



PROFITABLE / SUSTAINABLE / STAKEHOLDERS / GROWTH

**SUSTAINABLE DEVELOPMENT REPORT**  
for the year ended 30 June 2020

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# Report navigation

The following tools will assist you throughout the report:



For further reading on our website at  
<https://www.panafricanresources.com/>



For further reading in this report

Throughout our sustainable development report, the following icons are used to show connectivity between sections:

## CAPITALS



Financial capital



Manufactured capital



Intellectual capital



Human capital



Social and relationship capital



Natural capital

## STAKEHOLDERS



Providers of capital



Security exchanges



Customer



Suppliers



Employees



Unions



Communities



Government and regulatory bodies



The environment

## MATERIAL MATTERS



Capital structure



Value-accretive growth



Capital allocation



Geological complexity



Energy availability



Technological interconnectivity



Health and safety



Organised labour



Regulatory compliance



Societal/community relationships



External operational disruption



Climate change



Environmental impact

# About this report

## SCOPE AND PURPOSE

The purpose of this report is to provide a transparent account of the sustainable development initiatives of Pan African Resources PLC (Pan African or the Company or the Group) for the financial year 1 July 2019 to 30 June 2020. It should be read in conjunction with the 2020 integrated annual report, which is available on our Group website at

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

We address the Group's environmental, social and governance (ESG) priority issues based on the guidelines of the Global Reporting Initiative (GRI) standards, as discussed further on page 108.

The report is compiled and presented in accordance with the:

- GRI standards and the related Mining and Metals Supplement
- United Nations Sustainable Development Goals (UN SDGs)
- Principles of the United Nations Global Compact (UNGC)

The content is intended for all our stakeholders, primarily current and future investors, our employees, our host communities, businesses, our customer and government.

## FORWARD-LOOKING STATEMENTS

Certain statements in this sustainable development report may be regarded as forward-looking statements or forecasts but do not represent an earnings forecast. All forward-looking statements are based solely on the views and considerations of the directors. Those statements have not been reviewed and reported on by the external auditor.

## ASSURANCE

Our external auditor, PricewaterhouseCoopers LLP (PwC), has independently provided assurance on the fair presentation of the annual financial statements for the year ended 30 June 2020.

The external auditor also read this sustainable development report as well as the integrated annual report and considered whether any information is materially inconsistent with the annual financial statements or their knowledge obtained during the course of their audit or otherwise appears to be materially misstated. No such misstatement was reported.

## FOCUS ON ESG

During the financial year, Pan African commissioned independent audits to verify compliance with its ESG obligations. These include a carbon tax audit, tailings storage facility (TSF) audit, mineral tenure compliance audit, Social and Labour Plan (SLP) implementation audit, environmental management system compliance audit and water-use licence audit. The Group has advanced the rehabilitation of mined-out areas and shaft infrastructure and approved funding for numerous sustainable development projects, including a renewable energy power plant at Evander Mines (refer to page 78) and agricultural projects in the Barberton area (refer to page 64).

## APPROVAL

The Pan African chief executive officer and chairman of the safety, health, environment, quality and community (SHEQC) committee have reviewed and approved this report.



**Keith Spencer**  
Chairman SHEQC committee



**Cobus Loots**  
Chief executive officer

16 September 2020

## OUR REPORTING SUITE



Our **integrated annual report**. A limited number of hard copies are available on request from the company secretary, whose details appear on the inside back cover.

Our integrated annual report is available on our website at <https://www.panafricanresources.com/investors/financial-reports/>



Our **sustainable development report**, which contains additional non-financial disclosures referencing GRI.

It is available on our website at <https://www.panafricanresources.com/investors/gri-and-sustainability/>



Our **Mineral Resources and Mineral Reserves report**, which provides technical information in line with the SAMREC Code.

It is available on our website at <https://www.panafricanresources.com/operations-at-a-glance-2/mineral-resource-mineral-reserve-2/>



Our **governance report**, which contains more information about our governance structures and execution, including a comprehensive King IV™ compliance checklist.

It is available on our website at <https://www.panafricanresources.com/about/corporate-governance/>

## FEEDBACK

We welcome any feedback stakeholders may have on our reports. Please contact [info@paf.co.za](mailto:info@paf.co.za).

Our purpose is to safely extract gold from mineral deposits in a manner that creates sustainable value for our stakeholders.

# About Pan African Resources PLC

## THE AFRICAN-FOCUSED GOLD PRODUCER

Pan African is a mid-tier African-focused gold producer, dual-listed on the Alternative Investment Market (AIM) on the London Stock Exchange (LSE) and the Main Board of the Johannesburg Stock Exchange (JSE), with an unrelenting commitment to zero harm.

