

↑ **US 3.90 cents per share**

(2021: US 3.87 cents per share)

and headline earnings per share (HEPS<sup>⚡</sup>) increased to

↑ **US 3.93 cents per share**

(2021: US 3.87 cents per share)

Net debt<sup>⚡</sup> reduced by

↓ **66.7% to US\$13.0 million**

(2021: US\$39.0 million)

Final dividend of

**ZA 18.0000 cents per share**

or

**US 1.04046 cents per share**

at the prevailing exchange rate, proposed for approval at the upcoming annual general meeting (AGM)

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

**extended to 14 years,**

with increased expected gold production and development capital internally funded

Transaction to acquire Mintails tailings retreatment assets expected to be concluded by 30 September 2022

First phase of share buy-back programme of

↑ **US\$3.2 million**

(2021: US\$nil million) completed

**9.9MW solar photovoltaic (PV) renewable energy plant at Evander Mines fully commissioned**

**First commercial harvest at the Barberton Blueberries project in progress**

# SUMMARY OF SALIENT FEATURES

| Salient features                                   | Unit         | Year ended<br>30 June 2022 | Year ended<br>30 June 2021 | Movement<br>% |
|--|--------------|----------------------------|----------------------------|---------------|
| Gold produced                                      | oz           | <b>205,688</b>             | 201,777                    | 1.9           |
| Gold sold  | oz           | <b>205,688</b>             | 201,777                    | 1.9           |
| Revenue  | US\$ million | <b>376.4</b>               | 368.9                      | 2.0           |
| Average gold price received                        | US\$/oz      | <b>1,824</b>               | 1,826                      | (0.1)         |
|  | ZAR/kg       | <b>892,431</b>             | 903,849                    | (1.3)         |
| Cash costs <sup>⚡</sup>                            | US\$/oz      | <b>1,099</b>               | 1,035                      | 6.2           |
|  | ZAR/kg       | <b>537,879</b>             | 512,394                    | 5.0           |
| AISC <sup>⚡</sup> (note 1 and detailed commentary) | US\$/oz      | <b>1,284</b>               | 1,261                      | 1.8           |
|  | ZAR/kg       | <b>628,292</b>             | 624,519                    | 0.6           |
| All-in costs <sup>⚡1</sup>                         | US\$/oz      | <b>1,503</b>               | 1,401                      | 7.3           |
|  | ZAR/kg       | <b>735,670</b>             | 693,478                    | 6.1           |
| Adjusted EBITDA <sup>⚡2</sup>                      | US\$ million | <b>138.3</b>               | 144.1                      | (4.0)         |
| Attributable earnings – owners of the Company      | US\$ million | <b>75.1</b>                | 74.7                       | 0.5           |
| Headline earnings <sup>⚡</sup>                     | US\$ million | <b>75.6</b>                | 74.7                       | 1.2           |
| EPS  | US cents     | <b>3.90</b>                | 3.87                       | 0.8           |
| HEPS <sup>⚡</sup>                                  | US cents     | <b>3.93</b>                | 3.87                       | 1.6           |
| Net debt <sup>⚡</sup>                              | US\$ million | <b>13.0</b>                | 39.0                       | (66.7)        |
| Total sustaining capital expenditure               | US\$ million | <b>23.1</b>                | 16.7                       | 38.3          |
| Total capital expenditure                          | US\$ million | <b>82.8</b>                | 49.1                       | 68.6          |
| Net asset value per share <sup>⚡</sup>             | US cents     | <b>15.37</b>               | 14.71                      | 4.5           |
| Weighted average number of shares in issue         | million      | <b>1,926.1</b>             | 1,928.3                    | (0.1)         |
| Average exchange rate                              | US\$/ZAR     | <b>15.22</b>               | 15.40                      | (1.2)         |
| Closing exchange rate                              | US\$/ZAR     | <b>16.28</b>               | 14.28                      | 14.0          |

<sup>1</sup> The AISC per kilogramme and all-in cost 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 International Financial Reporting Standards (IFRS), to AISC and all-in costs.

<sup>2</sup> Adjusted EBITDA comprises earnings before interest, tax, depreciation and amortisation and impairment.

The following tools will assist you throughout the report:



For further reading on our website at [www.panafricanresources.com](http://www.panafricanresources.com)



Alternative performance measures (APMs)

This announcement contains inside information.

# CHIEF EXECUTIVE OFFICER'S STATEMENT

## OPERATIONAL HIGHLIGHTS

- Improvements in both the reportable injury frequency rate (RIFR) and lost-time injury frequency rate (LTIFR) compared to the previous financial year, maintaining the Group's industry-leading safety record
- Record gold production of 205,688oz (2021: 201,777oz) for the Group
- Production from Evander Mines' underground operations outperformed the previous year, increasing by 23.1% to 58,170oz (2021: 47,253oz). The Elikhulu Tailings Retreatment Plant (Elikhulu) produced 52,220oz (2021: 51,459oz), consistent with its mining plan while production at the Barberton Tailings Retreatment Plant (BTRP) improved by 7.2% to 19,560oz (2021: 18,239oz)
- Initiatives to decrease costs and further optimise operations are continuing.

## FINANCIAL HIGHLIGHTS

- Net cash from operating activities increased by 45.1% to US\$110.0 million (2021: US\$75.8 million)
- Profit after tax remained consistent at US\$75.0 million (2021: US\$74.7 million)
- EPS increased marginally to US 3.90 cents per share (2021: US 3.87 cents per share), and HEPS increased to US 3.93 cents per share (2021: US 3.87 cents per share)
- Significant reduction in Group net debt by 66.7% to US\$13.0 million (2021: US\$39.0 million), notwithstanding payment of a record dividend and significant capital expenditure to sustain and grow operations
- Final proposed dividend for the current financial year of ZAR400.1 million or US\$23.1 million, at the prevailing exchange rate
- First phase of the share buy-back programme of US\$3.2 million (2021: US\$nil million) completed
- Credit-approved and underwritten term sheet agreed with FirstRand Bank Limited, acting through its Rand Merchant Bank division (RMB), for US\$80.0 million of senior debt as part funding for the Mintails' tailings retreatment project (Mintails project) construction
- Target AISC for the next financial year of approximately US\$1,250/oz, assuming an exchange rate of US\$/ZAR:16.50.

## COST PERFORMANCE

- The Group's AISC for the current financial year remained well contained, with only a 1.8% increase to US\$1,284/oz (2021: US\$1,261/oz)
- Group operations (excluding Consort Mine and Sheba Mine), which account for 87% of the current financial year's gold output, produced at an AISC of US\$1,145/oz
- Solar energy and water recycling, together with other initiatives to increase the Group's future gold production, are expected to contribute to future real AISC reductions.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

- Commissioned 9.9MW solar PV renewable energy plant at Evander Mines – the first of this scale in the South African mining industry
- Feasibility study completed to expand Evander Mines facility by a further 12MW
- Permitting obtained for Barberton Mines' 8MW solar PV renewable energy plant, and site establishment has commenced
- First commercial harvest at the Barberton Blueberries project, with up to 400 seasonal jobs created during the peak harvesting season for workers from local communities
- Commenced construction of a water retreatment plant at Evander Mines, with a capacity to recycle 3ML per day, producing potable water to substitute municipal potable water.

## OUTLOOK AND GROWTH

- The Group expects its production for the 2023 financial year to be in line with the 2022 financial year's production. This forecast is underpinned by:
  - **Barberton Mines**  
Availability of multiple mining platforms at the Main Reef Complex (MRC) and Rossiter orebodies at Fairview Mine
  - **Elikhulu surface tailings retreatment**  
New Leslie/Bracken remining pump station and related infrastructure in place for mining to commence during September 2022

- **Evander Mines underground**  
Refrigeration plant commissioned at Evander Mines' 8 Shaft 24 Level for phase 1 of the project, and will be expanded to provide cooling on 24 Level for steady-state production (phase 2). 25 and 26 Level access development on schedule
- Pan African Resources (Pan African) is also well positioned for growth:
  - Evander Mines' LoM increased to 14 years with the scheduling of production from 25 and 26 Levels
  - The Group is currently conducting a phased development approach for the Egoli project. Dewatering at the 3 Decline commenced in June 2022 and dewatering of the decline to just below 19 Level by the third quarter of the 2023 financial year. Egoli has a LoM currently estimated at nine years (based on the Measured and Indicated Mineral Resources)
  - At Royal Sheba, the extraction of the 10,000t bulk sample is in progress. Royal Sheba is expected to provide feed to the BTRP, following the installation of a run-of-mine (RoM) crushing circuit. Mining of the Royal Sheba orebody can increase the life of the BTRP operation by an estimated 18 years
- The results of the definitive feasibility study at the Mintails project, announced in June 2022, demonstrates that the project has the potential to increase the Group's gold production profile by approximately 50,000oz per annum, over the project's 13-year LoM (an increase of circa 25% on the Group's current production). This excludes the further production potential from the Soweto cluster resources.

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

### Overview

*"Over the past year, the Group has again made meaningful progress with our operational performance and growth projects. Our teams achieved record gold production of 205,688oz from what is now a better diversified portfolio of assets. The organic growth projects at Evander Mine's underground operation are on schedule to commence delivering within their anticipated production time frames.*

*Importantly, the outstanding production performance was achieved without compromising our industry-leading safety record, where we have moved closer to our goal of a zero-harm working environment.*

*A key focus for the year ahead will be the smaller underground operations at Barberton Mines to ensure that these high-grade assets perform to their full potential.*

*We have further strengthened our statement of financial position relative to the previous financial year, notwithstanding the payment of a record dividend and incurring significant growth and sustaining capital expenditure. In proposing the final dividend for the current financial year, the board considered all capital allocation priorities, carefully balancing opportunities for increased production and diversification with returning cash to shareholders.*

### Financial performance

*The Group's AISC increased marginally by 1.8% to US\$1,284/oz (2021: US\$1,261/oz). Group operations (excluding Consort and Sheba Mines), which account for 87% of the Group's total production, achieved an AISC of US\$1,145/oz, resulting in an AISC margin of 37.2% on the average gold price of US\$1,824/oz earned by the Group from these operations.*

*The Group has embarked on a number of initiatives to reduce its cost of production in real terms, with future cost savings expected from solar PV renewable energy projects. Savings at the commissioned Evander Mines solar PV renewable energy facility currently average approximately US\$250 thousand a month during the winter months, following full commissioning in May 2022.*

Construction has commenced at Barberton Mines' 8MW solar PV renewable energy plant, with completion expected during the fourth quarter of the 2023 calendar year. The Group plans to generate 30MW of solar PV renewable energy by 2024, with meaningful cost savings and a large reduction in carbon emissions.

The relatively high rand gold price, together with excellent operational performance, has enabled the Group to significantly reduce Group net debt by 66.7% to US\$13.0 million (2021: US\$39.0 million).

### Health and safety and COVID-19

The health and safety of our employees remains our number-one priority and we have again achieved an overall improvement in recordable injuries across the Group. All our operations achieved excellent safety rates during the current financial year. Improvements in safety protocols and operating procedures are ongoing, with the Group implementing innovative practices to continue to encourage safe behaviour.

Our COVID-19 precautions and safety measures remain in place and our vaccination drives and awareness programmes have resulted in over 80% of our employees being fully vaccinated, a far higher percentage than the country's overall vaccination rate.

### Operational overview

The Group's record gold production of 205,688oz (2021: 201,777oz) exceeded our revised production guidance of 200,000oz.

Barberton Mines retained its improved flexibility at the Fairview operation during the past year, through accelerated underground development programmes at the high-grade MRC and Rossiter orebodies.

The BTRP produced 19,560oz (2021: 18,239oz) for the 2022 financial year at an AISC of US\$891/oz (2021: US\$946/oz). The BTRP's remaining LoM from current tailings sources is estimated at two years. Additional feed sources are being investigated, including the possible conversion of the BTRP to a hard rock operation with supplemented ore from Barberton Mines' Royal Sheba orebody, where extraction of a 10,000t bulk sample is currently in progress.

Elikhulu is one of the lowest-cost gold mining operations in Southern Africa, producing 52,220oz (2021: 51,459oz)

at an AISC of US\$1,003/oz (2021: US\$846/oz), with a remaining operational life of 11 years. The plant processes approximately 1.2Mt of historical tailings per month from the three tailings storage facilities (TSFs) at Kinross, Leslie/Bracken and Winkelhaak. Reprocessing results in the residues being redeposited to a single TSF site, reducing our environmental footprint.

At the end of the 2022 financial year, Evander Mines' 8 Shaft pillar had a remaining life of approximately one year. Mining of the 8 Shaft pillar has been a great success, with simplified logistics, modern underground mining support and favourable working conditions.

### Growth projects overview

The Group constantly evaluates opportunities to bring its large reserve base to account with the work at Evander Mines' 8 Shaft being testament to these efforts. This operation has been given a new lease of life, transformed from a high-cost and marginal mine into a cash-generative and long-life asset with the inclusion of 24, 25 and 26 Levels, which extends its LoM to 14 years.

Our work on the Mintails Mogale Gold assets has demonstrated a compelling project and we look forward to concluding the acquisition and progressing the development of this mine in the year ahead.

### Environmental, social and governance

Our 'beyond compliance' approach to ESG continues, with our projects making a meaningful and positive difference for many of our stakeholders.

We achieved significant milestones during the year, including the commissioning of the 9.9MW solar PV renewable energy plant at Evander Mines, the first of its scale in the South African mining industry. We have since completed a feasibility study for expanding this facility by a further 12MW, with the additional capacity allocated to our long-life underground projects. At Barberton Mines, site establishment has commenced on an 8MW solar PV renewable energy plant.

Commercial harvesting of blueberries is underway at the Barberton Blueberries project and employment of seasonal labour is ramping up, as planned. Workers from the surrounding communities now receive a steady income and the project is providing a much-needed economic opportunity to communities surrounding our Barberton operations.

We are investigating other local economic development projects at Barberton Mines, including initiatives that will preserve the biodiversity of the area while creating employment for local communities. Apart from our contribution to rhino conservation, we aim to further strengthen our collaborative approach to assist with the sustainability of the Barberton Mountainlands area. In the current financial year, approximately US\$1.7 million of Barberton Mines' security spend also assisted in safeguarding parts of the nature reserve.

### Outlook for the 2023 financial year

The Group expects its production for the 2023 financial year to be in line with production achieved in the 2022 financial year. We are positioned for further growth as we move closer to commissioning our organic projects and seek to imminently conclude the Mintails transaction."

## OPERATIONAL AND FINANCIAL COMMENTARY

### Group safety

The Group has achieved an overall reduction in recordable injuries, following a number of safety initiatives and interventions in the current financial year:

- The Group reported an improvement in the RIFR to 0.35 per million man hours (2021: 0.63 per million man hours)
- The Group's LTIFR also improved to 1.04 per million man hours (2021: 1.41 per million man hours)
- Barberton Mines achieved 2 million fatality-free shifts in May 2022
- Fairview Mine achieved 1 million fatality-free shifts in January 2022
- Sheba Mine has been operating for nine years without a fatality and achieved 2 million fatality-free shifts in November 2021
- Consort Mine has been operating for 20 years without a fatality and achieved 3 million fatality-free shifts in May 2022
- Evander Mines' underground operations achieved a RIFR of zero (2021: 1.32 per million man hours), despite the increased number of crews deployed underground
- The combined Evander Mines underground operations and Elikhulu operations achieved 2.5 million fatality-free shifts in January 2022.

### COVID-19 update

The Group remains vigilant in its efforts to prevent and mitigate the impact of COVID-19 on its employees and operations, and continually updates its operating procedures and protocols, based on the latest available information. The infection rate remains low relative to the number of employees in the Group, with approximately 500 positive cases recorded since the inception of the pandemic. The Group has achieved a vaccination rate of more than 80%.

## MINERAL RESOURCES AND MINERAL RESERVES

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

- Fairview Mine, with a remaining life of 20 years
- Consort Mine and the BTRP, with remaining lives of nine years and two years, respectively. At the end of its life, the BTRP is expected to be converted to process hard rock feedstock from Royal Sheba, with the project having an estimated life of 18 years
- Elikhulu, the Group's flagship tailings retreatment operation, has a remaining life of 11 years
- Evander Mines' 8 Shaft operation has been extended to 14 years (8 Shaft pillar and 24, 25 and 26 Levels)
- 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 sound foundation for the estimated Mineral Resources and Mineral Reserves.

The Group's estimated Mineral Resources and Mineral Reserves at 30 June 2022, in compliance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2016 edition (SAMREC Code) Table 1, and independently audited by VBKom Proprietary Limited, are summarised as follows:

- Estimated gold Mineral Resources of 327.9Mt at 3.67g/t for 38.65Moz (2021: 341.3Mt at 3.58g/t for 39.25Moz), constituted as follows:

|                           | Gold Mineral Resources |            |                |             |
|---------------------------|------------------------|------------|----------------|-------------|
|                           | Tonnes Mt              | Grade g/t  | Gold t         | Gold Moz    |
| Barberton Mines hard rock | 24.5                   | 4.3        | 105.9          | 3.4         |
| BTRP and stockpiles       | 22.2                   | 1.2        | 26.4           | 0.8         |
| Elikhulu                  | 167.3                  | 0.3        | 47.2           | 1.5         |
| Evander Mines underground | 113.9                  | 9.0        | 1,022.8        | 32.9        |
| <b>Total</b>              | <b>327.9</b>           | <b>3.7</b> | <b>1,202.2</b> | <b>38.7</b> |

- Estimated gold Mineral Reserves of 209.7Mt at 1.68g/t for 11.31Moz (2021: 210.4Mt at 1.60g/t for 10.80Moz), constituted as follows:

|                           | Gold Mineral Reserves |            |              |             |
|---------------------------|-----------------------|------------|--------------|-------------|
|                           | Tonnes Mt             | Grade g/t  | Gold t       | Gold Moz    |
| Barberton Mines hard rock | 14.2                  | 3.5        | 49.9         | 1.6         |
| BTRP                      | 6.1                   | 1.6        | 9.6          | 0.3         |
| Elikhulu                  | 159.3                 | 0.3        | 44.8         | 1.4         |
| Evander Mines underground | 30.1                  | 8.2        | 247.6        | 8.0         |
| <b>Total</b>              | <b>209.7</b>          | <b>1.7</b> | <b>352.0</b> | <b>11.3</b> |

Any discrepancies in totals are due to rounding.

