

MINING FOR A FUTURE

PAN AFRICAN
RESOURCES



UNAUDITED INTERIM FINANCIAL RESULTS

for the six months ended 31 December 2022

HIGHLIGHTS

Pan African Resources PLC (Pan African or the Company or the Group)
Pan African Resources Funding Company Proprietary Limited (PAR Funding Company)

Key features are reported in US dollar (US\$) or South African rand (ZAR) where relevant.

Gold production of

92,307oz

(2021: 108,085oz)

with increased production forecast for the second half of the 2023 financial year as Barberton Mines' continuous operating cycle and other optimisation initiatives are implemented

Full-year production guidance maintained between

195,000oz and 205,000oz

Refocused health and safety

initiatives to address the regression in underground mining safety rates

All-in sustaining costs (AISC[Ⓐ]) for the six months ended 31 December 2022 (current reporting period) of

US\$1,291/oz

(2021: US\$1,173/oz)

Group operations (excluding Consort and Sheba Mines), which account for more than 85% of gold output, produced at an AISC of

US\$1,139/oz

(2021: US\$1,052/oz)

Profit after tax of

US\$28.9 million

(2021: US\$46.1 million)

and headline earnings[Ⓐ] of

US\$29.1 million

(2021: US\$46.1 million)

Earnings per share (EPS) and headline earnings per share (HEPS[Ⓐ]) decreased to

↓ US 1.52 cents per share

(2021: US 2.39 cents per share)

Inaugural sustainability-linked bond issued for

US\$47.3 million

during December 2022 to fund growth projects

Cash returned to shareholders with a net dividend of

US\$20.0 million

(2021: US\$21.6 million)

Mintails project construction

is planned to commence by June 2023 subject to finalisation of the funding package and permitting

Site clearance completed

for Barberton Mines' 8.5MWac solar photovoltaic (PV) renewable energy plant, with construction scheduled to commence by June 2023

SUMMARY OF SALIENT FEATURES

Salient features	Unit	Six months ended 31 December 2022	Six months ended 31 December 2021	Movement %
Gold produced ¹	oz	92,307	108,085	(14.6)
Gold sold	oz	90,439	107,142	(15.6)
Revenue	US\$ million	156.5	193.6	(19.2)
Average gold price received	US\$/oz	1,725	1,804	(4.4)
	ZAR/kg	960,947	872,175	10.2
Cash costs [Ⓐ]	US\$/oz	1,106	1,011	9.4
	ZAR/kg	616,134	489,084	26.0
AISC ^{Ⓐ 2} and detailed commentary	US\$/oz	1,291	1,173	10.1
	ZAR/kg	719,322	567,023	26.9
All-in costs ^{Ⓐ 2}	US\$/oz	1,703	1,320	29.0
	ZAR/kg	948,832	638,235	48.7
Adjusted EBITDA ^{Ⓐ 3}	US\$ million	53.3	76.3	(30.1)
Attributable earnings – owners of the Company	US\$ million	29.1	46.1	(36.9)
Headline earnings [Ⓐ]	US\$ million	29.1	46.1	(36.9)
EPS	US cents	1.52	2.39	(36.4)
HEPS [Ⓐ]	US cents	1.52	2.39	(36.4)
Net debt [Ⓐ]	US\$ million	53.7	28.2	(90.4)
Total sustaining capital expenditure	US\$ million	9.9	8.7	13.8
Total capital expenditure	US\$ million	48.7	33.5	45.4
Net asset value per share [Ⓐ]	US cents	15.22	14.25	6.8
Weighted average number of shares in issue	million	1,916.5	1,928.3	(0.6)
Average exchange rate	US\$/ZAR	17.33	15.04	15.2
Closing exchange rate	US\$/ZAR	17.01	16.00	6.3

¹ Gold produced in the current reporting period includes 1,418oz (2021: 943oz) produced but not sold at period-end and 450oz (2021: nil) gold equivalent platinum group metals ounces produced by Evander Mines' osmiridium circuit.

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

³ Adjusted EBITDA comprises earnings before interest, tax, depreciation and amortisation and impairment.

The following tools will assist you throughout the report:



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



Alternative performance measures (APMs)

This announcement contains inside information.

CHIEF EXECUTIVE OFFICER'S STATEMENT

OPERATIONAL KEY FEATURES

- All operations, other than Barberton Mines' underground operations, performed in line with expectations during the current reporting period
- A renewed focus on health and safety initiatives to address the regression in underground mining safety rates
- Agreements have been reached with representative unions at Barberton Mines' underground operations. We expect to increase productivity and reduce unit costs through reconfigured continuous operating shift cycles, which will increase mining face time. Unit costs to be reduced through implementation of a contract mining model for Consort Mine
- The Leslie/Bracken pump station and the 6km pipeline have been commissioned and are fully operational at the Elikhulu Tailings Retreatment Plant (Elikhulu)
- Phase 1 of Evander Mines' 24 Level underground refrigeration plant has been installed with development progressing to 25 and 26 Levels.

FINANCIAL KEY FEATURES

- Profit after tax of US\$28.9 million (2021: US\$46.1 million) and headline earnings[☞] of US\$29.1 million (2021: US\$46.1 million)
- EPS and HEPS[☞] declined to US 1.52 cents per share (2021: US 2.39 cents per share)
- Operating cash flows before working capital changes declined by 31.9% to US\$53.4 million (2021: US\$78.4 million) as a result of the current reporting period's reduced gold production
- Inaugural sustainability-linked bond of US\$47.3 million issued to fund Pan African's pipeline of growth projects, principally the Mintails project
- Payment of a net dividend of US\$20.0 million (2021: US\$21.6 million) in December 2022
- Increase in net senior debt by 108.8% to US\$49.9 million (2021: US\$23.9 million) primarily as a result of capital expenditure of US\$38.7 million (2021: US\$24.8 million) incurred relating to Pan African's growth projects.

COST PERFORMANCE

- AISC[☞] for the current reporting period of US\$1,291/oz (2021: US\$1,173/oz), an increase of 10.1% when compared to the six months ended 31 December 2021 (previous reporting period)

- Group operations (excluding Consort Mine and Sheba Mine), which account for more than 85% of gold output, produced at an AISC of US\$1,139/oz (2021: US\$1,052/oz) for the current reporting period
- Operational initiatives to increase the Group's gold production, together with the development of the Mintails and renewable energy projects, are expected to contribute to a decline in the Group's future real AISC.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

- An average monthly cost saving of US\$145,000 has been achieved by Evander Mines' solar PV renewable energy plant. Site clearance has been completed for Barberton Mines' 8.5MWac solar PV renewable energy plant, with construction scheduled to commence by June 2023
- Scheduling of additional renewable energy initiatives is underway.

OUTLOOK AND GROWTH

- The Group is maintaining its full-year production guidance of 195,000oz to 205,000oz, a level similar to that achieved in 2022. This forecast is underpinned by:
 - **Barberton Mines**
 - Availability of multiple mining platforms at the Main Reef Complex (MRC) and Rossiter orebodies at Fairview Mine
 - Negotiations have been concluded to commence continuous operations at Fairview and Sheba Mines, with the inception of the new shift cycles during February 2023
 - **Elikhulu**
 - The new Leslie/Bracken remining pump station and related infrastructure has been completed, with the operation positioned to maintain consistent throughput and gold production
 - **Evander Mines underground**
 - Commissioning of phase 1 of Evander Mines' 8 Shaft refrigeration plant at 24 Level is complete
 - Steady-state mining rates at the 8 Shaft pillar operation, with mining activities on 24 Level ramping up

- Pan African is also well positioned for growth:
 - Development of Evander Mines' 24, 25 and 26 Level project is on schedule, with equipping of the existing vent shaft from 17 to 24 Levels to enable hoisting currently underway
 - The Group is currently implementing a phased development approach for the Egoli project. Dewatering at the 3 Decline commenced in June 2022 and it is anticipated that the decline will be dewatered to just below 19 Level by the fourth quarter of the 2023 financial year. Egoli has a life-of-mine (LoM) currently estimated at nine years (based on the Measured and Indicated Mineral Resources only)
 - The Royal Sheba project development plan is nearing completion following successful bulk sampling results
 - The Mintails acquisition is completed – project construction is expected to commence by June 2023 subject to finalisation of the funding package and permitting.

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

Overview

"Reduced gold production over the past six months can primarily be attributed to the performance of Barberton Mines' underground operations. We believe that the tangible measures being implemented at these operations, as detailed in this announcement, will result in a significant improvement in production during the second half of the financial year and in the years ahead. The balance of our portfolio delivered in line with expectations, despite disruptions to our electricity supply and inclement weather conditions adversely impacting operations.

At our Evander Mines operation alone, electricity issues adversely impacted production by approximately 5%, reinforcing our strategic objective to expand our renewable energy portfolio in the years ahead. Given the increased production performance expected in the second half of the 2023 financial year, we will maintain production guidance of 195,000oz to 205,000oz for the full year subject to consistency in Eskom's electricity supply.

Pan African is committed in its resolve to continued value creation for its stakeholders by positioning the Group as a sustainable, safe, high-margin and long-life gold producer with an attractive pipeline of growth projects.

Health and safety

Regrettably, the Group has seen a regression in its safety performance during the current reporting period at its underground operations, following the excellent safety records achieved in prior years. The Group has implemented a number of programmes to address the identified safety performance shortcomings at these underground operations.

Operational overview

Group production for the current reporting period decreased by 14.6% to 92,307oz (2021: 108,085oz) following the record gold production achieved in the previous reporting period.

The decrease in production, mainly attributable to Barberton Mines' underground operations, will be addressed by reconfiguring Fairview and Sheba Mines' shift cycles to continuous (24-hour) operations and converting Consort Mine to a contract mining model. These restructuring plans, together with other initiatives to increase mining flexibility, will ensure the sustainability of these operations in the future.

The Barberton Tailings Retreatment Plant (BTRP) produced 10,012oz (2021: 9,126oz) for the current reporting period at an AISC of US\$725/oz (2021: US\$814/oz). Gold production from Elikhulu, also one of the lowest-cost gold mining operations in Southern Africa, remained steady at 25,830oz (2021: 25,900oz) at an AISC of US\$947/oz (2021: US\$937/oz), despite electricity supply disruptions and inclement weather conditions during the November and December rainy season. Gold production from Elikhulu is expected to increase marginally in the second half of the 2023 financial year, as material from the Leslie/Bracken tailings storage facility (TSF) is re-treated, following the installation of the 6km pipeline and successful commissioning of its pump station in September 2022.

Evander Mines' underground production decreased by 29.8% to 19,173oz (2021: 27,312oz), despite an increase in processed tonnes by 6.0% to 73,946t (2021: 69,790t), due to the normalisation of mining face grades, in line with planned grades and limited mining rates in accordance with geotechnical parameters for the shaft pillar's safe extraction.

Financial performance

The Group's AISC increased by 10.1% to US\$1,291/oz (2021: US\$1,173/oz). Importantly, operations which account for over 85% of the Group's total production achieved an AISC of US\$1,139/oz, resulting in an AISC margin⁴ of 34.0% on the average gold price of US\$1,725/oz earned by the Group during the current reporting period from these operations. Post the current reporting period, spot gold prices have continued to increase. If this increase is maintained, it should further benefit operational margins in the second half of the financial year.

Despite the current reporting period's decline in production, relative to the record production of the previous reporting period, the Group generated profit after tax of US\$28.9 million (2021: US\$46.1 million), which is identical to the US\$28.9 million profit generated during the second half of the 2022 financial year.

The Group has embarked on a number of restructuring initiatives to reduce its production cost in real terms, which combined with the electricity cost savings from large-scale solar PV renewable energy projects and anticipated increased production during the remainder of the 2023 financial year, is expected to contribute to reducing unit production costs in the future. Savings at Evander Mines' solar PV renewable energy plant currently average approximately US\$145,000 a month following its full commissioning in May 2022. We have now convincingly demonstrated the business case for renewable energy in the South African mining industry, and will maintain our strategic objective to expand this footprint significantly in the coming years.

Growth projects overview

We are encouraged by the progress made in relation to the Group's growth projects. The development of the 24, 25 and 26 Level project at Evander Mines is on track, with equipping of the existing ventilation shaft from 17 to 24 Levels underway. Hoisting of ore via this vertical shaft will significantly streamline ore handling and reduce dependency on the current conveyor belt system.

Following the positive definitive feasibility study results for the re-mining of Mogale Gold Proprietary Limited's (Mogale Gold's) TSFs, the Group is in the process of completing optimisation and value engineering activities in preparation for the construction of the tailings retreatment plant (the Mintails project), which is expected to commence by June 2023, subject to permitting and finalisation of funding (expected in April 2023) for the

project's construction. Concept engineering works for the Soweto Cluster's TSFs are also underway. This operation is expected to increase current Group gold production by up to 25%, or 50,000oz per year, post commissioning.

Processing of the 10,000t bulk sample from the Royal Sheba project at the Sheba and Consort metallurgical plants was completed, with recovered grades of 1.22g/t, in excess of the planned grade of 0.5g/t, and with recoveries in line with expectations. Preliminary mine design work has been completed with further optimisation work currently in progress. The Royal Sheba orebody has a Mineral Resource of 17.2Mt, with initial mining anticipated to achieve head grades of up to 3.13g/t.

