

MATERIAL MATTERS, RISKS AND OPPORTUNITIES

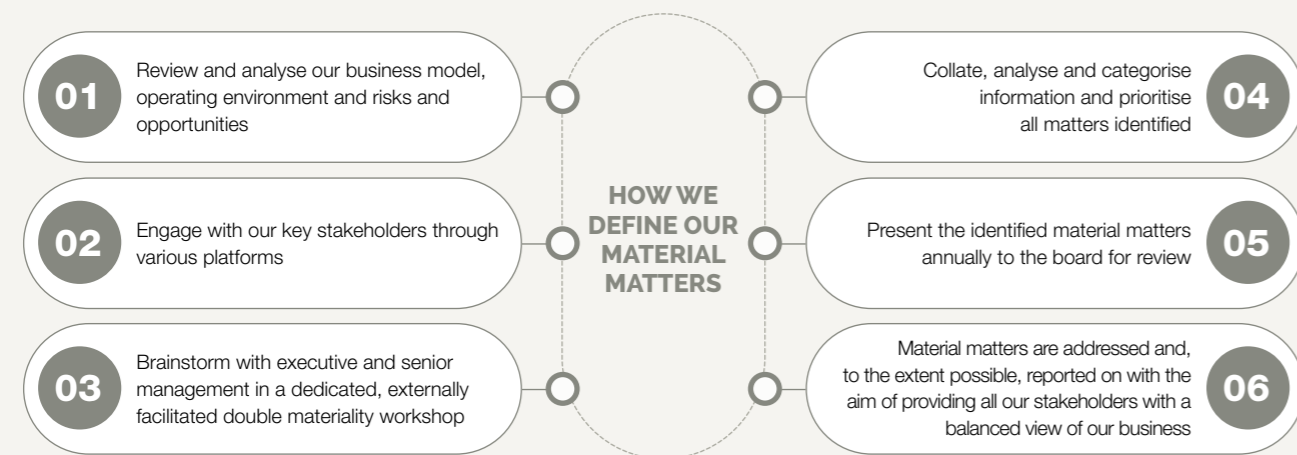
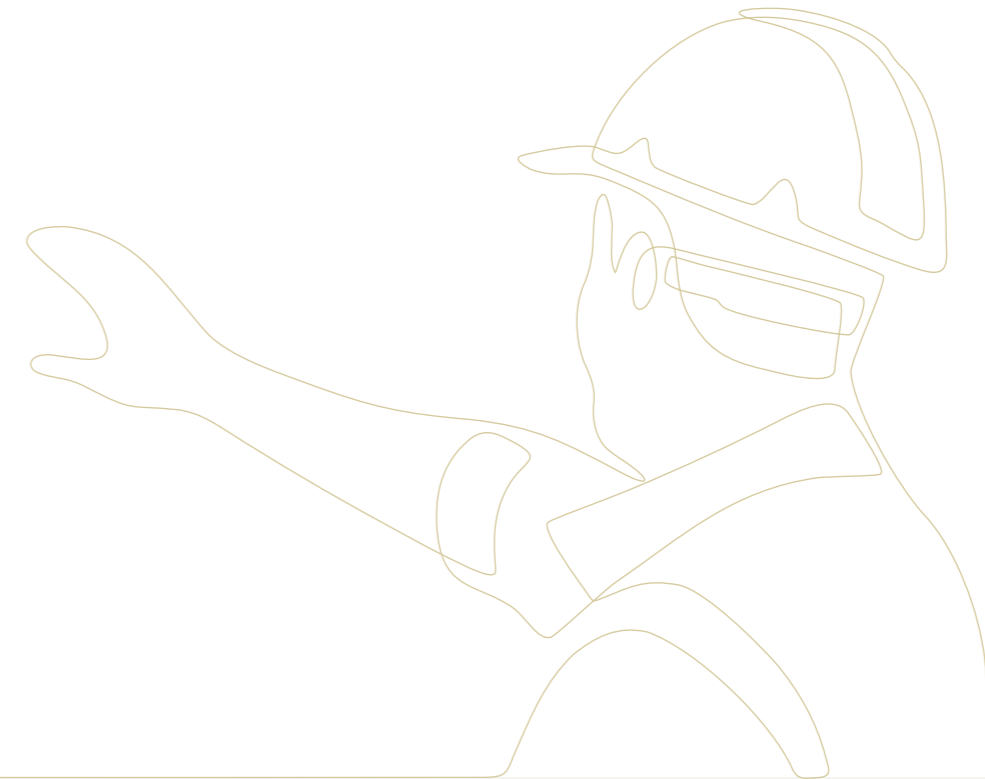
Identifying and addressing our material matters is essential to our performance and ability to create or preserve value in the short, medium and long term. We prioritise understanding our impact on society, communities and the environment. Integrating these considerations into our strategic planning and reporting activities ensures a comprehensive approach to sustainability.



INTEGRATED THINKING

We identify our material matters and assess their impact on our business model and our strategic execution.

Through double materiality, we also consider the impact our business can have on external stakeholders and the environment.

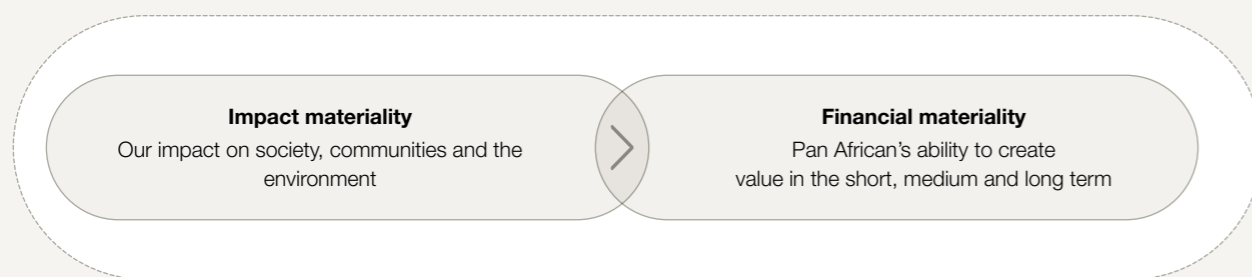


Our material matters are integrated into our strategy and inform our strategic objectives (refer to pages 24 to 27).