Estimated Mineral Resources decreased marginally (a gross annual decrease of 0.6Moz, or 1.5%), following changes in the cut-off grades applied at Evander Mines' 8 Shaft and Barberton Mines, offset by mining depletion at the BTRP and Elikhulu. Additional Mineral Resource blocks were reported at Barberton Mines' Consort operation. Changes in the cut-off grade resulted from a higher gold price used in the cut-off grade estimations, relative to the previous declarations (June 2022: ZAR950,000/kg Au – June 2021: ZAR900,000/kg Au).

Pan African's estimated Mineral Reserves increased to 11.3Moz (209.7Mt at 1.68g/t) at 30 June 2022, post mining depletion of 0.21Moz relative to 10.8Moz

(210.4Mt at 1.60g/t) at 30 June 2021 – a gross annual increase of 0.51Moz, or 4.8%. Mineral Reserves are reported inclusive of diluting and contaminating material delivered to the relevant metallurgical plants for treatment and beneficiation. Increases in the Mineral Reserves were observed for Barberton Mines' Royal Sheba project and Evander Mines' 8 Shaft operations. Marginal decreases, primarily due to mining depletion, were reported at the BTRP, Fairview, Consort and Sheba operations at Barberton Mines as well as at Elikhulu.

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 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 19 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 estimated 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 Limited (JSE) Listings Requirements and Table 1 of the SAMREC Code, and may be published in the form and context in which it appears.

For more detail on the reported estimated Mineral Resources and Mineral Reserves, the annual Mineral Resources and Mineral Reserves report for the 2022 financial year was published on our website<sup>1</sup> on 14 September 2022.

## UPDATE ON GROUP OPERATIONS, PROJECTS AND OPTIMISATION INITIATIVES

### Barberton Mines

#### Fairview Mine

Barberton Mines' Fairview underground operation performed well during the year. This was mainly attributed to a focus on optimising ore extraction and the increased mining flexibility achieved at the high-grade MRC and Rossiter orebodies. Five large platforms (256, 257, 258, 259 and 358 Platforms) are currently available for mining in the MRC orebody and three within the Rossiter orebody.

<sup>1</sup> <https://www.panafricanresources.com/operations-at-a-glance-2/mineral-resource-mineral-reserve-2/>

Barberton Mines is sustaining its exploration focus on the down-dip extensions of its existing orebodies. During the 2021 financial year, Barberton Mines conducted underground diamond core drilling programmes in excess of 9,000m, with exploration metres drilled remaining at these levels in the 2022 financial year. Specific focus is being placed on near-mine infill drilling, as well as down-dip reserve delineation drilling of the underground Mineral Resources. Drilling into the down-dip extents of the orebodies yielded excellent results and improved the geological understanding of our Barberton operations, demonstrating the extent and quality of these world-class, long-life orebodies. The continued drilling has provided the opportunity for the grade control modelling protocols of the various operations to be upgraded, which is currently in progress. This is aimed at improving the mine design and extraction of the orebodies in conjunction with the roll-out of more advanced and interconnected mining-related software packages, further optimising ROM production. Broader-scale exploration drilling is focused on the Hope, Main Muiden (MMR) and Golden Quarry reefs, with desktop studies being conducted on various known but unmined lower-grade blocks in all orebodies.

**Fairview Mine** exploits some of the highest-grade gold orebodies in the world. A total of six diamond drill holes were recently drilled into the **MRC orebody** to explore the immediate down-dip extent from the currently active mining platform (258) to the next platform (259), where mining has commenced and is ongoing. These drill holes resulted in the delineation of the estimated Mineral Resources on the 259 Platform elevation of an estimated 24.5kt at an average grade of 42.6g/t in the Measured category. A single platform at Barberton Mines is currently mined over a period of approximately three years. The down-dip extent of this MRC orebody is still open at depth, and informs the Fairview operation's 20-year LoM. Drilling in the 2023 financial year is planned to target the down-dip extent of this orebody towards the 260 Platform.

Mining of the **Rossiter Reef** occurs on the 52 Level elevation at Fairview. Eleven diamond core holes have been drilled into the 54 Level down-dip target of the Rossiter Reef. These boreholes intersected significant free gold mineralisation, with grades ranging from 29g/t over 2.9m to 165g/t over 0.7m (as selective

sampling) in separate boreholes. The combined drilling results yielded an additional estimated Measured Mineral Resource block of an estimated 3.6kt at an average grade of 55.3g/t, which will support mining during the next financial year.

The **Hope Reef** is mined on 64 Level, where 15 underground diamond core holes have been drilled to delineate the up-dip extent of this orebody. These boreholes resulted in the delineation of an additional estimated Measured Mineral Resource block, with an estimated 25kt at an average grade of 7.5g/t, to supplement Fairview Mine's total Mineral Resources.

As part of the optimisation of the Fairview operation, a subvertical shaft is being considered. The design of the subvertical shaft project is progressing as planned and should be completed over a period of two years, after which construction of the shaft can commence. It is expected that the subvertical shaft could contribute additional production of up to 10,000oz per annum, through the increase in available hoisting capacity below 42 Level (3 Decline). During the evaluation phase of the subvertical shaft project, a 4 Decline will be developed to ensure effective down-dip production, by reducing equipment tramping distances and alleviating mechanised equipment congestion. Extension of the existing refrigeration infrastructure is also planned through the development of a pipe-raise to enable cooling as mining progresses at depth. Fairview Mine produced 48,097oz during the 2022 financial year (2021: 45,686oz).

#### Barberton Mines' smaller underground operations

Gold production reduced at both Sheba Mine and Consort Mine. Sheba Mine produced 17,439oz (2021: 21,874oz) and output from Consort Mine was 10,202oz (2021: 17,266oz). In order to improve future output from these operations, the Group has initiated a programme to define additional gold resources for mining as detailed below.

#### Sheba Mine

Sheba Mine continued to focus on extraction of the MRC and Zwartkoppie (ZK) orebodies during the year while the high-grade Verster and Thomas Reefs supplemented the plant feed material, which assisted in maintaining Sheba's production tonnage profile for the 2022 financial year at 115,972t (2021: 118,439t). Specific attention has been

given to the reserve definition drilling and development of the ZK orebody' down-dip extension on 37 Level and 38 Level in the unmined areas between the Sheba and Fairview Mines. The ZK orebody is typically a free-milling gold-bearing deposit. A total of 10 diamond core exploration boreholes have been drilled between the 37 Level and 38 Level elevations. The results from these drill holes were utilised to upgrade the existing Inferred Mineral Resource block to the Indicated and Measured categories, and it contains an estimated Mineral Resource of 3kt at an average grade of 5.2g/t. Additional platforms were developed on the free-milling Thomas orebody, where the mining method was optimised from long hole open stoping to up-dip mining in order to limit dilution.

Additionally, at Sheba Mine, prospective shallow Mineral Resources on the Northern Limb at 22 Level elevation were explored with an initial two diamond boreholes. Eight additional boreholes are planned for this orebody in the 2023 financial year. On 23 Level, a further 11 diamond boreholes were drilled to explore the up-dip extent of the 260 Cross-fracture.

Work on Project Dibanisa, combining the Fairview and Sheba Mine infrastructure to optimise costs and efficiency, also progressed well. Project Dibanisa aims to connect the underground tramping and hoisting infrastructure of Fairview Mine 38 Level with Sheba Mine 23 Level, allowing underground production below 23 Level from Sheba Mine to be transported to surface using the existing Fairview Mine 2 Decline infrastructure. The hoisted ore will be processed at Fairview's metallurgical plant. This will create capacity at Sheba's metallurgical plant which will initially be utilised for the treatment of the Royal Sheba orebody, thereby reducing the initial capital requirements for the Royal Sheba project.

In terms of Dibanisa, all rails and haulages on both Fairview Project and Sheba Mine's respective sections have been rehabilitated. Work currently being conducted, includes the establishment of a series of three ore passes between the 23 Level Sheba haulage and the 38 Level Fairview haulage, which is expected to be completed by December 2022.

#### Consort Mine

During the current financial year, Consort Mine developed towards the Consort Bar and MMR orebodies on 38 Level and 15 Level, respectively. Following the

successful intersection of the high-grade, free-milling gold-yielding orebody at 42 Level Prince Consort Shaft, a reserve delineation drilling programme was conducted to explore the down-dip continuation of this high-grade orebody. These boreholes successfully intersected the high-grade free-milling gold-carrying structure at the 44 Level elevation, indicating the down-dip extent of the 42 Level orebody which continues for at least another two levels. The assay results from this intersection yielded 72.8g/t over 0.86m. Specific focus and studies were centred on equipping the PC Shaft's 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. The above-mentioned geotechnical constraints, which are being resolved, resulted in Consort's decreased production for the current financial year.

#### BTRP and the Royal Sheba project

The BTRP surface operation is located within Fairview Mine's mining right's footprint and contributes high-margin ounces to the Group's production profile. Production at the BTRP improved to 19,560oz for the current financial year (2021: 18,239oz) with an AISC of US\$891/oz (2021: US\$946/oz). Mining of the Harper North, Harper South and Vantage dams is progressing as per the mine plan. It is envisaged that Royal Sheba will form part of BTRP's feed sources when this project is commissioned. This will be achieved through the construction of a RoM crusher circuit, allowing the BTRP plant to treat approximately 35,000tpm of RoM material from Royal Sheba, thereby extending the life of the operation by an additional 18 years and ensuring its sustained output in future.

Development at Barberton Mines' Royal Sheba project commenced in May 2021 at the already established surface adit, which is located approximately 1.2km east of the existing Sheba metallurgical plant. The main decline and associated cross-cut, developed into the adit, provides access for the extraction of the 10,000t bulk sample that was initiated during the 2022 financial year.

The Group commenced with preliminary mining activities at the Royal Sheba project to further define the grades and recoveries expected from this large-scale orebody. The preliminary mining activities are designed to extract a 10,000t bulk sample from historically unmined areas, located 26m below surface, between 6 and 7 Levels. The design of the bulk sample is being conducted in a manner that will enable mining to continue towards the down-dip and strike extents of the orebody.

The development progressed over the historically mined stopes, which were filled with waste rock and capped with steel beams and support sets, while aerated cement was used to stabilise the sidewalls and hanging walls of the workings.

Following this successful intersection of the orebody during the current financial year, mining of the ore for the bulk sample commenced in June 2022. The initial 5,000t were processed at the Consort metallurgical plant. An average feed grade of 0.9g/t and metallurgical recoveries of 87% were achieved, relative to the planned 0.7g/t and 85% metallurgical recoveries. The remaining 5,000t of the bulk sample were extracted during August 2022 and will be processed at Sheba's metallurgical plant during September 2022.

#### Elikhulu

Elikhulu processed 13,732,147t (2021: 13,054,767t) with volumes and head grade both in excess of the mining plan, which increased gold production to 52,220oz (2021: 51,459oz). Notwithstanding the tonnage and head grade in excess of the mining plan, production was negatively impacted by adverse weather conditions, the failure of a slurry receiving tank and lower than anticipated recoveries.

Production is expected to improve as remining of the Leslie/Bracken TSF commences during the 2023 financial year. During the current financial year, earthworks commenced on the construction and installation of the pumping station for remining of this Leslie/Bracken TSF. The pump station will be commissioned during September 2022, allowing for slurry from the Leslie/Bracken TSF to be pumped to the Elikhulu plant at a rate of approximately 1.2mtpm. Mining of the Leslie/Bracken TSF will continue for the following five years of the modelled 11-year life,

whereafter remaining will move to the Winkelhaak TSF for the remaining six years.

Elikhulu remains one of the lowest-cost gold mining operations in Southern Africa, and is expected to yield approximately 50,000oz of gold per annum over its 11-year remaining LoM. These production estimates exclude an Inferred Resource of 74,000oz of gold delineated in the soil material beneath the existing tailings dumps.

### Evander Mines' 8 Shaft pillar and the 24, 25 and 26 Level project

Evander Mines' 8 Shaft pillar significantly outperformed its planned gold output during the current financial year, producing 48,850oz (2021: 36,015oz), with a remaining life of just over a year. During the current financial year, mining and development continued in the 2 Decline area.

Evander Mines' 24 Level is currently in the construction phase, with all development and infrastructure placement for mining to progress according to plan. The construction of phase 1 of the underground refrigeration plant on 24 Level is complete, with phase 2 expected to be completed during the fourth quarter of the 2023 financial year. Phase 1 of the project will allow mining of both the 24 Level F raise line stopes and 24 Level B, C and D raise lines. Phase 2 will allow for additional mining crews to be placed on 24 Level as well as mining on 25 Level, in subsequent years.

Mining of 24 Level will extend the production profile of the underground mining at 8 Shaft, post extraction of the 8 Shaft pillar, for an additional two and a half years and maintain annual production output, whereafter this Level will be replaced by 25 and 26 Levels in due course.

### GROUP AISC

The Group's AISC for the current financial year increased marginally by 1.8% to US\$1,284/oz (2021: US\$1,261/oz), impacted by the following:

- The strengthening of the average US\$/ZAR exchange rate by 1.2% to US\$/ZAR: 15.22 (2021: US\$/ZAR: 15.40), adversely impacting the Group's AISC in US\$ terms

- Barberton Mines' underground AISC was adversely impacted by lower gold production at Sheba Mine and Consort Mine, which is being addressed by turnaround plans as outlined in these results
- BTRP's AISC and production improved as a result of improved recoveries
- Elikhulu's AISC increased by 18.6% to US\$1,003/oz (2021: US\$846/oz), adversely impacted by a reduction in recoveries to 35% (2021: 41%), together with an increase of 5.2% in the tonnes treated and an above-inflationary increase in the costs of reagents and electricity
- Evander Mines' underground AISC decreased by 30.7% to US\$1,112/oz (2021: US\$1,604). The AISC improvement is attributable to improved tonnages and higher mined grades.

The Group endeavours to improve gold production and reduce unit costs at its higher-cost operations by pursuing a number of initiatives. Target AISC for the next financial year is approximately US\$1,250/oz, assuming an exchange rate of US\$/ZA: R16.50.

### Group capital expenditure budget

The Group continues to reinvest in its mines to ensure sustainability and to generate the requisite returns.

The operational capital budget for the year ending 30 June 2023 comprises:

| Operation  | Sustaining capital        | Expansion capital         |
|--|---------------------------|---------------------------|
|  | US\$ million <sup>1</sup> | US\$ million <sup>1</sup> |
| Barberton Mines  | 30.2                      | 8.7                       |
| Elikhulu   | 2.4                       | 23.7                      |
| Evander Mines underground (including Egoli and 24, 25 and 26 Level projects) | 0.8                       | 59.2                      |
| <b>Total</b>   | <b>33.4</b>               | <b>91.6</b>               |

<sup>1</sup> Budgeted capital converted to US\$ at an exchange rate of US\$/ZAR:15.50.

Major items included in expansion capital are:

- Barberton Mines' Project Dibanisa at a cost of US\$1.5 million, 4 Shaft decline at a cost of US\$2.8 million and the ventilation raise bore hole at a cost of US\$2.1 million
- The Elikhulu TSF footprint extension and establishment of the Leslie/Bracken pump station at a cost of US\$22.1 million
- Evander Mines' 8 Shaft underground refrigeration plant for the 24, 25 and 26 Levels, at a cost of US\$5.6 million
- US\$50.6 million for 8 Shaft expansion capital for the 24, 25 and 26 Level project, and equipping costs for Evander Mines' 7 Shaft infrastructure, which includes steel work and development costs.

With the completion of the TSF extension and the Leslie/Bracken pump station at Elikhulu, during the 2023 financial year, capital expenditure on this mine will revert to previous levels of sustaining capital. The capital expenditure incurred on the 24, 25 and 26 Level project at Evander Mines' underground operations will contribute significantly to the Group's future production profile.

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Pan African continues to deliver into its 'beyond compliance' approach to ESG, where a solid project foundation was established in recent years. We focus on projects with the ability to realise tangible benefits for our stakeholders and, in so doing, positively impact our operations in the longer term.

Our operating environment encompasses significant issues which have the potential to substantially impact our performance and ability to create or preserve value. During the past financial year, the Group implemented energy efficiency and energy management initiatives at Barberton Mines and Evander Mines, including high-efficiency motors and compressors to reduce energy consumption. For example, new pumps, geysers, and motors are installed or replaced with power-saving models. Our overall energy consumption has decreased slightly from last year, as a result of reductions in indirect energy consumption. Furthermore, recycling of underground water continues to reduce the amount of energy consumed.

Our efforts to reduce our carbon footprint continue to bear dividends. We expect further reductions in the coming year as we increase renewable energy's contribution.

### Environment

#### Climate change – solar PV renewable energy plants at Evander Mines and Barberton Mines

Evander Mines' 9.9MW solar PV renewable energy plant was fully commissioned in May 2022. The plant will provide an estimated 25,000MW of electricity per annum, representing a significant portion of our energy requirements, and reducing our reliance on the national electricity grid. The plant has recorded an estimated electricity saving of US\$657 thousand to date. The long-term impact of this development will be a reduction in our carbon footprint by about 5% per annum and, should result in a saving of approximately 26,000t of CO<sub>2</sub>e in its first year of operation.

The Group has completed a feasibility study on an additional 12MW extension of Evander Mines' solar PV renewable energy plant, with this capacity allocated to the expanding underground operations.

Following completion of the feasibility study, detailed engineering design work and environmental permitting, juwi Renewable Energies has commenced site establishment for Barberton Mines' 8MW solar PV renewable energy plant.

#### Water management – water retreatment plant at Evander Mines

The Group's operations are reliant on a steady water supply for many of its activities, including mineral processing, dust suppression, transport and employee consumption. Pan African recognises the need to use water efficiently, protect water resources and collaborate with other stakeholders within water catchment areas where we operate to optimally manage this resource. Our commitment to responsible and sustainable water use is embedded in our water management policy, which emphasises the efficient use of water through reuse and recycling.

Evander Mines' water retreatment plant construction commenced in June 2022 and, once operational, the plant will treat approximately 3ML of water a day, using reverse osmosis technology to produce potable water

for daily consumption, which will reduce reliance on municipality-sourced water. The immediate benefit to our operations will be cost savings of approximately US\$5.6 million over a 10-year period.

### Biodiversity management, conservation and land rehabilitation

Biodiversity is key to maintaining our environmental ecosystem which provides the natural resources we need to both survive and operate. Mining operations, by their very nature, have the potential to adversely impact biodiversity and ecosystems directly and indirectly through pollution and habitat degradation. Pan African proactively manages its impact on biodiversity and is committed to preventing the loss, degradation or fragmentation of ecosystems and habitats, minimising our impact on population dynamics and preventing soil erosion. The Group is responsive to stakeholder expectations, and remains compliant with regulatory requirements, both of which are increasingly onerous in response to the recognition of these impacts, and to curb biodiversity loss and its impact on ecosystems. Our Group's operations are adjacent to or within areas of high biodiversity values, which makes biodiversity management and land rehabilitation a high priority.