We own and operate a portfolio of high-quality, high-margin South African operations with a production capacity of approximately 200,000oz of gold per annum.

## OUR PURPOSE

To safely extract gold from mineral deposits in a manner that creates sustainable value for our stakeholders.

## OUR VISION

To continue growing Pan African as a mid-tier gold producer that delivers on its purpose.

## OUR VALUES



## OUR STRATEGIC PILLARS



### Profitability

We strive to be the lowest all-in sustaining cost (AISC) producers of gold in Southern Africa.



### Sustainability

We focus on sustainable, high-margin and safe gold production in a socially responsible manner and strive towards minimal environmental harm.



### Stakeholders

We adopt an integrated approach to operate sustainably for the benefit of all stakeholders. We prioritise the health and well-being of our employees and that of the host communities in which we operate.



### Growth

We grow our business in a value-accretive manner, prioritising:

- organic growth projects within our portfolio
- production-enhancing and value-accretive projects.

# Value created in 2020

## Gold sold

Gold sold

173,864oz

(2019: 171,706oz)



Revenue

US\$273.7 million

(2019: US\$217.4 million)



## ATTRIBUTED TO:

### Providers of our capital

Headline earnings

US\$44.2 million

(2019: US\$22.9 million)



Return on shareholder funds

24.1%

(2019: 23.0%)



Dividend paid

US\$3.4 million

(2019: US\$nil)



Interest paid to debt funders

US\$10.7 million

(2019: US\$14.1 million)



## Our suppliers

All-in sustaining costs

US\$1,147/oz

(2019: US\$988/oz)



Local procurement expenditure

US\$159.2 million

(2019: US\$137.8 million)



## Our employees

Salaries, wages and benefits paid

US\$52.5 million

(2019: US\$59.7 million)



Skills and development training

US\$1.7 million

(2019: US\$1.0 million)



## Government

South African government taxes

US\$16.1 million

(2019: US\$14.1 million) paid (excluding value-added tax (VAT) but including employee taxes)



# ESG highlights

## The environment

### Carbon emissions

1.47CO<sub>2</sub> e/t milled

(2019: 1.34CO<sub>2</sub> e/t milled)



### Total water used for primary activities

13.4 million m<sup>3</sup>

(2019: 13.4 million m<sup>3</sup>)



### Rehabilitation spend

US\$2.6 million

(2019: US\$4.0 million)



### Electricity consumption

1,334,249GJ

(2019: 1,228,501GJ)



### Level 3, 4 and 5 environmental incidents reported

1

(2019: 5)



US\$8.1 million\* budgeted for the 10MW solar photovoltaic plant at Evander Mine

US\$2.3 million\* budgeted for the blueberries project at Barberton Mines

\* Amounts converted at the 30 June 2020 closing exchange rate of US\$/ZAR: 17.33.

## People

### Number of fatal injuries

None

(2019: none)



### Number of reportable injuries

9

(2019: 6)



### COVID-19 spend

US\$0.6 million

(2019: US\$nil)



### Number of lost-time injuries

19

(2019: 19)



### Number of medical and first-aid treatment cases

103

(2019: 126)



## Our communities

### B-BBEE spend (preferential procurement)

US\$62.8 million

(2019: US\$64.3 million)



### Corporate social investment (CSI), local economic development (LED) programmes and bursaries

US\$1.3 million

(2019: US\$1.9 million)



### COVID-19 spend

US\$0.3 million

(2019: US\$nil)