Environmental, social and governance

Pan African continues to pioneer and pursue its sustainability commitment through adherence to its 'beyond compliance' ESG approach. The Group's collaboration and partnerships with numerous specialists in local community development, climate change and energy management, biodiversity conservation, agriculture, water stewardship and tailings management have positioned the Company and its stakeholders as impactful ESG role players in the gold mining industry. Pan African's ESG approach has recently been recognised through awards in the ESG field, as described later in this announcement.

Outlook for the 2023 financial year

The Group expects its production for the full 2023 financial year to be in line with the production achieved in the 2022 financial year. We are positioned for further growth as we progress the development of our organic projects and seek to commence with the full-scale construction of the Mintails project."

OPERATIONAL AND FINANCIAL COMMENTARY

Group safety

- The Group's lost-time injury frequency rate (LTIFR) regressed to 2.54 (2021: 0.98) per million man hours
- The Group's reportable injury frequency rate (RIFR) regressed to 1.34 (2021: 0.28) per million man hours
- Barberton Mines achieved an LTIFR of 1.88 (2021: 1.02) and a RIFR of 0.63 (2021: 0.20) per million man hours

- Elikhulu achieved excellent safety results with an improvement in both the LTIFR and RIFR to 1.28 (2021:1.50) and 0.00 (2021: 1.01) respectively, per million man hours
- Evander Mines' underground operations achieved an LTIFR of 4.72 (2021: 0.65) and a RIFR of 3.76 (2021: 0.00) per million man hours.

The safety performance at the Group's surface operations was well managed, with no incidents reported at the BTRP and an improvement in safety rates at Elikhulu.

The Group is implementing the following initiatives to improve its underground safety performance in the second half of the 2023 financial year:

- Increased contractor safety monitoring systems
- Pre-emptive safety stoppages, where safety protocols are reinforced
- Strengthening of the on-site safety staff complement
- A third-party audit of safety systems for both Barberton Mines and Evander Mines in order to identify further areas for improvement.

MINERAL RESOURCES AND MINERAL RESERVES

There have been no material changes to the Group's Mineral Resources and Mineral Reserves statements since the 30 June 2022 financial year.

For more detail on the reported Mineral Resources and Mineral Reserves, the annual Mineral Resources and Mineral Reserves report for the year ended 30 June 2022 is available on our website at www.panafricanresources.com

UPDATE ON GROUP OPERATIONS, OPTIMISATION INITIATIVES AND ORGANIC GROWTH PROJECTS

Barberton Mines

Barberton Mines has been in operation for over 130 years and has a remaining LoM in excess of 20 years, positioning this asset as a long-life operation within Pan African's portfolio.

Over the years, Barberton Mines has made good progress in increasing mining flexibility, with key initiatives including the following:

- Increased development rates at Fairview Mine, with up to five high-grade mining platforms established on

the MRC orebody and three platforms available on the Rossiter orebody

- Increased exploration drilling to target further down-dip extensions to these platforms in order to improve reserve delineation and grade control
- Improving the production profile through decongesting existing infrastructure, including plans for optimising hoisting from a subvertical shaft, development and equipping the 4 Decline from 64 to 72 Levels and investment in additional refrigeration infrastructure to enable mining at deeper levels
- Optimising the mining method at Sheba Mine from long hole stopping to up-dip mining for reduced dilution within selected mining areas
- Focusing on equipping the Prince Consort (PC) Shaft remnant blocks at Consort Mine to extract the high-grade ore between 41 and 44 Levels.

Despite the improvements detailed above, the underground operations have experienced a number of headwinds in maintaining and increasing gold production, which includes the following:

- Above-inflationary increases in labour and energy costs
- Increasing depth and underground travel times at Fairview Mine, reducing available face time
- Depletion of Consort Mine's high-grade 42 Level block.

To mitigate these challenges, a detailed review of the operations at Barberton Mines was completed and following intensive engagement with stakeholders, including the representative employee unions, an agreement was reached to restructure the underground operations. Consort Mine is to be converted to a contractor mining operation, and both Fairview and Sheba Mines will implement a continuous operating cycle, while still allowing for ongoing maintenance and other support activities.

The transition to a continuous operating cycle will take place in a phased approach, with phase 1 aimed at several crews operating on a full continuous operating cycle at both Sheba and Fairview Mines. Phase 2 is envisaged to transition the remaining crews to continuous operating cycles following a recruitment campaign that has been embarked upon, driven by a shortage of available rock drill operators.

During phase 1, blasting will only take place during day shifts, with cleaning operations taking place during night shifts. The on-site control room is also being improved to enable uninterrupted operations monitoring and reduced

reaction time to production delays. A centralised blasting system will be installed and is expected to be operational by the end of March 2023 for phase 2, by which time all crews will be working according to the new cycles and rosters. This will enable night shift blasting operations to commence, further optimising the mining cycle.

Fairview Mine

Barberton Mines' underground gold production decreased by 19.9% to 32,022oz (2021: 39,991oz) during the current reporting period. Increased travelling time to the deeper production stope platforms has resulted in reduced face time and associated logistical constraints, negatively impacting productivity, specifically within the high-grade MRC section. In addition, the reduced strike lengths on the high-grade MRC platforms due to geological complexity resulted in a reduction in grades and a decrease in mined tonnes.

As detailed above, the shift cycle at Fairview and Sheba Mines will be changed to a continuous operating cycle during February 2023 based on the following rationale:

- Workflow studies on the current shift cycle at Fairview Mine indicated actual daily face time of less than three hours as a result of the extended travelling time to the current production platforms, adversely impacting the timely completion of a full mining cycle
- The transfer of employees from Consort Mine to Fairview and Sheba Mines will supplement the existing staff complement to meet the requirements of the new shift cycle resulting in no large staff retrenchments
- The new continuous operating cycle is expected to result in an immediate increase in available face time of approximately 20%, with a commensurate increase in productivity
- The amended shift cycle will reduce the overtime requirements currently in place, with resultant cost savings
- Increased development rates will improve future mining flexibility.

Negotiations with the unions to enable the conversion to a continuous operating cycle were concluded in January 2023.

Future cost-saving and production improvement initiatives to be implemented at Fairview Mine in the near term include:

- commissioning of the 8.5MWac solar PV renewable energy plant to reduce energy costs
- optimised infrastructure plans to decongest ore flow and increase hoisting capacity to improve the

production profile, which incorporates the recently completed Project Dibanisa that connects the underground infrastructure of Fairview and Sheba Mines

- an increase in exploration drilling to identify down-dip extensions to mining platforms and prove-up new exploration targets.

Up to five large high-grade platforms (256, 257, 258, 259 and 358 Platforms) were available for mining in the MRC orebody and three within the Rossiter orebody during the current reporting period.

Barberton Mines is continuing with its exploration focus on the down-dip extensions of its existing orebodies. During the 2022 financial year, exploration activities focused on underground diamond core drilling programmes of around 9,000m, with exploration drilling planned at similar levels for the 2023 financial year. Specific emphasis is being placed on near-mine infill drilling, as well as down-dip reserve delineation drilling of the underground Mineral Resources. Drilling into the down-dip extents of the orebodies has yielded excellent results and improved our geological understanding of Barberton Mines' operations, demonstrating the extent and quality of these world-class, high-grade and long-life orebodies. Continued investment in drilling programmes has enabled the grade control modelling protocols of the various operations to be upgraded and refined on an ongoing basis, resulting in improved mine design and extraction of the orebodies. This, in conjunction with the roll-out of more advanced and interconnected mining-related software packages, serves to further optimise run-of-mine production. Broader-scale exploration drilling has also taken place, focused on the Hope Reef and Main Muiden Reef (MMR), while desktop studies are being conducted on various known but unmined lower-grade blocks in all orebodies.

Barberton Mines' smaller underground operations

Gold production for the current reporting period from Sheba Mine was stable at 9,262oz (2021: 9,574oz) with declined production from Consort Mine of 3,622oz (2021: 5,675oz). In order to improve future sustainable output and productivity from these operations, Sheba Mine will be reconfigured to a continuous operating cycle as outlined above, and Consort Mine will be converted to a contractor mining model with a focus on high-grade areas, and lowering overhead costs.

Sheba Mine

The conversion of Sheba Mine to a continuous operating cycle will result in a commensurate increase in productivity, while eliminating the need for surface material blending. This will enable optimised development rates leading to fast-tracking the establishment of three MRC mining platforms. There will also be an increased focus on drilling and development of the Zwartkoppie (ZK) orebody, ahead of the current production areas, to supplement tonnes mined from other underground sources.

Sheba Mine's operations continued to focus on the extraction of the MRC and ZK orebodies during the current reporting period, while the high-grade Verster and Thomas Reefs supplemented the plant feed material, which assisted in maintaining Sheba's production profile. Specific attention has been given to the reserve definition drilling and development of the ZK orebody's down-dip extension on 37 and 38 Levels in the unmined areas between Sheba and Fairview Mines. The ZK orebody is typically a free-milling gold-carrying deposit.

Project Dibanisa, combining the Fairview Mine and Sheba Mine infrastructure to optimise costs and efficiencies, is now complete. Project Dibanisa connects the underground tramming and hoisting infrastructure of Fairview Mine 38 Level with Sheba Mine 23 Level, allowing underground production below 23 Level from Sheba Mine to be transported to the surface using Fairview Mine's existing 2 Shaft decline infrastructure. The hoisted ore can now be processed at the Fairview metallurgical plant.

Consort Mine

The conversion of Consort Mine to a contractor mining model should result in an operating model focused on mining high-grade areas and reducing overhead costs, with the aim of achieving an AISC of below US\$1,550/oz at an exchange rate of US\$/ZAR:17.00. Continued exploration will target on extensions to the high-grade areas and upgrading the geological models.

Consort Mine is in the process of accessing mining areas on strike, located off the high-grade 42 Level orebody, by making use of a hybrid grout support mining method, which was temporarily delayed by the availability of the grout plant. Additional constraints were encountered when a main ore pass/shoot from active mining areas was blocked for an extended period resulting in reduced underground ore tonnages.

Following the successful intersection of the high-grade, free-milling gold orebody at PC Shaft 42 Level, a reserve delineation drilling programme was implemented to explore the down-dip continuation of this orebody. These boreholes successfully intersected the high-grade, free-milling gold-carrying structure at the 44 Level elevation indicating that the down-dip extent of the 42 Level orebody continues for at least another two current levels. The assay results from this intersection yielded 72.8g/t over 0.86m.

Additionally, exploration drilling during the current reporting period focused on the MMR and PC horizons. High-resolution reserve definition drilling focused on the 15 Level MMR and deeper Consort Bar orebodies around 43 to 45 Levels. The results of these drilling programmes will assist in upgrading Consort's geological models and improving its mine planning.

Barberton Tailings Retreatment Plant

The BTRP surface operation is located on Fairview Mine's mining right footprint and contributes high-margin ounces to the Group's production profile. Production at the BTRP improved to 10,012oz for the current reporting period (2021: 9,126oz) with an AISC of US\$725/oz (2021: US\$814/oz). Mining of the Harper North, Harper South and Vantage dams is progressing as per the mine plan. It is envisaged that Royal Sheba will form part of the BTRP's feed sources when this project is commissioned, thereby extending the life of the operation and ensuring its sustained future output, as outlined below.

Royal Sheba project

Development at Barberton Mines' Royal Sheba project commenced in May 2021 at the already established surface adit, which is located approximately 1.2km east of the existing Sheba metallurgical plant.

The preliminary mining activities, comprising the extraction of a 10,000t bulk sample to further define the grades and recoveries expected from this large-scale orebody have been completed. The main decline and associated cross-cut, developed into the existing adit, provided access for the extraction of the bulk sample from historically unmined areas, located 26m below the surface between 6 and 7 Levels. Processing of this 10,000t bulk sample at the Sheba and Consort metallurgical plants yielded better than expected results with actual grades of 1.22g/t relative to a planned grade of 0.5g/t, and with recoveries of 84% in line with the planned recovery of 85%.

The design of the bulk sample was conducted in a manner that will enable mining to continue towards the down-dip and strike extents of the orebody.

At the end of its life, the BTRP is expected to be converted to a hard rock operation to process feedstock from Royal Sheba, with the project having an estimated life of 18 years.

The development plan is set to target the extraction of 40,000t a month from the project at an average head grade of 3g/t over its LoM. This will be done by implementing long hole open stoping mining methods from a decline system through the use of trackless mining machinery and automation requiring a minimal labour complement.

Elikhulu

Gold production from Elikhulu remained steady at 25,830oz (2021: 25,900oz) during the current reporting period. The operation processed 7,164,748t (2021: 6,442,397t) despite electricity supply disruptions and inclement weather conditions during the November and December rainy season. Processing higher tonnes and a head grade higher than planned has compensated for lower recoveries.

Gold production from Elikhulu is expected to increase marginally in the second half of the 2023 financial year, as material from the Leslie/Bracken TSF is re-treated, following the installation of the 6km pipeline and successful commissioning of the pump station in September 2022. Remining of the Leslie/Bracken TSF will continue for the next five years, whereafter remining will move to the Winkelhaak TSF for the remaining six years of the 11-year life.

Elikhulu remains one of the lowest-cost gold mining operations in Southern Africa and is expected to produce an average of approximately 50Koz of gold per annum over its remaining 11-year LoM.

Evander Mines' 8 Shaft pillar and surface sources

Production from Evander Mines decreased by 26.1% to 24,443oz (2021: 33,068oz).