The Group manages its impact on biodiversity through a number of measures, including concurrent rehabilitation of disturbed areas, biomonitoring, erosion control procedures and the removal of alien invasive vegetation, to protect and restore valuable biodiversity in the areas where we operate.

In Barberton, we embraced the importance of our stewardship in preserving biodiversity and the rich natural heritage of the Makhonjwa Mountains (also known as the Barberton Mountainlands). The Group has appointed Conservation Outcomes, a non-profit environmental organisation specialising in managing protected areas, to assist with creating a framework to manage the partnership between Barberton Mines, the Mpumalanga Tourism and Parks Agency and the Barberton Nature Reserve with the intent of creating a self-sustainable entity in the medium to longer term. A management plan is in the process of being formulated for the nature reserve, including coexisting nature conservation and mining activities. Some of the key objectives include recognised degradation and preservation of biodiversity, ecological management, alien vegetation eradication,

research and education as well as promoting social and eco-mining tourism (geoheritage tourism) initiatives in the area.

Barberton Mines has been instrumental in protecting the Barberton Mountainlands from criminality, targeting illegal mining and wildlife poaching. We have invested US\$1.7 million in security interventions in the current financial year towards combatting this social ill. In addition, environmental projects aligned to biodiversity conservation in the Barberton Mountainlands amounted to approximately US\$273 thousand to date. These contributions have also resulted in shielding our host communities from syndicated crime.

South Africa is home to most of the world's remaining rhino population. Barberton Mines continues to partner with the Care for Wild Rhino Sanctuary, where the mine sponsored the care and rehabilitation of three orphaned rhino calves for the 2022 calendar year. The rehabilitation of the rhinos includes fully equipped and secure facilities, feeding, medication and supplements and veterinary services to ensure the protection and survival of this endangered species. In the next year, Pan African will continue to contribute to the survival of this endangered species and support ecotourism in the area, which will, in turn, stimulate economic growth and job creation.

### Social responsibility and investment

The Group remains committed to supporting social development and good corporate citizenship in our host communities. By contributing to employee health and well-being, community upliftment and the creation of sustainable economic opportunities, a socio-economic environment in which our business and stakeholders can prosper is fostered. Communities are one of our most important stakeholder groups and their demands intensify, creating shared value and maintaining our social licence to operate remains a top priority for the Group.

### Corporate social investment and local economic development update

During the current financial year, the Group invested US\$1.9 million (2021: US\$1.8 million) in corporate social investment contributions, local economic development projects and bursaries in our host communities, in addition to US\$0.8 million (2021: US\$1.1 million) for employee development programmes. Overall, there was

a slight decrease in preferential procurement spend to US\$102.6 million (2021: US\$104.6 million).

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

- Construction of the Kaapvallei and Ngwane Primary Schools is ongoing with phases 1 and 2 of these schools handed over to the Department of Education in July 2021 and April 2022, respectively. Both schools are expected to be completed during the 2023 financial year
- Evander's community lighting infrastructure project was completed as part of the Group's Social Labour Plan (SLP), with two school laboratories planned for construction in the next year as part of the final SLP commitment for this period
- Construction and handover to the Mpumalanga Department of Health of the operational Cathyville Clinic at Emjindini in Barberton
- During construction of the 9.9MW solar PV renewable energy plant at Evander Mines, 10 local contractor companies were utilised and 202 temporary local job opportunities were created
- Twenty-five scholars are receiving full boarding, school fees, stationery and a monthly allowance through Barberton Mines' sponsorship of a pre-tertiary development programme
- April 2022 marked the first anniversary of the establishment of the office of the Barberton Mines Enterprise Supplier Development Programme. The programme offers a nine-month-long business incubation programme (37 local entrepreneurs have been enrolled to date, of which 18 entrepreneurs have already graduated from this programme) and an 18-month-long mentorship programme (13 local entrepreneurs have been enrolled to date)
- Barberton Mines is one of the co-sponsors of Morentho Institute South Africa, a private institution that provides accredited learnerships and mentorship programmes in furniture design and manufacturing. It opened its doors in Barberton on 1 July 2021 and has enrolled 52 unemployed young people from Barberton and Matsulu
- Financial contributions to the Adopt-a-School Foundation.

### Beyond compliance – Barberton Blueberries project update

Social unrest and crime are often associated with high levels of unemployment and low economic growth. Mining has traditionally provided a great deal of employment to South Africans, and our surrounding communities look to mining companies to provide them with economic opportunities, especially in areas like Barberton, where a significant portion of a town or municipality's sustainability relies on Barberton Mines, as the largest direct employer in the region.

Pan African partnered with Primocane Capital (an agriculture investment and operations business with a track record in blueberry farming) to develop a three-phase 45ha blueberry farm in the region. Agriculture has been identified as an area of emphasis as it is generally supportive of inclusive growth and labour absorption, especially where most of the available labour is unskilled. An additional feature of this project is the high-level of women employed. Given that most economic opportunities in the area are geared towards men, this represents a significant opportunity for the women in our community.

The 15ha phase 1 of the operational farm has created 26 permanent jobs and up to 400 seasonal jobs. In the long term, the farm has the potential to provide approximately 1,200 jobs. Blueberry harvesting will assist in providing alternative employment opportunities for our communities, and reduce the temptation of illegal mining, which poses a risk to the sustainability of our operations.

### ORGANIC GROWTH PROJECTS

#### Evander Mines' 25 and 26 Level and Egoli projects

The board has approved the continued mining of the down-dip extent of this orebody on 25 and 26 Levels, using the 24 Level infrastructure at Evander Mines' 8 Shaft. Development leading from the existing 24 Level footwall infrastructure will allow access to both 25 and 26 Levels, with an on-reef decline layout. The mining of 25 and 26 Levels demonstrates a compelling business case and extends Evander Mines' 8 Shaft production, post extraction of the 8 Shaft pillar and 24 Level, by an additional eight years, with an average annual production of approximately 65,000oz. Dewatering on 25 Level is in progress and blasting of development ends will

commence in the 2023 financial year, with mining of the first stope planned for the 2025 financial year.

Preliminary work has commenced at Egoli, where dewatering of the 3 Decline started in June 2022. This decline is anticipated to be dewatered to below 19 Level in the third quarter of the 2023 financial year. Reserve delineation drilling will then commence to accurately define the Egoli payshoot for early mining.

### GOLD EXPLORATION PROGRAMME IN THE REPUBLIC OF THE SUDAN

The Group was awarded five prospecting concessions (or exploration licences) in north-eastern Sudan (the Block 12 concessions), covering an area of almost 1,100km<sup>2</sup>, and located 70km north-west of Port Sudan, on Block 12A North, Block 12A South, Block 12D, Block 12E and Block 12K. These licences, awarded by Sudan's Ministry of Mines, are valid for a period of three years, with the option to extend for a further two years.

The concessions are located within the Arabian-Nubian Shield in the highly prospective Nakasib Suture Zone, where gold has been mined for over 5,000 years. Currently, the only large-scale gold mine in Sudan is the Hassai Mine, operated by Ariab Mining Company, which is located approximately 170km south-west of Block 12. The vast majority of gold in Sudan is extracted by artisanal workers. Block 12 is of interest to Pan African as it is located on the same shear zone as the Hassai Gold Mine and has significant artisanal mining (hard rock vein and alluvial).

Sudan produced some 90t of gold in 2021, making it the third largest gold producer in Africa after Ghana and South Africa, and the tenth largest producer in the world, with production in 2021 equivalent to Peru's gold production. Despite the recent political unrest in Sudan's capital city of Khartoum, mining producers and developers have generally been able to continue operating unhindered in the country. Our exploration activities in Sudan were in no way impacted by political action in the region.

Exploration activities in Sudan have commenced with work programmes to verify the results of the initially identified targets and endeavours to delineate additional targets. Pan African has embarked on a phased approach for the exploration work programmes, with budgeted expenditure for the first financial year estimated at US\$2.5 million. Pan African also

commissioned the on-site installation of a containerised high-technology, multi-commodity laboratory, one of the latest of its kind in Africa, with full crushing, analytical and X-ray fusion capabilities, which can analyse more than 8,000 samples a month.

Anticipated activities for the 2023 financial year include:

- commencement of regional exploration over all five exploration concessions
- resource definition sampling of the Sataib and Wadi Dirut targets in Block 12A South
- resource definition sampling of the Babaline, Mathab and Apalyum targets in Block 12K
- extensive geochemistry on multiple targets in Block 12A North, Block 12E and Block 12D
- reporting of maiden estimated Mineral Resources.

### MINTAILS CONDITIONAL ACQUISITION TRANSACTION

Shareholders are referred to the announcement of 30 June 2022, detailing the successful completion and results of the definitive feasibility study, and the announcement of 1 September 2022, whereby the date for the final conclusion of the transaction has been extended to 30 September 2022. This extension should provide the Group with sufficient time to conclude the final aspects of its due diligence process.

The definitive feasibility study demonstrated that the Mintails project has the potential to significantly increase the Group's gold production profile over the coming years, with approximately 50,000oz of gold production per annum over the project's 13-year LoM (excluding the Mintails SA Soweto Cluster Proprietary Limited material), equivalent to an increase of approximately 25% in the Group's current output.

#### Envisaged project financing

The Group received a number of financing offers from financial institutions and third-party financiers for the project's funding. Following due consideration, the Group has agreed a credit-approved and underwritten term sheet with RMB for US\$80.0 million of senior debt, for part funding of the Mintails project's construction. The Group is in the process of evaluating a number of further funding options for the balance of the capital spend, with the intent of having the funding package finalised by March 2023.

### Way forward and possible project execution timelines

If the Group was to proceed with the project, the anticipated timeline to commissioning is envisaged as follows:

| Activity                   | Estimated date              |
|----------------------------|-----------------------------|
| Detailed engineering study | September 2022 – March 2023 |
| Funding package finalised  | March 2023                  |
| Environmental approvals    | March 2023                  |
| Construction commences     | May 2023                    |
| Commissioning              | July 2024 – December 2024   |

First production is estimated within 18 to 24 months from commencement of construction.

#### Mintails project ESG

As part of the definitive feasibility study, the Company has already engaged extensively with community representatives and other interested and affected organisations based in the area, including regulatory authorities. The information obtained and the environmental management programme are being utilised to compile an action plan to remediate past environmental damage and restore the surface for productive land use, while at the same time investigating impactful socio-economic development projects, intended to stimulate the local economy.

The Company will also conduct feasibility studies into the merits of renewable energy for the new tailings retreatment plant's energy requirements.

### BLYVOOR CONDITIONAL ACQUISITION

Shareholders are referred to the announcement of 15 December 2021 containing the proposed transaction details to acquire historical Blyvoor Gold Operations Proprietary Limited's (Blyvoor) TSFs.

The Group, together with independent consultants, is still in the process of finalising a fatal flaw assessment and gap analysis as part of the initial due diligence and has extended the period for completion of the transaction. Pan African may then, following the completion of the assessments, at its sole discretion, elect to acquire Blyvoor for a cash consideration of ZAR110 million which is to be funded from internal cash resources.

### OUTLOOK AND PROSPECTS

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

- Proactive journey to 'zero harm' through innovative health and safety initiatives
- Maintaining the production run rate
- Successfully execute into the capital projects to sustain and increase future gold production
- Mitigate inflationary pressures through optimisation and other initiatives
- Progress the Mintails acquisition
- Advance the Sudanese exploration venture
- Continue with our ESG focus through programmes to support sustainable host communities, increased use of renewable energy and recycling initiatives
- Maintaining focus on sustainable shareholder returns.

### APPRECIATION

I would like to thank my fellow board members for their support and guidance during the past financial year. I also extend my gratitude to our management teams, dedicated staff and contractors at Pan African for their continued hard work and commitment to 'mining for a future'.

### FINANCIAL PERFORMANCE

#### Exchange rates and their impact on results

All Group subsidiaries are incorporated in South Africa except for the exploration project in Sudan. The functional currency for the South African subsidiaries is the rand and the functional currency for the Sudan exploration project is the Sudanese pound. The Group's South African business is conducted in rand, and the accounting records are maintained in the same currency, except precious metal product sales, which are conducted in US\$ prior to conversion into rand. The ongoing review of the operational results by executive management and the directors of the Company is also performed in rand.

During the current financial year, the average US\$/ZAR exchange rate was US\$/ZAR:15.22 (2021: US\$/ZAR:15.40) and the closing US\$/ZAR exchange rate at 30 June 2022 was US\$/ZAR:16.28 (2021: US\$/ZAR:14.28). The year-on-year appreciation in the average rate and, depreciation in the closing

exchange rate of 1.2% and 14.0%, respectively, must be considered when comparing year-on-year results.

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

### Analysing the Group's financial performance

#### Revenue

Revenue increased during the current financial year by 2.0% to US\$376.4 million (2021: US\$368.9 million) predominantly due to:

- gold sold increasing by 1.9% to 205,688oz (2021: 201,777oz)
- the average US\$ gold price received remaining relatively flat at US\$1,824/oz (2021: US\$1,826/oz).

#### Cost of production

All costs are incurred in rand, the Group's functional currency, whereas US\$ variances may be impacted by exchange rate fluctuations. The Group's cost of production increased by 8.4% to US\$226.4 million (2021: US\$208.8 million).

Cost of production mainly consists of:

- mining and processing costs (representing 42.5% of the total cost of production) increased by 9.1% to US\$96.3 million (2021: US\$88.2 million), primarily as a result of the following:
  - Evander Mines' costs increased by US\$3.8 million in the 2022 financial year as a direct result of a 7.2% increase in tonnes milled from the mines' underground operations and an increase in the mining contractor's headcount, which increased to 1,432 employees (2021: 1,071 employees), coupled with an annual salary increase of approximately 5.0%. Evander Mines' gold production increased by 35.6%, with this additional production offsetting cost increases
  - Barberton Mines' costs increased by US\$0.9 million, mainly due to increased vamping costs and additional support installed in working areas at Sheba Mine and Consort Mine, as well as the additional operating costs associated

with a cemented backfill grout plant, which was commissioned in the current financial year at Consort Mine, to assist in supporting poor ground conditions associated with the highly altered and high-grade schistose orebody

- Elikhulu processing costs increased by US\$3.2 million, mainly due to above-inflationary increases in reagent costs and additional costs associated with the treatment of buttressing material
- salaries and wages (representing 25.1% of the total cost of production) increased by 5.8% to US\$56.9 million (2021: US\$53.8 million). Although the Group's average annual salary increase was approximately 5.0%, the following also contributed to elevated costs:
  - production bonuses paid in the current financial year for increased production at Evander Mines
  - the employee headcount at Evander Mines and Barberton Mines increasing by 6.6% and 2.4%, respectively
- electricity costs (representing 14.9% of the cost of production) increased by 8.3% to US\$33.8 million (2021: US\$31.2 million). The increase resulted from a 13% regulatory increase, offset by the capitalisation of electricity costs associated with the 24 Level development in the current financial year, which led to a net decrease of 6.6% in Evander Mines' electricity costs
- engineering and technical costs (representing 9.5% of the cost of production) increased by 18.2% to US\$21.4 million (2021: US\$18.1 million), mainly due to an increase in these costs of US\$2.9 million and US\$1.1 million at Barberton Mines and Elikhulu, respectively, offset to some extent by the capitalisation of US\$0.8 million associated with Evander Mines' 24 Level development
- the Group incurred US\$0.3 million and US\$0.4 million in solar and agricultural costs, respectively, following the commissioning of:
  - Evander Mines' 9.9MW solar PV renewable energy plant in May 2022, when power was fed into Elikhulu's grid
  - the Barberton Blueberries project in October 2021.

#### Depreciation and amortisation

The Group's depreciation and amortisation costs included in cost of production decreased by 17.8% to US\$26.4 million (2021: US\$32.1 million).

As the depreciation charge is based on actual production in relation to the estimated available minable tonnes over the life of the operations, the depreciation charge for Evander Mines' underground operations decreased significantly due to the extension of the LoM from five years to 14 years, with the inclusion of the planned production from 24, 25 and 26 Levels (excluding expected Egoli production), contributing to a US\$4.8 million decline in this operation's depreciation charge.

#### Other expenses and income

Other expenses and income decreased to US\$9.8 million (2021: US\$12.8 million) due to:

- mark-to-market fair value gains of US\$0.5 million recognised on an interest rate swap and gold price hedges (2021: US\$3.8 million fair value gains on gold hedges) entered into as part of the Group's financial risk management programme
- a decrease in costs associated with the Group's employee incentive schemes to US\$5.6 million (2021: US\$7.3 million)
- a change in the estimate of the Group's rehabilitation obligation, as a result of an increase in the risk-free rate, resulting in a decrease of US\$4.7 million (2021: US\$1.5 million increase) in the obligation.

#### Royalty costs

Royalty costs decreased by 40.0% to US\$2.1 million (2021: US\$3.5 million), following a decrease in the royalty tax rate consistent with the 18.0% decrease in Barberton Mines' earnings before interest and tax to US\$52.3 million (2021: US\$63.8 million).

#### Finance costs

Finance costs decreased to US\$5.3 million (2021: US\$7.7 million), largely due to the reduction in the Group's borrowings.

Finance costs consist mainly of:

- US\$1.9 million (2021: US\$0.9 million) associated with the unwinding of the environmental rehabilitation obligation

- US\$3.9 million (2021: US\$6.2 million) related to the Group's borrowings from financial institutions.

#### Tax

The income tax expense for the year increased to US\$31.9 million (2021: US\$30.1 million), resulting in an effective tax rate of 29.9% (2021: 28.8%).

#### EPS and HEPS

EPS and HEPS increased marginally to US 3.90 cents per share (2021: US 3.87 cents per share) and US 3.93 cents per share (2021: US 3.87 cents per share), relative to the previous financial year.

EPS and HEPS are calculated by applying the Group's weighted average number of shares of 1,926.1 million shares outstanding (2021: 1,928.3 million shares) to attributable earnings and headline earnings.

#### Debt and cash flows

Net debt decreased by 66.7% to US\$13.0 million (2021: US\$39.0 million), and net senior debt decreased by 72.4% to US\$9.3 million (2021: US\$33.7 million).

The Group's new ZAR1 billion revolving credit facility (RCF) became effective on 25 November 2021. The restructured RCF consolidates the previous RCF, which would have expired in June 2022, and the previous Elikhulu term loan (term loan). The restructured RCF, provided by RMB and Nedbank, has a three-year term and bears interest at a reduced margin of 275 basis points over the applicable Johannesburg Interbank Average Rate (JIBAR) rate, compared to the 380 and 330 basis points over JIBAR, applicable to the term loan and previous RCF, respectively.