## Governance

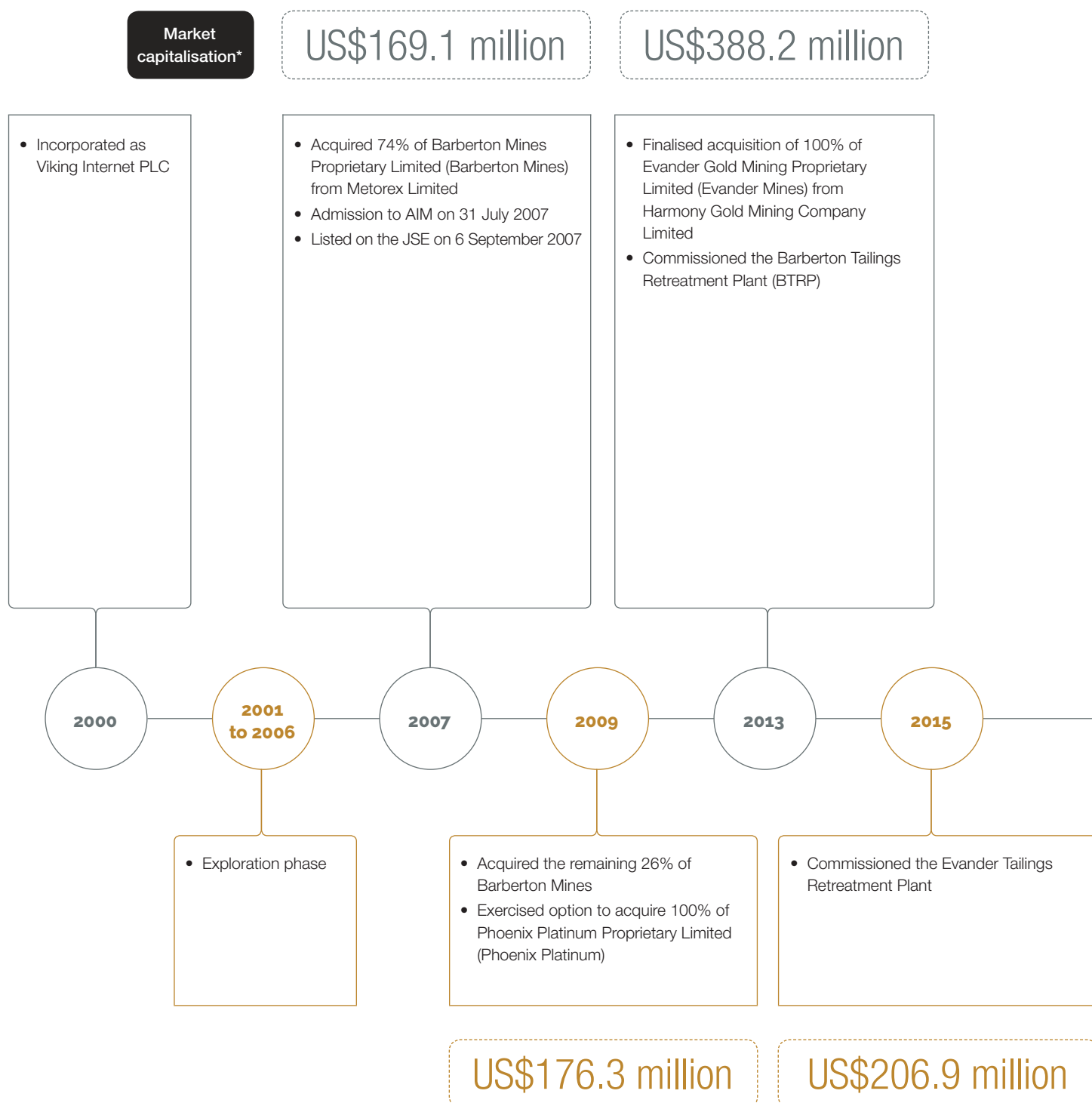
### King IV™ compliance

#### 2020 annual financial statements audit

Independent audits of:

- Carbon tax emissions
- Tailings storage facilities
- Mineral tenure compliance
- SLP implementation
- Environmental management system compliance
- Water-use licences

# Group value-creation journey



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

# Source: JSE's Trading and Market Services. Calculated at 30 June 2020 using the quoted price and the closing US\$/ZAR exchange rate at that date.



US\$364.7 million

- Acquired Uitkomst Colliery Proprietary Limited (Uitkomst Colliery)
- Bought back shares in Pan African via the acquisition of shares in PAR Gold Proprietary Limited (PAR Gold) held by third parties. PAR Gold currently has a 13.7% shareholding in Pan African

US\$248.7 million

- Finalised Group 26% broad-based black economic empowerment (B-BBEE) ownership restructure
- Cessation of large-scale underground operations at Evander Mines
- Elikhulu first gold pour in August 2018 and commissioned in September 2018 – ahead of schedule and within budget

US\$477.1 million<sup>#</sup>

- Commenced commercial production at Evander Mines' 8 Shaft (8 Shaft) pillar project
- Completed the mining feasibility study on Evander Mines' Egoli project
- Completed a bankable feasibility study on a 10MW solar photovoltaic plant (solar photovoltaic plant) at Evander Mines and approved the project for construction
- Approved funding for the first phase of the 45ha blueberries project at Barberton Mines
- The COVID-19 pandemic impacted global markets and the Group's operations
- Established an American Depository Receipt (ADR) programme through the Bank of New York Mellon to access the United States

2016

2017

2018

2019

2020

- Development of Elikhulu Tailings Retreatment Plant (Elikhulu): received approval, raised equity and secured debt financing
- Disposed of Uitkomst Colliery
- Disposed of Phoenix Platinum

- Commissioned mining feasibility study on Evander Mines' Egoli project
- 8 Shaft pillar access development completed

