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MINING FOR A FUTURE

2023
PROVISIONAL SUMMARISED
AUDITED RESULTS
for the year ended 30 June

KEY FEATURES

PRODUCTION

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

SAFETY

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

COSTS AND COST OUTLOOK

- All-in sustaining costs (AISC[⚡]) for the current financial year of US\$1,327/oz, a sub-US\$ inflation increase of 3.3% (US\$1,284/oz for the financial year ended 30 June 2022 (previous financial year))
- AISC[⚡] in line with revised guidance for 2023 of between US\$1,325/oz to US\$1,350/oz
- AISC[⚡] of US\$1,152/oz (2022: US\$1,145/oz) for our lower-cost operations, comprising all operations, excluding Sheba Mine and Consort Mine, which account for more than 81% (2022: 87%) of annual production
 - Remedial measures implemented to reduce real AISC at high-cost operations (Sheba and Consort Mines)
- Renewable energy generation and water recycling, together with other initiatives to increase the Group's future gold production, are expected to contribute to a decline in future real AISC
- 2024 AISC guidance of US\$1,350/oz (assuming an exchange rate of US\$/ZAR:18.50).

FINANCIAL

- Net cash generated from operating activities of US\$100.1 million (2022: US\$110.0 million)
- Profit for the year of US\$60.7 million (2022: US\$75.0 million)
- Headline earnings[⚡] of US\$60.4 million (2022: US\$75.6 million)
- Earnings per share (EPS) of US 3.19 cents per share (2022: US 3.90 cents per share) and headline earnings per share (HEPS[⚡]) of US 3.15 cents per share (2022: US 3.93 cents per share)
- Robust financial position at year-end, with net debt[⚡] of US\$22.0 million (2022: US\$13.0 million)

- Liquidity remains healthy, with access to immediately available cash and undrawn facilities of US\$84.7 million (2022: US\$69.4 million) at financial year-end. Post the current financial year, the Company also closed the dedicated Mogale Tailings Retreatment project (MTR project) senior debt facility of US\$70.3 million.

PROPOSED DIVIDEND

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

GROWTH PROJECTS

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) INITIATIVES

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

SUDAN EXPLORATION

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

The following tools will assist you throughout the report:



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



Alternative performance measures (APMs)

This announcement contains inside information.

SUMMARY OF SALIENT FEATURES

Salient features	Unit	Year ended 30 June 2023	Year ended 30 June 2022	Movement %
Gold produced	oz	175,209	205,688	(14.8)
Gold sold	oz	174,760	205,688	(15.0)
Revenue	US\$ million	321.6	376.4	(14.6)
Average gold price received	US\$/oz	1,836	1,824	0.7
	ZAR/kg	1,048,823	892,431	17.5
Cash costs [⚡]	US\$/oz	1,142	1,099	3.9
	ZAR/kg	652,426	537,879	21.3
AISC [⚡] (note 2 and detailed commentary)	US\$/oz	1,327	1,284	3.3
	ZAR/kg	758,141	628,292	20.7
All-in costs ^{⚡1}	US\$/oz	1,788	1,503	19.0
	ZAR/kg	1,021,529	735,670	38.9
Adjusted EBITDA ^{⚡2}	US\$ million	115.0	138.3	(16.8)
Attributable earnings – owners of the Company	US\$ million	61.1	75.1	(18.6)
Headline earnings [⚡]	US\$ million	60.4	75.6	(20.1)
EPS	US cents	3.19	3.90	(18.2)
HEPS [⚡]	US cents	3.15	3.93	(19.8)
Cash flows from operating activities	US\$ million	100.1	110.0	(9.0)
Net debt [⚡]	US\$ million	22.0	13.0	69.2
Total sustaining capital expenditure	US\$ million	20.2	23.1	(12.6)
Total capital expenditure	US\$ million	113.0	82.8	36.5
Net asset value per share [⚡]	US cents	15.37	15.37	–
Weighted average number of shares in issue	million	1,916.5	1,926.1	(0.5)
Average exchange rate	US\$/ZAR	17.77	15.22	16.8
Closing exchange rate	US\$/ZAR	18.83	16.28	15.7

¹ The AISC per kilogramme and all-in cost (AIC[⚡]) per kilogramme include realised derivative mark-to-market fair value gains/losses and exclude unrealised derivative mark-to-market fair value gains/losses relating to the current gold mining operations. Refer to the alternative performance measures (APMs) summary report for the reconciliation of cost of production as calculated in accordance with International Financial Reporting Standards (IFRS) to AISC and AIC.

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

CHIEF EXECUTIVE OFFICER'S STATEMENT

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

"Pan African delivered a resilient financial performance for the current financial year, with a much-improved rand gold price compensating for lower production from our underground operations.

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

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

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

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

We are grateful that after year-end we managed to resume our gold exploration activities in Sudan. The decision to recommence operations was only made

after a comprehensive risk assessment of the in-country operating environment in the exploration area, and we will continue to closely monitor the political situation.

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

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

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

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

In terms of the outlook for the year ahead, we will continue to balance safe, sustainable gold production, the successful delivery of our transformational growth

projects, cash returns to shareholders and all our other initiatives to the benefit of our stakeholders. We are well positioned to exceed the production achieved in the current financial year, with estimated production of between 178,000oz and 190,000oz forecast for the 2024 financial year."

GROUP OPERATIONAL COMMENTARY SAFETY

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

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

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

- The LTIFR regressed to 1.86 per million man hours for the year (2022: 1.04 per million man hours)
- The RIFR regressed to 0.81 per million man hours for the year (2022: 0.35 per million man hours).

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

OPERATIONAL PERFORMANCE

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

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

The gold production split per operation is as follows:

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

¹ Includes gold equivalent production of osmiridium concentrate.

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

UPDATE ON GROUP OPERATIONS, OPTIMISATION INITIATIVES AND GROWTH PROJECTS

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

Barberton Mines

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

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

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

- Continuous operations, the optimisation of mining methods at Sheba Mine's Main Reef Complex (MRC) and Zwartkoppie (ZK) stopes, along with increased availability of trackless mining machinery, have contributed to improved underground production tonnes and grades:
 - Sheba Mine's average monthly underground production improved by 38.5% from an average of 6,656t for the period July 2022 to February 2023 to an average of 9,220t for the period March 2023 to July 2023, with average gold production per month increasing from 40kg to 49kg over the same period
 - Fairview Mine's average monthly underground production from the MRC and Rossiter orebodies improved by 7.7%, from an average of 8,239t for the period July 2022 to February 2023 to an average of 8,875t for the March 2023 to July 2023 period, with average monthly gold production increasing commensurately from 96kg to 105kg.
- A 'remnant area' exercise is being carried out at Fairview Mine to identify additional mining blocks for extraction. Areas along the 1 and 2 Decline shaft infrastructure are being investigated as these areas can utilise available ore hoisting capacity. Additional resource blocks, which do not require shaft hoisting, were also identified on 11 Level. This material can substitute the lower-grade surface sources currently being processed by the metallurgical plants and supplement current ore tonnes from the underground operations.
- At Fairview Mine, the following projects will also reduce the 3 Decline's logistical constraints and improve availability for hoisting high-grade ore from the MRC and Rossiter orebodies:
 - The development and equipping of a chairlift decline adjacent to the 3 Decline will commence between 42 and 64 Levels to ensure increased available times for hoisting. The project is scheduled for completion during 2024
 - Installation of a grout backfill plant has been completed, enabling the pumping of backfill from surface using the decline systems rather than transporting bags of cement through the 3 Decline as is currently the practice. The remaining infrastructure will be in place during the second quarter of this financial year.

- At Consort Mine, the contractor model was implemented commencing March 2023. The operation's workforce was reduced from more than 400 employees and contractors to a current complement of approximately 275 contract employees, and the mine plan was reconfigured. The operation achieved its contracted production targets in June 2023 and is now well positioned to return to profitability
 - Run-of-mine production in June and July 2023 averaged 3,450t per month compared with the January to May 2023 average of 1,800t per month, while monthly gold production improved to an average of 17kg from 10kg for the same period (excluding gold from surface sources)
 - The current focus at Consort Mine is on equipping the Prince Consort Shaft remnant blocks to enable the extraction of high-grade ore from the 41 to 45 Level areas.

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

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

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

- Preliminary optimisation work on the life-of-mine plan estimates an eight-year lifespan at Royal Sheba, with production of around 235,000oz of gold at an average mining grade of 3g/t over the life-of-mine and the potential for further extensions as the orebody remains open at depth

- The Western Cross orebody at Sheba Mine is a lower-grade (3g/t to 4g/t), 10m wide free-milling orebody that is currently accessed via the Southwall adit and forms part of the mine's production profile. The orebody is amenable to bulk mining, similar to that planned at the Royal Sheba project, and will further supplement feed material to the BTRP.

Elikhulu

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

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

Evander Mines

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

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

- Phase 1 of the underground refrigeration plant was successfully commissioned, enabling mining operations on both the 24 Level F and D raise line stopes and, following completion of the required access development, mining of the 24 Level A, B and C raise lines. Currently, two crews are mining the 24 Level F raise line, while two additional crews are operating on the 24 Level D raise line

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

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

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

MTR project

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

In the SENS announcement of 1 August 2023, Pan African informed shareholders that all conditions precedent to the Group's ZAR1.3 billion (US\$70.3 million¹) senior debt tranche designated for the funding of the MTR project had been fulfilled and the senior debt facility has become effective. The senior debt facility was underwritten by Rand Merchant Bank, a division of FirstRand Bank Limited (RMB), with Nedbank Limited (acting through its Nedbank Corporate and Investment Banking division), as co-financier.

Following the successful issue of the Group's inaugural Domestic Medium-term Note (DMTN) programme of ZAR800 million (US\$43.2 million¹) in December 2022, completion of a ZAR400 million (US\$21.6 million¹) synthetic gold forward sale with RMB in March 2023 and closure of the senior debt facility, the full upfront capital funding of ZAR2.5 billion for the project's development has been secured.

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

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

¹ Converted at an exchange rate of US\$/ZAR:18.50.