Underground production decreased by 29.8% to 19,173oz (2021: 27,312oz) despite an increase in processed tonnes by 6.0% to 73,946t (2021: 69,790t). The decrease in the 8 Shaft pillar's production during the current reporting period resulted from:

- normalisation of mining face grades to 8g/t (2021: 13g/t) in line with planned grades of 7g/t
- limited mining rates and face availability, which impacted ore tonnes delivered for processing, following depletion of the Mineral Reserves in accordance with geotechnical parameters for the safe extraction of the pillar.

Expected production from the surface sources in the second half of the 2023 financial year is underpinned by the treatment of the Leslie/Bracken TSF buttressing material following the commencement of remining on the Leslie/Bracken TSF facility.

Evander Mines' 24, 25 and 26 Level and Egoli projects

Evander Mines' 24 Level is currently in its construction phase, with all development and infrastructure installation progressing according to plan. Progress made during the current reporting period and near-term plans for this mining level include the following:

- The commissioned phase 1 of the underground refrigeration plant on 24 Level will allow mining of both the 24 Level F raise line stopes and 24 Level B, C and D raise lines
- Phase 2 construction of the refrigeration plant is expected to be completed during the fourth quarter of the 2023 financial year, and will provide chilled water to a bulk air cooler on 24 Level, with a nominal cooling capacity of 3.5MW, enabling the deployment of additional mining crews on 24 Level as well as mining on 25 Level in due course
- Excavations for the winder chamber are progressing in preparation for equipping the existing ventilation shaft from 17 to 24 Levels. This will eliminate use of the conveyor belts from 18 to 24 Levels, which will simplify ore handling and further assist in managing the mine call factor. Detailed engineering designs for equipping the ventilation shaft from 17 to 24 Levels have been completed
- Two mining crews have been deployed to the 24 Level F-line and mining is continuing as planned
- An alternative ventilation plan, enabling mining of the 24 Level D-raise (accessed via 24A NE Drive), will be commissioned during February 2023
- Construction of the grout plant has commenced and excavations for civils works have been completed.

Mining the 24 Level will extend the production profile of the underground mining at 8 Shaft, post extraction of the 8 Shaft pillar, for an additional two and a half years and is expected to maintain annual production output. Once exploited, 24 Level will be replaced by mining at 25 and 26 Levels in future years.

Preliminary work has commenced at Egoli where dewatering of the 3 Decline commenced in June 2022. Continuous pumping of approximately 5ML a day is currently taking place. The water level in the decline decreased by 80m (progressive) by the end of the current reporting period and is currently 50m below 18 Level. The planned completion date for the dewatering is May 2023. Once dewatering is completed, an assessment of the installed infrastructure and the development end will be possible. Access to additional mining areas may also be possible following this assessment. Reserve delineation drilling will then be undertaken to more accurately define the Egoli payshoot's grade variability for early mining.

GROUP AISC

The Group's AISC for the current reporting period increased by 10.1% to US\$1,291/oz (2021: US\$1,173/oz), impacted by the following:

- The depreciation of the average US\$/ZAR exchange rate by 15.2% to US\$/ZAR:17.33 (2021: US\$/ZAR:15.04) positively influenced the Group's AISC in US\$ terms
- Barberton Mines' underground AISC of US\$1,850/oz (2021: US\$1,519/oz) was impacted by lower gold production at Fairview and Consort Mines, which is being addressed by restructuring plans as detailed in the preceding sections of this announcement
- The BTRP's AISC improved to US\$725/oz (2021: US\$814/oz) as a result of improved gold recoveries, with production increasing to 10,012oz (2021: 9,126oz)
- Elikhulu's AISC increased marginally by 1.1% to US\$947/oz (2021: US\$937/oz), with above-inflationary increases in reagent costs and an 11.2% increase in tonnes processed offset by the depreciation in the US\$/ZAR exchange rate
- Evander Mines' underground AISC increased by 7.0% to US\$1,052/oz (2021: US\$983/oz) as a result of lower production as grades normalised in line with the mine plans.

The Group will endeavour to improve gold production and reduce unit costs at its higher-cost operations through restructuring and other initiatives, as more fully described in this announcement.

Group capital expenditure budget

The Group continues to reinvest in its assets to ensure sustainability and generate attractive returns with total capital expenditure increasing by 45.4% to US\$48.7 million (2021: US\$33.5 million).

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

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

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

Major items included in the budgeted expansion capital are:

- Barberton Mines' Project Dibanisa at a cost of US\$1.5 million, the 4 Shaft decline at a cost of US\$2.8 million and the ventilation raise borehole at a cost of US\$2.1 million
- The Elikhulu TSF footprint extension and establishment of the Leslie/Bracken pump station at a cost of US\$22.1 million
- Evander Mines' 8 Shaft underground refrigeration plant for 24, 25 and 26 Levels at a cost of US\$5.6 million
- US\$50.6 million for 8 Shaft's 24, 25 and 26 Level project, which includes:
 - development costs and the costs of equipping the current ventilation shaft for hoisting from 24 to 17 Levels
 - refurbishment and improvement costs for Evander Mines' 7 Shaft infrastructure.

With the completion of Evander Mines' TSF extension and the Leslie/Bracken pump station at Elikhulu during the 2023 financial year, Elikhulu's capital expenditure will revert to previous sustaining capital levels from the 2024 financial year. The capital investment made in the 24, 25 and 26 Level project at Evander Mines' underground operations is expected to contribute significantly to the Group's future production profile.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Pan African continues to pioneer and pursue its sustainability commitment through its 'beyond compliance' ESG approach and practices. The Group's collaboration and partnerships with numerous specialists in local community development, climate change and energy management, biodiversity conservation, agriculture, water stewardship and tailings management have positioned the Company and its stakeholders as an impactful ESG role players in the gold mining industry. Pan African's recent ESG accomplishments include:

- being the first South African mining company to commission a 9.9MW solar PV renewable energy plant, impacting positively on the Group's carbon footprint and energy security while simultaneously realising cost savings
- being the first mining company in South Africa to issue a sustainability-linked bond with key performance indicators (KPIs) encompassing climate change, land/ environmental rehabilitation and employee safety
- being the first mining company in South Africa to develop a commercial-scale blueberry farm, impacting positively on job creation, food security and sustainable local economic development in rural communities
- the conclusion of the Mintails transaction where the Group acquired historical TSFs, the reprocessing and concurrent rehabilitation of which will impact positively from an ESG perspective on the environment and local communities
- Pan African's integrated annual report for the 2022 financial year was awarded the Chartered Governance Institute of Southern Africa's Integrated Reporting Merit Award in the Small Capital category
- Pan African was selected as a top-5 finalist for an ESG award - Producer of the Year Award 2022 by Mines and Money in the UK following an excellence in ESG nomination.

Pan African's strategy for implementing sustainable development initiatives has become embedded in the Company's vision and culture. The projects outlined as follows demonstrate the Group's commitment towards addressing material ESG matters and risks and turning these risks into opportunities. This results in meaningful and positive outcomes in support of the Group's business model, driving its sustainability and the longevity of its orebodies.

Environment

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

The transition to a low-carbon economy has compelled mining companies to evolve in the manner in which they conduct their business, such as by investing in renewable energy projects, thereby contributing to alleviating South Africa's deepening energy crisis. Currently, the Group has plans to target a minimum energy mix of 15% renewable solar energy by 2027 comprising a roll-out of four solar projects at its operations totalling 40MW. The first 9.9MW project was successfully commissioned in May 2022.

- Since its commissioning on 6 May 2022 to the end of the current reporting period, Evander Mines' solar PV renewable energy plant has generated 14,700MWh, with commensurate electricity cost savings of approximately US\$1.3 million. The solar PV renewable energy plant is being registered as a Verified Carbon Standard Project, which will enable the sale of carbon credits in the market, and potentially generate revenue in its first year of operation equivalent to an additional saving of 5.6% of Eskom's annual cost
- Barberton Mines' 8.5MWac solar PV renewable energy plant is progressing well, with design and site suitability studies completed. Construction activities are expected to commence by June 2023 once the sourcing of the solar panels and related equipment has been completed. The project has already obtained Eskom approval and first power generation from the facility is expected early in 2024. The Group also plans to expand Evander Mines' solar PV renewable energy plant by an additional 12MW during the 2025 financial year; the extra capacity will be allocated to the expanding underground operations at Evander Mines' 24, 25 and 26 Level project
- Feasibility studies have also been commissioned for a new 10MW solar PV renewable energy facility at the Mintails project
- The Group's renewable energy expansion strategy is being broadened to potentially also include a

40MWac or more power purchase agreement with an independent power producer to secure additional backup power generation capacity for its operations, should Eskom's power supply curtailment accelerate.

Water management – water retreatment plant at Evander Mines

The Group's operations depend on the availability of a steady water supply for many of its activities including mineral processing, dust suppression, hydro-mining and employee consumption. Pan African recognises the need to optimally manage this scarce resource. Our commitment to responsible and sustainable water use is embedded in our water management policy, which emphasises the efficient use of water through reuse and recycling.

Pan African has invested in a water retreatment plant at its Evander Mines operation to treat the abundant naturally occurring underground water. This plant will be fully commissioned in February 2023. It will have the capacity to process approximately 3ML of underground water a day to potable water, using reverse osmosis technology, thereby reducing reliance on expensive municipality-sourced water. The added benefits to the Group will be cost savings at current rates of approximately US\$5.6 million over a 10-year period.

Biodiversity management, conservation and land rehabilitation

Pan African embraces the importance of its stewardship in preserving the biodiversity and the rich natural heritage of the Makhonjwa Mountains (also known as the Barberton Mountainland) where it operates. Over 90% of Barberton Mines' mining right is located within the recently promulgated Barberton Nature Reserve (BNR). The Company also invests in security innovation and surveillance to curb illegal mining in the BNR, further preventing the degradation of the area and providing protection for local communities.

Starting in 2020, Barberton Mines has also partnered with the Care for Wild Rhino Sanctuary to sponsor the care of orphaned rhino calves and ensure the protection and survival of this endangered species and their rewilding in protected natural areas.

Social responsibility and investment

The Group remains committed to supporting social development and good corporate citizenship in its

host communities. By contributing to employee health and well-being, community upliftment and the creation of sustainable economic opportunities, Pan African's initiatives contribute to a socio-economic environment in which our business and stakeholders can prosper. Communities are one of our most important stakeholder groups, with ongoing and regular formal engagement with community representative organisations providing the basis for mutually beneficial relationships. As stakeholder demands intensify, creating shared value and maintaining our social licence to operate remains a key strategic objective for the Group.

Corporate social investment and local economic development update

During the current reporting period, the Group invested US\$0.7 million (2021: US\$0.8 million) in corporate social investments, local economic development projects and bursaries in our host communities in addition to US\$0.4 million (2021: US\$0.3 million) for employee development programmes.

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

- Completion of phase 3 of the Kaapvallei and Ngwane Primary Schools, following the handover of phases 1 and 2 during July and April 2022, to enable learning to commence. Some 1,500 learners from the local communities are benefiting from these new facilities
- Following the approval of its current Social and Labour Plan (SLP), Evander Mines will commence the construction of two school laboratories as part of the SLP. Evander Mines has also donated some 900ha of adjacent land to the local municipality for the development of an industrial node
- The construction of a 500-seater community hall has commenced in Barberton and is progressing on schedule
- Twenty-five high school learners from our host communities in Barberton are receiving full sponsorship at an annual cost of over ZAR1 million for tertiary education transition programmes. These education initiatives dovetail with the Group's bursary and learnership programmes, creating a pool of skills in the local community from which our operations can benefit in the future.

Beyond compliance – Barberton Blueberries project update

The Barberton Blueberries project is an ESG-focused, commercial-scale agriculture project with the aim of creating sustainable jobs in local communities in the Barberton area as an alternative industry to mining. This is the Group's flagship 'beyond compliance' initiative fully funded by Pan African; and is not a legal requirement in terms of the Company's mining right obligations.

The project currently employs 28 permanent staff from the Verulam and Dixie host communities. One hundred and seventy-five additional temporary employees were employed through the harvest period between June and September.

Due to its location, the Barberton Blueberries project achieved 20% higher net grower pricing from its first harvest as it benefits by being first to the market. Pack house compliance is being progressed for approval by top-quality local and international retailers in the coming season, which will generate additional employment opportunities.

Inaugural sustainability-linked bond

Pan African is further expanding its commitment to ESG and sustainable development through a sustainability-linked finance framework (SLFF) which will create a direct link between its sustainability and funding strategies. The framework provides for the issuance of bonds linked to the achievement of sustainability targets. Three KPIs or targets were identified as being material and appropriate:

- KPI 1: Group energy mix – renewable energy. Target: to reach 15% energy generation from renewable means by 2027
- KPI 2: Land rehabilitation. Target: to achieve 41% land rehabilitation by 2029 at Mintails while concurrently conducting operational activities
- KPI 3: Group employee safety – total recordable injury frequency rate. Target: to achieve a year-on-year average improvement of 3.86% in safety performance and a cumulative 24% reduction by 2029.

The framework was reviewed by IBIS ESG Consulting Africa Proprietary Limited, an independent ESG agency, which provided a second-party opinion (SPO) and confirmed the three sustainability KPIs were in compliance with the framework of the Sustainability-Linked Bond Principles of the International Capital Market Association.

¹  <https://www.panafricanresources.com/investors/sustainability-linked-finance-framework/>

Details of the SLFF and SPO can be found on Pan African's website¹.

Excellence in governance

The Group has embarked on implementing an assurance strategy for its ESG reporting, performance and disclosures. PricewaterhouseCoopers will undertake an assurance audit on the Group's ESG data disclosures for the current financial year.