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

DOUBLE MATERIALITY

Our material matters are shown on the graph on page 37. It reflects:

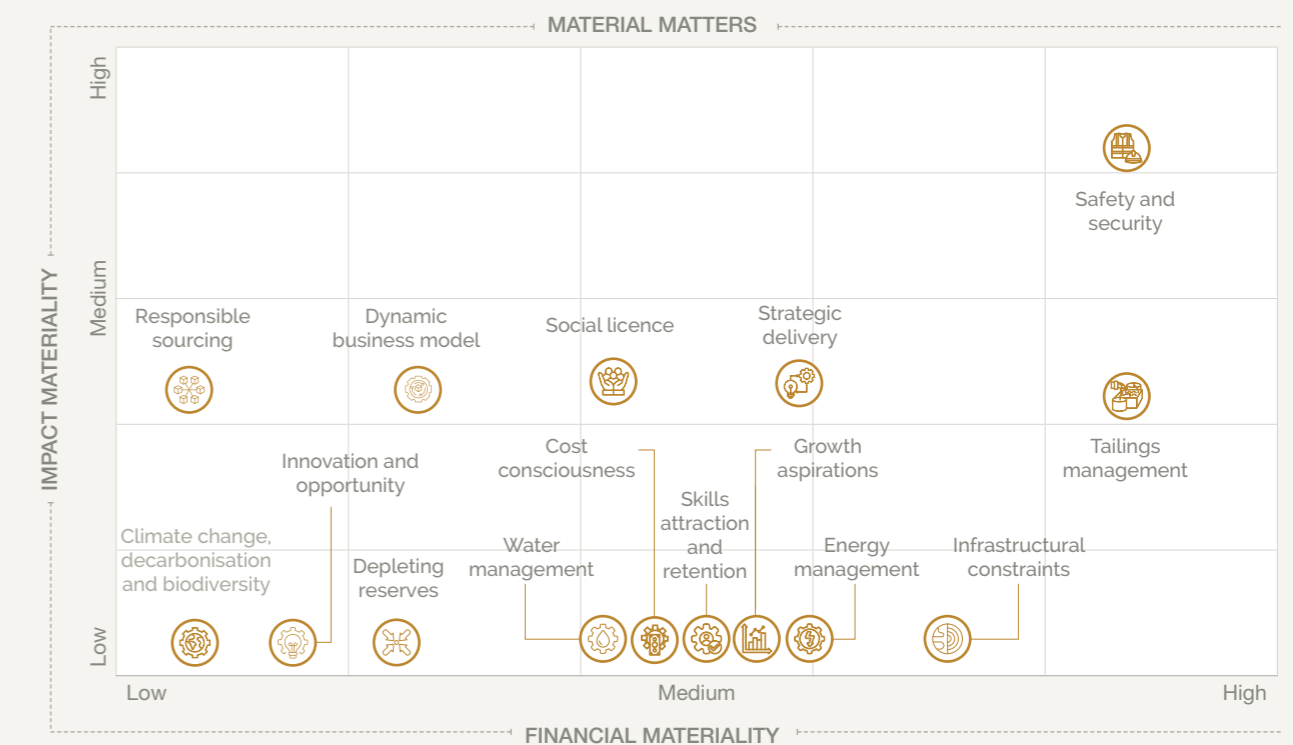


MATERIAL MATTERS

The results of our double materiality assessment are depicted in this graph.

For a discussion of the key aspects related to each of these material matters, structured according to the primary capital affected, refer to pages 40 to 55.

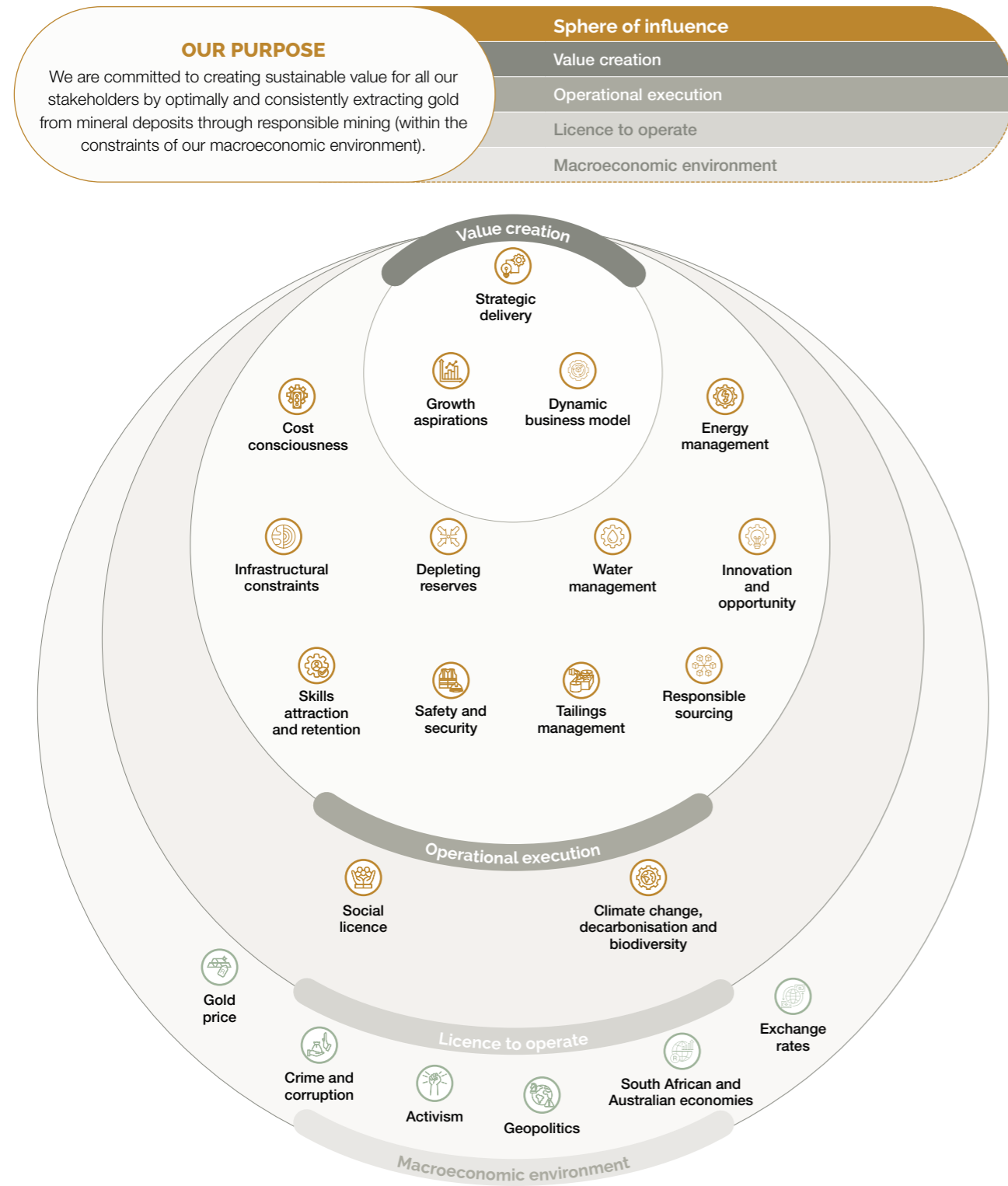
Material matters with an environmental and social impact are discussed in greater detail in the **sustainable development report**, which is available on our website at: <https://www.panafricanresources.com/investors/gri-and-sustainability/>