MINERAL RESOURCES AND MINERAL RESERVES

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

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

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

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

The Group's estimated Mineral Resources and Mineral Reserves at 30 June 2023, in compliance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2016 edition (SAMREC Code) Table 1, are summarised below:

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

	Mineral Resources			
	Tonnes Mt	Grade g/t	Gold t	Gold Moz
Barberton Mines hard rock	24.5	4.2	102.1	3.3
BTRP and stockpiles	22.3	1.2	26.0	0.8
Elikhulu	163.4	0.3	44.2	1.4
Evander Mines underground	111.1	9.1	1,009.0	32.4
MTR project	259.8	0.3	78.5	2.5
Total¹	581.0	2.2	1,259.8	40.5

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

	Mineral Reserves			
	Tonnes Mt	Grade g/t	Gold t	Gold Moz
Barberton Mines hard rock	5.5	6.5	35.6	1.1
BTRP and stockpiles	3.9	3.0	11.9	0.4
Elikhulu	140.9	0.3	38.6	1.2
Evander Mines underground	30.3	8.2	247.7	8.0
MTR project	227.7	0.3	64.6	2.1
Total¹	408.3	0.9	398.4	12.8

¹ Any discrepancies in totals are due to rounding.

The total estimated Mineral Resources for the Group increased (a gross annual increase of 1.85Moz, or 4.8%) following the acquisition of the MTR project. Conversely, changes in the cut-off grades applied at Evander Mines' 8 Shaft and Barberton Mines, combined with mining depletion at the BTRP and Elikhulu, resulted in a decrease in these Mineral Resources. Changes in the cut-off grade resulted from a consistent gold price being used in the cut-off grade estimations, relative to the previous declarations (June 2023: ZAR950,000/kg Au – June 2022: ZAR950,000/kg Au), and an increase in mining costs impacted by year-on-year inflation.

Pan African's estimated Mineral Reserves increased to 12.8Moz (408.3Mt at 0.90g/t) at 30 June 2023, post mining depletion of 0.18Moz relative to 11.3Moz (209.7Mt at 1.68g/t) at 30 June 2022 – a gross annual increase of 1.5Moz, or 13.2%. Mineral Reserves are reported inclusive of diluting and contaminating material delivered to the relevant metallurgical plant for treatment and beneficiation. A marginal increase in the Mineral Reserves was recorded for Evander Mines' 8 Shaft operations while the acquisition of the MTR project's TSFs further increased the reported Mineral Reserves. Marginal decreases, primarily due to mining depletion, were recorded at Barberton Mines' BTRP, Fairview, Consort and Sheba operations as well as at Elikhulu. The Royal Sheba project recorded a decrease in reported Mineral Reserves, following an optimisation in the plant's modelled feed grade.

The competent person for Pan African, Hendrik Pretorius, the Group technical services manager, signs off on the Group's reported estimated Mineral Resources and Mineral Reserves. Hendrik is a member of the South African Council for Natural Scientific Professions (SACNASP No. 400051/11 – Management Enterprise Building, Mark Shuttleworth Street, Innovation Hub, Pretoria, South Africa), as well as a member in good standing of the Geological Society of South Africa (GSSA No. 965978 – CSIR Mining Precinct, corner Rustenburg and Carlow Roads, Melville, South Africa). Hendrik has 20 years' experience in economic geology, mineral resource management and mining (surface mining and shallow to ultra-deep underground mining). He is based at The Firs Building, 2nd Floor, Office 204, corner Cradock and Biermann Avenues, Rosebank, Johannesburg, South Africa. He holds a BSc (Hons) degree in Geology from the University of Johannesburg as well as a Graduate Diploma in Mining Engineering (GDE) from the University of the Witwatersrand.

Hendrik has reviewed and approved the information contained in this document as it pertains to 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 2023 financial year was published on our website at www.panafricanresources.com on 13 September 2023.

GROUP AISC

The Group's AISC¹ per ounce has increased by 3.3% to US\$1,327/oz (2022: US\$1,284/oz). This excludes estimated electricity savings of US\$1.9 million from Evander Mines' 9.9MW solar plant at current rates, which would reduce the Group's AISC¹ per ounce to US\$1,316/oz.

The AISC was impacted by the following:

- The depreciation of the average US\$/ZAR exchange rate by 16.8% to US\$/ZAR:17.77 (2022: US\$/ZAR:15.22), positively impacting the Group's AISC in US\$ terms
- Barberton Mines' underground AISC increased by 10.0% to US\$1,810/oz (2022: US\$1,645/oz) impacted primarily by a 14.7% decrease in gold production, which is being addressed by the remedial measures outlined in this announcement. In rand terms, overall underground costs at Barberton Mines were well controlled, with the total AISC increasing by 9.5% to ZAR2,076.9 million (2022: ZAR1,895.9 million), noting the following:
 - Above-inflationary increases in reagent costs of 11.2%
 - An increase in salaries and wages of 6.9% following a 5.6% increase as agreed with labour unions, combined with an increase in the engineering staff complement
 - An increase in sustaining capital expenditure of 8.3%
- The BTRP's AISC per ounce reduced by 19.5% to US\$717/oz (2022: US\$891/oz) following a production increase, and recoveries increased by 9.3% to 47% (2022: 43%)

- In rand terms, the total AISC decreased by 4.6% to ZAR253.1 million (2022: ZAR265.2 million) primarily as a result of:
 - a decrease in processing costs of 1% as a result of a 29.7% decrease in reagent costs due to the introduction of an additional Aachen shear reactor and optimisation of the carbon-in-leach process, offset by increased transport costs and the cost of gold-bearing surface tailings material purchased from third parties
 - reduced electricity costs of 24.5% due to optimised elution schedules and the associated reduction in electricity usage
- Elikhulu's AISC per ounce increased by 0.5% to US\$1,008/oz (2022: US\$1,003/oz), adversely impacted by a reduction in recoveries to 32% (2022: 35%). The AISC in rand terms increased by 13.6% to ZAR905.9 million (2022: ZAR797.5 million) as a result of above-inflationary increases of 20.6% in reagent costs and an increase in electricity costs of 23.5% due to increased pumping distances, following the changeover to the new Leslie/Bracken pump station and also above-inflationary increases in electricity rates
- Evander Mines' underground AISC per ounce increased by 4.1% to US\$1,158/oz (2022: US\$1,112/oz) impacted by a decrease in gold production of 31.9%. The AISC in rand terms decreased by 17.2% to ZAR684.4 million (2022: ZAR827.0 million) primarily as a result of a 21.4% increase in the costs capitalised to the 24 Level project.

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

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

GOLD PRICE HEDGING

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

The Group currently has the following hedge transactions in place:

- Synthetic gold forward sale: The Company is obligated to sell 4,846oz of gold per month, for 24 months commencing in March 2023, at a fixed price of ZAR1,025,000/kg (US\$1,723/oz¹), and received an upfront premium of US\$21.6 million¹ (ZAR400 million). The effective price at which the Group sold the 3,617kg of gold, representing approximately 30% of annual Group production, over the 24 months, is ZAR1,135,604/kg (US\$1,909/oz¹). This instrument satisfies the mandatory hedging requirement provided for in the senior debt facilities.

¹ Converted at an exchange rate of US\$/ZAR:18.50.

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

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

GROUP CAPITAL EXPENDITURE BUDGET

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

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

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

¹ Budgeted capital converted to US\$ at an exchange rate of US\$/ZAR:17.77.

Major expansion capital items for the 2024 financial year include:

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

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

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

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

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

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

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

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

Environment

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

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

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

- Steady-state renewable solar energy generation at Evander Mines with possible expansion of the existing facility
 - Evander Mines' 9.9MW solar plant was fully commissioned in May 2022. The plant has provided 23,770MWh of renewable energy for the 2023 financial year, with operational performance consistent with the project's feasibility study. The solar plant generates approximately 30% of Elikhulu's energy requirements, significantly reducing our reliance on the national electricity grid while saving an estimated US\$1.9 million in annual electricity costs at current tariffs. The long-term impact of this development will be a reduction in our carbon footprint by about 6% per annum as a result of approximately 21,000t less carbon dioxide emissions in its first year of operation
- Commencement of Barberton Mines' construction of an 8.75MW solar plant, with commissioning scheduled for June 2024
 - An engineering, procurement and construction agreement was entered into with juwi Renewable Energies, a leading solar, wind and hybrid renewable energy project developer for the construction of the plant, which is expected to deliver cost savings of approximately ZAR26 million (US\$1.4 million at a prevailing exchange rate of approximately US\$/ZAR:18.00) in year one, with an average saving of ZAR40 million (US\$2.2 million) per year over the life of the plant
- Entering into a power purchase agreement with Sturdee Energy for the off-site provision of 40MW wheeled power to any of the Group's operations over a period of up to 15 years, with construction expected to commence in January 2024
- A potential 10MW capacity solar plant at the MTR project.

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

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

Water management – water retreatment plant at Evander Mines

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

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

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

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

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

Biodiversity management, conservation and land rehabilitation

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

The rehabilitation liabilities related to Barberton Mines and Evander Mines of US\$7.8 million are fully funded.

The rehabilitation liabilities related to the MTR project of US\$2.2 million will be funded over the life of the project.

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

Social

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

Corporate social investment and local economic development update

During the reporting period, Pan African invested US\$1.7 million (2022: US\$1.9 million) in corporate social investment and local economic development initiatives and bursaries, including the following:

- Health and wellness initiatives
 - A running club at Barberton Mines was established to encourage fitness and well-being of employees and community members by providing professional fitness coaches and promoting active participation in sporting codes.
- School infrastructure projects as part of our current Social and Labour Plan commitments
 - The Group handed over phase 3 of the Sheba and Ngwenya Primary Schools in Barberton to the Department of Basic Education. Up to 35 local contracting companies were used and 285 local jobs were created during construction. These schools will benefit over 1,500 learners
 - Evander Mines completed the building of the computer and science laboratory at Thomas Nhlabathi High School and is in the process of

equipping the facility prior to handover. The building of a similar facility at Thistle Grove Combined School is expected to be completed in the 2024 financial year.

- 'Beyond compliance' tertiary development of learners
 - Barberton Mines initiated a high school scholarship programme in January 2022, granting full scholarships to 25 high-achieving students in need of financial assistance. The Group is considering expanding the programme to tertiary learning in the 2024 academic year.
- 'Beyond compliance' job creation – Barberton Blueberries project
 - Twenty-five permanent employment positions and up to 276 seasonal jobs have been created with total salaries of US\$0.3 million paid, significantly contributing to the sustainability and development of small businesses in the local townships and improvements in living standards
 - The project's first commercial harvest of 120t was completed during 2022. The current harvest season expects 150t of blueberries for the international market and 70t for the domestic market, as a result of improved yields as the plants mature.
- Enterprise and supplier development
 - April 2022 marked the first anniversary of the establishment of Barberton Mines' enterprise supplier development programme. The first business incubation programme enrolled 47 (2022: 37) local entrepreneurs, of which 32 entrepreneurs have already graduated. An 18-month-long mentorship programme is also offered and 13 (2022: 13) local entrepreneurs have been enrolled.
- Youth development and performing arts
 - Pan African partnered with Elangeni Generations Outreach, a renowned filmmaking institution, which provides technical support for the performing arts. On 4 June 2023, the first Pan African-funded movie series was broadcast on national television. The programme has so far produced three films, predominantly in the SiSwati language.
- Socio-economic development at the MTR project
 - The recently acquired Mogale Gold Proprietary Limited (Mogale Gold) and Mintails SA Soweto Cluster Proprietary Limited (MSC) tailings deposits are in an area that is characterised by widespread illegal mining activity in adjacent abandoned underground workings. However, we believe that part of the solution to this problem lies in credible

stakeholders, including the relevant authorities, coming together to create alternative economic opportunities that disincentivise criminal activity. These ongoing challenges have increasingly been mitigated by employing pre-emptive risk management initiatives and by Pan African's proactive management approach.