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

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

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

Net cash from operating activities improved by 45.1% to US\$110.0 million (2021: US\$75.8 million). The cash from operating activities was supported by the Group's improved operational performance.

Net cash used in investing activities increased by 84.6% to US\$81.4 million (2021: US\$44.1 million) largely due to capital expenditure on property, plant and equipment of US\$82.7 million (2021: US\$44.4 million).

Net cash used in financing activities decreased to US\$32.4 million (2021: US\$38.1 million) largely due to a decrease in the repayment of senior debt facilities, offset by a decrease in borrowings and the cash outflow associated with the share buy-back programme.

Over the past financial year, the Group generated attributable cash flow<sup>1</sup> of US\$23.6 million (2021: US\$15.2 million), which contributed to the increased attributable cash flow per share. The Group's return on shareholders' funds and return on capital employed has decreased slightly, year-on-year.

|  | Unit               | 30 June 2022 | 30 June 2021      |
|--|--------------------|--------------|-------------------|
| Attributable cash flow per share <sup>1</sup>        | US cents per share | 1.23         | 0.79 <sup>1</sup> |
| Dividend yield at the last traded price <sup>1</sup> | %                  | 4.6          | 5.3               |
| Cash flow yield per share <sup>1</sup>               | %                  | 5.09         | 3.3 <sup>1</sup>  |
| Return on shareholders' funds <sup>1</sup>           | %                  | 25.9         | 32.0              |
| Return on capital employed <sup>1</sup>              | %                  | 32.6         | 36.3              |

<sup>1</sup> The attributable cash, attributable cash flow per share and the cash flow yield per share have been restated following the restatement of net cash from operating activities. Refer to note 16 of the provisional summarised consolidated annual financial statements on page 46.

## DIVIDENDS

### Proposed dividend for the financial year ended 30 June 2022

The board has proposed a final dividend of ZAR400.1 million for the 2022 financial year (approximately US\$23.1 million), equal to ZA 18.00000 cents per share or approximately US 1.04046 cents per share (0.90452 pence per share). The dividend is subject to approval by shareholders at the AGM, which is to be convened for Thursday, 24 November 2022.

In light of the robust current financial year results, the board has applied its discretion and has proposed a dividend in line with the Company's dividend policy guidelines, as detailed below.

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

|   |                             |
|---|-----------------------------|
| Annual general meeting  | Thursday, 24 November 2022  |
| Currency conversion date  | Thursday, 24 November 2022  |
| Currency conversion announcement released by 11:00 (South African time) | Friday, 25 November 2022    |
| Last date to trade on the JSE   | Tuesday, 29 November 2022   |
| Last date to trade on the LSE   | Wednesday, 30 November 2022 |
| Ex-dividend date on the JSE   | Wednesday, 30 November 2022 |
| Ex-dividend date on the LSE   | Thursday, 1 December 2022   |
| Record date on the JSE and LSE  | Friday, 2 December 2022     |
| Payment date  | Tuesday, 13 December 2022   |

The pound sterling (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:17.30 and GBP/ZAR:19.90, respectively.

No transfers between the Johannesburg and London registers, between the commencement of trading on Wednesday, 30 November 2022 and close of business on Friday, 2 December 2022, will be permitted.

No shares may be dematerialised or rematerialised between Wednesday, 30 November 2022 and Friday, 2 December 2022, both days inclusive.

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

### Dividend policy

Pan African aspires to pay a regular dividend to its shareholders 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 external 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 slightly in excess of that derived by the policy is justified for the 2022 financial year given the favourable

gold price environment, robust 2022 cash flows and the encouraging prospects for the 2023 financial year.

The net proposed dividend constitutes a payout ratio of 48.9% of the Group's discretionary cash flow, as defined by its dividend policy. The proposed dividend equates to a dividend yield of 4.6% based on the 30 June 2022 closing share price of ZAR3.94 per share.

## DIRECTORSHIP CHANGES AND DEALINGS

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

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

- Cobus Loots entered into the following share transactions:
  - Acquisition of 200,000 ordinary shares at GBP0.167 per share and 100,000 ordinary shares at GBP0.173 per share on 15 September 2021. He held 5,048,504 indirect beneficial shares, representing 0.2259% of the Company's issued share capital, and 1,673,982 direct beneficial shares, representing 0.0749% of the Company's issued share capital at the end of the current financial year, together with 114,280 long contracts for difference.
- Deon Louw entered into the following share transaction:
  - Acquisition of 220,000 ordinary shares at ZAR3.42 per share on 15 September 2021. He held 3,122,349 indirect beneficial shares, representing 0.1397% of the Company's issued share capital, and 758,112 direct beneficial shares, representing 0.0339% of the Company's issued share capital at the end of the current financial year.
- Thabo Mosololi purchased 50,000 shares at ZAR3.15 per share on 21 September 2021. He held 160,000 shares at the end of the current financial year, representing 0.0072% of the Company's issued share capital.

No dealings in the securities of the Company by the directors took place between the year-end and the authorisation date of the annual financial statements. None of the direct or indirect beneficial interests held by the directors in the share capital of the Company are subject to security, guarantee, collateral or otherwise.

## JSE LISTING

The Company has a dual primary listing on the JSE and the Alternative Investment Market (AIM) of the London Stock Exchange (LSE), as well as a sponsored Level 1 American Depository Receipt (ADR) programme in the United States of America (USA) through the Bank of New York Mellon (BNY Mellon). This provisional summarised audited results announcement has been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS and the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, and the Financial Pronouncements as issued by the Financial Reporting Standards Council. It contains the minimum information as required by International Accounting Standard (IAS) 34. The accounting policies are in accordance with IFRS and are consistent with those applied in the 2022 consolidated annual financial statements.

The Group's external auditors, PricewaterhouseCoopers LLP (PwC), have issued their opinion on the consolidated annual financial statements for the year ended 30 June 2022. The audit of the consolidated annual financial statements was conducted in accordance with the International Standards on Auditing. PwC has expressed an unmodified opinion on the consolidated annual financial statements. Copies of the audited annual financial statements and the audit report are available for inspection at the issuer's registered office. Any reference to future financial performance included in this provisional summarised audited results announcement has not been reviewed or reported on by the Group's external auditors.

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

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

## SECONDARY LISTING ON THE A2X MARKET

Pan African's ordinary shares started trading on the A2X Market (A2X) on Monday, 13 December 2021, the A2X listing date.

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

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

## AIM LISTING

The financial information for the year ended 30 June 2022 does not constitute statutory accounts as defined in sections 435(1) and 435(2) of the UK Companies Act 2006 (Companies Act 2006) but has been derived from those accounts. Statutory accounts for the year ended 30 June 2021 have been delivered to the Registrar of Companies and those for 2022 will be delivered following the Company's AGM. PwC, the external auditors registered in the UK, have reported on these accounts for the year ended 30 June 2022.

PwC's audit report for 30 June 2022 is unqualified, does not include a reference to any matters to which auditors draw attention by way of emphasis of matter, and does not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006. These statutory accounts have been prepared in accordance with IFRS and the IFRS Interpretations Committee interpretations with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

## ADR PROGRAMME

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

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

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

## FORWARD-LOOKING INFORMATION

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

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 as it forms part of UK Domestic Law by virtue of the European Union (Withdrawal) Act 2018. Upon publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

### Cobus Loots

*Chief executive officer*

14 September 2022

# PROVISIONAL SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022



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### NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

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### SUSTAINABLE STAKEHOLDER VALUE CREATION

Pan African's established long-life mines have contributed to our strategy of adopting a 'beyond compliance' approach to promote sustainable communities beyond mining. This is supported by our renewable energy and agricultural projects.

# SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2022

| US\$ thousand                                | Note | 30 June 2022   | 30 June 2021   |
|--|------|----------------|----------------|
| <b>ASSETS</b>                                |      |                |                |
| <b>Non-current assets</b>                    |      |                |                |
| Property, plant and equipment                |      | 355,802        | 346,922        |
| Goodwill                                     |      | 18,642         | 21,253         |
| Intangible assets – excluding goodwill       |      | 281            | 505            |
| Deferred tax asset                           |      | 2,074          | 2,217          |
| Long-term inventory                          |      | 189            | 333            |
| Loans receivable                             |      | –              | 429            |
| Investment – other                           |      | 1,127          | 1,064          |
| Environmental rehabilitation obligation fund |      | 23,024         | 25,810         |
| <b>Total non-current assets</b>              |      | <b>401,139</b> | <b>398,533</b> |
| <b>Current assets</b>                        |      |                |                |
| Inventory                                    |      | 9,977          | 11,356         |
| Trade and other receivables                  |      | 17,275         | 24,394         |
| Current tax asset                            |      | 751            | 678            |
| Loans receivable                             |      | 271            | 12,817         |
| Derivative financial asset                   |      | 686            | 180            |
| Cash and cash equivalents                    |      | 26,993         | 35,133         |
| <b>Total current assets</b>                  |      | <b>55,953</b>  | <b>84,558</b>  |
| <b>Total assets</b>                          |      | <b>457,092</b> | <b>483,091</b> |
| <b>EQUITY AND LIABILITIES</b>                |      |                |                |
| <b>Capital and reserves</b>                  |      |                |                |
| Share capital                                | 9    | 38,002         | 38,151         |
| Share premium                                |      | 235,063        | 235,063        |
| Retained earnings                            |      | 264,840        | 211,254        |
| Reserves                                     |      | (243,125)      | (200,837)      |
| Equity attributable to owners of the Company |      | 294,780        | 283,631        |
| Non-controlling interests                    |      | (171)          | –              |
| <b>Total equity</b>                          |      | <b>294,609</b> | <b>283,631</b> |
| <b>Non-current liabilities</b>               |      |                |                |
| Environmental rehabilitation obligation      |      | 8,603          | 13,609         |
| Borrowings*                                  |      | 33,293         | 37,484         |
| Lease liabilities*                           |      | 3,795          | 4,828          |
| Share-based payment obligations*             |      | 4,022          | 3,046          |
| Deferred tax liability                       |      | 53,781         | 34,515         |
| <b>Total non-current liabilities</b>         |      | <b>103,494</b> | <b>93,482</b>  |
| <b>Current liabilities</b>                   |      |                |                |
| Trade and other payables                     |      | 50,224         | 54,709         |
| Borrowings*                                  |      | 1,319          | 31,123         |
| Lease liabilities*                           |      | 553            | 649            |
| Share-based payment obligations*             |      | 5,559          | 18,372         |
| Current tax liability                        |      | 1,334          | 1,125          |
| <b>Total current liabilities</b>             |      | <b>58,989</b>  | <b>105,978</b> |
| <b>Total equity and liabilities</b>          |      | <b>457,092</b> | <b>483,091</b> |

\* In the previous financial year, borrowings, lease liabilities and share-based payment obligations were presented as long-term liabilities (financial institutions and other). These items have been disaggregated in the current financial year to enhance disclosures, with comparatives aligned accordingly.

# SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2022

| US\$ thousand   | Notes | 30 June 2022    | 30 June 2021   |
|---|-------|-----------------|----------------|
| Revenue   |       | 376,371         | 368,915        |
| Cost of production  |       | (226,445)       | (208,815)      |
| Depreciation and amortisation   |       | (26,428)        | (32,074)       |
| <b>Gross profit</b>   |       | <b>123,498</b>  | <b>128,026</b> |
| Other expenses and income   |       | (9,828)         | (12,819)       |
| Royalty costs   |       | (2,096)         | (3,454)        |
| Impairment loss on plant and equipment  |       | (467)           | –              |
| <b>Net income before finance income and finance costs</b>                     |       | <b>111,107</b>  | <b>111,753</b> |
| Finance income  | 4     | 1,095           | 755            |
| Finance costs   | 4     | (5,326)         | (7,675)        |
| <b>Profit before tax</b>  |       | <b>106,876</b>  | <b>104,833</b> |
| Income tax expense  | 5     | (31,924)        | (30,141)       |
| <b>Profit after tax for the year</b>  |       | <b>74,952</b>   | <b>74,692</b>  |
| <b>Other comprehensive (loss)/income</b>                                      |       |                 |                |
| <b>Items that may be reclassified to profit or loss</b>                       |       |                 |                |
| Foreign currency translation reserve movement                                 |       | (40,125)        | 44,950         |
| <b>Items that may not be reclassified to profit or loss</b>                   |       |                 |                |
| Investment measured at fair value through other comprehensive income movement |       | 975             | (1,603)        |
| Tax thereon   |       | (46)            | 27             |
| <b>Other comprehensive (loss)/income for the year, net of tax</b>             |       | <b>(39,196)</b> | <b>43,374</b>  |
| <b>Total comprehensive income for the year</b>                                |       | <b>35,756</b>   | <b>118,066</b> |
| <b>Profit attributable to:</b>  |       | <b>74,952</b>   | <b>74,692</b>  |
| Owners of the Company   |       | 75,137          | 74,692         |
| Non-controlling interests   |       | (185)           | –              |
| <b>Total comprehensive income attributable to:</b>                            |       | <b>35,756</b>   | <b>118,066</b> |
| Owners of the Company   |       | 35,930          | 118,066        |
| Non-controlling interests   |       | (174)           | –              |
| Basic and diluted earnings per share (US cents)                               |       | 3.90            | 3.87           |
| Weighted average number of shares in issue (thousand)                         |       | 1,926,066       | 1,928,329      |
| Diluted average number of shares in issue (thousand)                          |       | 1,926,066       | 1,928,329      |

# SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2022

| US\$ thousand  | Share capital | Share premium  | Reserve          | Retained earnings | Equity attributable to the owners of the Company | Non-controlling interests | Total equity   |
|--|---------------|----------------|------------------|-------------------|--|---------------------------|----------------|
| <b>Balance as at 1 July 2020</b>   | 38,151        | 235,063        | (243,940)        | 154,344           | 183,618  | –                         | 183,618        |
| Total comprehensive income   | –             | –              | 43,374           | 74,692            | 118,066  | –                         | 118,066        |
| Profit for the year  | –             | –              | –                | 74,692            | 74,692   | –                         | 74,692         |
| Other comprehensive income   | –             | –              | 43,374           | –                 | 43,374   | –                         | 43,374         |
| Dividend paid  | –             | –              | –                | (20,607)          | (20,607)   | –                         | (20,607)       |
| Reciprocal dividend – PAR Gold Proprietary Limited (PAR Gold) <sup>1</sup>         | –             | –              | –                | 2,825             | 2,825  | –                         | 2,825          |
| Share scheme cancellation  | –             | –              | (551)            | –                 | (551)  | –                         | (551)          |
| Equity-settled share-based payment   | –             | –              | 280              | –                 | 280  | –                         | 280            |
| <b>Balance as at 30 June 2021</b>  | <b>38,151</b> | <b>235,063</b> | <b>(200,837)</b> | <b>211,254</b>    | <b>283,631</b>                                   | <b>–</b>                  | <b>283,631</b> |
| Total comprehensive (loss)/income  | –             | –              | (39,207)         | 75,137            | 35,930   | (174)                     | 35,756         |
| Profit for the year  | –             | –              | –                | 75,137            | 75,137   | (185)                     | 74,952         |
| Other comprehensive (loss)/income  | –             | –              | (39,207)         | –                 | (39,207)   | 11                        | (39,196)       |
| Dividend paid  | –             | –              | –                | (24,984)          | (24,984)   | –                         | (24,984)       |
| Reciprocal dividend – PAR Gold <sup>1</sup>  | –             | –              | –                | 3,425             | 3,425  | –                         | 3,425          |
| Recognition of non-controlling interests   | –             | –              | –                | –                 | –  | 3                         | 3              |
| Share buy-back <sup>2</sup>  | (149)         | –              | (3,073)          | –                 | (3,222)  | –                         | (3,222)        |
| Unwinding of broad-based black economic empowerment structure: share-based payment | –             | –              | (8)              | 8                 | –  | –                         | –              |
| <b>Balance as at 30 June 2022</b>  | <b>38,002</b> | <b>235,063</b> | <b>(243,125)</b> | <b>264,840</b>    | <b>294,780</b>                                   | <b>(171)</b>              | <b>294,609</b> |

<sup>1</sup> Reciprocal dividend – PAR Gold refers to the inter-company transaction which relates to the dividend received on the treasury shares held by PAR Gold – refer to note 9. PAR Gold holds 13.8% (2021: 13.7%) of the issued share capital of Pan African.

<sup>2</sup> 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 current financial year.

# SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2022

| US\$ thousand   | 30 June 2022    | Restated*<br>30 June 2021 |
|---|-----------------|---------------------------|
| <b>Cash flows from operating activities</b>   |                 |                           |
| Net cash from operating activities before dividends, tax, royalties and net finance costs | 142,879         | 118,154                   |
| Dividend paid   | (24,984)        | (20,607)                  |
| Reciprocal dividend received  | 3,425           | 2,825                     |
| Income tax paid   | (6,764)         | (15,402)                  |
| Royalties paid  | (1,756)         | (3,500)                   |
| Finance costs paid  | (4,042)         | (6,107)                   |
| Finance income received   | 1,248           | 484                       |
| <b>Net cash from operating activities</b>   | <b>110,006</b>  | <b>75,847</b>             |
| <b>Cash flows from investing activities</b>   |                 |                           |
| Additions to property, plant and equipment  | (82,683)        | (44,396)                  |
| Additions to intangible assets  | (2)             | (48)                      |
| Repayment of loans receivable   | 583             | 289                       |
| Receipts from the environmental rehabilitation obligation fund                            | 151             | 146                       |
| Increase in investments – other   | –               | (142)                     |
| Proceeds from disposal of property, plant and equipment                                   | 563             | 3                         |
| <b>Net cash used in investing activities</b>  | <b>(81,388)</b> | <b>(44,148)</b>           |
| <b>Cash flows from financing activities</b>   |                 |                           |
| Proceeds from borrowings  | 12,903          | 15,963                    |
| Repayment of borrowings   | (41,422)        | (53,010)                  |
| Share buy-back  | (3,222)         | –                         |
| Repayment of lease liabilities  | (616)           | (1,027)                   |
| <b>Net cash used in financing activities</b>  | <b>(32,357)</b> | <b>(38,074)</b>           |
| <b>Net decrease in cash equivalents</b>   | <b>(3,739)</b>  | <b>(6,375)</b>            |
| <b>Cash and cash equivalents at the beginning of the year</b>                             | <b>35,133</b>   | <b>33,530</b>             |
| Effect of foreign exchange rate changes   | (4,401)         | 7,978                     |
| <b>Cash and cash equivalents at the end of the year</b>                                   | <b>26,993</b>   | <b>35,133</b>             |

\* The net cash from operating activities and used in financing activities have been restated in the previous financial year. Refer to note 16.

# NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022

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

The accounting policies applied in compiling the summarised consolidated annual financial statements, in accordance with IFRS, are consistent with those applied in preparing the Group's annual financial statements for the year ended 30 June 2022.

The financial information set out in this announcement does not constitute the Company's statutory accounts for the period ended 30 June 2022.

The results have been prepared and presented in accordance with the framework concepts and the measurement and recognition requirements of IFRS, and contain the information required by IAS 34, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the listings requirements of the JSE and LSE and the Companies Act 2006.

### 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\$42.4 million (2021: US\$42.0 million) of available debt facilities and US\$26.7 million (2021: US\$35.1 million) of cash and cash equivalents as at 30 June 2022. Based on the current status of the Group's finances, having considered going concern forecasts and reasonably possible downside scenarios, including a rand gold price of ZAR869,000/kg (US\$1,776/oz converted at a prevailing average exchange rate of US\$/ZAR:15.22), and reduced production volumes, also potentially impacted by future outbreaks of COVID-19, the Group's forecasts based on board-approved budgets demonstrate that it will have sufficient liquidity headroom to meet its obligations in the ordinary course of business and will comply with financial covenants for the 12 months from the authorisation date of the annual financial statements.

The Group will continue to implement stringent preventative and precautionary measures to limit incidences of infection of COVID-19 among our employees and in host communities and minimise the potential adverse impact on the Group's production. The Group has achieved a vaccination rate in excess of 80%, a far higher percentage than the country's overall vaccination rate.

In evaluating the potential adverse impact of COVID-19 as well as other factors that could negatively impact Group production, a range of 5% to 20% possible production loss was considered.

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

- Mining was considered an essential service according to government lockdown regulations imposed during the pandemic, enabling production to continue to a certain extent
- The Group's operations are diversified and include surface mining and processing activities which are less prone to lockdown restrictions when compared to underground operations
- The Group maintains a minimum liquidity level of US\$15.4 million to ensure that it has sufficient liquidity to withstand possible interruptions to its operations over the short term.

The board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group continued to adopt the going concern basis of accounting in the preparation of the 30 June 2022 summarised consolidated annual financial statements.

### Alternative performance measures

The Group makes reference to APMs, in conjunction with IFRS measures, when assessing its reported financial performance, financial position and cash flows. APMs should be considered in addition to, and not as a substitute for or superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS. Further information on APMs is provided on **pages 48 to 57**.

## 2. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

### Significant assumptions and judgements

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

### Impairment and impairment reversals of assets

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

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

### Cash flow projections and key assumptions

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

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

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

## NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2022

### 2. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES continued

#### Deferred tax rate

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

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

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

#### Environmental rehabilitation obligation

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

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

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

An assessment of the Group's environmental rehabilitation plan identified a risk relating to the potential pollution of groundwater at Barberton Mines.

As a result of the amendments to the Financial Closure Provision Regulations promulgated in terms of the National Environmental Management Act, the Group will have 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 scheduled closure cost estimate, the amendments will result in an increase to the current obligation of approximately US\$3 million for environmental and decommissioning costs in real terms, once the amendments become effective.

#### Sources of estimation uncertainty

##### Impairment and impairment loss reversals of non-financial assets

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

#### Other assumptions and estimates

##### Cash-settled share-based payment obligation

The Company applies the requirements of IFRS 2: *Share-based Payment* to cash-settled share-based arrangements made to employees in terms of the Group's incentive schemes. These are measured at fair value at grant date and, at each subsequent reporting date, the Company revises the estimated fair value of these schemes in accordance with the requirements of IFRS 2 with the movement recognised in profit or loss. The determination of the fair value of the cash-settled share-based payment obligation is subject to judgement pertaining to a number of valuation assumptions.

#### Contingent liabilities

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

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

### 3. SEGMENT REPORT

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 the performance of the operating segments, has been identified as Pan African's executive committee (Exco). The operating segments of the Group are determined based on the reports used to make strategic decisions that are reviewed by 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.

To enhance reporting, a sub-total for mining operations has been included in the segment report in the current financial year. 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 BTRP located in Barberton
- Evander Mines Elikhulu, the underground 8 Shaft pillar, the 24, 25 and 26 Level project, the Egoli project and surface sources) located in Evander.

The above segments derive their revenue from mining, extraction, production and the sale of gold.

- Solar projects currently consist of the solar PV renewable energy plant located at Evander Mines, the planned development of a solar PV renewable energy plant at Barberton Mines and the extension of Evander Mines' solar PV renewable energy plant
- Exploration assets consist of five prospecting concessions (or exploration licences) in north-eastern Sudan (the Block 12 concessions), covering an area of almost 1,100km<sup>2</sup> and located approximately 70km north-west of Port Sudan
- Agricultural ESG projects mainly comprise the Group's Barberton Blueberries project (Barberton Blue Proprietary Limited), as well as other small-scale agricultural projects in 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 which is located in Johannesburg.

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

**NOTES TO THE SUMMARISED CONSOLIDATED  
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for the year ended 30 June 2022

**3. SEGMENT REPORT** continued

| US\$ thousand  | 30 June 2022       |                  |                   |                      | 30 June 2022          |                              |                 |                    |                |
|--|--------------------|------------------|-------------------|----------------------|-----------------------|------------------------------|-----------------|--------------------|----------------|
|  | Barberton<br>Mines | Evander<br>Mines | Solar<br>projects | Mining<br>operations | Exploration<br>assets | Agricultural<br>ESG projects | Corporate       | Funding<br>Company | Group<br>total |
| Revenue  | 174,596            | 201,775          | –                 | 376,371              | –                     | –                            | –               | –                  | 376,371        |
| Cost of production   | (115,129)          | (110,654)        | (257)             | (226,040)            | –                     | (405)                        | –               | –                  | (226,445)      |
| Depreciation and amortisation  | (10,460)           | (15,836)         | (90)              | (26,386)             | –                     | (42)                         | –               | –                  | (26,428)       |
| <b>Gross profit/(loss)</b>   | <b>49,007</b>      | <b>75,285</b>    | <b>(347)</b>      | <b>123,945</b>       | <b>–</b>              | <b>(447)</b>                 | <b>–</b>        | <b>–</b>           | <b>123,498</b> |
| Other expenses and income <sup>2</sup>                                   | (727)              | 3,504            | –                 | 2,777                | (42)                  | (195)                        | (13,384)        | 1,016              | (9,828)        |
| Royalty costs  | (1,581)            | (515)            | –                 | (2,096)              | –                     | –                            | –               | –                  | (2,096)        |
| Impairment loss on property, plant and equipment                         | –                  | (467)            | –                 | (467)                | –                     | –                            | –               | –                  | (467)          |
| <b>Net income/(loss) before finance income and finance costs</b>         | <b>46,699</b>      | <b>77,807</b>    | <b>(347)</b>      | <b>124,159</b>       | <b>(42)</b>           | <b>(642)</b>                 | <b>(13,384)</b> | <b>1,016</b>       | <b>111,107</b> |
| Finance income <sup>2</sup>  | 141                | 2                | 1                 | 144                  | –                     | 1                            | 384             | 566                | 1,095          |
| Finance costs <sup>2</sup>   | (708)              | (1,732)          | (119)             | (2,559)              | –                     | –                            | (49)            | (2,718)            | (5,326)        |
| <b>Profit/(loss) before tax</b>  | <b>46,132</b>      | <b>76,077</b>    | <b>(465)</b>      | <b>121,744</b>       | <b>(42)</b>           | <b>(641)</b>                 | <b>(13,049)</b> | <b>(1,136)</b>     | <b>106,876</b> |
| Income tax (expense)/benefit   | (12,281)           | (18,157)         | 103               | (30,335)             | –                     | –                            | (1,245)         | (344)              | (31,924)       |
| <b>Profit/(loss) for the year excluding inter-company transactions</b>   | <b>33,851</b>      | <b>57,920</b>    | <b>(362)</b>      | <b>91,409</b>        | <b>(42)</b>           | <b>(641)</b>                 | <b>(14,294)</b> | <b>(1,480)</b>     | <b>74,952</b>  |
| <i>Inter-company transactions</i>  |                    |                  |                   |                      |                       |                              |                 |                    |                |
| Revenue <sup>1</sup>   | –                  | –                | 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              | –              |
| <b>Profit/(loss) after tax including inter-company transactions</b>      | <b>29,869</b>      | <b>47,942</b>    | <b>(277)</b>      | <b>77,534</b>        | <b>(42)</b>           | <b>(1,108)</b>               | <b>(3,452)</b>  | <b>2,020</b>       | <b>74,952</b>  |
| <b>Segment assets (total assets excluding goodwill)</b>                  | <b>139,985</b>     | <b>246,549</b>   | <b>12,018</b>     | <b>398,552</b>       | <b>3,345</b>          | <b>3,592</b>                 | <b>8,619</b>    | <b>24,342</b>      | <b>438,450</b> |
| <b>Segment liabilities</b>   | <b>50,584</b>      | <b>68,013</b>    | <b>8,477</b>      | <b>127,074</b>       | <b>1</b>              | <b>97</b>                    | <b>9,104</b>    | <b>26,207</b>      | <b>162,483</b> |
| <b>Net assets (excluding goodwill)<sup>3</sup></b>                       | <b>89,401</b>      | <b>178,536</b>   | <b>3,541</b>      | <b>271,478</b>       | <b>3,344</b>          | <b>3,495</b>                 | <b>(485)</b>    | <b>(1,865)</b>     | <b>275,967</b> |
| <b>Goodwill</b>  | <b>18,642</b>      | <b>–</b>         | <b>–</b>          | <b>18,642</b>        | <b>–</b>              | <b>–</b>                     | <b>–</b>        | <b>–</b>           | <b>18,642</b>  |
| <b>Capital expenditure<sup>4</sup></b>                                   | <b>28,419</b>      | <b>39,327</b>    | <b>8,828</b>      | <b>76,574</b>        | <b>3,639</b>          | <b>1,000</b>                 | <b>1,597</b>    | <b>–</b>           | <b>82,810</b>  |
| <b>Reconciliation of adjusted EBITDA</b>                                 |                    |                  |                   |                      |                       |                              |                 |                    |                |
| <b>Net income/(loss) before tax, finance income and finance costs</b>    | <b>46,699</b>      | <b>77,087</b>    | <b>(347)</b>      | <b>124,159</b>       | <b>(42)</b>           | <b>(642)</b>                 | <b>(13,384)</b> | <b>1,016</b>       | <b>111,107</b> |
| <i>Excluding: depreciation and amortisation included in gross profit</i> | <b>10,460</b>      | <b>15,836</b>    | <b>90</b>         | <b>26,386</b>        | <b>–</b>              | <b>42</b>                    | <b>–</b>        | <b>–</b>           | <b>26,428</b>  |
| <i>Excluding: other depreciation and amortisation</i>                    | <b>–</b>           | <b>–</b>         | <b>–</b>          | <b>–</b>             | <b>–</b>              | <b>14</b>                    | <b>252</b>      | <b>–</b>           | <b>266</b>     |
| <b>EBITDA</b>  | <b>57,159</b>      | <b>93,643</b>    | <b>(257)</b>      | <b>150,545</b>       | <b>(42)</b>           | <b>(586)</b>                 | <b>(13,132)</b> | <b>1,016</b>       | <b>137,801</b> |
| <i>Excluding: impairment loss on plant and equipment</i>                 | <b>–</b>           | <b>467</b>       | <b>–</b>          | <b>467</b>           | <b>–</b>              | <b>–</b>                     | <b>–</b>        | <b>–</b>           | <b>467</b>     |
| <b>Adjusted EBITDA<sup>5</sup></b>                                       | <b>57,159</b>      | <b>94,110</b>    | <b>(257)</b>      | <b>151,012</b>       | <b>(42)</b>           | <b>(586)</b>                 | <b>(13,132)</b> | <b>1,016</b>       | <b>138,268</b> |

<sup>1</sup> The dividend received from a subsidiary has been reclassified to revenue from other income.

<sup>2</sup> Other expenses and income exclude inter-company management fees. Finance income and finance costs exclude inter-company interest.

<sup>3</sup> The segment assets and liabilities above exclude inter-company balances.

<sup>4</sup> Capital expenditure comprises additions to property, plant and equipment, mineral rights, exploration and intangible assets.

<sup>5</sup> Adjusted EBITDA comprises earnings before interest, tax, depreciation, amortisation and impairment losses.

**NOTES TO THE SUMMARISED CONSOLIDATED  
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for the year ended 30 June 2022

**3. SEGMENT REPORT** continued

| US\$ thousand   | 30 June 2021    |               |                |                   | 30 June 2021              |                |                 |                |
|---|-----------------|---------------|----------------|-------------------|---------------------------|----------------|-----------------|----------------|
|   | Barberton Mines | Evander Mines | Solar projects | Mining operations | Agricultural ESG projects | Corporate      | Funding Company | Group total    |
| Revenue   | 189,697         | 179,218       | –              | 368,915           | –                         | –              | –               | 368,915        |
| Cost of production  | (108,152)       | (100,663)     | –              | (208,815)         | –                         | –              | –               | (208,815)      |
| Depreciation and amortisation   | (11,405)        | (20,668)      | –              | (32,073)          | (1)                       | –              | –               | (32,074)       |
| <b>Gross profit/(loss)</b>  | 70,140          | 57,887        | –              | 128,027           | (1)                       | –              | –               | 128,026        |
| Other expenses and income <sup>2</sup>  | (3,299)         | 79            | (8)            | (3,228)           | –                         | (8,926)        | (665)           | (12,819)       |
| Royalty costs   | (3,071)         | (383)         | –              | (3,454)           | –                         | –              | –               | (3,454)        |
| <b>Net income/(loss) before finance income and finance costs</b>                | 63,770          | 57,583        | (8)            | 121,345           | (1)                       | (8,926)        | (665)           | 111,753        |
| Finance income <sup>2</sup>   | 6               | 4             | –              | 10                | –                         | 376            | 369             | 755            |
| Finance costs <sup>2</sup>  | (301)           | (1,292)       | –              | (1,593)           | –                         | (11)           | (6,071)         | (7,675)        |
| <b>Profit/(loss) before tax</b>   | 63,475          | 56,295        | (8)            | 119,762           | (1)                       | (8,561)        | (6,367)         | 104,833        |
| Income tax (expense)/benefit  | (13,400)        | (11,999)      | –              | (25,399)          | –                         | (4,628)        | (114)           | (30,141)       |
| <b>Profit/(loss) for the year excluding inter-company transactions</b>          | 50,075          | 44,296        | (8)            | 94,363            | (1)                       | (13,189)       | (6,481)         | 74,692         |
| <b>Inter-company transactions</b>   |                 |               |                |                   |                           |                |                 |                |
| Revenue <sup>1</sup>  | –               | –             | –              | –                 | –                         | 17,401         | 163             | 17,564         |
| Elimination of dividends received from/(paid to) fellow Group companies         | –               | –             | –              | –                 | –                         | (17,401)       | (163)           | (17,564)       |
| Management fees   | (5,766)         | (5,412)       | –              | (11,178)          | –                         | 11,308         | (130)           | –              |
| Finance income/(costs)  | 1,556           | (7,421)       | –              | (5,865)           | (103)                     | (1,059)        | 7,027           | –              |
| <b>Profit/(loss) after tax including inter-company transactions</b>             | 45,865          | 31,463        | (8)            | 77,320            | (104)                     | (2,940)        | 416             | 74,692         |
| <b>Segment assets (total assets excluding goodwill)</b>                         | 143,440         | 257,151       | 2,036          | 402,627           | 3,325                     | 24,254         | 31,632          | 461,838        |
| <b>Segment liabilities</b>  | 49,799          | 53,171        | 9,921          | 112,891           | 39                        | 22,955         | 63,574          | 199,459        |
| <b>Net assets (excluding goodwill)<sup>3</sup></b>                              | 93,641          | 203,980       | (7,885)        | 289,736           | 3,286                     | 1,299          | (31,942)        | 262,379        |
| <b>Goodwill</b>   | 21,253          | –             | –              | 21,253            | –                         | –              | –               | 21,253         |
| <b>Capital expenditure<sup>4</sup></b>  | 27,075          | 17,654        | 1,666          | 46,395            | 2,576                     | 142            | –               | 49,113         |
| <b>Reconciliation of adjusted EBITDA</b>  |                 |               |                |                   |                           |                |                 |                |
| <b>Net income/(loss) before tax, finance income and finance costs</b>           | 63,770          | 57,583        | (8)            | 121,345           | (1)                       | (8,926)        | (665)           | 111,753        |
| <i>Excluding: mining depreciation and amortisation included in gross profit</i> | 11,405          | 20,668        | –              | 32,073            | 1                         | –              | –               | 32,074         |
| <i>Excluding: other depreciation and amortisation</i>                           | –               | –             | –              | –                 | –                         | 315            | –               | 315            |
| <b>Adjusted EBITDA<sup>5</sup></b>  | <b>75,175</b>   | <b>78,251</b> | <b>(8)</b>     | <b>153,418</b>    | <b>–</b>                  | <b>(8,611)</b> | <b>(665)</b>    | <b>144,142</b> |

<sup>1</sup> The dividend received from a subsidiary has been reclassified to revenue from other income.

<sup>2</sup> Other expenses and income exclude inter-company management fees. Finance income and finance costs exclude inter-company interest.

<sup>3</sup> The segment assets and liabilities above exclude inter-company balances.

<sup>4</sup> Capital expenditure comprises additions to property, plant and equipment, mineral rights and intangible assets.

<sup>5</sup> Adjusted EBITDA comprises earnings before interest, tax, depreciation and amortisation.