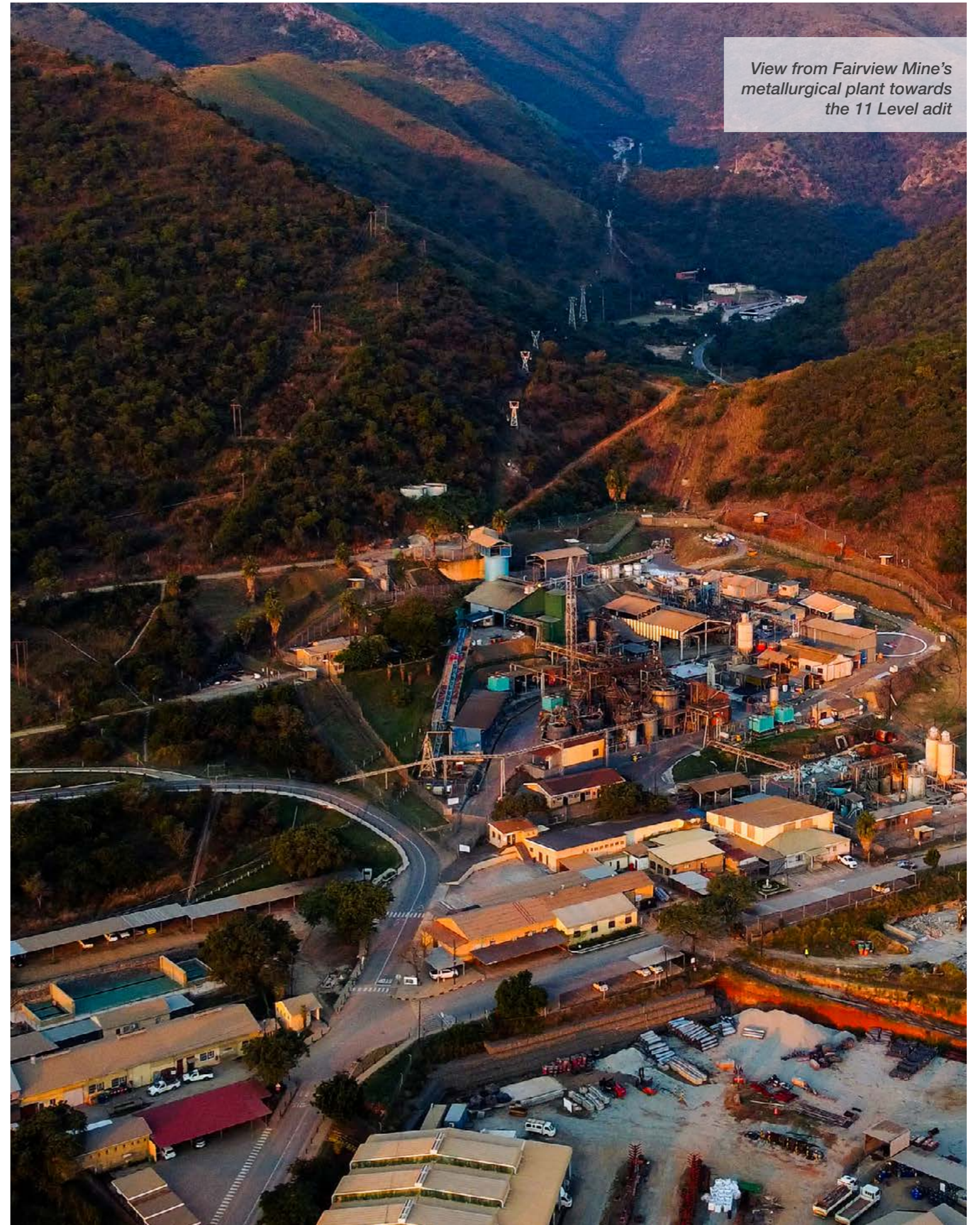
MATERIAL MATTERS, RISKS AND OPPORTUNITIES continued

SPHERES OF INFLUENCE

We arrived at these material matters after assessing our ability to exert influence over them. The graphic reflects our material matters according to our **spheres of influence** and the varying degrees with which we can influence these matters in pursuit of our purpose:



Macroeconomic risk factors, which have the potential to materially impact our performance or future value creation, are almost entirely of an external nature and are therefore not included in our list of material matters.