Governance

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

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

EXPLORATION

Gold exploration programme in Sudan

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

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

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

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

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

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

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

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

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

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

OUTLOOK AND PROSPECTS

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

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

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

APPRECIATION

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

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 South African 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 for 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:17.77 (2022: US\$/ZAR:15.22) and the closing US\$/ZAR exchange rate at 30 June 2023 was US\$/ZAR:18.83 (2022: US\$/ZAR:16.28). The year-on-year depreciation in the average and closing exchange rates of 16.8% and 15.7%, respectively, must be considered when comparing period-on-period 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 decreased due to gold sold decreasing by 15.0% to 174,760oz (2022: 205,688oz). The average US\$ gold price received was US\$1,836/oz, which is consistent with the price received in 2022 of US\$1,824/oz.

Cost of production

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

- Mining and processing costs increased by 0.6% in rand terms predominantly due to increased mining support costs at Barberton Mines, following the implementation of continuous mining operations at Fairview and Sheba Mines, above-inflationary increases in reagent costs and increased processing costs at Elikhulu. In September 2022, Elikhulu commenced remining the Leslie/Bracken TSF, in addition to the ongoing Kinross TSF remining, which resulted in increased processing costs during the financial year at Elikhulu. This increase, however, was offset by the capitalisation of mining costs related to Evander Mines' 24 Level development.

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

The gross profit margin [☞] decreased from 32.8% to 31.8%.

Adjusted EBITDA [☞] decreased to US\$115.0 million (2022: US\$138.3 million) due to a US\$54.8 million decrease in revenue, which was offset by decreased production costs of US\$27.6 million. The adjusted EBITDA margin [☞] decreased to 35.8% (2022: 36.7%).

Depreciation and amortisation

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

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

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

Finance costs

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

Tax

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

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

EPS and HEPS [☞]

EPS declined to US 3.19 cents per share (2022: US 3.90 cents per share), and HEPS [☞] also decreased to US 3.15 cents per share (2022: US 3.93 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 1,916.5 million shares outstanding (2022: 1,926.1 million shares) to attributable earnings and headline earnings.

Assets

Property, plant and equipment capital expenditure amounted to US\$113.0 million (2022: US\$82.8 million), which included sustaining capital [☞] expenditure of US\$20.2 million (2022: US\$23.1 million) and expansion capital [☞] expenditure of US\$92.8 million (2022: US\$59.7 million).

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

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

Equity

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

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

Liabilities

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

Borrowings increased to US\$53.4 million (2022: US\$34.6 million), which is mainly attributable to the expansionary capital expenditure on Evander Mines' 24 Level project and the MTR project. Net debt[⚡] increased by 69.2% to US\$22.0 million (2022: US\$13.0 million), and net senior debt[⚡] increased by 103.2% to US\$18.9 million (2022: US\$9.3 million).

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

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

Capital structure and financing arrangements

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

- successfully issuing its inaugural sustainability-linked bond of US\$43.2 million (ZAR800 million) in December 2022

- implementing a synthetic gold forward sale transaction structure in March 2023 to raise funding of US\$21.6 million (ZAR400 million)
- closing a US\$70.2 million (ZAR1.3 billion) senior debt facility for the part funding of the MTR project's construction (the transaction was closed post year-end)
- refinancing its existing RCF of US\$54.1 million (ZAR1.0 billion), which was due to expire in June 2024, to June 2026, contributing to ensuring the Group's financial stability and liquidity as the MTR project is being constructed.

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

The sustainability-linked bond, RCF and term loan facility are tied to specific sustainability-linked KPIs, verified annually over a period of seven years. An improvement in these metrics will result in a reduction of the interest rates borne by these instruments.

Cash flows

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

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

Cash from financing activities includes proceeds from borrowings of US\$91.5 million (2022: US\$12.9 million) partially offset by the repayment of senior debt facilities of US\$69.3 million (2022: US\$41.4 million).

Pan African has sufficient liquidity at the end of the financial year with access to cash and undrawn facilities of US\$84.7 million (2022: US\$69.4 million). Post the current financial year, the Company also closed the dedicated MTR project senior debt facility of US\$69 million.

Over the past financial year, the Group generated attributable cash flow[⚡] of US\$31.5 million (2022: US\$23.6 million).

DIVIDENDS

Proposed dividend for the financial year ended 30 June 2023

The board has proposed a final dividend of ZAR400.1 million for the 2023 financial year (approximately US\$21.2 million), equal to ZA 18.0000 cents per share or approximately US 0.95592 cents per share (0.75219 pence per share). The dividend is subject to approval by shareholders at the AGM, which is to be convened on Thursday, 23 November 2023.

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

Annual general meeting	Thursday, 23 November 2023
Currency conversion date	Thursday, 23 November 2023
Currency conversion announcement released by 11:00 (South African time)	Friday, 24 November 2023
Last date to trade on the JSE	Tuesday, 28 November 2023
Last date to trade on the LSE	Wednesday, 29 November 2023
Ex-dividend date on the JSE	Wednesday, 29 November 2023
Ex-dividend date on the LSE	Thursday, 30 November 2023
Record date on the JSE and LSE	Friday, 1 December 2023
Payment date	Tuesday, 12 December 2023

The British pound (GBP) and US\$ proposed final dividend was calculated based on a total of 2,222,862,046 shares in issue and an illustrative exchange rate of US\$/ZAR:18.83 and GBP/ZAR:23.93, respectively.

No transfers between the Johannesburg and London registers, between the commencement of trading on Wednesday, 29 November 2023 and close of business on Friday, 1 December 2023, will be permitted.

No shares may be dematerialised or rematerialised between Wednesday, 29 November 2023 and Friday, 1 December 2023, 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 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 externally funded capital), contractual debt repayments and the cash flow impact of once-off items (discretionary rand cash flow), is appropriate. This measure aligns dividend distributions with the cash-generation potential of the business. In proposing a dividend, the board will also take into account the Company's financial position, prospects, satisfactory solvency and liquidity assessments and other factors deemed by the board to be relevant at the time. The board, having applied its discretion, believes that a dividend in line with the dividend policy is justified for the 2023 financial year given the favourable gold price environment, robust 2023 cash flows and the encouraging prospects for the 2024 financial year.

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

DIRECTORSHIP CHANGES AND DEALINGS

No directorship changes took place during the current financial year.

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

- Cobus Loots entered into the following share transactions on 26 May 2023:

- Acquisition of 200,000 ordinary shares at GBP0.132 per share
- Entered into 200,000 contracts for differences (CFDs) at GBP0.132 per share.

He held 5,048,504 indirect beneficial shares, representing 0.2271% of the Company's issued share capital, and 1,873,982 direct beneficial shares, representing 0.0843% of the Company's issued share capital at the end of the current financial year, together with 314,280 CFDs.

- Deon Louw entered into the following share transaction:

- Acquisition of 230,000 ordinary shares at ZAR3.29 per share on 26 May 2023.

He held 3,122,349 indirect beneficial shares, representing 0.1405% of the Company's issued share capital, and 988,112 direct beneficial shares, representing 0.0445% of the Company's issued share capital at the end of the current financial year.

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 2023. The audit of the consolidated annual financial statements was conducted in accordance with the International Standards on Auditing. PwC has expressed an unmodified opinion on the consolidated annual financial statements. A copy of the audited annual financial statements and the audit report is available for inspection at the issuer's registered office. Any reference to future financial performance included in this provisional summarised audited results announcement has not been reviewed or reported on by the Group's external auditors.

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

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

SECONDARY LISTING ON THE A2X MARKET

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

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

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

AIM LISTING

The financial information for the year ended 30 June 2023 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 2022 have been delivered to the Registrar of Companies and those for 2023 will be delivered following the Company's AGM. PwC, the external auditor registered in the UK, has reported on these accounts for the year ended 30 June 2023.

PwC's audit report for 30 June 2023 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 the publication of this announcement via the Regulatory Information Service, this inside information is considered to be in the public domain.

Cobus Loots

Chief executive officer

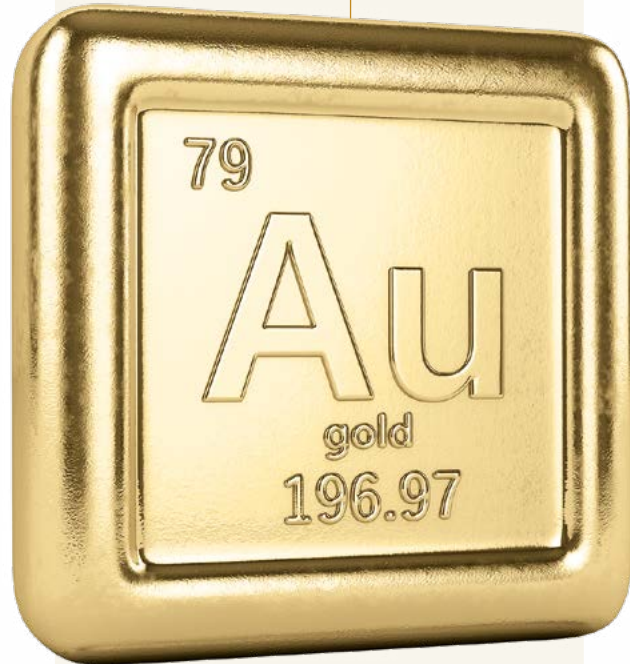
13 September 2023

Protons:

79

Neutrons:

118



There are 79 protons and 118 neutrons in the nucleus of one gold atom.