FURTHER GROWTH PROJECTS

Gold exploration programme in the Republic of the Sudan

In March 2022, the Group announced that it had been awarded five prospecting concessions (or exploration licences) in north-eastern Sudan (the Block 12 concessions), covering an area of almost 1,100km², located 70km north-west of Port Sudan on Block 12A North, Block 12A South, Block 12D, Block 12E and Block 12K. These licences, awarded by Sudan's Ministry of Mines, are valid for a period of three years, with the option to extend for a further two years.

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

The Group has successfully commissioned the first fire assay multi-element analytical laboratory in Sudan. This laboratory will be used for the analyses of all of the Group's exploration samples being extracted from the Block 12 exploration concessions. A fit-for-purpose mobile, tented exploration camp, which is completely powered by solar PV renewable electricity, was constructed some 100km from the laboratory within the highly prospective Block 12A South.

Currently, geologists are conducting soil geochemistry and hard rock chip sampling within Block 12A South and Block 12A North in order to further define the identified exploration targets. Initial assaying received from the

exploration target 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 with some of the samples having grades in excess of 6g/t. Similarly, an additional exploration target, Sataib South, yielded an average of 1g/t from 10 samples on the surface, with the highest grade sampled thus far being 9.4g/t.

MINTAILS PROJECT

Shareholders are referred to the announcement of 6 October 2022, where Pan African informed shareholders that the Company has acquired the entire share capital and claims of Mogale Gold and Mintails SA Soweto Cluster Proprietary Limited (MSC), (collectively, the sale transaction). Both Mogale Gold and MSC were 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\$2.8 million at an exchange rate of US\$/ZAR:18.00) was settled on closing.

The details of the sale transaction, the Mineral Resources and the strategic rationale for the acquisition were outlined in the Company's announcement of 6 November 2020.

Pan African completed a definitive feasibility study on the Mogale Gold TSFs (the project) and announced the results of this study on 30 June 2022 (the study). The study demonstrated a compelling commercial project, with the potential to significantly increase the Group's gold production (an increase in excess of 25% compared to Group annual production) over an initial LoM of 13 years. Remining of the MSC TSFs has the potential to add further production upside and extend the LoM to 21 years.

Envisaged project financing

The Group has received a credit-approved and underwritten term sheet from FirstRand Bank Limited, acting through its Rand Merchant Bank division, for US\$80 million of senior debt for part funding of the project's construction (senior debt facility). On 9 December 2022, PAR Funding Company issued a ZAR800 million (US\$47.3 million) secured sustainability-linked bonds, following an oversubscribed book build, to assist in the funding of its growth and development projects, with the primary focus on the development of the Mintails project. The Company is actively assessing

all strategic options, including an equity capital raise for the remaining ZAR400 million (US\$23.6 million). The Company will engage with key shareholders and investors in this regard and will communicate further details in due course.

Way forward and envisaged project execution timeline

Following the completion of the definitive feasibility study, Pan African commenced detailed engineering optimisation studies and the impact assessments required for the environmental authorisation process, stakeholder engagements and permitting. Commencement of construction is currently anticipated in 2023 with an estimated project timeline as follows:

Activity	Estimated date
Detailed engineering optimisation	September 2022 to March 2023
Environmental approvals	March 2023
Funding package finalised	April 2023
Construction commences	June 2023
Commissioning	July 2024 to December 2024

This project is expected to be at steady-state production during the first half of the 2025 calendar year.

Mintails project ESG

The Mintails project will form the subject matter of a comprehensive ESG case study for Pan African, where the opportunity presents itself to invest in a project that will impact positively on several ESG risk issues.

The Group has an established track record in its tailings retreatment operations, where the BTRP, Evander Tailings Retreatment Plant and Eikhulu projects have been successfully commissioned in the past. The experience gained and skills learnt from these projects will be transferred to the Mintails project, enabling Pan African to manage and mitigate risks for the benefit of all stakeholders, especially the host communities that currently endure the contaminating effects of poorly rehabilitated tailings dams and a scarred environment. Pan African's investment in the area will also contribute to reducing the social ills that plague the area, including unemployment, illegal mining, criminality, poverty and health and safety.

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

BLYVOOR CONDITIONAL ACQUISITION – UPDATE

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

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

OUTLOOK AND PROSPECTS

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

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

APPRECIATION

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

FINANCIAL PERFORMANCE

Exchange rates and their impact on results

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

During the current reporting period, the average US\$/ZAR exchange rate was US\$/ZAR:17:33 (2021: US\$/ZAR:15.04) and the closing US\$/ZAR exchange rate at 31 December 2022 was US\$/ZAR:17.01 (2021: US\$/ZAR:16.00). The period-on-period change in the average rate and the closing exchange rate of 15.2% and 6.3%, respectively, must be considered when comparing period-on-period results.

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

Analysing the Group's financial performance Revenue

Revenue declined during the current reporting period by 19.2% to US\$156.5 million (2021: US\$193.6 million) predominantly due to a decline in gold sold by 15.6% to 90,439oz (2021: 107,142oz) and a decline in the US\$ gold price received of 4.4% to US\$1,725/oz (2021: US\$1,804/oz).

Cost of production

All costs incurred by the Group are in rand, which is the Group's functional currency. Accordingly, when translated to US\$, variances may arise due to fluctuations in the US\$/ZAR exchange rate. The Group's cost of production decreased by 8.4% to US\$99.3 million (2021: US\$108.4 million) primarily due to the depreciation of the US\$/ZAR exchange rate relative to the previous reporting period. However, when measured in rand, the cost of production increased by 5%, which is below South Africa's current inflation rate of approximately 7.2%.

Cost of production mainly consists of:

- Mining and processing costs (representing 41.9% of the total cost of production) decreased by 6.7% (increased by 7.4% in rand terms) to US\$41.6 million (2021: US\$44.6 million). The increase, in rand terms, is due to inflation-related cost increases and other factors which include:
 - a 10.7% increase in tonnes milled and processed by the Group
 - an increase in vamping and toll treatment costs at Barberton Mines as well as surface contractor costs at Evander Mines
 - above-inflationary increases in reagent costs
 - offset by the capitalisation of mining and processing costs related to the 24 Level development at Evander Mines
- Salaries and wages (representing 26.1% of the total cost of production) decreased by 10.7% (increased by 2.9% in rand terms) to US\$25.9 million (2021: US\$29.0 million). The average annual salary increase for the Group was approximately 5.0%, however, this was partially offset by:
 - cost-saving initiatives such as the implementation of new time and attendance software at Barberton Mines
 - the capitalisation of salary costs related to the 24 Level development at Evander Mines
 - the decrease in production bonuses paid at both Barberton Mines and Evander Mines in line with the decline in gold production
- Electricity costs (representing 15.0% of the cost of production) decreased by 12.9% (increased by 0.4% in rand terms) to US\$14.9 million (2021: US\$17.1 million). The increase, in rand terms, resulted from a 9.6% regulatory increase, partially offset by the capitalisation of electricity costs related to Evander Mines' 24 Level development and energy savings achieved through the commissioning of Evander Mines' solar PV renewable energy plant in May 2022 which feeds power into the Elkhulu grid
- Engineering and technical costs (representing 9.7% of the cost of production) decreased by 4.0% (increased by 10.7% in rand terms) to US\$9.6 million (2021: US\$10.0 million) primarily as a result of the following factors:
 - Barberton Mines' costs increased by 15.4% mainly due to repairs and maintenance at its underground and BTRP operations, as well as repairs and maintenance on its load, haul and dump vehicles

- An increase in technical service costs associated with diamond drilling
- The Group incurred US\$0.4 million in solar and agricultural costs following the commissioning of:
 - Evander Mines' 9.9MW solar PV renewable energy plant in May 2022, when power was fed into Elkhulu's grid
 - the Barberton Blueberries project in October 2021.

Depreciation and amortisation

The Group's depreciation and amortisation costs associated with the cost of production decreased by 16.5% to US\$11.1 million (2021: US\$13.3 million).

The mining operations' depreciation charge is based on actual production in relation to the estimated available minable tonnes over the life of the operations.

The depreciation charge for the Evander Mines' underground operations decreased as a result of the extension of the LoM from five years to 14 years, which includes the planned production from 24, 25 and 26 Levels (excluding any provision for future Egoli production). US\$2.8 million in the decline of the depreciation charge of this operation, relative to the previous reporting period, is attributable to the depreciation in the US\$/ZAR exchange rate. This was offset by a US\$0.3 million increase in the depreciation charge at Barberton Mines, as well as a US\$0.2 million and US\$0.1 million increase in the depreciation charges at the Group's agriculture and solar facilities, respectively.

Other expenses and income

Other expenses and income decreased by 53.2% to US\$3.6 million (2021: US\$7.7 million) due to:

- a decline in the Group's business development expenditure of US\$1.8 million to less than US\$0.1 million (2021: US\$1.8 million), and a decline in costs associated with the Group's employee incentive schemes to US\$0.3 million (2021: US\$2.2 million).

Finance costs

Finance costs increased by 78.9% to US\$3.4 million (2021: US\$1.9 million) largely attributable to the increase in the Group's borrowing activities to fund its capital expenditure programmes. Specifically, finance costs associated with the Group's borrowings from financial institutions increased by 35.0% to US\$2.7 million (2021: US\$2.0 million).

Tax

The income tax expense for the year decreased to US\$10.1 million (2021: US\$15.6 million) resulting in an effective tax rate of 25.8% (2021: 25.3%). The decrease is due to:

- a decrease in the deferred tax expense to US\$9.4 million (2021: US\$11.7 million)
- a decrease in the current tax charge to US\$0.7 million (2021: US\$3.9 million), resulting largely from a decrease in Barberton Mines' taxable income arising from a 14.4% decrease in production, offset by an 10.7% increase in the rand gold price.

EPS and HEPS

EPS and HEPS decreased by 36.4% to US 1.52 cents per share (2021: US 2.39 cents per share). EPS and

HEPS are calculated by applying the Group's weighted average number of shares of 1,916.5 million shares outstanding (2021: 1,928.3 million shares) to attributable earnings and headline earnings.

Debt and cash flows

Net debt increased by 90.4% to US\$53.7 million (2021: US\$28.2 million), and net senior debt increased by 108.8% to US\$49.9 million (2021: US\$23.9 million).

On 13 December 2022, the Group issued its inaugural sustainability-linked bond of US\$47.3 million (ZAR800 million) to support the funding required for its pipeline of growth projects, with the primary focus on the development of the Mintails project.

The terms of the bond are summarised below.

Debt security code	PARS01	PARS02
ISIN	ZAG000192758	ZAG000192766
Listing	Sustainability segment of the JSE	Sustainability segment of the JSE
Aggregate nominal amount	ZAR585,000,000	ZAR215,000,000
Interest rate	Three-month ZAR-JIBAR	Three-month ZAR-JIBAR
Interest rate margin	360 basis points	375 basis points
Maturity date	13 December 2025	13 December 2027

Operating cash flows before working capital changes decreased by 31.9% to US\$53.4 million (2021: US\$78.4 million) primarily due to the reduction in the Group's gold production during the current reporting period.

Net cash used in investing activities increased by 55.1% to US\$51.5 million (2021: US\$33.2 million) largely due to capital expenditure on property, plant and equipment of US\$48.7 million (2021: US\$33.5 million), consistent with the Group's capital expenditure programmes and the inception of expenditure on the Mintails project.

Net cash used in financing activities increased to US\$48.5 million (2021: US\$5.1 million) due to an increase in the Group's senior debt facilities, following receipt of the proceeds from the sustainability-linked bond, the proceeds of which were deposited into the revolving credit facility (RCF).

DIRECTORSHIP CHANGES AND DEALINGS

No directorship changes took place during the current reporting period.

There were no dealings in the securities of the Company by directors during the current reporting period or up to the date of the release of this announcement. 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 LIMITED LISTING

The Company has a dual primary listing on the JSE Limited (JSE) and the Alternative Investment Market (AIM) of the London Stock Exchange (LSE), as well as a sponsored Level 1 American Depository Receipt

(ADR) programme in the United States of America (USA) through the Bank of New York Mellon (BNY Mellon).

The Group's interim results have been prepared and presented in accordance with and contain the information required by IAS 34: *Interim Financial Reporting*, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council. The interim results contain the minimum information as required by International Accounting Standard 34. The accounting policies are in accordance with IFRS and are consistent with those applied in the 2022 consolidated annual financial statements.

SECONDARY LISTING ON THE A2X MARKET

Pan African's ordinary shares commenced trading on the A2X Market (A2X) exchange with effect from Monday, 13 December 2021.

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 markets.

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

AIM LISTING

The financial information for the period ended 31 December 2022 does not constitute statutory accounts as defined in sections 435(1) and 435(2) of the UK Companies Act 2006 (Companies Act 2006).

The Group's interim results have been prepared in accordance with IFRS and International Financial Reporting Interpretation Committee interpretations, with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

ADR PROGRAMME

In 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.

Later in 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 Regulatory Information Service, this inside information is now considered to be in the public domain.

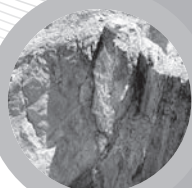
Cobus Loots

Chief executive officer

15 February 2023

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2022



PRIMARY STATEMENTS

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DIVERSIFIED LOW-COST OPERATIONS

Pan African is one of the lowest-cost gold producers in South Africa.