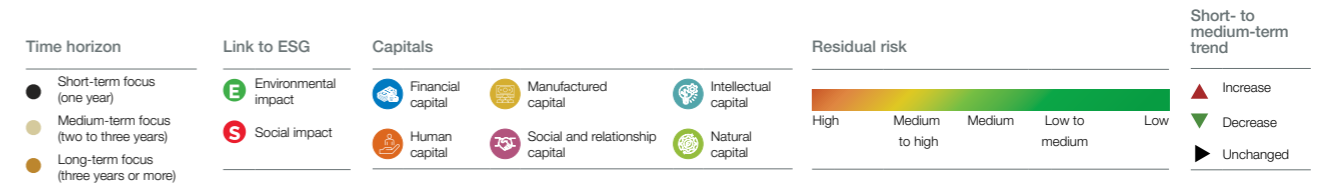


View from Fairview Mine's metallurgical plant towards the 11 Level adit

MATERIAL MATTERS, RISKS AND OPPORTUNITIES continued

WHAT IS MATERIAL TO OUR STRATEGY AND SUSTAINABLE VALUE CREATION

Strategic delivery		Time horizon ●
Our profitability is influenced by several factors, other than the gold price, including production levels, cost-containment measures, efficiency in extracting gold and maintaining a robust capital structure		Other capitals impacted
Why this is important <ul style="list-style-type: none"> Effective execution enhances profitability, maintains operational efficiency and secures our competitive advantage Maintaining a robust capital structure enhances our operational resilience, facilitates growth and enables us to return capital to shareholders through dividends or share buy-backs It also ensures our ability to navigate commodity price cycles and macroeconomic volatility, allowing us to fund operations and access capital for organic and acquisitive growth opportunities 		
Progress in FY25 <ul style="list-style-type: none"> Gold produced increased to 196,527oz (FY24: 186,039oz) Group AISC[®] increased to US\$1,600/oz (FY24: US\$1,354/oz) For further metrics, refer to the financial capital KPIs on page 72		Long-term objective <ul style="list-style-type: none"> Maintain a sustainable and resilient business model that consistently delivers profitable operations, drives operational efficiency, maintains a competitive advantage and maximises shareholder value through effective execution and a robust capital structure
1 Related risk and opportunity – operational execution Not achieving guided production and cost targets (FY24: 1)		Short- to medium-term trend ▼
Cause <ul style="list-style-type: none"> Above-inflationary input cost increases Deeper orebodies and longer travel times reduce mining efficiencies Logistics bottlenecks and infrastructure constraints Depletion of high-grade reserves High demands on aged infrastructure Unplanned events such as safety-related incidents, community protests or regulatory production stoppages Power curtailment Eskom infrastructure failures and unplanned power outages 	Potential impact <ul style="list-style-type: none"> These adversely affect: <ul style="list-style-type: none"> operational and financial results shareholder returns investor confidence long-term business sustainability the ability to fund growth projects Production stoppages Increased unit production costs Possible mine closure Not meeting shareholder expectations 	Governance responsibility <ul style="list-style-type: none"> Board Executive committee (Exco)
Mitigating actions <ul style="list-style-type: none"> Implemented cost savings and production improvement initiatives Progressed the infrastructure upgrade strategy to improve efficiencies Simplified and improved the ore handling system at Evander Mines following the completion of the ventilation shaft hoisting system Elikhulu's Winkelhaak pump station to be commissioned earlier than anticipated in FY26 to ensure a smooth transition from the Leslie/Bracken TSF The MTR operation achieved steady-state production in December 2024, with a project to increase plant capacity in progress Repaired and upgraded Fairview Mine's constrained 3 Shaft decline infrastructure to alleviate bottlenecks The restructuring of Barberton Mines' underground operations was successfully completed in May 2025, with an approximate 20% reduction in the overall workforce Completion of Tennant Mines' plant ahead of schedule, in conjunction with stockpiling Crown Pillar and Warrego plant material. Ongoing work to ensure steady-state production in FY26Q1 Investment in renewable energy and water treatment projects Refer to the operational performance review on page 100 for more information	Opportunities <ul style="list-style-type: none"> Reduce AISC[®] and increase production Achieve the Group's strategic objectives Meet investor expectations and increase shareholder value Consistently achieve and sustain production targets 	
Outlook <ul style="list-style-type: none"> Continued focus on increasing productivity and mining flexibility while reducing AISC[®] per unit by implementing optimisation and cost-reducing initiatives and maintaining strict operating and capital cost control The computer-assisted drawing and three-dimensional (3D) systems implemented will reduce the turnaround time for geological and grade model updates to ensure timely changes to mining plans Operational execution will also depend on the availability of electricity from Eskom, which has remained constrained Investment in further high-margin, long-life projects 		