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

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SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2023

US\$ thousand	Notes	30 June 2023	30 June 2022
ASSETS			
Non-current assets			
Property, plant and equipment		395,247	355,802
Goodwill		16,117	18,642
Intangible assets		265	281
Deferred tax assets		428	2,074
Long-term inventory		5,992	189
Investment – other		–	1,127
Environmental rehabilitation obligation fund		21,627	23,024
Total non-current assets		439,676	401,139
Current assets			
Inventory		9,567	9,977
Trade and other receivables		15,182	17,275
Current tax assets		1,292	751
Loans receivable		–	271
Derivative financial asset		451	686
Cash and cash equivalents		34,771	26,993
Total current assets		61,263	55,953
Total assets		500,939	457,092
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	38,002	38,002
Share premium		235,063	235,063
Retained earnings		306,004	264,840
Reserves		(283,946)	(243,125)
Equity attributable to owners of the Company		295,123	294,780
Non-controlling interests		(527)	(171)
Total equity		294,596	294,609
Non-current liabilities			
Environmental rehabilitation obligation		10,085	8,603
Borrowings		42,485	33,293
Lease liabilities		2,849	3,795
Contract liability	10	7,081	–
Share-based payment obligations		1,884	4,022
Deferred tax liabilities		64,573	53,781
Total non-current liabilities		128,957	103,494
Current liabilities			
Trade and other payables		52,072	50,224
Borrowings		10,868	1,319
Lease liabilities		634	553
Contract liability	10	10,621	–
Share-based payment obligations		2,404	5,559
Derivative financial liability		55	–
Current tax liabilities		732	1,334
Total current liabilities		77,386	58,989
Total equity and liabilities		500,939	457,092

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2023

US\$ thousand	Notes	30 June 2023	30 June 2022
Revenue		321,606	376,371
Cost of production		(219,189)	(252,873)
Gross profit		102,417	123,498
Other income		5,906	8,501
Other expenses		(13,253)	(18,329)
Royalty costs		(963)	(2,096)
Impairment loss on plant and equipment		–	(467)
Income before finance income and finance costs		94,107	111,107
Finance income	4	1,139	1,095
Finance costs	4	(9,692)	(5,326)
Profit before tax		85,554	106,876
Income tax expense	5	(24,817)	(31,924)
Profit for the year		60,737	74,952
Other comprehensive (loss)/income			
Items that may be reclassified to profit or loss			
Foreign currency translation reserve movement		(40,978)	(40,125)
Items that may not be reclassified to profit or loss			
Investment measured at fair value through other comprehensive income movement		1,563	975
Tax thereon		(1,360)	(46)
Other comprehensive loss for the year, net of tax		(40,775)	(39,196)
Total comprehensive income for the year		19,962	35,756
Profit/(loss) attributable to:			
Owners of the Company		61,139	75,137
Non-controlling interests		(402)	(185)
Total comprehensive income/(loss) attributable to:		19,962	35,756
Owners of the Company		20,318	35,930
Non-controlling interests		(356)	(174)
Basic and diluted earnings per share (US cents)		3.19	3.90
Weighted average number of shares in issue (thousand)		1,916,504	1,926,066
Diluted average number of shares in issue (thousand)		1,916,504	1,926,066

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2023

US\$ thousand	Equity attributable to the owners of the Company						
	Share capital	Share premium	Reserves	Retained earnings	Non-controlling interests	Total equity	
Balance as at 1 July 2021	38,151	235,063	(200,837)	211,254	283,631	–	283,631
Total comprehensive income	–	–	(39,207)	75,137	35,930	(174)	35,756
Profit for the year	–	–	–	75,137	75,137	(185)	74,952
Other comprehensive income	–	–	(39,207)	–	(39,207)	11	(39,196)
Dividend paid	–	–	–	(24,984)	(24,984)	–	(24,984)
Reciprocal dividend – PAR Gold ¹	–	–	–	3,425	3,425	–	3,425
Recognition of non-controlling interests	–	–	–	–	–	3	3
Share buy-back ²	(149)	–	(3,073)	–	(3,222)	–	(3,222)
Unwinding of broad-based black economic empowerment structure: share-based payment	–	–	(8)	8	–	–	–
Balance as at 30 June 2022	38,002	235,063	(243,125)	264,840	294,780	(171)	294,609
Total comprehensive income	–	–	(40,821)	61,139	20,318	(356)	19,962
Profit for the year	–	–	–	61,139	61,139	(402)	60,737
Other comprehensive loss	–	–	(40,821)	–	(40,821)	46	(40,775)
Dividend paid	–	–	–	(23,168)	(23,168)	–	(23,168)
Reciprocal dividend – PAR Gold ¹	–	–	–	3,193	3,193	–	3,193
Balance as at 30 June 2023	38,002	235,063	(283,946)	306,004	295,123	(527)	294,596

¹ Reciprocal dividend – PAR Gold Proprietary Limited (PAR Gold) refers to the intra-Group transaction which relates to the dividend received on the treasury shares held by PAR Gold – refer to note 9. PAR Gold holds 13.8% (2022: 13.8%) of the issued share capital of Pan African.

² Pan African completed a share buy-back programme which resulted in the total issued shares of the Company decreasing by 11,825,491 shares during the previous financial year.

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2023

US\$ thousand	30 June 2023	30 June 2022
Cash flows from operating activities		
Net cash from operating activities before dividends, tax, royalties and net finance costs	132,941	142,879
Dividend paid	(23,168)	(24,984)
Reciprocal dividend received	3,193	3,425
Income tax paid	(6,521)	(6,764)
Royalties paid	(1,194)	(1,756)
Securities transfer tax paid	(7)	–
Finance costs paid	(6,254)	(4,042)
Finance income received	1,133	1,248
Net cash from operating activities	100,123	110,006
Cash flows from investing activities		
Additions to property, plant and equipment	(112,709)	(82,683)
Proceeds from disposal of property, plant and equipment	160	563
Additions to intangible assets	(113)	(2)
Consideration for assets acquired, net of cash acquired	(2,939)	–
Repayment of loans receivable	255	583
Receipts from the environmental rehabilitation obligation fund	130	151
Proceeds from disposal of investments – other	2,485	–
Net cash used in investing activities	(112,731)	(81,388)
Cash flows from financing activities		
Proceeds from borrowings	94,705	12,903
Repayment of borrowings	(69,276)	(41,422)
Share buy-back	–	(3,222)
Repayment of lease liabilities	(562)	(616)
Net cash from/(used in) financing activities	24,867	(32,357)
Net increase/(decrease) in cash equivalents	12,559	(3,739)
Cash and cash equivalents at the beginning of the year	26,993	35,133
Effect of foreign exchange rate changes	(4,481)	(4,401)
Cash and cash equivalents at the end of the year	34,771	26,993

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

1. BASIS OF PREPARATION

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 2023.

The financial information set out in this announcement does not constitute the Company's statutory accounts for the period ended 30 June 2023.

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 as 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 and 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\$49.9 million (2022: US\$42.4 million) of available debt facilities and US\$34.7 million (2022: US\$26.7 million) of cash and cash equivalents at 30 June 2023. The Group has considered the going concern forecast through to 30 June 2025, using a base case rand gold price of ZAR1,050,000/kg (US\$1,838/oz) and a downside rand gold price of ZAR954,000/kg (US\$1,670/oz). The Group's forecasts based on the board-approved budgets demonstrate that it will have sufficient liquidity headroom to meet its obligations 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; in the downside case, this includes mitigating actions which are in management's control.

The board has a reasonable expectation that the Group has adequate resources to continue in operational existence in the foreseeable future.

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 **page 44**.

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 assumption and judgement, apart from those involving estimation, that have the most significant effect on the amounts recognised in the summarised consolidated financial statements.

Impairment and impairment reversals of non-financial 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 previously recognised impairment losses to be reversed. Operating and economic assumptions which could affect the valuation of assets using discounted cash flow models are regularly reviewed and updated as part of the Group's monitoring of operational and financial performance and forecasting processes. Judgement is required in determining whether operating and economic changes are significant and impact the performance potential of an asset or CGU, and therefore contribute to an indication of an impairment or an impairment reversal.

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 life-of-mine plans incorporating key assumptions as detailed below:

- **Mineral Resources and Mineral Reserves:** Mineral Reserves 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 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 life-of-mine plans and internal management forecasts. Cost assumptions incorporate management experience and expectations, as well as the nature and location of the operation and the risks associated therewith (for example, the grade of Mineral Resources and Mineral Reserves varying significantly over time and unforeseen operational issues).

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 entities.

The Group prepares nominal cash flow models to calculate the expected average income tax rate over the life-of-mine. The key assumptions in the cash flow models are the same as those noted in the 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 activity. 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 life-of-mine
- Life-of-mine 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, 107 of 1998, the Group is required to include an obligation for all latent and residual environmental liabilities including water pollution, as part of the obligation for environmental rehabilitation and decommissioning costs, from September 2023. The Group has undertaken several detailed assessments, including a geohydrological study at Barberton Mines, to ascertain the latent and residual environmental liability as a result of the amendments and to quantify the impact of the amendments. Based on the current closure cost estimate, the amendments will result in an increase to the current obligation of approximately US\$2.8 million (US\$0.8 million on a discounted basis) for environmental and decommissioning costs in real terms, once the amendments become effective.

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2023

2. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES continued

Revenue – forward sale contract

The Group entered into a forward sale contract on 13 March 2023 with RMB, whereby 4,846oz of gold will be delivered monthly to RMB at a fixed price of ZAR1,025,000/kg (US\$1,723oz) per month for a period of 24 months. The Group received consideration of US\$21.6 million (ZAR400 million) in advance which has been recognised as a contract liability. Significant judgement has been applied in accounting for the transaction as IFRS 15: *Revenue from Contracts with Customers* as opposed to IFRS 9: *Financial Instruments* given the valuation methodology applied in pricing the transaction. Promised consideration has been adjusted for the time value of money as the period between payment by RMB and transfer of the promised goods by the Group exceeds 12 months and, as such, contains a significant financing component. The financing component has been presented as part of finance costs.

Acquisitions

The Company closed the transaction whereby Mogale Tailings Retreatment Proprietary Limited (MTR), a wholly owned subsidiary of the Company, acquired the total share capital and claims of Mogale Gold and MSC, (collectively, the sale transaction). The details of the sale transaction, Mineral Resources potential and strategic rationale for the acquisition were outlined in the Company's announcement of 6 November 2020. IFRS 3: *Business Combinations* requires an entity to determine whether a transaction or event is a business combination by applying the definition of a business. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of generating income from ordinary activities and consists of inputs and processes applied to those inputs that have the ability to contribute to the creation of outputs. In this case, both Mogale Gold and MSC had no active operations, assets or a skilled workforce to extract gold from the tailings therefore the acquisition did not

constitute the acquisition of a business as there was no integrated set of activities in place capable of being managed to convert the acquired input (the TSF) into outputs (gold). On acquisition, the acquirer, MTR, was required to identify and recognise the individual assets and liabilities acquired. The purchase price was allocated to the assets acquired and liabilities assumed based on their relative fair values at the date of acquisition. Since the transaction did not constitute the acquisition of a business, no goodwill has been recognised.