**NOTES TO THE SUMMARISED CONSOLIDATED  
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for the year ended 30 June 2022

**4. FINANCE (COSTS)/INCOME**

| US\$ thousand                             | 30 June 2022   | 30 June 2021   |
|---|----------------|----------------|
| <b>Finance income</b>                     |                |                |
| Finance income in respect of:             |                |                |
| – Cash and cash equivalents               | 601            | 394            |
| – Loans receivable                        | 352            | 356            |
| – South African Revenue Service (SARS)    | 139            | –              |
| – Other                                   | 3              | 5              |
| <b>Total finance income</b>               | <b>1,095</b>   | <b>755</b>     |
| <b>Finance costs</b>                      |                |                |
| Finance costs in respect of:              |                |                |
| – Borrowings                              | (3,885)        | (6,164)        |
| – Modification gain on borrowings         | 956            | –              |
| – Lease liabilities                       | (478)          | (495)          |
| – Environmental rehabilitation obligation | (1,878)        | (992)          |
| – SARS                                    | (17)           | –              |
| – Instalment sale obligation              | (9)            | (24)           |
| – Other                                   | (15)           | –              |
| <b>Total finance costs</b>                | <b>(5,326)</b> | <b>(7,675)</b> |
| <b>Net finance costs</b>                  | <b>(4,231)</b> | <b>(6,920)</b> |

**5. INCOME TAX**

| US\$ thousand  | 30 June 2022  | 30 June 2021  |
|--|---------------|---------------|
| <b>South African normal tax</b>                              | <b>6,694</b>  | <b>14,283</b> |
| – current year   | 6,563         | 14,364        |
| – prior year   | 401           | (81)          |
| <b>Deferred tax</b>  | <b>24,960</b> | <b>15,858</b> |
| – current year   | 24,882        | 15,858        |
| – rate change <sup>1</sup>                                   | 78            | –             |
| <b>Total income tax expense recognised in profit or loss</b> | <b>31,924</b> | <b>30,141</b> |

<sup>1</sup> The South African corporate tax rate will reduce to 27% for the years of assessment ending on or after 1 March 2023.

| US\$ thousand | Assessed loss carried forward |              | Unredeemed capital carried forward |              |
|---------------|-------------------------------|--------------|------------------------------------|--------------|
|               | 30 June 2022                  | 30 June 2021 | 30 June 2022                       | 30 June 2021 |
| Evander Mines | 289                           | 90           | 90,432                             | 145,622      |

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 against current deductible temporary differences.

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**6. FINANCIAL INSTRUMENTS**

| US\$ thousand   | 30 June 2022 | 30 June 2021 |
|---|--------------|--------------|
| <b>Financial assets</b>                                 |              |              |
| <b>At amortised cost</b>                                |              |              |
| Cash and cash equivalents                               | 26,993       | 35,133       |
| Loans receivable  | 271          | 13,246       |
| Trade and other receivables <sup>1</sup>                | 10,890       | 16,448       |
| <b>At fair value through other comprehensive income</b> |              |              |
| Investments – other                                     | 1,127        | 1,064        |
| <b>At fair value through profit or loss</b>             |              |              |
| Environmental rehabilitation obligation fund            | 23,024       | 25,810       |
| Derivative financial asset                              | 686          | 180          |
| <b>Financial liabilities</b>                            |              |              |
| <b>At amortised cost</b>                                |              |              |
| Trade and other payables <sup>2</sup>                   | 43,757       | 44,920       |
| Borrowings  | 34,612       | 68,607       |

<sup>1</sup> At the end of the current financial year, the Group had no trade receivables that are past overdue and not impaired. Trade and other receivables exclude prepayments, tax receivable and value-added tax (VAT) receivable.

<sup>2</sup> Trade and other payables exclude VAT payable, accrual for employees benefits and leave pay liabilities.

**6. FINANCIAL INSTRUMENTS** continued

**Fair value of financial instruments**

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

**Fair value hierarchy**

Financial instruments are measured at fair value and are grouped into Levels 1 and 2, based on the extent to which fair value is observable.

The levels are classified as follows:

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

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

**Level 3** – fair value is determined on inputs not based on observable market data.

| US\$ thousand   | Level 1 | Level 2 | Total  |
|---|---------|---------|--------|
| <b>30 June 2022</b>                                       |         |         |        |
| Investments – other <sup>1</sup>                          | 1,127   | –       | 1,127  |
| Environmental rehabilitation obligation fund <sup>2</sup> | –       | 23,024  | 23,024 |
| Derivative financial asset                                | –       | 686     | 686    |
| <b>30 June 2021</b>                                       |         |         |        |
| Investments – other <sup>1</sup>                          | 1,064   | –       | 1,064  |
| Environmental rehabilitation obligation fund <sup>2</sup> | –       | 25,810  | 25,810 |
| Derivative financial asset                                | –       | 180     | 180    |

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

<sup>2</sup> The environmental rehabilitation obligation fund is classified as Level 2 per the fair value hierarchy as the premiums are invested in an insurance investment product which is managed by independent fund managers.

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**7. BORROWINGS AND FINANCIAL COVENANTS**

| US\$ thousand   | 30 June 2022  | 30 June 2021  |
|---|---------------|---------------|
| <b>Interest-bearing borrowings</b>                            |               |               |
| RCF – current portion   | 17            | 16,669        |
| RCF – non-current portion                                     | 26,175        | –             |
| Term loan facility – current portion                          | –             | 14,006        |
| Term loan facility – non-current portion                      | –             | 28,011        |
| Redink Rentals (RF) Limited loan facility – current portion   | 1,302         | 448           |
| Redink Rentals (RF) Limited loan facility – long-term portion | 7,118         | 9,473         |
| <b>Total interest-bearing borrowings</b>                      | <b>34,612</b> | <b>68,607</b> |
| <b>Available debt facilities</b>                              |               |               |
| RCF   | 33,818        | 32,213        |
| General banking facility                                      | 8,600         | 9,804         |
|   | <b>42,418</b> | <b>42,017</b> |

**Financial covenants**

The Group's compliance with the RCF covenants is summarised below.

| Covenant <sup>1</sup>             | Measurement at period-end | 30 June 2022 |
|-----------------------------------|---------------------------|--------------|
| Net debt-to-equity ratio          | Must be less than 1:1     | 0.04         |
| Net debt-to-adjusted EBITDA ratio | Must be less than 2:1     | 0.1          |
| Interest cover ratio              | Must be greater than 4:1  | 34.1         |
| Debt service cover ratio          | Must be greater than 1:3  | 7.3          |

<sup>1</sup> Refer to the APM summary report for the covenant reconciliation and calculations.

**Previous RCF**

| Covenant                          | Measurement at period-end <sup>2</sup> | 30 June 2021 |
|-----------------------------------|--|--------------|
| Net debt-to-equity ratio          | Must be less than 1:1                  | 0.1          |
| Net debt-to-adjusted EBITDA ratio | Must be less than 2:1                  | 0.3          |
| Interest cover ratio              | Must be greater than 4.5:1             | 23.0         |
| Debt service cover ratio          | Must be greater than 1:3               | 3.0          |

<sup>2</sup> Consistent with the restructured RCF being implemented; the covenants were revised.

**8. CAPITAL EXPENDITURE**

| US\$ thousand                    |                     | Development capital | Maintenance capital | Expansion capital | Total         |
|----------------------------------|---------------------|---------------------|---------------------|-------------------|---------------|
| <b>Barberton Mines</b>           | <b>30 June 2022</b> | <b>7,433</b>        | <b>11,515</b>       | <b>9,471</b>      | <b>28,419</b> |
|                                  | 30 June 2021        | 6,082               | 8,525               | 12,469            | 27,076        |
| <b>Evander Mines</b>             | <b>30 June 2022</b> | <b>–</b>            | <b>513</b>          | <b>27,744</b>     | <b>28,257</b> |
|                                  | 30 June 2021        | –                   | 1,473               | 12,010            | 13,483        |
| <b>Elikhulu</b>                  | <b>30 June 2022</b> | <b>–</b>            | <b>3,150</b>        | <b>7,920</b>      | <b>11,070</b> |
|                                  | 30 June 2021        | –                   | 546                 | 3,624             | 4,170         |
| <b>Corporate</b>                 | <b>30 June 2022</b> | <b>–</b>            | <b>532</b>          | <b>1,065</b>      | <b>1,597</b>  |
|                                  | 30 June 2021        | –                   | 74                  | 68                | 142           |
| <b>Agricultural ESG projects</b> | <b>30 June 2022</b> | <b>–</b>            | <b>–</b>            | <b>1,000</b>      | <b>1,000</b>  |
|                                  | 30 June 2021        | –                   | –                   | 2,576             | 2,576         |
| <b>Solar projects</b>            | <b>30 June 2022</b> | <b>–</b>            | <b>–</b>            | <b>8,828</b>      | <b>8,828</b>  |
|                                  | 30 June 2021        | –                   | –                   | 1,666             | 1,666         |
| <b>Exploration assets</b>        | <b>30 June 2022</b> | <b>–</b>            | <b>–</b>            | <b>3,639</b>      | <b>3,639</b>  |
|                                  | 30 June 2021        | –                   | –                   | –                 | –             |
| <b>Total</b>                     | <b>30 June 2022</b> | <b>7,433</b>        | <b>15,710</b>       | <b>59,667</b>     | <b>82,810</b> |
|                                  | 30 June 2021        | 6,082               | 10,618              | 32,413            | 49,113        |

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**9. SHARE CAPITAL**

| Number of shares  | 30 June 2022         | 30 June 2021  |
|---|----------------------|---------------|
| Issued number of ordinary shares                                | 2,222,862,046        | 2,234,687,537 |
| <b>Reconciliation of the number of shares</b>                   |                      |               |
| Number of ordinary shares in issue at the beginning of the year | 2,234,687,537        | 2,234,687,537 |
| Shares delisted (share buy-back) <sup>1</sup>                   | (11,825,491)         | –             |
| <b>Total number of ordinary shares in issue</b>                 | <b>2,222,862,046</b> | 2,234,687,537 |
| Treasury shares   | (306,358,058)        | (306,358,058) |
| Number of ordinary shares outstanding and fully paid            | <b>1,916,503,988</b> | 1,928,329,479 |

<sup>1</sup> 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 current financial year.

| US\$ thousand                    | 30 June 2022  | 30 June 2021 |
|----------------------------------|---------------|--------------|
| Opening balance                  | 38,151        | 38,151       |
| Shares delisted (share buy-back) | (149)         | –            |
| Share capital                    | <b>38,002</b> | 38,151       |

**Repurchase of shares**

As announced on the Stock Exchange News Service on 12 May 2022, the Company completed its share buy-back programme (the programme) during the current financial year. During the period 1 April to 9 May 2022, the Company repurchased an aggregate of 11,825,491 ordinary shares of 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 of 21.67 pence per share. A total number of 4,256,747 ordinary shares were bought back on the JSE at a volume-weighted average price of ZA 418.21 cents per share. All shares purchased under the programme were paid for in cash and have been cancelled.

**10. DISPOSALS AND ACQUISITIONS**

There were no disposals or acquisitions during the current or previous financial years.

**11. COMMITMENTS, CONTINGENT LIABILITIES AND GUARANTEES**

| US\$ thousand  | 30 June 2022  | 30 June 2021 |
|--|---------------|--------------|
| Outstanding open orders                                    | 27,370        | 14,347       |
| Approved commitments, not yet contracted for               | 82,117        | 79,712       |
| IFRS 16 lease commitments – due within the next 12 months  | 553           | 475          |
| Guarantees – Eskom Holdings SOC Limited                    | 1,428         | 1,628        |
| Instalment sale commitment – due within the next 12 months | –             | 174          |
| Guarantees – Department of Mineral Resources and Energy    | <b>23,894</b> | 27,173       |

The Group identified no material contingent liabilities for the current or previous financial years.

**12. RELATED PARTY TRANSACTIONS**

The related party transactions are summarised as follows:

- Inter-company interest and management fees – refer to the segment report note 3
- Inter-company loans have no specific repayment terms, are repayable on demand and bear interest in relation to the treasury function provided by Funding Company
- Inter-company PAR Gold reciprocal dividend – refer to the summarised consolidated statement of changes in equity
- Loans granted to directors and employees, as an advance against money due to them in terms of the Group share schemes, are included in the current portion of long-term receivables in the statement of financial position in the previous financial year. Refer to the explanatory note as follows on the restructure of the share scheme
- Inter-company electricity charge between Evander Solar Solutions and Evander Mines for the electricity produced by the solar PV renewable energy plant and utilised by Elikhulu – refer to the segment report note.

**NOTES TO THE SUMMARISED CONSOLIDATED  
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**12. RELATED PARTY TRANSACTIONS** continued

No further material related party transactions occurred, either with third parties or with Group entities, during the current or previous financial years.

**Restructure of Group long-term employee incentive schemes**

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

In terms of the rules of the restructured scheme, participants are entitled to a short-term advance, on market-related terms, once a monetary value has vested and locked-in. Advances of US\$12.3 million were made to scheme participants in the previous financial year, and were included in the current portion of long-term receivables of US\$12.8 million on the statement of financial position in the previous financial year. In terms of the rules of the scheme, these advances were fully settled on 31 December 2021.

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

**13. LITIGATION AND CLAIMS**

The Group has no current, pending or threatened legal or arbitration proceedings of a material nature.

**14. EVENTS AFTER THE REPORTING PERIOD**

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

**15. RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED BY OPERATIONS**

| US\$ thousand   | 30 June 2022   | Restated<br>30 June 2021 |
|---|----------------|--------------------------|
| <b>Profit before tax</b>  | <b>106,876</b> | 104,834                  |
| Adjusted for:   | <b>33,265</b>  | 37,962                   |
| Impairment loss on plant and equipment  | 467            | –                        |
| Cash-settled share-based payment expense  | 5,617          | 7,272                    |
| Change in equity-settled share-based payment schemes  | –              | (272)                    |
| Finance income  | (1,095)        | (755)                    |
| Finance costs   | 5,326          | 7,675                    |
| Profit on disposal of plant and equipment   | –              | (1)                      |
| Royalty costs   | 2,096          | 3,454                    |
| Fair value gain on financial instruments  | (565)          | (3,808)                  |
| Change in estimate of the environmental rehabilitation obligation                               | (4,712)        | –                        |
| Modification gain on borrowings   | –              | (177)                    |
| Fair value gain on environmental rehabilitation obligation fund                                 | (563)          | (1,419)                  |
| Depreciation and amortisation   | 26,694         | 32,389                   |
| Realisation of gold loan  | –              | (6,396)                  |
| <b>Operating cash flows before working capital changes</b>                                      | <b>140,141</b> | 142,796                  |
| Working capital   | 6,930          | (1,050)                  |
| Decrease/(increase) in inventory  | 94             | (1,794)                  |
| Decrease/(increase) in trade and other receivables  | 4,412          | (10,395)                 |
| Increase in trade and other payables  | 2,424          | 11,139                   |
| Settlement of cash-settled share-based payment obligations                                      | (15,456)       | (5,047)                  |
| Loan repayment/(advances) in terms of Group share schemes                                       | 11,264         | (11,132)                 |
| Environmental rehabilitation obligation costs incurred  | –              | (207)                    |
| Settlement of derivative financial instruments  | –              | (7,206)                  |
| <b>Net cash from operating activities before dividend, tax, royalties and net finance costs</b> | <b>142,879</b> | 118,154                  |

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**16. CORRECTION OF PRIOR PERIOD PRESENTATION ERROR**

**Statement of cash flows**

As part of the JSE's proactive monitoring of the annual financial statements, it was noted that during the previous financial year, the settlement of the final three instalments of the gold loan was inadvertently treated as a cash movement in the Group's statement of cash flows. The settlement of the gold loan, however, took place in physical bullion (recognised in revenue) as opposed to cash. This resulted in the following overstatements in the Group's statement of cash flows:

- An overstatement in net cash from operating activities of US\$6.4 million, as it did not include the non-cash flow adjustment in relation to the repayment of the gold loan
- An overstatement of US\$6.4 million in net cash used in financing activities as it incorrectly included the repayment of the gold loan within borrowings repaid.

No other line items were impacted.

| US\$ thousand  | Restated<br>30 June 2021 | As previously<br>presented<br>30 June 2021 |
|--|--------------------------|--|
| <b>Cash flows from operating activities</b>  |                          |  |
| <b>Net cash from operating activities before dividend, tax, royalties and net finance costs and income</b> | 118,154                  | 124,549                                    |
| Dividend paid  | (20,607)                 | (20,607)                                   |
| Reciprocal dividend received   | 2,825                    | 2,825                                      |
| Income tax paid  | (15,402)                 | (15,402)                                   |
| Royalties paid   | (3,500)                  | (3,500)                                    |
| Finance costs paid   | (6,107)                  | (6,107)                                    |
| Finance income received  | 484                      | 484  |
| <b>Net cash from operating activities</b>  | <b>75,847</b>            | <b>82,242</b>                              |
| <b>Cash flows from financing activities</b>  |                          |  |
| Proceeds from borrowings   | 15,963                   | 15,963                                     |
| <b>Repayment of borrowings</b>   | <b>(53,010)</b>          | <b>(59,406)</b>                            |
| Capital repayment of instalment sale obligation  | (170)                    | (170)                                      |
| Capital repayment of lease obligations   | (857)                    | (857)                                      |
| <b>Net cash used in financing activities</b>   | <b>(38,074)</b>          | <b>(44,470)</b>                            |

**16. CORRECTION OF PRIOR PERIOD PRESENTATION ERROR** continued

**Statement of cash flows** continued

The impact of the restatement on net cash from operating activities included in note 15 is as follows:

| US\$ thousand   | Restated<br>30 June 2021 | As previously<br>presented<br>30 June 2021 |
|---|--------------------------|--|
| <b>Profit before tax</b>  | 104,834                  | 104,834                                    |
| Adjusted for:   | 37,962                   | 44,358                                     |
| Cash-settled share-based payment expense  | 7,272                    | 7,272                                      |
| Change in equity share-based payment schemes  | (272)                    | (272)                                      |
| Finance income  | (755)                    | (755)                                      |
| Finance costs   | 7,675                    | 7,675                                      |
| Profit on disposal of plant and equipment   | (1)                      | (1)  |
| Royalty costs   | 3,454                    | 3,454                                      |
| Fair value gain on financial instruments  | (3,808)                  | (3,808)                                    |
| Modification gain on borrowings   | (177)                    | (177)                                      |
| Fair value gain on environmental rehabilitation obligation fund                                 | (1,419)                  | (1,419)                                    |
| Non-mining depreciation and amortisation  | 315                      | 315  |
| Mining depreciation and amortisation  | 32,074                   | 32,074                                     |
| <b>Realisation of gold loan</b>   | <b>(6,396)</b>           | <b>–</b>                                   |
| <b>Operating cash flows before working capital changes</b>                                      | <b>142,796</b>           | <b>149,192</b>                             |
| Working capital   | (1,050)                  | (1,050)                                    |
| Increase in inventory   | (1,794)                  | (1,794)                                    |
| Increase in trade and other receivables   | (10,395)                 | (10,395)                                   |
| Increase in trade and other payables  | 11,139                   | 11,139                                     |
| Settlement of cash-settled share-based payment obligations                                      | (5,047)                  | (5,047)                                    |
| Loan advances in terms of Group share schemes   | (11,132)                 | (11,132)                                   |
| Environmental rehabilitation obligation costs incurred  | (207)                    | (207)                                      |
| Settlement of derivative financial instruments  | (7,206)                  | (7,206)                                    |
| <b>Net cash from operating activities before dividend, tax, royalties and net finance costs</b> | <b>118,154</b>           | <b>124,550</b>                             |

## OTHER ITEMS

### ALTERNATIVE PERFORMANCE MEASURES

#### Introduction

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

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

- **Financial APMs:** These financial measures are usually derived from the annual financial statements, prepared in accordance with IFRS. Certain financial measures cannot be directly derived from the annual financial statements as they contain additional information such as financial information from earlier periods or profit estimates or projections. The accounting policies applied when calculating APMs are, where relevant and unless otherwise stated, the same as those disclosed in the Group's consolidated annual financial statements for the year ended 30 June 2022.
- **Non-financial APMs:** These measures incorporate certain non-financial information that management believes is useful when assessing the Group's performance.
- **Ratios:** Ratios calculated using any of the APMs referred to above, IFRS measures, or a combination of APMs and IFRS measures.