Growth aspirations	Time horizon ●●
Our portfolio of growth projects and expansion opportunities has been rigorously evaluated and meets our strict investment criteria, ensuring that we can deliver long-term value to our shareholders	Other capitals impacted
Why this is important <ul style="list-style-type: none"> Successfully executing capital growth projects allows the Group to increase annual production, advance its position among mid-tier gold producers and deliver long-term value to shareholders 	
Progress in FY25 <ul style="list-style-type: none"> Evander Mines' 24 and 25 Level project <ul style="list-style-type: none"> Development of the 24 and 25 Levels is progressing well Phase 2 of the refrigeration plant has been commissioned The ventilation shaft and associated conveyor systems have been commissioned Barberton Mines' underground operations <ul style="list-style-type: none"> Increased reserve delineation drilling to further improve orebody definition, optimise resource models and increase confidence in the Mineral Reserves Increased lateral development within the Zwartkoppie (ZK) orebody to open more ground for the continuation of down-dip mining Development into the up-dip area of the Western Cross orebody is progressing well Mining is underway on the 260, 261 and 262 Platforms within the high-grade Main Reef Complex (MRC) orebody Barberton Mines' consolidated Royal Sheba and Western Cross projects (Sheba Fault project) <ul style="list-style-type: none"> Advancing studies to optimise mining and transport of resources from the Sheba Fault project to the BTRP The MTR operation (refer to page 109) achieved steady-state production in December 2024 The Soweto Cluster feasibility study is on track for completion by September 2025, with the study focusing on the option of constructing a new processing facility, which would be a stand-alone operation also producing approximately 50,000oz per annum Acquisition of Tennant Mines in November 2024, with the plant commissioned in FY25Q4 and steady-state production expected in FY26Q1 Access to a mineral field with attractive growth potential For further metrics, refer to the financial capital KPIs on page 72	Long-term objectives <ul style="list-style-type: none"> Strategically leverage growth projects and expansion opportunities to extend the life of our operations, diversify the portfolio to mitigate risks associated with a single sovereign jurisdiction and utilise expertise in exploration and surface tailings retreatment to construct and operate similar facilities in other jurisdictions Maintain robust returns through commodity cycles by adopting a disciplined investment strategy focused on projects within the lower half of the cost curve. By mitigating market volatility and aligning execution risks with our capabilities, we aim to ensure sustained profitability and enhance shareholder value Increase the annual gold production profile to exceed 275,000oz and further expand the investor base in global markets to enhance liquidity and investor confidence Continue to manage the capital structure to ensure flexibility and the ability to fund value-accretive growth



MATERIAL MATTERS, RISKS AND OPPORTUNITIES continued

Dynamic business model		Time horizon ●●●
Our business model is adaptable and able to pivot to the most viable options and opportunities presented by international and foreign exchange markets, legislative or natural, at any given point in time		Other capitals impacted
Why this is important <ul style="list-style-type: none"> Focusing on the most profitable capital growth projects and strategies enables the Group to deliver long-term value to shareholders 		
Progress in FY25 <ul style="list-style-type: none"> Low-cost surface remaining operations produced 51% of all gold produced (FY24: 41%) Acquired near-term, low-cost and low-risk production growth from a Tier 1 mining jurisdiction (Australia) 		Long-term objective <ul style="list-style-type: none"> Strategically leverage growth projects and expansion opportunities to extend the life of our operations, diversify the portfolio to mitigate risks associated with a single sovereign jurisdiction and utilise expertise in exploration and surface tailings retreatment to construct and operate similar facilities in Australia
8 Related risk and opportunity – capital allocation and execution Suboptimal allocation of capital resources (FY24: 7)		Short- to medium-term trend ▲
Cause <ul style="list-style-type: none"> Poorly considered capital allocation decisions Delays in executing capital projects timeously and associated cost overruns 	Potential impact <ul style="list-style-type: none"> Suboptimal return on capital and value destruction adversely impact stakeholder value creation and investor confidence Adverse impact on operational and financial performance as well as strategic growth 	Governance responsibility <ul style="list-style-type: none"> Board Audit and risk committee Exco
Mitigating actions <ul style="list-style-type: none"> Rigorous risk-adjusted investment and capital allocation analysis Ensured appropriate oversight of investment decisions Predefined risk-adjusted return parameters which take into account execution risk Monitored ongoing projects to effectively manage execution risks 		Opportunities <ul style="list-style-type: none"> Ensure the continued sustainability of our mines Maximise the value of our assets and shareholder returns
Outlook <ul style="list-style-type: none"> Macroeconomic pressures and capital scarcity will remain pertinent, warranting the continued focus on predefined risk-return parameters 		

Time horizon

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

Link to ESG

- E Environmental impact
- S Social impact

Capitals

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

Residual risk

Short- to medium-term trend

- ▲ Increase
- ▼ Decrease
- ▶ Unchanged

WHAT IS MATERIAL TO EXECUTING OUR OPERATIONAL PLANS

Cost consciousness		Time horizon ●●●
We prioritise sustainable profitability, growth and expansion through disciplined cost and cash flow management, well-considered strategic capital allocation and prudent capital spending		Other capitals impacted
Why this is important <ul style="list-style-type: none"> Delivering on annual cost and production guidance ensures profitable operations and the cash flows to meet capital expenditure and financing obligations, thereby improving investor and other stakeholder confidence in the Group's sustainability Effective cost management further supports long-term sustainability and growth 		
Progress in FY25 <ul style="list-style-type: none"> 5.5% increase in production attributable to increased production from surface operations, predominantly the production from the MTR operation US\$2.5 million (FY24: US\$2.2 million) in cost savings from Evander Mines' solar plant which was commissioned in May 2022 US\$1.8 million (FY24: US\$nil) in cost savings from Fairview Mines' solar plant, with initial power generation in August 2024 US\$0.8 million (FY24: US\$0.3 million) in cost savings from various energy efficiency projects US\$0.4 million (FY24: US\$0.5 million) in cost savings from Evander Mines' water treatment plant which was commissioned in March 2023 Cost of production before depreciation and amortisation increased by 26.9% to US\$280.8 million (FY24: US\$221.2 million) Successful restructuring of Barberton Mines' underground operations, with estimated annual savings of approximately US\$12.1 million Successful commissioning of new Evander Mines' underground infrastructure to increase efficiencies and reduce costs For further metrics, refer to the manufactured capital KPIs on page 72		Long-term objective <ul style="list-style-type: none"> Maintain a culture of disciplined cost and cash flow management as well as strategic capital allocation, ensuring that all capital allocation decisions undergo rigorous analysis and adhere to predefined risk-adjusted return parameters
11 Related risk and opportunity – cost inflation Increasing mining costs and capital expenditure due to inflation (FY24: 10)		Short- to medium-term trend ▶
Cause <ul style="list-style-type: none"> Above-inflationary price increases Supply chain disruptions Geopolitical risks and uncertainty Commodity price volatility 	Potential impact <ul style="list-style-type: none"> Increased interest rates will have a negative impact on the cost of funding debt capital Increased AISC[®] Reduced profitability, cash flows and shareholder returns Not meeting shareholder expectations 	Governance responsibility <ul style="list-style-type: none"> Board Audit and risk committee Exco
Mitigating actions <ul style="list-style-type: none"> Monthly operational and cost reviews Optimisation improvement and cost-reduction initiatives Migration to renewable energy Communicate production and cost guidance to the market Expansion of the Group's lower-cost tailings retreatment operations 		Opportunity <ul style="list-style-type: none"> Reduce AISC[®]
Outlook <ul style="list-style-type: none"> South Africa's inflation is expected to rise moderately in 2026, driven by food, energy and wage pressures, but remain manageable within the South African Reserve Bank's target range, supported by a stronger US\$/ZAR exchange rate and tight monetary policy. However, weak domestic demand and global geopolitical uncertainties could pose challenges to economic growth 		