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 Payments* 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.

3. SEGMENT ANALYSIS

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, responsible for allocating resources and assessing the performance of the operating segments, has been identified as Pan African 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.

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 MTR project located in the Mogale district: a plant is being constructed to process gold tailings deposits of Mogale Gold and Mintails SA Soweto Cluster (MSC).

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

- Solar projects currently consist of the solar plant located at Evander Mines, the planned development of a solar plant at Barberton Mines and the extension of the Evander Mines solar plant
- Exploration assets consist of five prospecting concessions (or exploration licences) in north-eastern Sudan (the Block 12 concessions), covering an area of almost 1,100km² and located approximately 70km north-west of Port Sudan
- Agricultural ESG projects mainly comprise the Group's Barberton Blueberries project (Barberton Blue Proprietary Limited), as well as other small-scale agricultural projects in the Barberton Mines host community areas

- Corporate consists mainly of the Group's holding companies and management services company which renders services to the Group and is located in Johannesburg
- Funding Company is the centralised treasury function of the Group 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 ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2023

3. SEGMENT ANALYSIS continued

US\$ thousand	30 June 2023				30 June 2023					
	Barberton Mines	Evander Mines	Solar projects	MTR project	Mining operations	Exploration assets	Agricultural ESG projects	Corporate	Funding Company	Group total
Revenue	154,641	166,659	–	–	321,300	–	306	–	–	321,606
Cost of production	(106,644)	(91,239)	(238)	–	(198,121)	–	(669)	–	–	(198,790)
Depreciation and amortisation	(8,806)	(10,905)	(472)	(3)	(20,186)	–	(213)	–	–	(20,399)
Gross profit/(loss)	39,191	64,515	(710)	(3)	102,993	–	(576)	–	–	102,417
Other income	1,021	3,283	–	395	4,699	17	–	486	704	5,906
Other expenses	(1,812)	(2,601)	(12)	(665)	(5,090)	(767)	(131)	(6,912)	(353)	(13,253)
Royalty costs	(598)	(365)	–	–	(963)	–	–	–	–	(963)
Income/(loss) before finance income and finance costs	37,802	64,832	(722)	(273)	101,639	(750)	(707)	(6,426)	351	94,107
Finance income ¹	2	7	2	135	146	–	–	117	876	1,139
Finance costs ¹	(430)	(1,782)	(578)	(174)	(2,964)	–	–	(40)	(6,688)	(9,692)
Profit/(loss) before tax	37,374	63,057	(1,298)	(312)	98,821	(750)	(707)	(6,349)	(5,461)	85,554
Income tax expense	(9,348)	(14,688)	(137)	(7)	(24,180)	–	–	(487)	(150)	(24,817)
Profit/(loss) for the year excluding intra-Group transactions	28,026	48,369	(1,435)	(319)	74,641	(750)	(707)	(6,836)	(5,611)	60,737
Revenue	–	–	2,198	–	2,198	–	–	12,904	–	15,102
Cost of production	–	(2,198)	–	–	(2,198)	–	–	–	–	(2,198)
Elimination of dividends received from/(paid to) fellow Group companies	–	–	–	–	–	–	–	(12,904)	–	(12,904)
Management fees	(5,784)	(3,471)	(169)	–	(9,424)	(169)	(101)	9,807	(113)	–
Finance income/(costs)	2,165	(2,519)	(299)	(135)	(788)	–	(523)	(3,340)	4,651	–
Profit/(loss) after tax including intra-Group transactions	24,407	40,181	295	(454)	64,429	(919)	(1,331)	(369)	(1,073)	60,737
Segment assets (total assets excluding goodwill)	132,031	280,915	11,003	17,177	441,126	4,199	3,060	4,569	31,868	484,822
Segment liabilities	48,755	93,342	1,443	4,284	147,824	1	129	4,923	53,466	206,343
Net assets (excluding goodwill)²	83,276	187,573	9,560	12,893	293,302	4,198	2,931	(354)	(21,598)	278,479
Goodwill	16,117	–	–	–	16,117	–	–	–	–	16,117
Capital expenditure³	20,391	79,889	2,251	8,806	111,337	872	400	350	–	112,959
Reconciliation of adjusted EBITDA⁴										
Income/(loss) before tax, finance income and finance costs	37,802	64,832	(722)	(273)	101,639	(750)	(707)	(6,426)	351	94,107
<i>Excluding: depreciation and amortisation included in gross profit</i>	8,806	10,905	472	3	20,186	–	213	–	–	20,399
<i>Excluding: other depreciation and amortisation</i>	–	–	–	–	–	178	14	312	–	504
Adjusted EBITDA⁴	46,608	75,737	(250)	(270)	121,825	(572)	(480)	(6,114)	351	115,010

¹ Other expenses and income exclude intra-Group management fees. Finance income and finance costs exclude intra-Group interest.

² The segment assets and liabilities above exclude intra-Group balances.

³ Capital expenditure comprises additions to property, plant and equipment, mineral rights, exploration and intangible assets.

⁴ Adjusted EBITDA comprises earnings before interest, tax, depreciation, amortisation and impairment losses.

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for the year ended 30 June 2023

3. SEGMENT ANALYSIS continued

US\$ thousand	30 June 2022				30 June 2022				
	Barberton Mines	Evander Mines	Solar projects	Mining operations	Exploration assets	Agricultural ESG projects	Corporate	Funding Company	Group total
Revenue	174,596	201,775	–	376,371	–	–	–	–	376,371
Cost of production	(115,129)	(110,654)	(257)	(226,040)	–	(405)	–	–	(226,445)
Depreciation and amortisation	(10,460)	(15,836)	(90)	(26,386)	–	(42)	–	–	(26,428)
Gross profit/(loss)	49,007	75,285	(347)	123,945	–	(447)	–	–	123,498
Other income ¹	2,222	4,601	–	6,823	41	–	285	1,352	8,501
Other expenses ¹	(2,949)	(1,097)	–	(4,046)	(83)	(195)	(13,669)	(336)	(18,329)
Royalty costs	(1,581)	(515)	–	(2,096)	–	–	–	–	(2,096)
Impairment loss on property, plant and equipment	–	(467)	–	(467)	–	–	–	–	(467)
Income/(loss) before finance income and finance costs	46,699	77,807	(347)	124,159	(42)	(642)	(13,384)	1,016	111,107
Finance income ¹	141	2	1	144	–	1	384	566	1,095
Finance costs ¹	(708)	(1,732)	(119)	(2,559)	–	–	(49)	(2,718)	(5,326)
Profit/(loss) before tax	46,132	76,077	(465)	121,744	(42)	(641)	(13,049)	(1,136)	106,876
Income tax (expense)/benefit	(12,281)	(18,157)	103	(30,335)	–	–	(1,245)	(344)	(31,924)
Profit/(loss) for the year excluding intra-Group transactions	33,851	57,920	(362)	91,409	(42)	(641)	(14,294)	(1,480)	74,952
Revenue	–	–	308	308	–	–	28,665	279	29,252
Cost of production	–	(308)	–	(308)	–	–	–	–	(308)
Elimination of dividends received from/(paid to) fellow Group companies	–	–	–	–	–	–	(28,665)	(279)	(28,944)
Management fees	(5,700)	(6,240)	(197)	(12,137)	–	(118)	12,386	(131)	–
Finance income/(costs)	1,718	(3,430)	(26)	(1,738)	–	(349)	(1,544)	3,631	–
Profit/(loss) after tax including intra-Group transactions	29,869	47,942	(277)	77,534	(42)	(1,108)	(3,452)	2,020	74,952
Segment assets (total assets excluding goodwill)	139,985	246,549	12,018	398,552	3,345	3,592	8,619	24,342	438,450
Segment liabilities	50,584	68,013	8,477	127,074	1	97	9,104	26,207	162,483
Net assets (excluding goodwill)²	89,401	178,536	3,541	271,478	3,344	3,495	(485)	(1,865)	275,967
Goodwill	18,642	–	–	18,642	–	–	–	–	18,642
Capital expenditure³	28,419	39,327	8,828	76,574	3,639	1,000	1,597	–	82,810
Reconciliation of adjusted EBITDA⁴									
Income/(loss) before tax, finance income and finance costs	46,699	77,807	(347)	124,159	(42)	(642)	(13,384)	1,016	111,107
<i>Excluding: depreciation and amortisation included in gross profit</i>	10,460	15,836	90	26,386	–	42	–	–	26,428
<i>Excluding: other depreciation and amortisation</i>	–	–	–	–	–	14	252	–	266
EBITDA⁴	57,159	93,643	(257)	150,545	(42)	(586)	(13,132)	1,016	137,801
<i>Excluding: impairment loss on plant and equipment</i>	–	467	–	467	–	–	–	–	467
Adjusted EBITDA⁴	57,159	94,110	(257)	151,012	(42)	(586)	(13,132)	1,016	138,268

¹ Other expenses and income exclude intra-Group management fees. Finance income and finance costs exclude intra-Group interest.

² The segment assets and liabilities above exclude intra-Group balances.

³ Capital expenditure comprises additions to property, plant and equipment, mineral rights, exploration and intangible assets.

⁴ Adjusted EBITDA comprises earnings before interest, tax, depreciation, amortisation and impairment losses.

**NOTES TO THE SUMMARISED CONSOLIDATED
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4. FINANCE (COSTS)/INCOME

US\$ thousand	30 June 2023	30 June 2022
Finance income		
Finance income in respect of:		
– Cash and cash equivalents	991	601
– Loans receivable	8	352
– Attorney's trust account	134	–
– South African Revenue Service (SARS)	6	139
– Other	–	3
Total finance income	1,139	1,095
Finance costs		
Finance costs in respect of:		
– Borrowings	(6,351)	(3,885)
– Modification (loss)/gain on borrowings	(995)	956
– Lease liabilities	(389)	(478)
– Environmental rehabilitation obligation	(1,267)	(1,878)
– Contract liability	(629)	–
– SARS	–	(17)
– Instalment sale obligation	–	(9)
– Other	(61)	(15)
Total finance costs	(9,692)	(5,326)
Net finance costs	(8,553)	(4,231)

5. INCOME TAX

US\$ thousand	30 June 2023	30 June 2022
South African normal tax	5,536	6,964
– current year	5,550	6,563
– prior year	(14)	401
Securities transfer tax	7	–
Deferred tax	19,274	24,960
– current year	19,285	24,882
– prior year	(11)	–
– rate change ¹	–	78
Total income tax expense	24,817	31,924

¹ The South African corporate tax rate has reduced to 27% for the years of assessment ending on or after 1 March 2023.