Our operations are diversified into long-life, high-grade underground mining and low-cost surface remining.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

US\$ thousand	Note	Unaudited 31 December 2022	Unaudited 31 December 2021	Audited 30 June 2022
ASSETS				
Non-current assets				
Property, plant and equipment		379,209	329,182	355,802
Goodwill		17,842	18,968	18,642
Intangible assets – excluding goodwill		260	126	281
Deferred tax asset		339	2,114	2,074
Long-term inventory		5,836	244	189
Investment – other		–	940	1,127
Environmental rehabilitation obligation fund		22,838	24,090	23,024
Total non-current assets		426,324	375,664	401,139
Current assets				
Inventory		11,946	12,125	9,977
Trade and other receivables		14,594	13,263	17,275
Current tax asset		3,397	496	751
Loans receivable		–	538	271
Derivative financial asset		624	285	686
Restricted cash	7	2,719	–	–
Cash and cash equivalents		33,937	35,204	26,993
Total current assets		67,217	61,911	55,953
Total assets		493,541	437,575	457,092
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	10	38,002	38,151	38,002
Share premium		235,063	235,063	235,063
Retained earnings		273,938	235,749	264,840
Reserves		(255,060)	(234,233)	(243,125)
Equity attributable to owners of the Company		291,943	274,730	294,780
Non-controlling interests		(307)	–	(171)
Total equity		291,636	274,730	294,609
Non-current liabilities				
Environmental rehabilitation obligation		11,150	12,747	8,603
Borrowings*	8	67,258	56,095	33,293
Lease liabilities*		3,563	3,914	3,795
Share-based payment obligations*		2,175	2,440	4,022
Deferred tax liability		60,783	41,935	53,781
Total non-current liabilities		144,929	117,131	103,494
Current liabilities				
Trade and other payables		36,255	33,706	50,224
Borrowings*	8	15,241	1,335	1,319
Lease liabilities*		641	694	553
Share-based payment obligations*		3,244	5,084	5,559
Derivative financial liability		122	–	–
Current tax liability		1,473	4,895	1,334
Total current liabilities		56,976	45,714	58,989
Total equity and liabilities		493,541	437,575	457,092

* In the previous reporting period, borrowings, lease liabilities and share-based payment obligations were presented as long-term liabilities (financial institutions and other). These items have been disaggregated in the current reporting period in line with the June 2022 financial year-end to enhance disclosures, with comparatives aligned accordingly.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the period ended 31 December 2022

US\$ thousand	Notes	Unaudited six months ended 31 December 2022	Unaudited six months ended 31 December 2021
Revenue	4	156,489	193,574
Cost of production		(99,282)	(108,368)
Depreciation and amortisation		(11,122)	(13,268)
Gross profit		46,085	71,938
Other expenses and income		(3,610)	(7,711)
Royalty costs		(468)	(1,316)
Net income before finance income and finance costs		42,007	62,911
Finance income	5	456	661
Finance costs	5	(3,464)	(1,945)
Profit before tax		38,999	61,627
Income tax expense	6	(10,063)	(15,573)
Profit after tax for the period		28,936	46,054
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Foreign currency translation reserve movement		(12,374)	(33,388)
Items that may not be reclassified to profit or loss			
Profit on disposal of investment – other		1,799	–
Investment measured at fair value through other comprehensive income movement		–	(11)
Tax thereon		(1,359)	2
Other comprehensive loss for the period, net of tax		(11,934)	(33,397)
Total comprehensive income for the period		17,002	12,657
Profit attributable to:		28,936	46,054
Owners of the Company		29,072	46,054
Non-controlling interests		(136)	–
Total comprehensive income attributable to:		17,002	12,657
Owners of the Company		17,138	12,657
Non-controlling interests		(136)	–
Basic and diluted earnings per share (US cents)		1.52	2.39
Weighted average number of shares in issue (thousand)	10	1,916,504	1,928,329
Diluted average number of shares in issue (thousand)	10	1,916,504	1,928,329

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 31 December 2022

US\$ thousand	Unaudited six months ended 31 December 2022	Unaudited six months ended 31 December 2021
Shareholders' equity at the beginning of the period	294,609	283,632
Other comprehensive loss	(11,934)	(33,397)
Profit for the period	28,936	46,054
Dividends paid	(23,168)	(24,984)
Reciprocal dividends – PAR Gold Proprietary Limited (PAR Gold) ¹	3,193	3,425
Total equity	291,636	274,730

¹ Reciprocal dividend - PAR Gold refers to the inter-company transaction which relates to the dividend paid on the treasury shares held by the Group in PAR Gold – refer to note 10. PAR Gold holds 13.8% (2021: 13.7%) of the issued share capital of Pan African.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the period ended 31 December 2022

US\$ thousand	Notes	Unaudited six months ended 31 December 2022	Unaudited six months ended 31 December 2021
Cash flows from operating activities			
Net cash from operating activities before dividends, tax, royalties, finance costs and finance income		38,597	70,773
Dividend paid		(23,168)	(24,984)
Reciprocal dividend received		3,193	3,425
Income tax paid		(4,361)	(3,646)
Royalties paid		(911)	(1,015)
Finance costs paid		(2,229)	(1,552)
Finance income received		456	360
Net cash from operating activities		11,577	43,361
Cash flows from investing activities			
Additions to property, plant and equipment		(48,659)	(33,518)
Payment for acquisition of subsidiary, net of cash acquired	11	(2,885)	–
Repayment of loans receivable		255	311
Increase in restricted cash		(2,672)	–
Proceeds from disposal of investments – other		2,485	–
Proceeds from disposal of property, plant and equipment		13	–
Net cash used in investing activities		(51,463)	(33,207)
Cash flows from financing activities			
Proceeds from borrowings		92,171	12,903
Repayment of borrowings		(43,415)	(17,449)
Repayment of lease liabilities		(278)	(550)
Net cash used in financing activities		48,478	(5,096)
Net increase in cash equivalents		8,592	5,058
Cash and cash equivalents at the beginning of the period		26,993	35,133
Effect of foreign exchange rate changes		(1,648)	(4,986)
Cash and cash equivalents at the end of the period		33,937	35,205

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the period ended 31 December 2022

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

These condensed consolidated interim financial statements for the half-year reporting period ended 31 December 2022 have been prepared in accordance with UK-adopted IAS 34: *Interim Financial Reporting*. The accounting policies applied in compiling the condensed consolidated interim financial statements are consistent with those applied in preparing the Group's annual financial statements for the year ended 30 June 2022.

The financial information set out in this announcement does not constitute the Company's statutory accounts for the period ended 31 December 2022.

The level of rounding was changed to only reflect the nearest thousand for the financial period ended 31 December 2022. Immaterial rounding adjustments were made to the comparative information as a result of this change.

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

Going concern

The Group closely monitors and manages its liquidity risk by means of a centralised treasury function. Cash forecasts are regularly produced and sensitivities run for different scenarios including, but not limited to, changes in commodity prices and different production profiles from the Group's operations. The Group had US\$52.1 million (2021: US\$21.3 million) of available debt facilities and US\$33.9 million (2021: US\$35.2 million) of cash and cash equivalents as at 31 December 2022. Based on the current status of the Group's finances, having considered going concern forecasts, reasonably possible downside scenarios, including a rand gold price of ZAR900,000/kg (US\$1,615/oz converted at a prevailing average exchange rate of US\$/ZAR:17.33) and reduced production volumes, the Group's forecasts

based on board-approved budgets demonstrate that it will have sufficient liquidity headroom to meet its obligations in the ordinary course of business and will comply with financial covenants for the 12 months from the date of approval of the condensed consolidated interim financial statements.

The board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group continued to adopt the going concern basis of accounting in the preparation of the 31 December 2022 condensed consolidated interim financial statements.

Alternative performance measures

The Group makes reference to APMs, in conjunction with IFRS measures, when assessing its reported financial performance, financial position and cash flows. APMs should be considered in addition to, and not as a substitute for or superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS. Further information on APMs is provided on pages 44 to 53.

2. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

Significant assumptions, estimates and judgements

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

Impairment and impairment reversals of assets

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

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

Cash flow projections and key assumptions

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

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

- **Mineral Resources and Mineral Reserves:** Mineral Reserves and, where considered appropriate, Mineral Resources, are incorporated in projected cash flows, based on Mineral Resources and Mineral Reserves statements (in accordance with the SAMREC Code for South African properties) and exploration and evaluation work undertaken by appropriately qualified

persons. Mineral Resources are included where management has a high degree of confidence in their economic extraction, despite additional evaluation still being required prior to meeting the required confidence for conversion to Mineral Resources.

- **Commodity prices:** Commodity prices are based on the latest internal forecasts, benchmarked to external sources of information, to ensure that they are within the range of available analyst forecasts. Where existing sales contracts or hedging arrangements are in place, the effects of such contracts are considered in determining future cash flows.
- **Discount rates:** Value in use and fair value less cost of disposal projections are sensitive to changes in the discount rate.
- **Operating costs, capital expenditure and other operating factors:** Operating costs and capital expenditure are based on financial budgets. Cash flow projections are based on LoM plans and internal management forecasts. Cost assumptions incorporate management experience and expectations, as well as the nature and location of the operation and the risks associated therewith (for example, the grade of Mineral Resources and Mineral Reserves varying significantly over time and unforeseen operational issues).

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 reporting period.

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS continued

for the period ended 31 December 2022

2. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES continued

Environmental rehabilitation obligation

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

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

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

An assessment of the Group's environmental rehabilitation plan identified a risk relating to the potential pollution of groundwater at Barberton Mines. As a result of the amendments to the Financial Closure Provision Regulations promulgated in terms of the National Environmental Management Act, the Group will have to include an obligation for all latent and residual environmental liabilities including water pollution, as part of the obligation for environmental rehabilitation and decommissioning costs, from September 2023. The Group has undertaken several detailed assessments, including a geohydrological study at Barberton Mines, to ascertain the latent and residual environmental liability as a result of the amendments and to quantify the impact of the amendments. Based on the current scheduled closure cost estimate, the amendments will result in an increase to the current obligation of approximately US\$3 million for environmental and decommissioning costs in real terms, once the amendments become effective.

Sources of estimation uncertainty

Impairment and impairment loss reversals of non-financial assets

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

Other assumptions and estimates

Cash-settled share-based payment obligation

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

Contingent liabilities

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

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

3. SEGMENT REPORT

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

To enhance reporting, a sub-total for mining operations has been included in the segment report in the previous reporting period. 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, 24, 25 and 26 Level project, Egoli project and surface sources) located in Evander
- As a result of the Mintails acquisition, a new segment, Mintails project, was added. This segment consists of the tailings retreatment plant to be constructed, Mogale Gold and MSC.

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

- Solar projects currently consist of the PV renewable energy plant located at Evander Mines, the planned development of a solar PV renewable energy plant at Barberton Mines and the extension of Evander Mines' solar PV renewable energy plant
- Exploration assets consist of five prospecting concessions (or exploration licences) in north-eastern Sudan (the Block 12 concessions), covering an area of almost 1,100km² and located approximately 70km north-west of Port Sudan
- Agricultural ESG projects mainly comprise the Group's Barberton Blueberries project (Barberton Blue), as well as other small-scale agricultural projects in the Barberton Mines host community areas
- Corporate consists mainly of the Group's holding companies and management services company which render services to the Group and are located in Johannesburg
- PAR 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 CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the period ended 31 December 2022

3. SEGMENT REPORT continued

US\$ thousand	Unaudited six months ended 31 December 2022					Unaudited six months ended 31 December 2022				
	Barberton Mines	Evander Mines	Solar projects	Mintails project	Mining operations	Exploration assets	Agricultural ESG projects	Corporate	PAR Funding Company	Group total
Revenue	69,975	86,203	–	–	156,178	–	311	–	–	156,489
Cost of production	(51,044)	(47,832)	(21)	–	(98,897)	–	(385)	–	–	(99,282)
Depreciation and amortisation	(5,288)	(5,497)	(239)	–	(11,024)	–	(98)	–	–	(11,122)
Gross profit/(loss)	13,643	32,874	(260)	–	46,257	–	(172)	–	–	46,085
Other expenses and income ¹	(572)	698	(2)	(315)	(191)	(271)	(65)	(3,264)	181	(3,610)
Royalty costs	(272)	(196)	–	–	(468)	–	–	–	–	(468)
Net income/(loss) before finance income and finance costs	12,799	33,376	(262)	(315)	45,598	(271)	(237)	(3,264)	181	42,007
Finance income ¹	1	4	1	–	6	–	1	55	394	456
Finance cost ¹	(199)	(513)	(349)	(55)	(1,116)	–	–	(22)	(2,326)	(3,464)
Profit/(loss) before tax	12,601	32,867	(610)	(370)	44,488	(271)	(236)	(3,231)	(1,751)	38,999
Income tax expense	(1,308)	(7,630)	(387)	(7)	(9,332)	–	–	(731)	–	(10,063)
Profit/(loss) for the period excluding inter-company transactions	11,293	25,237	(997)	(377)	35,156	(271)	(236)	(3,962)	(1,751)	28,936
<i>Inter-company transactions</i>										
Revenue	–	–	1,133	–	1,133	–	–	13,278	–	14,411
Cost of production	–	(1,133)	–	–	(1,133)	–	–	–	–	(1,133)
Elimination of dividends received from/ (paid to) fellow Group companies	–	–	–	–	–	–	–	(13,278)	–	(13,278)
Management fees	(3,661)	(2,184)	(86)	(69)	(6,000)	–	(52)	6,109	(57)	–
Finance income/(costs)	1,109	(1,448)	(93)	–	(432)	–	(234)	(1,303)	1,969	–
Profit/(loss) after tax including inter-company transactions	8,741	20,472	(43)	(446)	28,724	(271)	(522)	844	161	28,936
Segment assets (total assets excluding goodwill)	143,921	267,423	10,144	11,165	432,653	4,042	3,225	4,341	31,438	475,699
Segment liabilities	56,212	67,932	7,809	2,977	134,930	1	81	5,833	61,060	201,905
Net assets/(liabilities) excluding goodwill²	87,709	199,491	2,335	8,188	297,723	4,041	3,144	(1,492)	(29,622)	273,794
Goodwill	17,842	–	–	–	17,842	–	–	–	–	17,842
Capital expenditure³	10,288	36,647	238	497	47,670	746	163	80	–	48,659
Reconciliation of adjusted EBITDA										
Net income/(loss) before tax, finance income and finance costs	12,799	33,376	(262)	(315)	45,598	(271)	(237)	(3,264)	181	42,007
Excluding: depreciation and amortisation included in gross profit	5,288	5,497	239	–	11,024	–	98	–	–	11,122
Excluding: other depreciation and amortisation	–	–	–	–	–	–	7	142	–	149
Adjusted EBITDA⁴	18,087	38,873	(23)	(315)	56,622	(271)	(132)	(3,122)	181	53,278

¹ Other expenses and income exclude inter-company management fees. Finance income and finance cost exclude inter-company interest.