MATERIAL MATTERS, RISKS AND OPPORTUNITIES continued

Depleting reserves		Time horizon ● ● ●
Gold mining involves the extraction of a scarce and limited resource in the most efficient way. New deposits are inherently difficult and costly to find, delineate, estimate and economically acquire		Other capitals impacted
Why this is important <ul style="list-style-type: none"> Reliable delineation and estimation of Mineral Resources and Mineral Reserves enhances profitability, maintains operational efficiency and secures our competitive advantage Successfully executing capital growth projects enables the Group to increase annual production, advance its position among mid-tier gold producers and deliver long-term value to shareholders 		
Progress in FY25 <ul style="list-style-type: none"> An independent Mineral Resources and Mineral Reserves audit was conducted Barberton Mines is improving its geological modelling capabilities Acquired near-term, low-cost and low-risk production growth from a Tier 1 mining jurisdiction (Australia) Commissioned the MTR operation and completing the Soweto Cluster feasibility study 	Long-term objective <ul style="list-style-type: none"> Maintain a pipeline of Mineral Resources and Mineral Reserves to ensure sustainable future production 	
9 Related risk and opportunity – geological variability Inherent geological variability in Mineral Resources and Mineral Reserves (FY24: 8)		Short- to medium-term trend ►
Cause <ul style="list-style-type: none"> Inherent risk in the delineation and estimation of Mineral Resources and Mineral Reserves Geological complexity of orebodies in the hydrothermal lode gold deposits of the Barberton Greenstone Belt 	Potential impact <ul style="list-style-type: none"> Not achieving guided production in the short to medium term may adversely affect: <ul style="list-style-type: none"> operational and financial results shareholder returns investor confidence 	Governance responsibility <ul style="list-style-type: none"> Board Audit and risk committee Exco
Mitigating actions <ul style="list-style-type: none"> Mine planning and forecast production is supported by modifying factors actually achieved over the preceding three years as well as conservative assumptions Experience in orebody delineation provides confidence in our predictive ability An independent exploration Mineral Resources and Mineral Reserves audit was conducted in the past two years The mine planning department at Barberton Mines has implemented modern planning and scheduling systems Barberton Mines' survey and geology department has been equipped with computer-assisted drawing and 3D systems, improving its geological modelling capabilities 		Opportunity <ul style="list-style-type: none"> Maintain a pipeline of Mineral Resources and Mineral Reserves to ensure sustainable future production
Outlook <ul style="list-style-type: none"> Geological complexity inherently holds opportunities in the project pipeline for exploration and delineation of additional ore deposits Increased understanding of orebodies and flexibility with improved geological technology 		

Time horizon: ● Short-term focus (one year), ● Medium-term focus (two to three years), ● Long-term focus (three years or more)
 Link to ESG: E Environmental impact, S Social impact
 Capitals: Financial capital, Manufactured capital, Intellectual capital, Human capital, Social and relationship capital, Natural capital
 Residual risk: High, Medium to high, Medium, Low to medium, Low
 Short- to medium-term trend: ▲ Increase, ▼ Decrease, ► Unchanged

Water management		Time horizon ● ● ● E
Water management is pivotal for operational performance and environmental sustainability. Our focus on effective wastewater treatment and efficient water utilisation aims to reduce costs, drive sustainability and optimise performance		Other capitals impacted
Why this is important <ul style="list-style-type: none"> Our water recycling projects support future gold production and AISC[®] reductions Our water treatment plant initiatives reduce reliance on municipal water, resulting in environmental benefits and cost savings 		
Progress in FY25 <ul style="list-style-type: none"> Evander Mines' water treatment plant realised cost savings of approximately US\$0.4 million (FY24: US\$0.5 million) and reduced municipal water consumption by 71.6% to 252.7ML A feasibility study to expand Evander Mines' water treatment plant from 3ML to 6ML was completed A feasibility study for a water treatment plant at the MTR operation was completed Project to reduce water use, wastewater generation and costs in partnership with the National Cleaner Production Centre of South Africa (NCPC-SA) on the Industrial Water Efficiency Project For further metrics, refer to the natural capital KPIs on page 73	Long-term objective <ul style="list-style-type: none"> Enhance water management practices, focusing on effective wastewater treatment and efficient water utilisation, in order to drive operational efficiency, environmental sustainability and cost optimisation 	
Water reuse TSFs are remined through hydro-mining using processed water from external water sources, return water dams or underground dewatering. By reusing water, we minimise water abstraction, demonstrating our dedication to water conservation		
Water withdrawal Our operations utilise water primarily for metallurgical processing, remining, domestic use and dust control. We source water for these essential functions from groundwater, rainwater and municipal water		
Water discharge Our mining operations responsibly discharge surface water through controlled releases while adhering to regulatory requirements and our water use licences		
Water consumption Total water consumption comprises the sum of total water withdrawal minus water discharge. Our operations only withdraw water from underground and surface resources, including water from third parties or municipalities. Our overall water consumption per ounce of gold sold increased by 26.8% during the period under review	Total water consumption 	

¹ FY23 figures were restated to include water usage from third-party private sources and the Barberton Blueberries project.