5. INCOME TAX continued

US\$ thousand	Assessed loss carried forward		Unredeemed capital carried forward	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Evander Mines	401	289	77,259	90,432

Deferred tax assets have been recognised on the basis that the individual Group companies will be able to generate future taxable economic benefits to utilise against current deductible temporary differences.

6. FINANCIAL INSTRUMENTS

US\$ thousand	30 June 2023	30 June 2022
Financial assets		
At amortised cost		
Cash and cash equivalents	34,771	26,993
Loans receivable	–	271
Trade and other receivables ¹	9,164	10,890
At fair value through other comprehensive income		
Investments – other	–	1,127
At fair value through profit or loss		
Environmental rehabilitation obligation fund	21,627	23,024
Derivative financial asset	451	686
Financial liabilities		
At amortised cost		
Trade and other payables ²	46,891	43,757
Borrowings	53,353	34,612
At fair value through profit or loss		
Derivative financial liability	55	–

¹ At the end of the current and previous financial years, trade receivables had an expected loss allowance of nil. Trade and other receivables exclude prepayments, tax receivable and value-added tax (VAT) receivable.

² Trade and other payables exclude VAT payable, accrual for employee benefits and leave pay liabilities.

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

continued

for the year ended 30 June 2023

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 measured at fair value are classified in the fair value hierarchy, 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
30 June 2023			
Environmental rehabilitation obligation fund ¹	–	21,627	21,627
Derivative financial asset	–	451	451
Derivative financial liability	–	(55)	(55)
30 June 2022			
Investments – other ²	1,127	–	1,127
Environmental rehabilitation obligation fund ¹	–	23,024	23,024
Derivative financial asset	–	686	686

¹ The environmental rehabilitation obligation fund is classified as Level 2 as the premiums are invested in interest-bearing short-term deposits and equity share portfolios held in an insurance investment product which is managed by independent fund managers.

² The fair value of the listed investment is treated as Level 1 as its market share price is quoted on a stock exchange.

7. BORROWINGS AND FINANCIAL COVENANTS

US\$ thousand	30 June 2023	30 June 2022
Interest-bearing borrowings		
RCF – current portion	10,628	17
RCF – non-current portion	–	26,175
Redink Rentals (RF) Limited loan facility – current portion	–	1,302
Redink Rentals (RF) Limited loan facility – non-current portion	–	7,118
DMTN bond – current portion	240	–
DMTN bond – non-current portion	42,485	–
Total interest-bearing borrowings	53,353	34,612
Available debt facilities		
RCF	42,433	33,818
General banking facility	7,435	8,600
	49,868	42,418

Financial covenants

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

Covenant ¹	Measurement at period-end	30 June 2023	30 June 2022
Net debt-to-equity ratio	Must be less than 1:1	0.07	0.04
Net debt-to-adjusted EBITDA ratio	Must be less than 2:1	0.2	0.1
Interest cover ratio	Must be greater than 4:1	18.4	34.1
Debt service cover ratio	Must be greater than 1:3	7.5	7.3

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

**NOTES TO THE SUMMARISED CONSOLIDATED
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for the year ended 30 June 2023

8. CAPITAL EXPENDITURE

US\$ thousand		Sustaining capital	Expansion capital	Total
Barberton Mines	30 June 2023	17,403	2,988	20,391
	30 June 2022	18,948	9,471	28,419
Evander Mines	30 June 2023	529	60,658	61,187
	30 June 2022	513	27,744	28,257
Elikhulu	30 June 2023	1,566	17,136	18,702
	30 June 2022	3,150	7,920	11,070
MTR project	30 June 2023	–	8,806	8,806
	30 June 2022	–	–	–
Corporate	30 June 2023	350	–	350
	30 June 2022	532	1,065	1,597
Agricultural ESG projects	30 June 2023	400	–	400
	30 June 2022	–	1,000	1,000
Solar projects	30 June 2023	–	2,251	2,251
	30 June 2022	–	8,828	8,828
Exploration assets	30 June 2023	–	872	872
	30 June 2022	–	3,639	3,639
Total	30 June 2023	20,248	92,711	112,959
	30 June 2022	23,143	59,667	82,810

9. SHARE CAPITAL

	30 June 2023	30 June 2022
Number of shares		
Issued number of ordinary shares	2,222,862,046	2,222,862,046
Reconciliation of the number of shares		
Number of ordinary shares in issue at the beginning of the year	2,222,862,046	2,234,687,537
Shares delisted (share buy-back) ¹	–	(11,825,491)
Total number of ordinary shares in issue	2,222,862,046	2,222,862,046
Treasury shares	(306,358,058)	(306,358,058)
Number of ordinary shares outstanding and fully paid	1,916,503,988	1,916,503,988

¹ The Company completed a share buy-back programme which resulted in the total issued shares of the Company decreasing by 11,825,491 shares during the previous financial year.

The movement in share capital is as follows:

US\$ thousand	30 June 2023	30 June 2022
Opening balance	38,002	38,151
Shares delisted (share buy-back)	–	(149)
Share capital	38,002	38,002

Repurchase of shares

As announced on SENS on 12 May 2022, the Company completed its share buy-back programme (the programme) during the previous 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 London Stock Exchange 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 Johannesburg Stock Exchange 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.

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

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10. CONTRACT LIABILITY

The Group entered into a forward sale contract on 13 March 2023 with RMB whereby 4,846oz of gold will be delivered monthly to RMB at a fixed price of ZAR1,025,000/kg (US\$1,723/oz) per month for a period of 24 months. The Group received consideration of US\$21.6 million (ZAR400 million) in advance which has been recognised as a contract liability. Revenue is recognised monthly on a straight-line basis. Significant judgement has been applied in accounting for the transaction as IFRS 15: *Revenue from Contracts with Customers* as opposed to IFRS 9: *Financial Instruments* given the valuation methodology applied in pricing the transaction. Promised consideration has been adjusted for the time value of money as the period between payment by RMB and transfer of the promised goods by the Group exceeds 12 months and, as such, contains a significant financing component. The financing component has been presented as part of finance costs.

US\$ thousand	30 June 2023	30 June 2022
Balance as at 1 July	–	–
Advance consideration received	21,600	–
Unwinding of finance costs	629	–
Recognised as revenue	(4,381)	–
Foreign currency translation movement	(146)	–
Balance as at 30 June	17,702	–
Contract liability – current	10,621	–
Contract liability – non-current	7,081	–

11. ACQUISITIONS AND DISPOSALS

As announced on SENS on 6 October 2022, the Company closed the transaction whereby Mogale Tailings Retreatment Proprietary Limited (MTR), a wholly owned subsidiary of the Company, acquired the total share capital and claims of Mogale Gold and MSC, (collectively, the sale transaction). Both Mogale Gold and MSC were previously 100% owned by Mintails Mining SA Proprietary Limited (Mintails SA), which was placed in provisional liquidation during 2018. The sale transaction's aggregate cash consideration of ZAR50.0 million (approximately US\$2.9 million at an exchange rate of US\$/ZAR:17.01) was settled on closing. The details of the sale transaction, Mineral Resources potential and strategic rationale for the acquisition were outlined in the Company's announcement of 6 November 2020. The Company completed a definitive feasibility study on the Mogale Gold TSFs and announced the results of this study on 30 June 2022 (the study). The study demonstrated compelling economics and the potential to significantly increase the Group's gold production (an increase in excess of 25% compared to current Group annual production) over an initial life-of-mine of 13 years. Remining of the MSC TSFs has the potential to add further production upside and extend the life-of-mine to 21 years.

Following the completion of the definitive feasibility study, the Company commenced detailed engineering optimisation studies and the impact assessments required for the environmental authorisation process, stakeholder engagements and permitting. Construction is currently underway.

The purchase price was allocated to the assets acquired and liabilities assumed based on their relative fair values at the date of acquisition. Since the transaction did not constitute the acquisition of a business, no goodwill has been recognised.

11. ACQUISITIONS AND DISPOSALS continued

Purchase price allocation

US\$ thousand	Mogale Gold	MSC
Property, plant and equipment	18	–
Long-term inventory (TSFs)	5,387	1,127
Trade and other receivables		
– VAT receivable	23	3
Environmental rehabilitation obligation fund	18	–
Environmental rehabilitation obligation	(1,995)	(396)
Trade and other payables		
– Trade payables	(1,235)	–
– Other payables	(11)	–
Net assets acquired	2,205	734
Cash consideration	2,205	734

There were no disposals during the current or previous financial year.

12. COMMITMENTS, CONTINGENT LIABILITIES AND GUARANTEES

US\$ thousand	30 June 2023	30 June 2022
Outstanding open orders	34,402	27,370
Approved commitments, not yet contracted for	155,600	82,117
IFRS 16 lease commitments – due within the next 12 months	634	553
Guarantees – Eskom Holdings SOC Limited	1,234	1,428
Instalment sale commitment – due within the next 12 months	–	–
Guarantees – Department of Mineral Resources and Energy	34,687	23,893

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

13. RELATED PARTY TRANSACTIONS

The related party transactions are summarised as follows:

- Intra-Group interest and management fees – refer to segment analysis note 3
- Intra-Group loans have no specific repayment terms, are repayable on demand and bear interest in relation to the treasury function provided by Funding Company
- Intra-Group PAR Gold reciprocal dividend – refer to the summarised consolidated statement of changes in equity
- Intra-Group electricity charge between Evander Solar Solutions and Evander Mines for the electricity produced by the solar plant and utilised by Eilikhulu – refer to segment analysis note 3.

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

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

continued

for the year ended 30 June 2023

13. RELATED PARTY TRANSACTIONS

continued

Restructure of Group long-term employee incentive schemes

Certain of the Group's long-term incentive schemes were restructured during the 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 receivable 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.

14. LITIGATION AND CLAIMS

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

15. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the current reporting period, the Group entered into a ZAR1.3 billion (US\$70.3 million) senior debt facility, designated for the funding of the Group's MTR project, and a refinance of the existing RCF of ZAR1 billion (US\$54.1 million) with a new repayment date of 30 June 2026. The senior debt facility and RCF were underwritten by RMB, with Nedbank Limited (acting through its Nedbank Corporate and Investment Banking division) as co-financier.

The new RCF has a three-year term and provides the Group with access to flexible and cost-effective working capital. The senior debt facility has a six-year term, with quarterly repayments commencing two years after the financial close date. The financial close date for this agreement for both facilities became effective on 31 July 2023.

16. RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED BY OPERATIONS

US\$ thousand	30 June 2023	Restated 30 June 2022
Profit before tax	85,554	106,876
Adjusted for:	24,317	33,265
Impairment loss on plant and equipment	–	467
Cash-settled share-based payment expense	894	5,617
Finance income	(1,139)	(1,095)
Finance costs	9,692	5,326
Royalty costs	963	2,096
Fair value loss/(gain) on financial instruments	209	(565)
Change in estimate of the environmental rehabilitation obligation	(888)	(4,712)
Contract liability recognised as revenue	(4,381)	–
Fair value gain on environmental rehabilitation obligation fund	(1,936)	(563)
Depreciation and amortisation	20,903	26,694
Operating cash flows before working capital changes	109,871	140,141
Working capital	6,732	6,930
(Increase)/decrease in inventory	(938)	94
(Increase)/decrease in trade and other receivables	(235)	4,412
Increase in trade and other payables	7,905	2,424
Settlement of cash-settled share-based payment obligations	(5,262)	(15,456)
Contract liability – advance consideration received	21,600	–
Loan repayments in terms of Group share schemes	–	11,264
Net cash from operating activities before dividend, tax, royalties and finance costs	132,941	142,879

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 financial statements, prepared in accordance with IFRS. Certain financial measures cannot be directly derived from the financial statements as they contain additional information such as financial information from earlier periods or profit estimates or projections. The accounting policies applied when calculating APMs are, where relevant and unless otherwise stated, the same as those disclosed in the Group's consolidated annual financial statements for the year ended 30 June 2023.
- **Non-financial APMs:** These measures incorporate certain non-financial information that management believes is useful when assessing the Group's performance.
- **Ratios:** Ratios calculated using any of the APMs referred to above, IFRS measures, or a combination of APMs and IFRS measures.

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

Financial APMs

Group APM	Equivalent IFRS measure	Adjustments to reconcile to primary statements	Rationale for adjustment
Performance			
All-in sustaining cost (AISC)	Cost of production	Other related costs as defined by the World Gold Council, including royalty costs, sustaining and development capital (excluding non-gold operations)	The objective of AISC and all-in-cost (AIC) 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 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"> • Tax • Depreciation and amortisation • Net finance costs • Impairment loss/impairment loss reversal 	Excludes the impact of non-recurring items or certain accounting adjustments that can mask underlying changes in performance

ALTERNATIVE PERFORMANCE MEASURES continued

Financial APMs continued

Performance <small>continued</small>			
Headline earnings	Profit after tax	<ul style="list-style-type: none"> • Profit on disposal of property, plant and equipment • Tax on profit on disposal of property, plant and equipment and mineral rights • Impairment/impairment reversal • Tax on impairment/impairment reversal • Compensation received from insurers • Tax on insurance compensation 	Indicates the extent of the Group's normalised earnings to shareholders based on SAICA's Circular 2023/1
Statement of financial position			
Net debt	Borrowings from financial institutions less cash and related hedges	<ul style="list-style-type: none"> • IFRS 9 accounting adjustments • IFRS 16 lease liabilities • Restricted cash • Instalment sale obligations 	Excludes the impact of accounting adjustments from the net debt obligations of the Group
Net senior debt	Borrowings from financial institutions less cash	<ul style="list-style-type: none"> • IFRS 9 accounting adjustments • IFRS 16 lease liabilities • Restricted cash • Instalment sale obligations 	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. AIC starts with AISC and adds additional costs which relate to the growth of the Group, including non-sustaining capital expenditure not associated with current operations and costs such as voluntary severance pay.

AISC and AIC are reported on the basis of a rand per kilogramme of gold and US\$ per ounce of gold. The US\$ equivalent is converted at the average exchange rate applicable for the current financial year as disclosed in the Group's operational production table on **pages 54 to 57**. A kilogramme of gold is converted to an 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 AIC for the financial years ended 30 June 2023 and 30 June 2022. The equivalent of a rand per kilogramme and US\$ per ounce basis is disclosed in the Group's operational production table on pages 54 to 57.

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
Year ended 30 June 2023										
Cost of production ¹	1,647.2	639.4	2,286.6	247.9	201.8	819.1	1,268.8	1,895.1	1,660.3	3,555.4
Royalties	10.6	5.3	15.9	0.1	–	1.2	1.3	10.7	6.5	17.2
Community cost related to gold operations	21.1	4.2	25.3	–	–	–	–	21.1	4.2	25.3
By-products credits	(1.8)	(6.7)	(8.5)	–	–	–	–	(1.8)	(6.7)	(8.5)
Corporate, general and administrative costs	101.8	46.5	148.3	–	–	57.6	57.6	101.8	104.1	205.9
Reclamation and remediation – accretion and amortisation (operating sites)	(6.0)	(4.3)	(10.3)	–	–	–	–	(6.0)	(4.3)	(10.3)
Sustaining capital – development	128.9	–	128.9	–	–	–	–	128.9	–	128.9
Sustaining capital – maintenance	175.2	–	175.2	5.2	9.4	27.9	42.5	180.4	37.3	217.7
AISC¹	2,076.9	684.4	2,761.3	253.1	211.2	905.9	1,370.2	2,330.0	1,801.5	4,131.5
Expansion capital – capital expenditure	46.7	1,077.8	1,124.5	6.4	–	304.5	310.9	53.1	1,382.3	1,435.4
AIC¹	2,123.6	1,762.2	3,885.8	259.5	211.2	1,210.4	1,681.1	2,383.1	3,183.8	5,566.9
Year ended 30 June 2022										
Cost of production ¹	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
AISC¹	1,895.9	827.0	2,722.9	265.2	234.1	797.5	1,296.8	2,161.1	1,858.6	4,019.7
Expansion capital – capital expenditure	144.1	410.4	554.5	–	11.9	120.5	132.4	144.1	542.8	686.9
AIC¹	2,040.0	1,237.4	3,277.4	265.2	246.0	918.0	1,429.2	2,305.2	2,401.4	4,706.6

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

ALTERNATIVE PERFORMANCE MEASURES continued

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 2023	30 June 2022
Cash and cash equivalents	(34.8)	(27.0)
Borrowings	53.4	34.6
Derivative financial asset	(0.4)	(0.7)
Lease liability	3.5	4.4
Restricted cash	0.2	0.3
Refinancing modification adjustment	–	0.7
Facility arrangement fee	0.1	0.7
Net debt	22.0	13.0

Adjusted EBITDA

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

Adjusted EBITDA by operation ZAR million	Mining operations		
	Barberton Mines	Evander Mines	Total
Net income before finance income and finance costs	447.4	503.0	950.4
Depreciation and amortisation	110.0	127.5	237.5
EBITDA	557.4	630.5	1,187.9
Adjusted EBITDA – 2023	557.4	630.5	1,187.9
Net income before finance income and finance costs	636.1	545.5	1,181.6
Depreciation and amortisation	101.5	59.4	160.9
EBITDA	737.6	604.9	1,342.5
Impairment loss	–	–	–
Adjusted EBITDA – 2022	737.6	604.9	1,342.5

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 2023	30 June 2022
Cash and cash equivalents	(34.8)	(27.0)
Borrowings	53.4	34.6
Restricted cash	0.2	0.3
Refinancing modification adjustment	–	0.7
Facility arrangement fee	0.1	0.7
Net senior debt	18.9	9.3

	Tailings operations				Total operations		
	BTRP	Evander Mines' surface sources	Elikhulu	Total	Barberton Mines total	Evander Mines total	Group total
	263.3	11.3	669.9	944.5	710.7	1,184.2	1,894.9
	46.5	–	66.3	112.8	156.5	193.8	350.3
	309.8	11.3	736.2	1,057.3	867.2	1,378.0	2,245.2
	309.8	11.3	736.2	1,057.3	867.2	1,378.0	2,245.2
	160.1	30.6	700.8	891.5	796.2	1,276.9	2,073.1
	57.7	–	183.0	240.7	159.2	242.4	401.6
	217.8	30.6	883.8	1,132.2	955.4	1,519.3	2,474.7
			7.1	7.1	–	7.1	7.1
	217.8	30.6	890.9	1,139.3	955.4	1,526.4	2,481.8

ALTERNATIVE PERFORMANCE MEASURES continued

Net adjusted EBITDA

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

Headline earnings

Headline earnings, a JSE-defined performance measure (as defined by Circular 2023/1 issued by SAICA), are reconciled to profit after tax below.

US\$ thousand	30 June 2023	30 June 2022
Profit attributable to owners of the Company	61,139	75,137
Impairment loss on plant and equipment ¹	–	467
Insurance compensation ¹	(675)	–
Headline earnings	60,464	75,604
Headline earnings per share (US cents)	3.15	3.93

¹ 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 2023	30 June 2022
Net debt ¹	21,955	12,991
Total equity	294,596	294,609
Net debt-to-equity ratio	0.07	0.04
Finance cost paid		
RCF	2,181	1,802
DMTN bonds	2,383	–
Term loan facility	–	751
Redink Rentals (RF) Limited loan	688	671
General banking facility	1,001	818
Finance cost – interest-bearing facilities	6,253	4,042
Adjusted EBITDA ²	115,010	138,268
Fair value gain on derivatives	(26)	(547)
Net adjusted EBITDA³	114,984	137,721
Interest cover ratio	18.4	34.1
Net debt	21,955	12,991
Net adjusted EBITDA ³	114,984	137,721
Net debt-to-net adjusted EBITDA	0.2	0.1
Net adjusted EBITDA	114,984	137,721
Net working capital change	6,732	6,930
Add: non-cash flow items	5,349	2,440
Total capital expenditure less capital funded through permitted indebtedness	(64,327)	(82,810)
Less: income, royalties and securities transfer taxes paid	(7,722)	(8,520)
Free cash flow	55,016	55,761
Finance cost on interest-bearing facilities	6,253	4,042
Obligatory debt capital repayments	1,125	3,611
Debt service obligation	7,378	7,653
Debt service cover ratio	7.5	7.3

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

² Adjusted EBITDA represents earnings before interest, tax, depreciation and amortisation and impairment losses.