² The segment assets and liabilities above exclude inter-company 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 and amortisation.

**NOTES TO THE CONDENSED CONSOLIDATED
ANNUAL FINANCIAL STATEMENTS** continued

for the period ended 31 December 2022

3. SEGMENT REPORT continued

	Unaudited six months ended 31 December 2021				Unaudited six months ended 31 December 2021			
US\$ thousand	Barberton Mines	Evander Mines	Solar projects	Mining operations	Agricultural ESG projects	Corporate	PAR Funding Company	Group total
Revenue	86,379	107,195	–	193,574	–	–	–	193,574
Cost of production	(55,185)	(53,183)	–	(108,368)	–	–	–	(108,368)
Depreciation and amortisation	(4,944)	(8,324)	–	(13,268)	–	–	–	(13,268)
Gross profit	26,250	45,688	–	71,938	–	–	–	71,938
Other expenses and income ²	(831)	1,041	(8)	202	(23)	(8,270)	380	(7,711)
Royalty costs	(1,006)	(310)	–	(1,316)	–	–	–	(1,316)
Net income/(loss) before finance income and finance costs	24,413	46,419	(8)	70,824	(23)	(8,270)	380	62,911
Finance income ²	1	1	–	2	–	340	319	661
Finance cost ²	(204)	(729)	–	(933)	–	(11)	(1,001)	(1,945)
Profit/(loss) before tax	24,210	45,691	(8)	69,893	(23)	(7,941)	(302)	61,627
Income tax (expense)/benefit	(4,918)	(10,620)	–	(15,538)	–	37	(72)	(15,573)
Profit/(loss) for the period excluding inter-company transactions	19,292	35,071	(8)	54,355	(23)	(7,904)	(374)	46,054
Inter-company transactions								
Revenue ¹	–	–	–	–	–	28,665	279	28,944
Elimination of dividends received from/(paid to) fellow Group companies ¹	–	–	–	–	–	(28,665)	(279)	(28,944)
Management fees	(3,195)	(3,165)	–	(6,360)	–	6,426	(66)	–
Finance income/(costs)	958	(2,259)	76	(1,225)	(151)	(789)	2,165	–
Profit/(loss) after tax including inter-company transactions	17,055	29,647	68	46,770	(174)	(2,267)	1,725	46,054
Segment assets (total assets excluding goodwill)	130,362	232,821	9,795	372,978	3,381	10,799	31,449	418,607
Segment liabilities	40,231	56,300	8,691	105,222	(2)	9,054	48,571	162,845
Net assets/(liabilities) excluding goodwill³	90,131	176,521	1,104	267,756	3,383	1,745	(17,122)	255,762
Goodwill	18,968	–	–	18,968	–	–	–	18,968
Capital expenditure⁴	12,411	12,011	8,140	32,562	444	512	–	33,518
Reconciliation of adjusted EBITDA								
Net income/(loss) before tax, finance income and finance costs	24,413	46,419	(8)	70,824	(23)	(8,270)	380	62,911
Excluding: mining depreciation and amortisation included in gross profit	4,944	8,324	–	13,268	–	–	–	13,268
Excluding: other depreciation and amortisation	–	–	–	–	2	129	–	131
Adjusted EBITDA⁵	29,357	54,743	(8)	84,092	(21)	(8,141)	380	76,310

¹ The dividend received from a subsidiary has been reclassified to revenue from other income.

² Other expenses and income exclude inter-company management fees. Finance income and finance cost exclude inter-company interest.

³ The segment assets and liabilities above exclude inter-company balances.

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

⁵ Adjusted EBITDA comprises earnings before interest, tax, depreciation and amortisation.

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the period ended 31 December 2022

4. REVENUE

US\$ thousand	Unaudited six months ended 31 December 2022	Unaudited six months ended 31 December 2021
Revenue		
– Gold revenue	155,975	193,254
– Silver revenue	203	320
– Blueberry revenue	311	–
Total revenue	156,489	193,574

5. NET FINANCE COSTS

US\$ thousand	Unaudited six months ended 31 December 2022	Unaudited six months ended 31 December 2021
Finance income		
Finance income in respect of:		
– Cash and cash equivalents	449	327
– Loans receivable	7	334
Total finance income	456	661
Finance costs		
Finance costs in respect of:		
– Borrowings	(2,716)	(1,984)
– Modification gain on borrowings	–	934
– Lease liabilities	(203)	(248)
– Environmental rehabilitation obligation	(516)	(639)
– South African Revenue Service	–	(1)
– Instalment sale obligation	–	(7)
– Other	(29)	–
Total finance costs	(3,464)	(1,945)
Net finance costs	(3,008)	(1,284)

6. INCOME TAX

US\$ thousand	Unaudited six months ended 31 December 2022	Unaudited six months ended 31 December 2021
South African normal tax¹	662	3,873
– current year	646	3,674
– prior year	16	199
Deferred tax	9,394	11,700
– current year	9,394	11,700
Securities transfer tax	7	–
Total income tax expense	10,063	15,573

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

US\$ thousand	Assessed loss carried forward		Unredeemed capital carried forward	
	Unaudited six months ended 31 December 2022	Unaudited six months ended 31 December 2021	Unaudited six months ended 31 December 2022	Unaudited six months ended 31 December 2021
Evander Mines	288	105	90,991	96,156

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.

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the period ended 31 December 2022

7. FINANCIAL INSTRUMENTS

US\$ thousand	Unaudited six months ended 31 December 2022	Unaudited six months ended 31 December 2021
Financial assets		
At amortised cost		
Cash and cash equivalents	33,937	35,204
Restricted cash ¹	2,719	–
Loans receivable	–	538
Trade and other receivables ²	10,503	8,645
At fair value through other comprehensive income		
Investments – other	–	940
At fair value through profit or loss		
Environmental rehabilitation obligation fund	22,838	24,090
Derivative financial asset	624	285
Financial liabilities		
At amortised cost		
Trade and other payables ³	29,307	33,496
Borrowings	68,556	57,430
RCF	13,770	48,571
Redink Rentals (RF) Limited loan	7,503	8,859
Domestic Medium-term Note (DMTN) bond	47,283	–
At fair value through profit or loss		
Derivative financial liability	122	–

¹ Restricted cash relates to funds placed in an attorney's trust account for the purchase of properties relating to the Mintails project.

² At the end of the current reporting period, the Group had no trade receivables that are past overdue and not impaired. Trade and other receivables exclude prepayments, tax receivable and value-added tax (VAT) receivable.

³ Trade and other payables exclude VAT payable, accrual for employee benefits and leave pay liabilities.

7. FINANCIAL INSTRUMENTS continued

Fair value of financial instruments

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

Fair value hierarchy

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

The levels are classified as follows:

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

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

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

US\$ thousand	Level 1	Level 2	Total
31 December 2022			
Environmental rehabilitation obligation fund ¹	–	22,838	22,838
Derivative financial asset	624	–	624
31 December 2021			
Investments – other ²	940	–	940
Environmental rehabilitation obligation fund ¹	–	24,090	24,090
Derivative financial asset	285	–	285

¹ The environmental rehabilitation obligation fund is classified as Level 2 per the fair value hierarchy as the premiums are invested in an insurance investment product which is managed by independent fund managers.

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

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the period ended 31 December 2022

8. BORROWINGS AND FINANCIAL COVENANTS

US\$ thousand	Unaudited six months ended 31 December 2022	Unaudited six months ended 31 December 2021
Interest-bearing borrowings – non-current portion	67,258	56,095
RCF	13,543	48,245
DMTN bond	47,031	–
Redink Rentals (RF) Limited loan facility	6,684	7,850
Interest-bearing borrowings – current portion	15,241	1,335
RCF	227	326
DMTN bond	252	–
Redink Rentals (RF) Limited loan facility	819	1,009
Gold loan	13,943	–
Total interest-bearing borrowings	82,499	57,430
Reconciliation of liabilities arising from financing activities		
Opening balance at the beginning of the period	34,612	68,607
Changes from financing cash flows	48,756	(3,991)
Proceeds from borrowings	92,171	12,903
Repayment of borrowings	(43,415)	(16,894)
Other changes	738	(324)
Finance costs capitalised	2,371	3,193
Finance costs paid	(1,771)	(2,000)
Restructuring fees	138	(429)
Modification gain on borrowings	–	(1,088)
The effect of changes in foreign currency translation	(1,607)	(6,862)
Closing balance at the end of the period	82,499	57,430
Available debt facilities		
RCF	43,897	12,535
General banking facility	8,230	8,750
	52,127	21,285

8. BORROWINGS AND FINANCIAL COVENANTS continued

Financial covenants

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

Covenant ¹	Measurement at period-end	Unaudited six months ended 31 December 2022	Unaudited six months ended 31 December 2021
Net debt-to-equity ratio	Must be less than 1:1	0.2	0.1
Net debt-to-adjusted EBITDA ratio	Must be less than 2:1	0.5	0.2
Interest cover ratio	Must be greater than 4:1	26.9	29.0
Debt service cover ratio	Must be greater than 1:3	8.5	3.0

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

9. CAPITAL EXPENDITURE

US\$ thousand		Development capital	Maintenance capital	Expansion capital	Total
Barberton Mines	31 December 2022	4,034	4,862	1,392	10,288
	31 December 2021	3,864	2,872	5,675	12,411
Evander Mines	31 December 2022	–	92	27,329	27,421
	31 December 2021	–	260	9,830	10,090
Elikhulu	31 December 2022	–	693	8,533	9,226
	31 December 2021	–	1,648	273	1,921
Exploration assets	31 December 2022	–	–	746	746
	31 December 2021	–	–	–	–
Mintails project	31 December 2022	–	–	497	497
	31 December 2021	–	–	–	–
Corporate	31 December 2022	–	80	–	80
	31 December 2021	–	27	485	512
Agricultural ESG projects	31 December 2022	–	163	–	163
	31 December 2021	–	–	444	444
Solar projects	31 December 2022	–	–	238	238
	31 December 2021	–	–	8,140	8,140
Total	31 December 2022	4,034	5,890	38,735	48,659
	31 December 2021	3,864	4,807	24,847	33,518

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the period ended 31 December 2022

10. SHARE CAPITAL

	Unaudited six months ended 31 December 2022	Unaudited six months ended 31 December 2021	Audited year ended 30 June 2022
Number of shares			
Issued number of ordinary shares	2,222,862,046	2,234,687,537	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	2,234,687,537
Shares delisted (share buy-back) ¹	–	–	(11,825,491)
Total number of ordinary shares in issue	2,222,862,046	2,234,687,537	2,222,862,046
Treasury shares	(306,358,058)	(306,358,058)	(306,358,058)
Number of ordinary shares outstanding and fully paid	1,916,503,988	1,928,329,479	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:

	Unaudited six months ended 31 December 2022	Unaudited six months ended 31 December 2021	Audited year ended 30 June 2022
US\$ thousand			
Opening balance	38,002	38,151	38,151
Shares delisted (share buy-back)	–	–	(149)
Share capital	38,002	38,151	38,002

Repurchase of shares

As announced on the Stock Exchange News Service (SENS) on 12 May 2022, the Company completed its share buy-back programme (the programme) during the previous 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 of 7,568,744 ordinary shares were bought back on the LSE at a volume-weighted average price of 21.67 pence per share. A total of 4,256,747 ordinary shares were bought back on the JSE at a volume-weighted average price of ZA 418.21 cents per share. All shares purchased under the programme were paid for in cash and have been cancelled.

11. DISPOSALS AND ACQUISITIONS

As announced on SENS on 6 October 2022, the Company closed the transaction to acquire the total share capital and claims of Mogale Gold and MSC, (collectively, the sale transaction). Both Mogale Gold and MSC are 100% owned by Mintails Mining SA Proprietary Limited, which was placed in provisional liquidation during 2018. The sale transaction aggregate cash consideration of ZAR50.0 million (approximately US\$2.9 million at an exchange rate of US\$/ZAR:18.00) 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. Pan African completed a definitive feasibility study on the Mogale Gold TSFs (the project) and announced the results of this study on 30 June 2022 (the study). The study demonstrated compelling economics and the potential to significantly increase Group gold production (an increase in excess of 25% compared to current Group annual production) over an initial LoM of 13 years. Remining of the MSC TSFs has the potential to add further production upside and extend the LoM to 21 years.