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

#### Financial APMs

| Group APM          | Equivalent IFRS measure | Adjustments to reconcile to primary statements  | Rationale for adjustment  |
|--------------------|-------------------------|---|---|
| <b>Performance</b> |                         |   |   |
| AISC               | Gold cost of production | Other related costs as defined by the World Gold Council, including royalty costs, community costs, sustaining and development capital (excluding non-gold operations)            | The objective of AISC and all-in cost metrics is to provide key stakeholders (i.e. management, shareholders, governments, local communities, etc.) with comparable metrics that reflect, as close as possible, the full cost of producing and selling an ounce of gold, and which are fully and transparently reconcilable back to amounts reported under Generally Accepted Accounting Principles as published by the International Accounting Standards Board, also referred to as IFRS |
| All-in cost        | Gold cost of production | 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        | <ul style="list-style-type: none"> <li>• Tax</li> <li>• Depreciation and amortisation</li> <li>• Net finance costs</li> <li>• Impairment loss/impairment loss reversal</li> </ul> | Excludes the impact of non-recurring items or certain accounting adjustments that can mask underlying changes in performance  |

### ALTERNATIVE PERFORMANCE MEASURES continued

#### Financial APMs continued

| <b>Performance <small>continued</small></b> |   |   |  |
|---|---|---|--|
| Headline earnings                           | Profit after tax  | <ul style="list-style-type: none"> <li>• Profit on disposal of property, plant and equipment</li> <li>• Tax on profit on disposal of property, plant and equipment and mineral rights</li> <li>• Impairment/impairment reversal</li> <li>• Tax on impairment/impairment reversal</li> </ul> | Indicates the extent of the Group's normalised earnings to shareholders based on SAICA's Circular 2021/1 |
| <b>Statement of financial position</b>      |   |   |  |
| Net debt                                    | Borrowings from financial institutions less cash and related hedges | <ul style="list-style-type: none"> <li>• IFRS 9 accounting adjustments</li> <li>• IFRS 16 lease liabilities</li> <li>• Restricted cash</li> <li>• Instalment sale obligations</li> </ul>  | Excludes the impact of accounting adjustments from the net debt obligations of the Group                 |
| Net senior debt                             | Borrowings from financial institutions less cash                    | <ul style="list-style-type: none"> <li>• IFRS 9 accounting adjustments</li> <li>• IFRS 16 lease liabilities</li> <li>• Restricted cash</li> <li>• Instalment sale obligations</li> </ul>  | Excludes the impact of accounting adjustments from debt obligations of the Group                         |

#### Cash cost

Direct production costs attributable to gold sold by the Group.

#### All-in sustaining costs

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

#### All-in costs

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

AISC and all-in costs are reported on the basis of a rand per kilogramme of gold and US\$ per ounce of gold. The US\$ equivalent is converted at the average exchange rate applicable for the current financial year as disclosed in the Group's production summary on **pages 58 to 61**. A kilogramme of gold is converted to a troy ounce of gold at a ratio of 1:32.1509.

**ALTERNATIVE PERFORMANCE MEASURES** continued**All-in costs** continued

The following table sets out a reconciliation of Pan African's cost of production as calculated in accordance with IFRS to AISC and all-in costs for the financial years ended 30 June 2022 and 30 June 2021. The equivalent of a rand per kilogramme and US\$ per ounce basis is disclosed in the Group's production summary table on **pages 58 to 61**.

| ZAR million  | Mining operations |                |                | Tailings operations |                                |              |                | Total operations      |                     |                |
|--|-------------------|----------------|----------------|---------------------|--------------------------------|--------------|----------------|-----------------------|---------------------|----------------|
|  | Barberton Mines   | Evander Mines  | Total          | BTRP                | Evander Mines' surface sources | Elikhulu     | Total          | Barberton Mines total | Evander Mines total | Group total    |
| <b>Year ended 30 June 2022</b>   |                   |                |                |                     |                                |              |                |                       |                     |                |
| Cost of production <sup>1</sup>  | 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          |
| <b>AISC<sup>1</sup></b>  | <b>1,895.9</b>    | <b>827.0</b>   | <b>2,722.9</b> | <b>265.2</b>        | <b>234.1</b>                   | <b>797.5</b> | <b>1,296.8</b> | <b>2,161.1</b>        | <b>1,858.6</b>      | <b>4,019.7</b> |
| Expansion capital – capital expenditure                                    | 144.1             | 410.4          | 554.5          | –                   | 11.9                           | 120.5        | 132.4          | 144.1                 | 542.8               | 686.9          |
| <b>All-in costs<sup>1</sup></b>  | <b>2,040.0</b>    | <b>1,237.4</b> | <b>3,277.4</b> | <b>265.2</b>        | <b>246.0</b>                   | <b>918.0</b> | <b>1,429.2</b> | <b>2,305.2</b>        | <b>2,401.4</b>      | <b>4,706.6</b> |
| <b>Year ended 30 June 2021</b>   |                   |                |                |                     |                                |              |                |                       |                     |                |
| Cost of production <sup>1</sup>  | 1,403.6           | 679.6          | 2,083.2        | 261.9               | 280.6                          | 590.0        | 1,132.5        | 1,665.5               | 1,550.2             | 3,215.7        |
| Royalties  | 45.1              | 4.9            | 50.0           | 2.2                 | –                              | 1.0          | 3.2            | 47.3                  | 5.9                 | 53.2           |
| Community cost related to gold operations                                  | 25.2              | 5.3            | 30.5           | –                   | –                              | –            | –              | 25.2                  | 5.3                 | 30.5           |
| By-products credits  | (1.7)             | (7.2)          | (8.9)          | –                   | –                              | –            | –              | (1.7)                 | (7.2)               | (8.9)          |
| Corporate, general and administrative costs                                | 119.1             | 211.9          | 331.0          | –                   | –                              | 71.3         | 71.3           | 119.1                 | 283.2               | 402.3          |
| Reclamation and remediation – accretion and amortisation (operating sites) | (4.7)             | (4.7)          | (9.4)          | –                   | –                              | –            | –              | (4.7)                 | (4.7)               | (9.4)          |
| Sustaining capital – development   | 93.7              | –              | 93.7           | –                   | –                              | –            | –              | 93.7                  | –                   | 93.7           |
| Sustaining capital – maintenance   | 122.2             | –              | 122.2          | 1.6                 | 10.3                           | 8.4          | 20.3           | 123.8                 | 18.7                | 142.5          |
| <b>AISC<sup>1</sup></b>  | <b>1,802.5</b>    | <b>889.5</b>   | <b>2,692.0</b> | <b>265.7</b>        | <b>291.0</b>                   | <b>670.7</b> | <b>1,227.4</b> | <b>2,068.2</b>        | <b>1,851.2</b>      |                |
| Expansion capital – capital expenditure                                    | 192.0             | 185.0          | 377.0          | –                   | –                              | 55.8         | 55.8           | 192.0                 | 240.8               | 432.8          |
| <b>All-in costs<sup>1</sup></b>  | <b>1,994.6</b>    | <b>1,074.5</b> | <b>3,069.1</b> | <b>265.7</b>        | <b>291.0</b>                   | <b>726.5</b> | <b>1,283.2</b> | <b>2,260.3</b>        | <b>2,092.0</b>      | <b>4,352.3</b> |

<sup>1</sup> This total may not reflect the sum of the line items due to rounding.

**ALTERNATIVE PERFORMANCE MEASURES** continued**Net debt**

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

| US\$ million                              | 30 June 2022 | 30 June 2021 |
|---|--------------|--------------|
| Cash and cash equivalents                 | (27.0)       | (35.1)       |
| RCF                                       | 26.2         | 16.7         |
| Term loan facility                        | –            | 42.0         |
| Redink Rentals (RF) Limited loan facility | 8.4          | 9.9          |
| Derivative financial asset                | (0.7)        | (0.2)        |
| Lease liability                           | 4.4          | 5.3          |
| Instalment sale obligation                | –            | 0.2          |
| Restricted cash                           | 0.3          | 0.1          |
| Refinancing modification adjustment       | 0.7          | (0.2)        |
| Facility arrangement fee                  | 0.7          | 0.3          |
| <b>Net debt</b>                           | <b>13.0</b>  | <b>39.0</b>  |

**Adjusted EBITDA**

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

|  | Mining operations |               |                | Tailings operations |                                |              |                | Total operations      |                     |                |
|--|-------------------|---------------|----------------|---------------------|--------------------------------|--------------|----------------|-----------------------|---------------------|----------------|
|  | Barberton Mines   | Evander Mines | Total          | BTRP                | Evander Mines' surface sources | Elikhulu     | Total          | Barberton Mines total | Evander Mines total | Group total    |
| <b>Adjusted EBITDA by operation</b><br>ZAR million |                   |               |                |                     |                                |              |                |                       |                     |                |
| 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 loss                                    | –                 | –             | –              | –                   | –                              | 7.1          | 7.1            | –                     | 7.1                 | 7.1            |
| <b>Adjusted EBITDA – 2022</b>                      | <b>737.6</b>      | <b>604.9</b>  | <b>1,342.5</b> | <b>217.8</b>        | <b>30.6</b>                    | <b>890.9</b> | <b>1,139.3</b> | <b>955.4</b>          | <b>1,526.4</b>      | <b>2,481.8</b> |
| Net income before finance income and finance costs | 831.0             | 202.4         | 1,033.4        | 151.1               | 38.4                           | 646.0        | 835.5          | 982.1                 | 886.8               | 1,868.9        |
| Depreciation and amortisation                      | 134.6             | 177.6         | 312.2          | 41.0                | 0.7                            | 140.0        | 181.7          | 175.6                 | 318.3               | 493.9          |
| EBITDA   | 965.6             | 380.0         | 1,345.6        | 192.1               | 39.1                           | 786.0        | 1,017.2        | 1,157.7               | 1,205.1             | 2,362.8        |
| <b>Adjusted EBITDA – 2021</b>                      | <b>965.6</b>      | <b>380.0</b>  | <b>1,345.6</b> | <b>192.1</b>        | <b>39.1</b>                    | <b>786.0</b> | <b>1,017.2</b> | <b>1,157.7</b>        | <b>1,205.1</b>      | <b>2,362.8</b> |

**ALTERNATIVE PERFORMANCE MEASURES** continued**Net senior debt**

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

| US\$ million                              | 30 June 2022 | 30 June 2021 |
|---|--------------|--------------|
| Cash and cash equivalents                 | (27.0)       | (35.1)       |
| RCF                                       | 26.2         | 16.7         |
| Term loan facility                        | –            | 42.0         |
| Redink Rentals (RF) Limited loan facility | 8.4          | 9.9          |
| Restricted cash                           | 0.3          | 0.1          |
| Refinancing modification adjustment       | 0.7          | (0.2)        |
| Facility arrangement fee                  | 0.7          | 0.3          |
| <b>Net senior debt</b>                    | <b>9.3</b>   | <b>33.7</b>  |

**ALTERNATIVE PERFORMANCE MEASURES** continued**Net adjusted EBITDA**

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

**Headline earnings**

Headline earnings, a JSE-defined performance measure (as defined by Circular 2021/1 issued by SAICA), is reconciled to profit after tax below.

| US\$ thousand  | 30 June 2022  | 30 June 2021  |
|--|---------------|---------------|
| Basic earnings attributable to owners of the Company             | 75,137        | 74,692        |
| Profit on disposal of property, plant and equipment <sup>1</sup> | –             | (1)           |
| Impairment loss on plant and equipment <sup>1</sup>              | 467           | –             |
| <b>Headline earnings</b>   | <b>75,604</b> | <b>74,691</b> |
| <b>Headline earnings per share (US cents)</b>                    | <b>3.93</b>   | <b>3.87</b>   |

<sup>1</sup> There was no tax effect on the transactions.

**RATIOS****Net debt-to-equity ratio**

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

**Net debt-to-net adjusted EBITDA ratio**

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

**Interest cover ratio**

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

**Debt service cover ratio**

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

**ALTERNATIVE PERFORMANCE MEASURES** continued**Covenant reconciliation and calculation**

| US\$ thousand  | 30 June 2022   | 30 June 2021          |
|--|----------------|-----------------------|
| Net debt <sup>1</sup>  | 12,991         | 39,004                |
| Total equity   | 294,609        | 283,631               |
| <b>Net debt-to-equity ratio</b>  | <b>0.04</b>    | <b>0.13</b>           |
| <b>Finance cost paid</b>   |                |                       |
| RCF  | 1,802          | 2,370                 |
| Term loan facility   | 751            | 3,566                 |
| Redink Rentals (RF) Limited loan   | 671            | 123                   |
| General banking facility   | 818            | 48                    |
| <b>Finance cost – interest-bearing facilities</b>                            | <b>4,042</b>   | <b>6,107</b>          |
| Adjusted EBITDA <sup>2</sup>   | 138,268        | 144,142               |
| Fair value gain on derivatives   | (547)          | (3,808)               |
| <b>Net adjusted EBITDA<sup>3</sup></b>                                       | <b>137,721</b> | <b>140,334</b>        |
| <b>Interest cover ratio</b>  | <b>34.1</b>    | <b>23.0</b>           |
| Net debt   | 12,991         | 39,004                |
| Net adjusted EBITDA <sup>3</sup>   | 137,721        | 140,334               |
| <b>Net debt-to-net adjusted EBITDA</b>                                       | <b>0.1</b>     | <b>0.3</b>            |
| Net adjusted EBITDA  | 137,721        | 140,334               |
| Net working capital change   | 6,930          | (1,050)               |
| Add: non-cash flow items   | 2,440          | 9,483                 |
| Total capital expenditure less capital funded through permitted indebtedness | (82,810)       | (44,396)              |
| Less: dividends paid   | – <sup>4</sup> | (17,782) <sup>5</sup> |
| Less: tax and royalties paid   | (8,520)        | (18,902)              |
| Free cash flow   | 55,761         | 67,687                |
| Finance cost on interest-bearing facilities                                  | 4,042          | 6,107                 |
| Obligatory debt capital repayments   | 3,611          | 16,225                |
| Debt service obligation  | 7,653          | 22,332                |
| Debt service cover ratio   | 7.3            | 3.0                   |

<sup>1</sup> The Group's net debt excludes the unaccrued refinancing modification and unaccrued facilities arranging fees.

<sup>2</sup> Adjusted EBITDA represents earnings before interest, tax, depreciation and amortisation and impairment losses.

<sup>3</sup> Net adjusted EBITDA is the adjusted EBITDA excluding realised and unrealised gains and losses on financial instruments.

<sup>4</sup> Distributions to shareholders are no longer required to be deducted in the calculation of free cash flow in terms of the restructured RCF.

<sup>5</sup> Net dividend paid in the previous financial year represents the total dividend less the reciprocal dividend received from PAR Gold.

**ALTERNATIVE PERFORMANCE MEASURES** continued**Net asset value per share**

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

|                                  | Unit           | 30 June 2022 | 30 June 2021 |
|----------------------------------|----------------|--------------|--------------|
| Total equity                     | US\$ million   | 294.6        | 283.6        |
| Shares in issue                  | Number million | 2,222.9      | 2,234.7      |
| Treasury shares                  | Number million | (306.4)      | (306.4)      |
| <b>Net asset value per share</b> | US cents       | <b>15.37</b> | 14.71        |

**AISC margin**

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

|                                  | Unit    | 30 June 2022 | 30 June 2021 |
|----------------------------------|---------|--------------|--------------|
| Average US\$ gold price received | US\$    | 1,824        | 1,826        |
| AISC                             | US\$/oz | 1,284        | 1,261        |
| <b>AISC margin</b>               | %       | <b>29.6</b>  | 30.9         |

**Attributable cash flow per share**

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

|  | Unit               | 30 June 2022     | 30 June 2021 |
|--|--------------------|------------------|--------------|
| Net cash from operating activities   | US\$ thousand      | 110,006          | 75,847       |
| Less: capital expenditure less capital expenditure funded through permitted indebtedness | US\$ thousand      | (82,810)         | (44,396)     |
| Less: obligatory debt capital repayments   | US\$ thousand      | (3,611)          | (16,225)     |
| <b>Attributable cash flow</b>  |                    | <b>23,585</b>    | 15,226       |
| Shares in issue  | Number thousand    | 2,222,862        | 2,234,688    |
| Treasury shares  | Number thousand    | (306,358)        | (306,358)    |
| <b>Total</b>   |                    | <b>1,916,504</b> | 1,928,329    |
| <b>Attributable cash flow per share</b>  | US cents per share | <b>1.23</b>      | 0.79         |

**ALTERNATIVE PERFORMANCE MEASURES** continued**Cash flow yield per share**

|                                  | Unit               | 30 June 2022 | 30 June 2021 |
|----------------------------------|--------------------|--------------|--------------|
| Attributable cash flow per share | US cents per share | 1.23         | 0.79         |
| Price per Pan African share      | US cents per share | 24.20        | 23.88        |
| <b>Cash flow yield per share</b> | (%)                | <b>5.09</b>  | 3.30         |

**Return on shareholders' funds**

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

**Return on capital employed**

|  | Unit         | 30 June 2022 | 30 June 2021 |
|--|--------------|--------------|--------------|
| Net income before finance income and finance costs | US\$ million | 111.1        | 111.8        |
| Average equity                                     | US\$ million | 289.2        | 233.6        |
| Average debt from financial institutions           | US\$ million | 51.6         | 74.0         |
| <b>Return on capital employed</b>                  | %            | <b>32.6</b>  | 36.3         |