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

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 2023	30 June 2022
Total equity	US\$ million	294.6	294.6
Shares in issue	Number million	2,222.9	2,222.9
Treasury shares	Number million	(306.4)	(306.4)
Net asset value per share	US cents	15.37	15.37

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 2023	30 June 2022
Average US\$ gold price received	US\$	1,836	1,824
AISC	US\$/oz	1,327	1,284
AISC margin	%	27.7	29.6

Attributable cash flow per share

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

	Unit	30 June 2023	30 June 2022
Net cash from operating activities	US\$ thousand	100,123	110,006
Less: capital expenditure less capital expenditure funded through permitted indebtedness	US\$ thousand	(64,327)	(82,810)
Less: obligatory debt capital repayments	US\$ thousand	(7,722)	(3,611)
Attributable cash flow		55,016	23,585
Shares in issue	Number thousand	2,222,862	2,222,862
Treasury shares	Number thousand	(306,358)	(306,358)
Total		1,916,504	1,916,504
Attributable cash flow per share	US cents per share	1.46	1.23

ALTERNATIVE PERFORMANCE MEASURES continued

Cash flow yield per share

	Unit	30 June 2023	30 June 2022
Attributable cash flow per share	US cents per share	1.46	1.23
Price per Pan African share	US cents per share	16.09	24.20
Cash flow yield per share	%	9.1	5.09

Return on capital employed

This ratio measures the profitability of the capital employed by the Group in its operations. It demonstrates how effectively profits are generated on both debt and equity capital and is calculated by dividing earnings before finance costs and tax by the sum of the average equity for the current and previous financial years and the average debt provided by financial institutions for this same period.

	Unit	30 June 2023	30 June 2022
Net income before finance income and finance costs	US\$ million	94.1	111.1
Average equity	US\$ million	294.6	289.1
Average debt from financial institutions	US\$ million	44.0	51.6
Return on capital employed	%	27.8	32.6

Dividend yield at the last traded share price

	Unit	30 June 2023	30 June 2022
Dividend	ZA cents	18.0	18.0
Last traded price	ZA cents	303.0	394.0
Dividend yield	%	5.9	4.6

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

GROUP PRODUCTION SUMMARY continued

	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
Gold sold – total	2023	oz	64,586	32,807	97,393	19,875	6,919	50,573	77,367	84,461	90,299	174,760
	2022	oz	75,738	48,850	124,588	19,560	9,320	52,220	81,100	95,298	110,390	205,688
Average ZAR gold price received	2023	ZAR/kg	1,053,892	1,050,071	1,052,605	1,017,667	1,002,305	1,060,148	1,044,062	1,045,368	1,052,055	1,048,823
	2022	ZAR/kg	895,953	889,168	893,293	896,149	894,844	888,552	891,107	895,993	889,356	892,431
Average US\$ gold price received	2023	US\$/oz	1,845	1,838	1,842	1,781	1,754	1,856	1,827	1,830	1,841	1,836
	2022	US\$/oz	1,831	1,817	1,826	1,831	1,829	1,816	1,821	1,831	1,817	1,824
ZAR cash cost	2023	ZAR/kg	819,967	618,170	751,377	400,967	937,904	520,754	527,287	721,370	588,258	652,426
	2022	ZAR/kg	634,869	505,720	584,231	421,958	780,634	427,388	466,672	591,170	491,874	537,879
ZAR all-in sustaining costs	2023	ZAR/kg	1,033,898	661,655	907,375	409,427	981,523	575,903	569,410	886,951	638,254	758,141
	2022	ZAR/kg	804,795	544,262	702,642	435,879	807,566	490,982	514,073	729,076	541,287	628,292
ZAR all-in cost	2023	ZAR/kg	1,057,128	1,703,600	1,276,861	419,776	981,523	769,503	698,621	907,150	1,127,984	1,021,529
	2022	ZAR/kg	865,984	814,367	845,745	435,879	848,501	565,201	566,567	777,706	699,380	735,670
US\$ cash cost	2023	US\$/oz	1,263	1,082	1,315	702	1,642	911	923	1,263	1,030	1,142
	2022	US\$/oz	1,297	1,033	1,194	862	1,595	873	954	1,208	1,005	1,099
US\$ all-in sustaining cost	2023	US\$/oz	1,810	1,158	1,588	717	1,718	1,008	997	1,552	1,117	1,327
	2022	US\$/oz	1,645	1,112	1,436	891	1,650	1,003	1,051	1,490	1,106	1,284
US\$ all-in cost	2023	US\$/oz	735	2,982	2,235	735	1,718	1,347	1,223	1,588	1,974	1,788
	2022	US\$/oz	1,770	1,664	1,728	891	1,734	1,155	1,158	1,589	1,429	1,503
ZAR cash cost per tonne	2023	ZAR/t	4,808	4,020	4,558	269	812	60	86	1,499	119	233
Adjusted EBITDA	2022	ZAR/t	4,644	5,953	5,019	283	866	51	79	1,424	120	224
Capital expenditure	2023	ZAR million	350.8	1,077.9	1,428.7	11.6	9.4	332.5	353.5	362.4	1,419.8	1,782.2
	2022	ZAR million	424.9	410.5	835.4	7.7	19.7	168.5	195.9	432.6	598.7	1,031.3
Revenue	2023	ZAR million	2,117.1	1,071.5	3,188.6	629.1	215.7	1,667.6	2,512.4	2,746.2	2,954.8	5,701.0
	2022	ZAR million	2,110.6	1,351.0	3,461.6	545.2	259.4	1,443.2	2,247.8	2,655.8	3,053.6	5,709.4
Cost of production	2023	ZAR million	1,647.2	639.4	2,286.6	247.9	201.8	819.1	1,268.8	1,895.1	1,660.3	3,555.4
	2022	ZAR million	1,495.6	768.4	2,264.0	256.7	226.3	694.2	1,177.2	1,752.3	1,688.9	3,441.2
All-in sustainable cost of production	2023	ZAR million	2,076.9	684.4	2,761.3	253.1	211.2	905.9	1,370.2	2,330.0	1,801.5	4,131.5
	2022	ZAR million	1,895.9	827.0	2,722.9	265.2	234.1	797.5	1,296.8	2,161.1	1,858.6	4,019.7
All-in cost of production	2023	ZAR million	2,123.6	1,762.2	3,885.8	259.5	211.2	1,210.4	1,681.1	2,383.1	3,183.8	5,566.9
	2022	ZAR million	2,040.0	1,237.4	3,277.4	265.2	246.0	918.0	1,429.2	2,305.2	2,401.4	4,706.6
Adjusted EBITDA	2023	ZAR million	557.4	630.5	1,187.9	309.8	11.3	736.2	1,057.3	867.2	1,378.0	2,245.2
	2022	ZAR million	737.6	604.9	1,342.5	217.8	30.6	890.9	1,139.3	955.4	1,526.4	2,481.8
Average exchange rate	2023	US\$/ZAR	17.77	17.77	17.77	17.77	17.77	17.77	17.77	17.77	17.77	17.77
	2022	US\$/ZAR	15.22	15.22	15.22	15.22	15.22	15.22	15.22	15.22	15.22	15.22
Employees	2023	Number	2,097	95	2,192	73	13	139	225	2,170	247	2,417
	2022	Number	1,817	39	1,910	72	17	147	236	1,889	257	2,146
Contractors	2023	Number	1,394	2,382	3,776	32	4	296	332	1,426	2,682	4,108
	2022	Number	1,229	1,432	2,661	61	-	198	259	1,290	1,630	2,920

DEFINITIONS OF TERMS AND ABBREVIATIONS USED IN THIS REPORT

79	The atomic number of gold
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
AIC	All-in costs
AIM	Alternative Investment Market, the LSE's international market for smaller growing companies
AISC	All-in sustaining costs
APMs	Alternative performance measures
Au	Gold
Barberton Mines	Barberton Mines Proprietary Limited
BNY Mellon	Bank of New York Mellon
the board	The board of directors of Pan African
BTRP	Barberton Tailings Retreatment Plant, a gold recovery tailings plant owned by Barberton Mines, which reached steady-state production in June 2013
CFD	Contract for differences
CGU	Cash-generating unit
Companies Act 2006	An act of the Parliament of the UK which forms the primary source of UK company law
Current financial year	The financial year ended 30 June 2023
Current reporting period	12 months ended 30 June 2023
DMTN	Domestic Medium-term Note
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
EU	European Union
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
ha	Hectare
HEPS	Headline earnings per share
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
JSE	JSE Limited incorporating the Johannesburg Securities Exchange, the main bourse in South Africa
kg	Kilogramme
km	Kilometre
km ²	Square kilometre
KPI	Key performance indicator
LSE	London Stock Exchange
LTIFR	Lost-time injury frequency rate
m	Metre
Mintails SA	Mintails Mining SA Proprietary Limited

ML	Megalitre
Mogale Gold	Mogale Gold Proprietary Limited
Moz	Million ounces
MRC	Main Reef Complex
MSC	Mintails SA Soweto Cluster Proprietary Limited
Mt	Megatonne
MTR	Mogale Tailings Retreatment Proprietary Limited
MTR project or plant	The Mogale Tailings Retreatment project is located in the Mogale district. A plant is being constructed to process gold tailings deposited onto the Mogale Gold and MSC TSFs
MW	Megawatt
MWh	Megawatt-hour
n	Neutron
OTC	Over-the-counter
OTCQX	OTCQX Best Market in the US
oz	Ounce
p	Proton
Pan African Resources PLC	Holding company – Pan African
PAR Gold	PAR Gold Proprietary Limited
PwC	PricewaterhouseCoopers LLP
RCF	Revolving credit facility
RIFR	Reportable injury frequency rate
RMB	Rand Merchant Bank, a division of FirstRand Bank Limited
SA	South Africa
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
SENS	Stock Exchange News Service
t	Tonnes
the Group or the Company or Pan African	Pan African Resources PLC, listed on the LSE's AIM and on the JSE in the Gold Mining sector
TRIFR	Total recordable injury frequency rate
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

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Participation details for the 2023 financial year results presentation are as follows:

DATE

13 September 2023

TIME

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

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

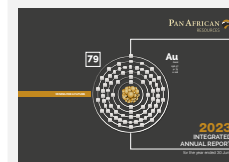
Webcast link  <https://www.corpcam.com/PAR13092023>

Dialling-in link  <https://services.choruscall.za.com/DiamondPassRegistration/register?confirmationNumber=7364641&linkSecurityString=125b942412>

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

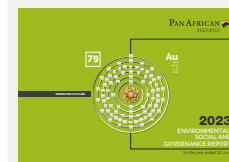
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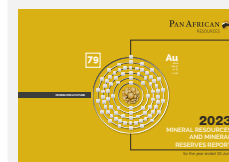
Our **integrated annual report** includes our annual financial statements and is available on our website at:

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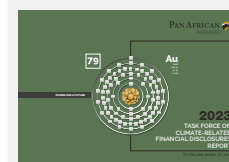
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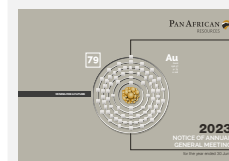
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 <https://www.panafricanresources.com/operations-at-a-glance-2/mineral-resource-mineral-reserve-2/>



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



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

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