Following the completion of the definitive feasibility study, Pan African commenced detailed engineering optimisation studies and the impact assessments required for the environmental authorisation process, stakeholder engagements and permitting. Commencement of construction is currently anticipated in 2023.

According to IFRS 3, an entity should determine whether a transaction or other event is a business combination by applying the definition of a business. A business consists of inputs, processes applied to those inputs and outputs. In this case, both Mogale Gold and MSC have no active operations, assets or skilled workforce to extract gold from the tailings, therefore the acquisition does not constitute the acquisition of a business as there is not an integrated set of activities in place capable of being managed to convert the acquired input (the tailings storage facility) into outputs (gold).

As a result of the acquisition, the acquirer, Mogale Tailings Retreat Plant Proprietary Limited, is required to identify and recognise the individual identifiable assets acquired.

The cost of the group was allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Since the acquisition does not constitute the acquisition of a business, no goodwill was generated from the acquisition.

Purchase price allocation

US\$ thousand	Mogale Gold	MSC
Land and buildings	18	–
Long-term inventory – TSFs	4,571	1,127
Trade and other receivables		
Deposits – rehabilitation trust account	18	–
VAT receivable	23	3
Environmental rehabilitation liability	(1,995)	(396)
Trade and other payables		
Trade payables	(419)	–
Accruals	(11)	–
Net assets acquired	2,205	734
Cash consideration	2,205	734

There were no disposals during the current or previous periods.

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the period ended 31 December 2022

12. COMMITMENTS, CONTINGENT LIABILITIES AND GUARANTEES

US\$ thousand	Unaudited six months ended 31 December 2022	Unaudited six months ended 31 December 2021
Outstanding open orders	54,696	27,082
Approved commitments, not yet contracted for	27,391	51,185
IFRS 16 lease commitments – due within the next 12 months	641	694
Guarantees – Eskom Holdings SOC Limited	1,366	1,453
Instalment sale commitment – due within the next 12 months	–	79
Guarantees – Department of Mineral Resources and Energy	23,237	24,219

The Group identified no material contingent liabilities for the current or previous reporting periods.

13. RELATED PARTY TRANSACTIONS

The related party transactions are summarised as follows:

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

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

Restructure of Group long-term employee incentive schemes

Certain of the Group's long-term incentive schemes were restructured during the 2021 financial year, as detailed in the announcement of 17 September 2020.

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

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

14. LITIGATION AND CLAIMS

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

15. EVENTS AFTER THE REPORTING PERIOD

Post the current reporting period, the Group identified no material events.

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

US\$ thousand	Unaudited six months ended 31 December 2022	Unaudited six months ended 31 December 2021
Profit before tax	38,999	61,627
Adjusted for:	14,398	16,761
Cash-settled share-based payment expense	268	2,010
Finance income	(456)	(661)
Finance costs	3,464	1,945
Royalty costs	468	1,316
Fair value gain/(loss) on financial instruments	152	(132)
Change in estimate of the environmental rehabilitation obligation	–	(1,122)
Modification gain on borrowings	–	6
Fair value gain on environmental rehabilitation obligation fund	(769)	–
Depreciation and amortisation	11,271	13,399
Operating cash flows before working capital changes	53,397	78,388
Working capital changes	(10,815)	(7,414)
Increase in inventory	(2,311)	(2,060)
Decrease in trade and other receivables	1,945	9,052
Decrease in trade and other payables	(10,449)	(14,406)
Settlement of cash-settled share-based payment obligations	(3,985)	(197)
Settlement of post-retirement benefits	–	(4)
Net cash from operating activities before dividend, tax, royalties and net finance costs	38,597	70,773

OTHER ITEMS

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CAPACITY

Existing production capacity is in excess of 200,000oz of gold per annum.

In addition, Pan African has an exceptional pipeline of attractive organic and expansionary growth opportunities.

OTHER ITEMS

ALTERNATIVE PERFORMANCE MEASURES

Introduction

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

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

- **Financial APMs:** These financial measures are usually derived from the annual financial statements, prepared in accordance with IFRS. Certain financial measures cannot be directly derived from the annual financial statements as they contain additional information such as financial information from earlier periods or profit estimates or projections. The accounting policies applied when calculating APMs are, where relevant and unless otherwise stated, the same as those disclosed in the Group's consolidated annual financial statements for the period ended 31 December 2022
- **Non-financial APMs:** These measures incorporate certain non-financial information that management believes is useful when assessing the Group's performance
- **Ratios:** Ratios calculated using any of the APMs referred to above, IFRS measures, or a combination of APMs and IFRS measures.

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

Financial APMs

Group APM	Equivalent IFRS measure	Adjustments to reconcile to primary statements	Rationale for adjustment
Performance			
AISC	Gold cost of production	Other related costs as defined by the World Gold Council, including royalty costs, community costs, sustaining and development capital (excluding non-gold operations)	The objective of AISC and all-in cost metrics is to provide key stakeholders (i.e. management, shareholders, governments, local communities, etc.) with comparable metrics that reflect, as close as possible, the full cost of producing and selling an ounce of gold, and which are fully and transparently reconcilable back to amounts reported under Generally Accepted Accounting Principles as published by the International Accounting Standards Board, also referred to as IFRS
All-in cost	Gold cost of production	Once-off capital costs	As per the above for AISC with additional expansionary capital and once-off non-production-related cost adjustments
Adjusted EBITDA	Profit after tax	• Tax • Mining 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 continued			
Headline earnings	Profit after tax	• Profit on disposal of property, plant and equipment • Tax on profit on disposal of property, plant and equipment and mineral rights • Impairment/impairment reversal • Tax on impairment/impairment reversal	Indicates the extent of the Group's normalised earnings to shareholders based on SAICA's Circular 2021/1
Statement of financial position			
Net debt	Borrowings from financial institutions less cash and related hedges	• IFRS 9 accounting adjustments • IFRS 16 lease liabilities • Restricted cash • Instalment sale obligations	Excludes the impact of accounting adjustments from the net debt obligations of the Group
Net senior debt	Borrowings from financial institutions less cash	• IFRS 9 accounting adjustments • IFRS 16 lease liabilities • Restricted cash • Instalment sale obligations	Excludes the impact of accounting adjustments from debt obligations of the Group

Cash cost

Direct production costs attributable to gold sold by the Group.

All-in sustaining costs

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

All-in costs

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

AISC and all-in costs are reported on the basis of a rand per kilogramme of gold and US\$ per ounce of gold. The US\$ equivalent is converted at the average exchange rate applicable for the current financial year as disclosed in the Group's production summary on **pages 54 to 57**. A kilogramme of gold is converted to a troy ounce of gold at a ratio of 1:32.1509.

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

The following table sets out a reconciliation of Pan African's cost of production as calculated in accordance with IFRS to AISC and all-in costs for the financial years ended 30 June 2022 and 30 June 2021. The equivalent of a rand per kilogramme and US\$ per ounce basis is disclosed in the Group's production summary table on **pages 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
Six months ended 31 December 2022											
Cost of production	767.3	329.8	1,097.1		117.3	140.8	358.4	616.5	884.6	829.0	1,713.6
Inter-company transactions	–	–	–		–	–	19.6	–	–	–	19.6
Cash cost¹	767.3	329.8	1,097.1		117.3	140.8	378.0	636.1	884.6	848.6	1,733.2
Royalties	4.4	2.8	7.2		0.3	–	0.6	0.9	4.7	3.4	8.1
Community cost related to gold operations	10.9	1.0	11.9		–	–	–	–	10.9	1.0	11.9
By-products credits	–	(3.6)	(3.6)		–	–	–	–	–	(3.6)	(3.6)
Corporate general and administrative costs	61.5	11.4	72.9		–	–	33.2	33.2	61.5	44.6	106.1
Sustaining capital – development	69.9	–	69.9		–	–	–	–	69.9	–	69.9
Sustaining capital – maintenance	81.9	–	81.9		2.3	1.6	12.0	15.9	84.2	13.6	97.8
AISC¹	996.0	341.3	1,337.3		119.9	142.4	423.9	686.2	1,115.9	907.6	2,023.5
Expansion capital – capital expenditure	23.6	473.6	497.2		0.5	–	147.9	148.4	24.1	621.5	645.6
All-in costs¹	1,019.7	814.9	1,834.6		120.4	142.4	571.7	834.5	1,140.1	1,529.0	2,669.1
Six months ended 31 December 2021											
Gold cost of production	725.5	375.7	1,101.2		104.5	110.4	313.9	528.8	830.0	800.0	1,630.0
Cash cost¹	725.5	375.7	1,101.2		104.5	110.4	313.9	528.8	830.0	800.0	1,630.0
Royalties	14.5	3.4	17.9		0.6	0.4	0.5	1.5	15.1	4.3	19.4
Community cost related to gold operations	10.3	–	10.3		–	–	0.5	0.5	10.3	0.5	10.8
By-products credits	–	(4.6)	(4.6)		–	–	–	–	–	(4.6)	(4.6)
Corporate general and administrative costs	49.7	29.2	78.9		–	–	25.2	25.2	49.7	54.4	104.1
Sustaining capital – development	58.1	–	58.1		–	–	–	–	58.1	–	58.1
Sustaining capital – maintenance	39.8	–	39.8		3.4	3.9	24.8	32.1	43.2	28.7	71.9
AISC¹	897.9	403.7	1,301.6		108.6	114.7	364.8	588.1	1,006.5	883.2	1,889.7
Expansion capital – capital expenditure	85.4	141.3	226.7		–	6.5	4.1	10.6	85.4	151.9	237.3
All-in costs¹	983.2	545.0	1,528.2		108.6	121.1	368.9	598.6	1,091.8	1,035.0	2,126.8

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	Unaudited six months ended 31 December 2022	Unaudited six months ended 31 December 2021
Cash and cash equivalents	(33.9)	(35.2)
Restricted cash ¹	0.3	0.3
DMTN bond	47.3	–
Gold loan	13.9	–
RCF	13.8	48.2
Redink Rentals (RF) Limited – loan facility	7.5	8.9
Lease liabilities	4.3	4.5
Instalment sale liability	–	0.1
Refinancing modification adjustment	0.5	0.9
Facility arranging fees	0.5	0.8
Derivative financial liabilities	0.1	–
Derivative financial asset	(0.6)	(0.3)
Net debt	53.7	28.2

¹ Restricted cash, included in cash and cash equivalents, relates to the funds included in an attorney's trust account, funds withdrawn from the environmental rehabilitation obligation fund and COVID-19 Temporary Employee Relief Scheme funds.

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	Unaudited six months ended 31 December 2022	Unaudited six months ended 31 December 2021
Cash and cash equivalents	(33.9)	(35.2)
Restricted cash ¹	0.3	0.3
DMTN bond	47.3	–
Gold loan	13.9	–
RCF	13.8	48.2
Redink Rentals (RF) Limited – loan facility	7.5	8.9
Facility arranging fees	0.5	0.8
Refinancing modification adjustment	0.5	0.9
Net senior debt	49.9	23.9

¹ Restricted cash, included in cash and cash equivalents, relates to the funds included in an attorney's trust account, funds withdrawn from the environmental rehabilitation obligation fund and COVID-19 Temporary Employee Relief Scheme funds.

ALTERNATIVE PERFORMANCE MEASURES continued**Adjusted EBITDA**

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

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
Net income/(cost) before finance income and finance costs	130.0	240.5	370.5		91.8	16.5	321.4	429.7	221.8	578.4	800.2
Mining depreciation and amortisation	63.0	55.1	118.1		28.6	–	40.2	68.8	91.6	95.3	186.9
EBITDA	193.0	295.6	488.6		120.4	16.5	361.6	498.5	313.4	673.7	987.1
Adjusted EBITDA – December 2022	193.0	295.6	488.6		120.4	16.5	361.6	498.5	313.4	673.7	987.1
Net income/(cost) before finance income and finance costs	283.0	347.9	630.9		84.1	47.8	302.4	434.3	367.1	698.1	1,065.2
Mining depreciation and amortisation	58.0	60.6	118.6		16.4	–	64.6	81.0	74.4	125.2	199.6
EBITDA	341.0	408.5	749.5		100.5	47.8	367.0	515.3	441.5	823.3	1,264.8
Adjusted EBITDA – December 2021	341.0	408.5	749.5		100.5	47.8	367.0	515.3	441.5	823.3	1,264.8

Net adjusted EBITDA

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

Headline earnings

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

	Unit	Unaudited six months ended 31 December 2022	Unaudited six months ended 31 December 2021
Basic earnings	US\$ million	29.1	46.1
Headline earnings	US\$ million	29.1	46.1
Weighted average number of shares in issue	Number million	1,916.5	1,928.3
Headline earnings per share	US cents	1.52	2.39

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	Unaudited six months ended 31 December 2022	Unaudited six months ended 31 December 2021
Net debt ¹	53,652	28,226
Total equity	291,636	274,729
Net debt-to-equity ratio	0.2	0.1
Finance costs – RCF ⁵	3,244	1,550
Finance costs – term loan facility ⁵	–	2,793
Finance costs – Redink Rentals (RF) Limited – loan facility ⁵	693	615
Finance costs – DMTN bond ⁵	252	–
Finance costs – general banking facility ⁵	74	–
Total finance costs – interest-bearing facilities⁵	4,263	4,958
Adjusted EBITDA ^{2, 5}	114,952	144,053
Fair value losses from financial instruments ⁵	(263)	(491)
Net adjusted EBITDA⁵	114,689	143,562
Interest cover ratio	26.9	29.0
Net debt	53,652	28,226
Net adjusted EBITDA ^{3, 5}	114,689	143,562
Net debt to EBITDA	0.5	0.2
Net adjusted EBITDA ^{3, 5}	114,689	143,562
Net working capital change ⁵	1,856	(7,109)
Add: non-cash flow items ⁵	195	1,427
Total capital expenditure less capital funded through permitted indebtedness ⁵	(65,887)	(58,682)
Less: net dividends paid ^{4, 5, 6}	–	(21,559)
Less: tax paid ⁵	(7,472)	(12,360)
Free cash flow⁵	43,381	45,279
Finance costs from interest-bearing facilities ⁵	4,263	4,959
Obligatory capital repayments	860	10,198
Debt service obligation	5,123	15,157
Debt service cover ratio	8.5	3.0

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.