MATERIAL MATTERS, RISKS AND OPPORTUNITIES continued

WHAT IS MATERIAL TO OUR LICENCE TO OPERATE

<p>Social licence Time horizon ●●●</p> <p>We manage community expectations and mitigate social unrest through local sourcing, development projects, infrastructure delivery, employment opportunities and our 'beyond regulatory compliance' approach for the benefit of our stakeholders</p>		<p>Other capitals impacted</p>														
<p>Why this is important</p> <ul style="list-style-type: none"> A significant portion of our employees are from local communities. Through the implementation of SLP initiatives and 'beyond compliance' projects, we actively contribute to the sustainability of these areas, thereby fostering a more stable operating environment By investing in improved infrastructure and creating job opportunities, we aim to establish a sustainable economy outside of mining, mitigating the risk of ghost towns once mining activities cease 																
<p>Progress in FY25</p> <ul style="list-style-type: none"> Barberton Mines' high school scholarship programme is ongoing 17 (FY24: 22) permanent and 320 (FY24: 149) seasonal jobs have been created by the Barberton Blueberries project Barberton Mines and Evander Mines continued their enterprise supplier development programmes Barberton Mines continued its partnership with Elangeni Generations Outreach, a renowned film-making institution, which provides technical support for the performing arts Implemented phase 2 of a formal health and wellness programme at Barberton Mines The running club at Barberton Mines remains ongoing as a health and wellness initiative Our sponsored pro-elite running team achieved 1 top-10 placement in the prestigious Comrades Marathon <p>For further metrics, refer to the social and relationship capital KPIs on page 73</p>		<p>Long-term objectives</p> <ul style="list-style-type: none"> Uphold and strengthen our social licence to operate by proactively managing community expectations through ongoing engagement and education, mitigating the risk of social unrest through job creation and fostering sustainable development in the areas where we operate We are committed to ensuring ongoing compliance with all relevant legislative and regulatory requirements 														
<p>Community investment¹</p> <p>We are committed to delivering meaningful direct and indirect social benefits for local communities through targeted investments and the localisation of employment and procurement practices</p> <p>¹ Includes investment in bursaries, CSI and LED projects.</p>		<table border="1"> <caption>Community Investment (USD million)</caption> <thead> <tr> <th>Fiscal Year</th> <th>Investment (USD million)</th> </tr> </thead> <tbody> <tr> <td>FY20</td> <td>1.3</td> </tr> <tr> <td>FY21</td> <td>1.8</td> </tr> <tr> <td>FY22</td> <td>1.9</td> </tr> <tr> <td>FY23</td> <td>1.7</td> </tr> <tr> <td>FY24</td> <td>2.5</td> </tr> <tr> <td>FY25</td> <td>1.1</td> </tr> </tbody> </table>	Fiscal Year	Investment (USD million)	FY20	1.3	FY21	1.8	FY22	1.9	FY23	1.7	FY24	2.5	FY25	1.1
Fiscal Year	Investment (USD million)															
FY20	1.3															
FY21	1.8															
FY22	1.9															
FY23	1.7															
FY24	2.5															
FY25	1.1															
<p>7 Related risk and opportunity – regulatory impositions and change (FY24: –) Impositions and/or changes to legislation by the government</p>		<p>Medium- to long-term trend ▶</p>														
<p>Cause</p> <ul style="list-style-type: none"> Delays in approval and/or renewal of licences and authorisations Changes to laws and regulations National strategy for gold and critical minerals for economic stability and sustainable development Lack of coherent and practical policies 	<p>Potential impact</p> <ul style="list-style-type: none"> Financial loss Production and operational interruptions Reputational damage Challenges in attracting capital investment Cancellation or suspension of mining rights due to the Department of Mineral and Petroleum Resources (DMPR) directive 	<p>Governance responsibility</p> <ul style="list-style-type: none"> Board Audit and risk committee Exco 														
<p>Mitigating actions</p> <ul style="list-style-type: none"> Detailed project plans with defined timelines communicated to the DMPR Continue to work with industry bodies and with the government to solve regulatory challenges 		<p>Opportunity</p> <ul style="list-style-type: none"> Stakeholder sentiment and regulatory frameworks 														
<p>Outlook</p> <ul style="list-style-type: none"> Continued communication with stakeholders and regulatory bodies will ensure that we maintain our licence to operate, however, regulatory impositions and change will remain a risk for the foreseeable future 																

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

Link to ESG
 E Environmental impact
 S Social impact

Capitals
 Financial capital
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 Natural capital

Residual risk
 High Medium to high Medium Low to medium Low

Short- to medium-term trend
 ▲ Increase
 ▼ Decrease
 ▶ Unchanged



<p>Climate change, decarbonisation and biodiversity Time horizon ●●●E</p> <p>We uphold environmental preservation and actively participate in programmes aimed at promoting biodiversity and supporting decarbonisation efforts. This commitment contributes to stakeholder value by minimising environmental impacts, mitigating regulatory risks and fostering positive community relationships</p>		<p>Other capital impacted</p>
<p>Why this is important</p> <ul style="list-style-type: none"> To protect ecosystems, mitigate climate risks and ensure long-term sustainability, while also enhancing stakeholder value through environmental stewardship and positive community relationships <p>Read more about climate change on page 134 and biodiversity on page 140</p>		
<p>Progress in FY25</p> <ul style="list-style-type: none"> Generated 39.3GWh[⊙] (FY24: 24.6GWh) of renewable energy and purchased electricity amounting to 406.8GWh[⊙] (FY24: 376.6GWh), achieving an 8.8%[⊙] (FY24: 6.1%) renewable energy mix Carbon emissions intensity increased to 1.89tCO₂/oz Au[⊙] sold (FY24: 1.88tCO₂/oz Au sold) Published the Group's third climate change report Developing a TNFD roadmap Published the Group's inaugural TNFD report Barberton Mines continues its partnership with the Barberton Nature Reserve and the Mpumalanga Tourism and Parks Agency as well as its sponsorship of orphaned rhinos at the Care for Wild Rhino Sanctuary No reportable environmental incidents have been reported at both Barberton Mines and Evander Mines <p>For further metrics, refer to the natural capital KPIs on page 73</p>		<p>Long-term objective</p> <ul style="list-style-type: none"> Advance environmental preservation and sustainability by protecting vital natural resources and ensuring energy security. Through the adoption of a renewable energy mix, we aim to significantly reduce GHG emissions, decarbonise gold production and effectively manage GHG emissions intensity