**Dividend yield at the last traded price**

|                       | Unit     | 30 June 2022 | 30 June 2021 |
|-----------------------|----------|--------------|--------------|
| Dividend              | ZA cents | 18.0         | 18.0         |
| Last traded price     | ZA cents | 394.0        | 341.0        |
| <b>Dividend yield</b> | %        | <b>4.6</b>   | 5.3          |

## GROUP PRODUCTION SUMMARY

|   | Year ended 30 June | Unit | Mining operations |               |         | Tailings operations |                                |            |            | Total operations      |                     |             |
|---|--------------------|------|-------------------|---------------|---------|---------------------|--------------------------------|------------|------------|-----------------------|---------------------|-------------|
|   |                    |      | Barberton Mines   | Evander Mines | Total   | BTRP                | Evander Mines' surface sources | Elikhulu   | Total      | Barberton Mines total | Evander Mines total | Group total |
| Tonnes milled – underground                             | 2022               | t    | 252,061           | 129,087       | 381,148 | –                   | –                              | –          | –          | 252,061               | 129,087             | 381,148     |
|   | 2021               | t    | 255,672           | 120,446       | 376,118 | –                   | –                              | –          | –          | 255,672               | 120,446             | 376,118     |
| Tonnes milled – surface                                 | 2022               | t    | 69,977            | –             | 69,977  | –                   | –                              | –          | –          | 69,977                | –                   | 69,977      |
|   | 2021               | t    | 69,345            | –             | 69,345  | –                   | –                              | –          | –          | 69,345                | –                   | 69,345      |
| Tonnes milled – total underground and surface           | 2022               | t    | 322,038           | 129,087       | 451,125 | –                   | –                              | –          | –          | 322,038               | 129,087             | 451,125     |
|   | 2021               | t    | 325,017           | 120,446       | 445,463 | –                   | –                              | –          | –          | 325,017               | 120,446             | 445,463     |
| Tonnes processed – tailings                             | 2022               | t    | –                 | –             | –       | 908,198             | –                              | 13,732,147 | 14,640,345 | 908,198               | 13,732,147          | 14,640,345  |
|   | 2021               | t    | –                 | –             | –       | 946,293             | –                              | 13,054,767 | 14,001,060 | 946,293               | 13,054,767          | 14,001,060  |
| Tonnes processed – surface feedstock                    | 2022               | t    | –                 | –             | –       | –                   | 261,338                        | –          | 261,338    | –                     | 261,338             | 261,338     |
|   | 2021               | t    | –                 | –             | –       | –                   | 314,821                        | –          | 314,821    | –                     | 314,821             | 314,821     |
| Tonnes processed – total tailings and surface feedstock | 2022               | t    | –                 | –             | –       | 908,198             | 261,338                        | 13,732,147 | 14,901,683 | 908,198               | 13,993,485          | 14,901,683  |
|   | 2021               | t    | –                 | –             | –       | 946,293             | 314,821                        | 13,054,767 | 14,315,881 | 946,293               | 13,369,588          | 14,315,881  |
| Tonnes milled and processed – total                     | 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  |
|   | 2021               | t    | 325,017           | 120,446       | 445,463 | 946,293             | 314,821                        | 13,054,767 | 14,315,881 | 1,271,310             | 13,490,034          | 14,761,344  |
| Headgrade – total                                       | 2022               | g/t  | 7.9               | 12.0          | 9.1     | 1.6                 | 1.4                            | 0.3        | 1.5        | 3.2                   | 0.5                 | 0.7         |
|   | 2021               | g/t  | 8.7               | 9.7           | 9.0     | 2.2                 | 1.8                            | 0.3        | 2.1        | 3.9                   | 0.4                 | 0.7         |
| Overall recovered grade                                 | 2022               | g/t  | 7.3               | 11.8          | 8.6     | 0.7                 | 1.1                            | 0.1        | 0.2        | 2.4                   | 0.2                 | 0.4         |
|   | 2021               | g/t  | 8.1               | 9.3           | 8.4     | 0.6                 | 1.1                            | 0.1        | 0.2        | 2.5                   | 0.2                 | 0.4         |
| Overall recovery – underground                          | 2022               | %    | 93                | 98            | 95      | –                   | –                              | –          | –          | 93                    | 98                  | 95          |
|   | 2021               | %    | 93                | 96            | 94      | –                   | –                              | –          | –          | 93                    | 96                  | 94          |
| Overall recovery – tailings                             | 2022               | %    | –                 | –             | –       | 43                  | 80                             | 35         | 39         | 43                    | 80                  | 39          |
|   | 2021               | %    | –                 | –             | –       | 28                  | 63                             | 41         | 38         | 28                    | 63                  | 38          |
| Gold produced – underground                             | 2022               | oz   | 74,065            | 48,850        | 122,915 | –                   | –                              | –          | –          | 74,065                | 48,850              | 122,915     |
|   | 2021               | oz   | 82,694            | 36,016        | 118,710 | –                   | –                              | –          | –          | 82,694                | 36,016              | 118,710     |
| Gold production – surface operations                    | 2022               | oz   | 1,673             | –             | 1,673   | –                   | –                              | –          | –          | 1,673                 | –                   | 1,673       |
|   | 2021               | oz   | 2,132             | –             | 2,132   | –                   | –                              | –          | –          | 2,132                 | –                   | 2,132       |
| Gold produced – tailings                                | 2022               | oz   | –                 | –             | –       | 19,560              | –                              | 52,220     | 71,780     | 19,560                | 52,220              | 71,780      |
|   | 2021               | oz   | –                 | –             | –       | 18,239              | –                              | 51,459     | 69,698     | 18,239                | 51,459              | 69,698      |
| Gold produced – surface feedstock                       | 2022               | oz   | –                 | –             | –       | –                   | 9,320                          | –          | 9,320      | –                     | 9,320               | 9,320       |
|   | 2021               | oz   | –                 | –             | –       | –                   | 11,237                         | –          | 11,237     | –                     | 11,237              | 11,237      |
| Gold produced – total                                   | 2022               | oz   | 75,738            | 48,850        | 124,588 | 19,560              | 9,320                          | 52,220     | 81,100     | 95,298                | 110,390             | 205,688     |
|   | 2021               | oz   | 84,826            | 36,016        | 120,842 | 18,239              | 11,237                         | 51,459     | 80,935     | 103,065               | 98,712              | 201,777     |

## GROUP PRODUCTION SUMMARY continued

|                                       | Year ended<br>30 June | Unit        | Mining operations  |                  |         | Tailings operations |   |          |         | Total operations            |                           |                |
|---------------------------------------|-----------------------|-------------|--------------------|------------------|---------|---------------------|---|----------|---------|-----------------------------|---------------------------|----------------|
|                                       |                       |             | Barberton<br>Mines | Evander<br>Mines | Total   | BTRP                | Evander<br>Mines'<br>surface<br>sources | Elikhulu | Total   | Barberton<br>Mines<br>total | Evander<br>Mines<br>total | Group<br>total |
| Gold sold – total                     | 2022                  | oz          | 75,738             | 48,850           | 124,588 | 19,560              | 9,320                                   | 52,220   | 81,100  | 95,298                      | 110,390                   | 205,688        |
|                                       | 2021                  | oz          | 84,826             | 36,016           | 120,842 | 18,239              | 11,237                                  | 51,459   | 80,935  | 103,065                     | 98,712                    | 201,777        |
| Average ZAR gold price received       | 2022                  | ZAR/kg      | 895,953            | 889,168          | 893,293 | 896,149             | 894,844                                 | 888,552  | 891,107 | 895,993                     | 889,356                   | 892,431        |
|                                       | 2021                  | ZAR/kg      | 909,122            | 896,612          | 905,393 | 918,572             | 896,689                                 | 896,569  | 901,544 | 910,794                     | 896,598                   | 903,849        |
| Average US\$ gold price received      | 2022                  | US\$/oz     | 1,831              | 1,817            | 1,826   | 1,831               | 1,829                                   | 1,816    | 1,821   | 1,831                       | 1,817                     | 1,824          |
|                                       | 2021                  | US\$/oz     | 1,836              | 1,811            | 1,829   | 1,855               | 1,811                                   | 1,811    | 1,821   | 1,840                       | 1,811                     | 1,826          |
| ZAR cash cost                         | 2022                  | ZAR/kg      | 634,869            | 505,720          | 584,231 | 421,958             | 780,634                                 | 427,388  | 466,672 | 591,170                     | 491,874                   | 537,879        |
|                                       | 2021                  | ZAR/kg      | 531,999            | 606,656          | 554,250 | 461,722             | 802,958                                 | 368,613  | 449,901 | 519,562                     | 504,910                   | 512,394        |
| ZAR all-in sustaining costs           | 2022                  | ZAR/kg      | 804,795            | 544,262          | 702,642 | 435,879             | 807,566                                 | 490,982  | 514,073 | 729,076                     | 541,287                   | 628,292        |
|                                       | 2021                  | ZAR/kg      | 683,203            | 794,068          | 716,245 | 468,383             | 832,505                                 | 419,041  | 487,566 | 645,187                     | 602,940                   | 624,519        |
| ZAR all-in cost                       | 2022                  | ZAR/kg      | 865,984            | 814,367          | 845,745 | 435,879             | 848,501                                 | 565,201  | 566,567 | 777,706                     | 699,380                   | 735,670        |
|                                       | 2021                  | ZAR/kg      | 755,983            | 959,181          | 816,544 | 468,383             | 832,505                                 | 453,906  | 509,734 | 705,087                     | 681,357                   | 693,478        |
| US\$ cash cost                        | 2022                  | US\$/oz     | 1,297              | 1,033            | 1,194   | 862                 | 1,595                                   | 873      | 954     | 1,208                       | 1,005                     | 1,099          |
|                                       | 2021                  | US\$/oz     | 1,074              | 1,225            | 1,119   | 933                 | 1,622                                   | 744      | 909     | 1,049                       | 1,020                     | 1,035          |
| US\$ AISC                             | 2022                  | US\$/oz     | 1,645              | 1,112            | 1,436   | 891                 | 1,650                                   | 1,003    | 1,051   | 1,490                       | 1,106                     | 1,284          |
|                                       | 2021                  | US\$/oz     | 1,380              | 1,604            | 1,447   | 946                 | 1,681                                   | 846      | 985     | 1,303                       | 1,218                     | 1,261          |
| US\$ all-in cost                      | 2022                  | US\$/oz     | 1,770              | 1,664            | 1,728   | 891                 | 1,734                                   | 1,155    | 1,158   | 1,589                       | 1,429                     | 1,503          |
|                                       | 2021                  | US\$/oz     | 1,527              | 1,937            | 1,649   | 946                 | 1,681                                   | 917      | 1,030   | 1,424                       | 1,376                     | 1,401          |
| ZAR cash cost per tonne               | 2022                  | ZAR/t       | 4,644              | 5,953            | 5,019   | 283                 | 866                                     | 51       | 79      | 1,424                       | 120                       | 224            |
|                                       | 2021                  | ZAR/t       | 4,319              | 5,642            | 4,676   | 277                 | 891                                     | 45       | 79      | 1,310                       | 115                       | 218            |
| Capital expenditure                   | 2022                  | ZAR million | 424.9              | 410.5            | 835.4   | 7.7                 | 19.7                                    | 168.5    | 195.9   | 432.6                       | 598.7                     | 1,031.3        |
|                                       | 2021                  | ZAR million | 418.3              | 197.4            | 615.7   | 1.6                 | 10.3                                    | 64.2     | 76.1    | 419.9                       | 271.9                     | 691.8          |
| Revenue                               | 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        |
|                                       | 2021                  | ZAR million | 2,398.6            | 1,004.4          | 3,403.0 | 521.1               | 313.4                                   | 1,435.0  | 2,269.5 | 2,919.7                     | 2,752.8                   | 5,672.5        |
| Cost of production                    | 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        |
|                                       | 2021                  | ZAR million | 1,403.6            | 679.6            | 2,083.2 | 261.9               | 280.6                                   | 590.0    | 1,132.5 | 1,665.5                     | 1,550.2                   | 3,215.7        |
| All-in sustainable cost of production | 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        |
|                                       | 2021                  | ZAR million | 1,802.5            | 889.5            | 2,692.0 | 265.7               | 291.0                                   | 670.7    | 1,227.4 | 2,068.2                     | 1,851.2                   | 3,919.4        |
| All-in cost of production             | 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        |
|                                       | 2021                  | ZAR million | 1,994.6            | 1,074.5          | 3,069.1 | 265.7               | 291.0                                   | 726.5    | 1,283.2 | 2,260.3                     | 2,092.0                   | 4,352.3        |
| Adjusted EBITDA                       | 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        |
|                                       | 2021                  | ZAR million | 965.6              | 380.0            | 1,345.6 | 192.1               | 39.1                                    | 786.0    | 1,017.2 | 1,157.7                     | 1,205.1                   | 2,362.8        |
| Average exchange rate                 | 2022                  | ZAR/USD     | 15.22              | 15.22            | 15.22   | 15.22               | 15.22                                   | 15.22    | 15.22   | 15.22                       | 15.22                     | 15.22          |
|                                       | 2021                  | ZAR/USD     | 15.40              | 15.40            | 15.40   | 15.40               | 15.40                                   | 15.40    | 15.40   | 15.40                       | 15.40                     | 15.40          |

**DEFINITIONS OF TERMS AND ABBREVIATIONS USED IN THIS REPORT**

|                          |   |
|--------------------------|---|
| 8 Shaft                  | Evander Mines' 8 Shaft pillar project   |
| A2X                      | A2X Market, a licensed stock exchange authorised to provide a secondary listing venue for companies   |
| ADR                      | American Depository Receipt programme through the Bank of New York Mellon   |
| AGM                      | Annual general meeting  |
| AIM                      | Alternative Investment Market, the LSE's international market for smaller growing companies   |
| AISC                     | All-in sustaining costs   |
| APMs                     | Alternative performance measures  |
| Barberton Mines          | Barberton Mines Proprietary Limited   |
| Blyvoor                  | Blyvoor Gold Operations Proprietary Limited   |
| BNY Mellon               | Bank of New York Mellon   |
| the board                | The board of directors of Pan African   |
| BTRP                     | Barberton Tailings Retreatment Plant, a gold recovery tailings plant owned by Barberton Mines, which reached steady-state production in June 2013 |
| CGU                      | Cash-generating unit  |
| CO <sub>2</sub> e        | Carbon dioxide equivalent   |
| Companies Act 2006       | An act of the Parliament of the UK which forms the primary source of UK company law   |
| COVID-19                 | Coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)                            |
| Current reporting period | 12 months ended 30 June 2022  |
| Current financial year   | The financial year ended 30 June 2022   |
| EBITDA                   | Earnings before interest, income taxation expense, depreciation and amortisation, and impairment reversal   |
| Elikhulu                 | The Elikhulu Tailings Retreatment Plant in Mpumalanga province, with its inaugural gold pour in August 2018                                       |
| EPS                      | Earnings per share  |
| ESG                      | Environmental, social and governance  |
| Evander Mines            | Evander Gold Mining Proprietary Limited   |
| Exco                     | Executive committee of Pan African Resources  |
| Funding Company          | Pan African Resources Funding Company Proprietary Limited   |
| g/t                      | Grammes/tonne   |
| GBP                      | British pound   |
| GRI                      | Global Reporting Initiative   |
| ha                       | Hectare   |
| HEPS                     | Headline earnings per share   |
| IAS                      | International Accounting Standards  |
| IFRS                     | International Financial Reporting Standards   |
| JIBAR                    | Johannesburg Interbank Average Rate   |
| JSE                      | JSE Limited incorporating the Johannesburg Securities Exchange, the main bourse in South Africa   |
| kg                       | Kilogramme  |
| km                       | Kilometre   |
| Koz                      | Thousand ounces   |

|   |  |
|---|--|
| kt                                      | Thousand tonnes  |
| LoM                                     | Life-of-mine   |
| LSE                                     | London Stock Exchange  |
| LTIFR                                   | Lost-time injury frequency rate  |
| m                                       | Metre  |
| Mintails transaction                    | Pan African entered into conditional sale of shares agreements to acquire Mogale Gold Proprietary Limited and Mintails SA Soweto Cluster Proprietary Limited |
| ML                                      | Megalitre  |
| MMR                                     | Main Muiden Reef   |
| Mogale Gold                             | Mogale Gold Proprietary Limited  |
| Moz                                     | Million ounces   |
| MRC                                     | Main Reef Complex  |
| Mt                                      | Million tonnes   |
| mtpm                                    | Million tonnes per month   |
| MW                                      | Megawatt   |
| OTC                                     | Over-the-counter   |
| OTCQX                                   | OTCQX Best Market in the US  |
| oz                                      | Ounce  |
| Pan African Resources PLC               | Holding company – Pan African  |
| PAR Gold                                | PAR Gold Proprietary Limited   |
| PC                                      | Barberton Mines' Prince Consort Shaft  |
| PV                                      | Photovoltaic   |
| PwC                                     | PricewaterhouseCoopers LLP   |
| RCF                                     | Revolving credit facility  |
| RIFR                                    | Reportable injury frequency rate   |
| RMB                                     | Rand Merchant Bank, a division of FirstRand Bank Limited   |
| RoM                                     | Run-of-mine  |
| SAICA                                   | South African Institute of Chartered Accountants   |
| SAMREC Code                             | South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2016 edition  |
| SARS                                    | South African Revenue Service  |
| SLP                                     | Social and Labour Plan, required in terms of Regulation 46 of the Mineral and Petroleum Resources Development Act, 28 of 2002                                |
| t                                       | Tonnes   |
| the Group or the Company or Pan African | Pan African Resources PLC, listed on the LSE's AIM and on the JSE in the Gold Mining sector  |
| tpm                                     | Tonnes per month   |
| TSF                                     | Tailings storage facility  |
| UK                                      | United Kingdom   |
| US                                      | United States  |
| USA                                     | United States of America   |
| US\$                                    | United States dollar   |
| VAT                                     | 15% value-added tax in South Africa  |
| ZAR                                     | South African rand   |
| ZK                                      | Zwartkoppie  |

# CORPORATE INFORMATION

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Participation details for the 2022 financial year results presentation are as follows:

### DATE

14 September 2022

### TIME

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

### WEBCAST/DIALLING IN

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

Webcast link  <https://www.corpcam.com/PAR14092022>

Dialling-in link  <https://services.choruscall.za.com/DiamondPassRegistration/register?confirmationNumber=8902279&linkSecurityString=122b63e2b2>

A conference playback will be available one hour after the presentation concludes. Please use the following details:

SA/international: +27 10 500 4108  
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## OUR REPORTING SUITE



Our **integrated annual report** which is available on our website at:

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



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

## FEEDBACK

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

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