⁴ Net dividend paid in the previous financial year represents the total dividend paid less the reciprocal dividend received from PAR Gold.

⁵ These amounts are for the 12-month periods ended 31 December.

⁶ Distributions to shareholders are no longer required to be deducted in the calculation of free cash flow in terms of the restructured RCF.

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	Unaudited six months ended 31 December 2022	Unaudited six months ended 31 December 2021
Total equity	US\$ million	291.6	274.7
Shares in issue	Number million	2,222.9	2,234.7
Treasury shares	Number million	(306.4)	(306.4)
Net asset value	US cents	15.22	14.25

GROUP PRODUCTION SUMMARY

	Six months ended 31 December	Unit	Mining operations		
			Barberton Mines	Evander Mines	Total
Tonnes milled – underground	2022	t	118,399	73,946	192,345
	2021	t	125,257	69,790	195,047
Tonnes milled – surface	2022	t	51,227	–	51,227
	2021	t	27,740	–	27,740
Tonnes milled – total underground and surface	2022	t	169,626	73,946	243,572
	2021	t	152,997	69,790	222,787
Tonnes processed – tailings	2022	t	–	–	–
	2021	t	–	–	–
Tonnes processed – surface feedstock	2022	t	–	–	–
	2021	t	–	–	–
Tonnes processed – total tailings and surface feedstock	2022	t	–	–	–
	2021	t	–	–	–
Tonnes milled and processed – total	2022	t	169,626	73,946	243,572
	2021	t	152,997	69,790	222,787
Overall recovered grade	2022	g/t	5.87	8.06	6.54
	2021	g/t	8.13	12.17	9.40
Overall recovery – underground	2022	%	91	97	93
	2021	%	93	97	95
Overall recovery – tailings	2022	%	–	–	–
	2021	%	–	–	–
Gold produced – underground	2022	oz	30,206	19,173	49,379
	2021	oz	39,176	27,312	66,488
Gold production – surface operations	2022	oz	1,816	–	1,816
	2021	oz	815	–	815
Gold produced – tailings	2022	oz	–	–	–
	2021	oz	–	–	–
Gold produced – surface feedstock	2022	oz	–	–	–
	2021	oz	–	–	–
Gold produced – total	2022	oz	32,022	19,173	51,195
	2021	oz	39,991	27,312	67,303

	Tailings operations				Total operations		
	BTRP	Evander Mines' surface sources	Elikhulu	Total	Barberton Mines total	Evander Mines total	Group total
	–	–	–	–	118,399	73,946	192,345
	–	–	–	–	125,257	69,790	195,047
	–	–	–	–	51,227	–	51,227
	–	–	–	–	27,740	–	27,740
	–	–	–	–	169,626	73,946	243,572
	–	–	–	–	152,997	69,790	222,787
	441,122	–	7,164,748	7,605,870	441,122	7,164,748	7,605,870
	420,317	–	6,442,397	6,862,714	420,317	6,442,397	6,862,714
	–	174,786	–	174,786	–	174,786	174,786
	–	163,090	–	163,090	–	163,090	163,090
	441,122	174,786	7,164,748	7,780,656	441,122	7,339,534	7,780,656
	420,317	163,090	6,442,397	7,025,804	420,317	6,605,487	7,025,804
	441,122	174,786	7,164,748	7,780,656	610,748	7,413,480	8,024,228
	420,317	163,090	6,442,397	7,025,804	573,314	6,675,277	7,248,591
	0.71	0.94	0.11	0.16	2.14	0.21	0.36
	0.68	1.10	0.13	0.18	2.66	0.27	0.46
	–	–	–	–	91	97	93
	–	–	–	–	93	97	95
	49	80	32	38	49	36	38
	45	82	37	42	45	41	42
	–	–	–	–	30,206	19,173	49,379
	–	–	–	–	39,176	27,312	66,488
	–	–	–	–	1,816	–	1,816
	–	–	–	–	815	–	815
	10,012	–	25,830	35,842	10,012	25,830	35,842
	9,126	–	25,900	35,026	9,126	25,900	35,026
	–	5,270	–	5,270	–	5,270	5,270
	–	5,756	–	5,756	–	5,756	5,756
	10,012	5,270	25,830	41,112	42,034	50,273	92,307
	9,126	5,756	25,900	40,782	49,117	58,968	108,085

GROUP PRODUCTION SUMMARY continued

	Six months ended 31 December	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	2022	oz	31,074	18,723	49,797		9,542	5,270	25,830	40,642	40,616	49,823	90,439
	2021	oz	39,308	27,312	66,620		8,866	5,756	25,900	40,522	48,174	58,968	107,142
Average ZAR gold price received	2022	ZAR/kg	959,230	962,140	960,324		959,271	962,087	962,535	961,711	959,239	962,339	960,947
	2021	ZAR/kg	866,671	876,639	870,758		866,689	876,944	876,640	874,506	866,674	876,669	872,175
Average US\$ gold price received	2022	US\$/oz	1,722	1,727	1,724		1,722	1,727	1,728	1,726	1,722	1,727	1,725
	2021	US\$/oz	1,792	1,813	1,801		1,792	1,814	1,813	1,809	1,792	1,813	1,804
ZAR cash cost	2022	ZAR/kg	793,895	566,246	708,302		395,198	858,758	470,562	503,205	700,228	547,580	616,134
	2021	ZAR/kg	593,380	442,226	531,412		379,001	616,397	389,599	419,496	553,925	436,112	489,084
ZAR all-in sustaining costs	2022	ZAR/kg	1,030,548	586,038	863,419		403,965	868,489	527,585	542,766	883,344	585,610	719,322
	2021	ZAR/kg	734,391	475,196	628,130		393,691	640,398	452,872	466,561	671,688	481,517	567,023
ZAR all-in cost	2022	ZAR/kg	1,055,005	1,399,324	1,184,464		405,582	868,489	711,639	660,121	902,435	986,655	948,832
	2021	ZAR/kg	804,209	641,583	737,538		393,691	676,683	457,974	474,976	728,657	564,364	638,235
US\$ cash cost	2022	US\$/oz	1,425	1,016	1,271		709	1,541	845	903	1,257	983	1,106
	2021	US\$/oz	1,227	915	1,099		784	1,275	806	868	1,146	902	1,011
US\$ all-in sustaining cost	2022	US\$/oz	1,850	1,052	1,550		725	1,559	947	974	1,585	1,051	1,291
	2021	US\$/oz	1,519	983	1,299		814	1,324	937	965	1,389	996	1,173
US\$ all-in cost	2022	US\$/oz	1,893	2,511	2,126		728	1,559	1,277	1,185	1,620	1,771	1,703
	2021	US\$/oz	1,663	1,327	1,525		814	1,399	947	982	1,507	1,167	1,320
ZAR cash cost per tonne	2022	ZAR/t	4,523	4,460	4,504		266	806	53	82	1,448	114	216
Adjusted EBITDA	2021	ZAR/t	4,742	5,383	4,943		249	677	49	75	1,448	120	225
Capital expenditure	2022	ZAR million	175.5	473.6	649.1		2.8	1.6	159.9	164.3	178.3	635.1	813.4
	2021	ZAR million	183.3	141.3	324.6		3.4	10.4	28.9	42.7	186.7	180.6	367.3
Revenue	2022	ZAR million	927.1	560.3	1,487.4		284.7	157.7	773.3	1,215.7	1,211.8	1,491.3	2,703.1
	2021	ZAR million	1,059.6	744.7	1,804.3		239.0	157.0	706.2	1,102.2	1,298.6	1,607.9	2,906.5
Cost of production	2022	ZAR million	767.3	329.8	1,097.1		117.3	140.8	378.0	636.1	884.6	848.6	1,733.2
	2021	ZAR million	725.5	375.7	1,101.2		104.5	110.4	313.9	528.8	830.0	800.0	1,630.0
All-in sustainable cost of production	2022	ZAR million	996.0	341.3	1,337.3		119.9	142.4	423.9	686.2	1,115.9	907.6	2,023.5
	2021	ZAR million	897.9	403.7	1,301.6		108.6	114.7	364.8	588.1	1,006.5	883.2	1,889.7
All-in cost of production	2022	ZAR million	1,019.7	814.9	1,834.6		120.4	142.4	571.7	834.5	1,140.1	1,529.0	2,669.1
	2021	ZAR million	983.2	545.0	1,528.2		108.6	121.1	368.9	598.6	1,091.8	1,035.0	2,126.8
Adjusted EBITDA	2022	ZAR million	193.0	295.6	488.6		120.4	16.5	361.6	498.5	313.4	673.7	987.1
	2021	ZAR million	341.0	408.5	749.5		100.5	47.8	367.0	515.3	441.5	823.3	1,264.8
Average exchange rate	2022	ZAR/US\$	17.33	17.33	17.33		17.33	17.33	17.33	17.33	17.33	17.33	17.33
	2021	ZAR/US\$	15.04	15.04	15.04		15.04	15.04	15.04	15.04	15.04	15.04	15.04

DEFINITIONS OF TERMS AND ABBREVIATIONS USED IN THIS REPORT

8 Shaft	Evander Mines' 8 Shaft pillar project
A2X	A2X Market, a licensed stock exchange authorised to provide a secondary listing venue for companies
ADR	American Depository Receipt programme through the Bank of New York Mellon
AIM	Alternative Investment Market, the LSE's international market for smaller growing companies
AISC	All-in sustaining costs
APMs	Alternative performance measures
Barberton Mines	Barberton Mines Proprietary Limited
Blyvoor	Blyvoor Gold Operations Proprietary Limited
BNR	Barberton Nature Reserve
BNY Mellon	Bank of New York Mellon
the board	The board of directors of Pan African
BTRP	Barberton Tailings Retreatment Plant, a gold recovery tailings plant owned by Barberton Mines, which reached steady-state production in June 2013
CGU	Cash-generating unit
Companies Act 2006	An act of the Parliament of the UK which forms the primary source of UK company law
COVID-19	Coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
Current reporting period	Six months ended 31 December 2022
Current financial year	The financial year ended 30 June 2022
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
Evander Mines	Evander Gold Mining Proprietary Limited
Exco	Executive committee of Pan African Resources
g/t	Grammes/tonne
ha	Hectare
HEPS	Headline earnings per share
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
JIBAR	Johannesburg Interbank Average Rate
JSE	JSE Limited incorporating the Johannesburg Securities Exchange, the main bourse in South Africa
kg	Kilogramme
km	Kilometre
km ²	Square kilometre
Koz	Thousand ounces
KPI	Key performance indicator
LoM	Life-of-mine
LSE	London Stock Exchange

LTIFR	Lost-time injury frequency rate
m	Metre
Mintails SA	Mintails Mining SA Proprietary Limited
Mintails transaction	Pan African entered into conditional sale of shares agreements to acquire Mogale Gold Proprietary Limited and Mintails SA Soweto Cluster Proprietary Limited
ML	Megalitre
MMR	Main Muiden Reef
Mogale Gold	Mogale Gold Proprietary Limited
MRC	Main Reef Complex
MSC	Mintails SA Soweto Cluster Proprietary Limited
Mt	Million tonnes
MW	Megawatt
MWac	Megawatt, alternating current
MWh	Megawatt hour
OTC	Over-the-counter
OTCQX	OTCQX Best Market in the US
oz	Ounce
Pan African Resources PLC	Holding company – Pan African
PAR Funding Company	Pan African Resources Funding Company Proprietary Limited
PAR Gold	PAR Gold Proprietary Limited
PC	Barberton Mines' Prince Consort Shaft
Previous reporting period	Six months ended 31 December 2021
PV	Photovoltaic
RCF	Revolving credit facility
RIFR	Reportable injury frequency rate
SAICA	South African Institute of Chartered Accountants
SAMREC Code	South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2016 edition
SENS	Stock Exchange News Service
SLFF	Sustainability-linked finance framework
SLP	Social and Labour Plan, required in terms of Regulation 46 of the Mineral and Petroleum Resources Development Act, 28 of 2002
SPO	Second-party opinion
t	Tonnes
the Group or the Company or Pan African	Pan African Resources PLC, listed on the LSE's AIM and on the JSE in the Gold Mining sector
TSF	Tailings storage facility
UK	United Kingdom
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 interim results presentation are as follows:

DATE

15 February 2023

TIME

11:00 (SA time), 09:00 (UK time)

WEBCAST/DIALLING IN

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

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

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