MATERIAL MATTERS, RISKS AND OPPORTUNITIES continued

OUR MACROECONOMIC ENVIRONMENT

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

 Financial capital		Other capital impacted: 
Gold price The US\$ price of gold has a significant impact on our overall profitability and cash flows.		
Exchange rates As the rand is our functional currency, US\$/ZAR exchange rate fluctuations have a direct impact on our revenue and profitability. The fragility of South Africa's post-pandemic economic recovery as well as current global uncertainty and volatility have adversely affected the valuation of the rand relative to the major currencies, and we monitor it closely to manage our financial risks. The US\$/A\$ exchange rate should be more stable over the longer term despite recent fluctuations caused by changes in export tariff policies and global instability.		
South African and Australian economies The current state of the South African economy is characterised by poor employment figures, worsening consumer sentiment, rising debt levels and borrowing costs, a depreciating currency, and concerns over American and South African bilateral diplomatic relations, compounded by weak state service delivery and performance and solvency challenges faced by most SOEs. Australia has limited direct exposure to US tariff policy changes but is at risk from any marked economic slowdown in China, especially as a result of the impact this could have on commodity prices. Both business and consumer sentiment have worsened recently, following the elevated uncertainty arising from global trade tensions.		
10 Related risk and opportunity – macroeconomic volatility Specifically, the gold price and currency fluctuations (FY24: 9)		Short- to medium-term trend ▲
Cause <ul style="list-style-type: none"> Volatility in commodity prices and exchange rates Commodity prices and exchange rates are affected by macroeconomic and geopolitical factors which are almost entirely outside of our control Refer to our macroeconomic environment on pages 66 to 69 for more information	Potential impact <ul style="list-style-type: none"> A decline in the US\$ gold price and/or an appreciation in the US\$/ZAR exchange rate will adversely affect revenue, cash flow generation, operating margins and shareholder returns 	Governance responsibility <ul style="list-style-type: none"> Board Audit and risk committee Exco
Mitigating actions <ul style="list-style-type: none"> US\$ gold price and/or US\$/ZAR exchange rate hedging, as governed by the Group's financial risk policy Monitoring gold market trends Cost management and initiatives improve production efficiency to reduce unit costs Disciplined capital expenditure Ensuring sufficient and appropriate funding facilities and a conservative structure 		Opportunities <ul style="list-style-type: none"> Protect margins and cash flows Ensure adequate liquidity
Outlook <ul style="list-style-type: none"> The US\$/ZAR exchange rate is anticipated to remain volatile due to global geopolitics, macroeconomic developments and specific South African challenges The current outlook for the US\$ gold price is bullish, with record price levels forecast for the short and medium term 		

Time horizon ● Short-term focus (one year) ● Medium-term focus (two to three years) ● Long-term focus (three years or more)	Link to ESG E Environmental impact S Social impact	Capitals Financial capital Human capital Manufactured capital Social and relationship capital Intellectual capital Natural capital	Residual risk High Medium to high Medium Low to medium Low	Short- to medium-term trend ▲ Increase ▼ Decrease ► Unchanged
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 Social and relationship capital		Other capitals impacted:   
Crime and corruption Illegal mining and vandalism have necessitated measures to protect the Group's employees and assets, leading to increased security-related operational costs. Within the context of further challenges, such as poor service delivery, social unrest and political corruption prevalent in South Africa, there is a growing societal expectation for both businesses and the government to address these systemic issues		
Geopolitics and political uncertainty Globally, the economic and political environments remain uncertain. The recent South African national elections saw the African National Congress lose its 30-year majority, highlighting the country's evolving political landscape. The ongoing Russia-Ukraine conflict and escalating tensions in the Middle East, particularly the Israel-Palestine conflict, have increased gold's status as a safe-haven asset but have also contributed to slow global growth, rising inflation and supply chain disruptions		
3 Related risk and opportunity – social instability Heightened social instability, political tension and criminality (FY24: 3)		Short- to medium-term trend ▲
Cause <ul style="list-style-type: none"> Low economic growth Poor socio-economic conditions Poverty, unemployment and inequality Social discord and unrest Unrealistic community expectations for procurement and job opportunities Criminal mining activities 	Potential impact <ul style="list-style-type: none"> Production and operational interruptions Increased security costs Potential financial losses and damage to assets Reputational damage Strained relations with host communities Loss of investor confidence 	Governance responsibility <ul style="list-style-type: none"> Board SHEQ committee Social and ethics committee Exco
Mitigating actions <ul style="list-style-type: none"> Well-established stakeholder engagement forums Community liaison managers SLP, CSI and 'beyond compliance' ESG initiatives Focus on job creation, health, education, poverty alleviation, food security and women and youth development Technology-driven crime prevention measures Focused security operations and initiatives Cooperation with law enforcement agencies 		Opportunities <ul style="list-style-type: none"> Enhance our relationships with host communities and related stakeholders Job creation Create economic opportunities for host communities
Outlook <ul style="list-style-type: none"> Geopolitical risk is expected to increase sovereign borrowing rates, inflation, commodity price volatility and unemployment Poor socio-economic conditions are expected to deteriorate Constrained electricity supply is expected to continue impacting business and investor confidence 		
 Natural capital		Other capitals impacted:   
Activism and regulatory uncertainty Gold plays a distinct role in the global economy, ensuring financial stability while driving innovation across various industries. Responsible gold mining enables socio-economic growth by creating jobs, generating tax revenues, supporting local communities and aligning with sustainability goals. Stakeholders expect transparent, assured non-financial sustainability disclosure and reporting		

For an in-depth discussion on our macroeconomic environment, refer to **pages 66 to 69**.