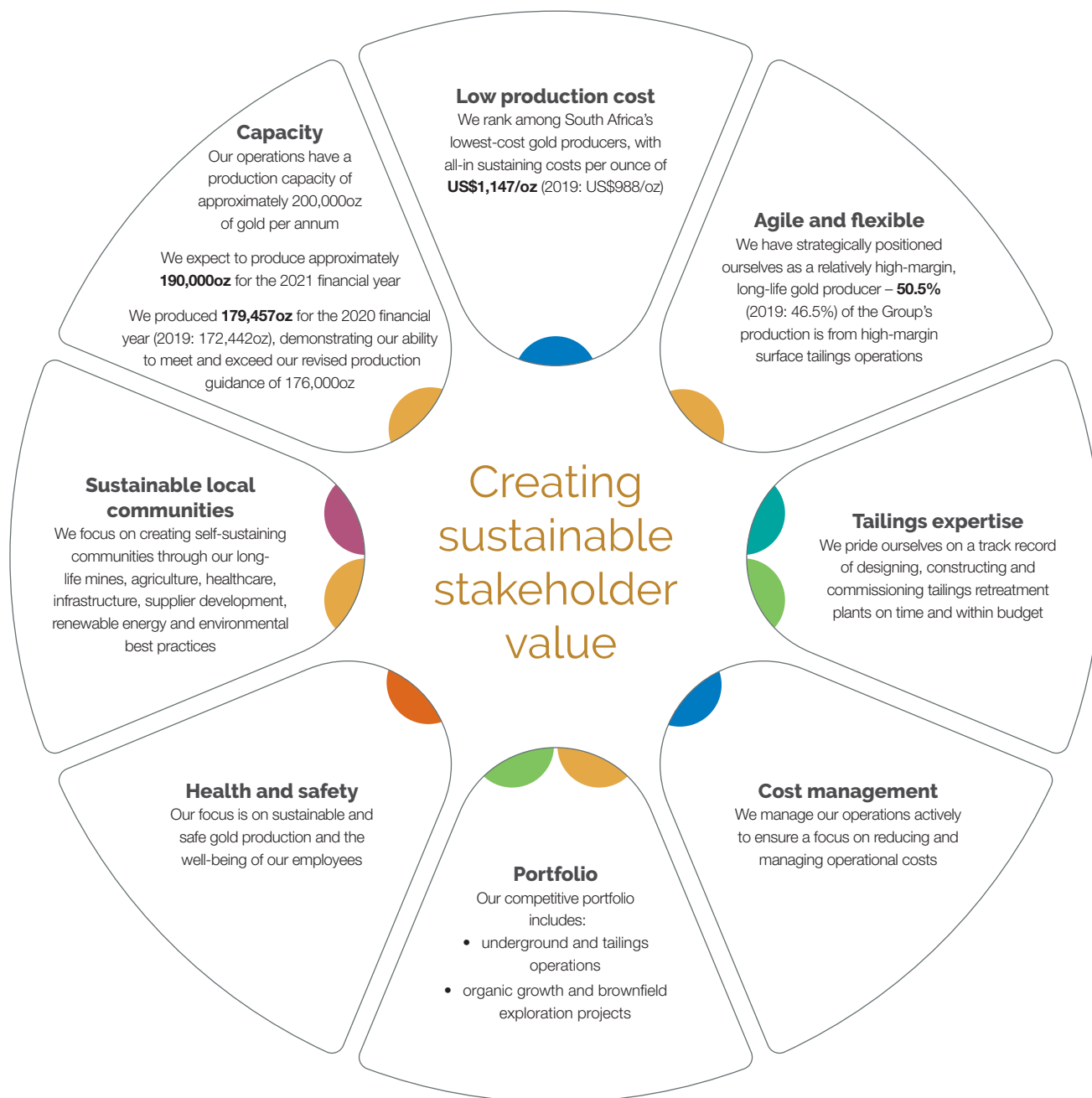
US\$433.0 million

US\$344.7 million

Market  
capitalisation\*

# What differentiates us

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



The Group's investment criteria continue to evolve, impacted by unprecedented and sometimes devastating developments around the world, the COVID-19 pandemic being a recent example of such a development which has had an impact on businesses worldwide. Traditionally, financial returns have been one key metric used in investment decisions. Increasingly, as awareness around environmental and social issues deepens, the impact of investments is also becoming an important consideration for investors when making investment decisions. Research indicates that companies that perform better on ESG measures, perform better financially. This has caused a move in the determining factors investors look at when making investments and what they now measure within the definition of a 'return'.

The Group continuously investigates and invests in sustainable economic value in projects of agri-businesses, rehabilitation and mine closure, eco-tourism, renewable energy, infrastructure development in health and education and supplier and procurement development.

The ESG investment by the Group is aligned to the call for action embodied in the UN SDGs. On page 23 we demonstrate why we believe we are positioned to make a meaningful contribution to the following eight SDGs:



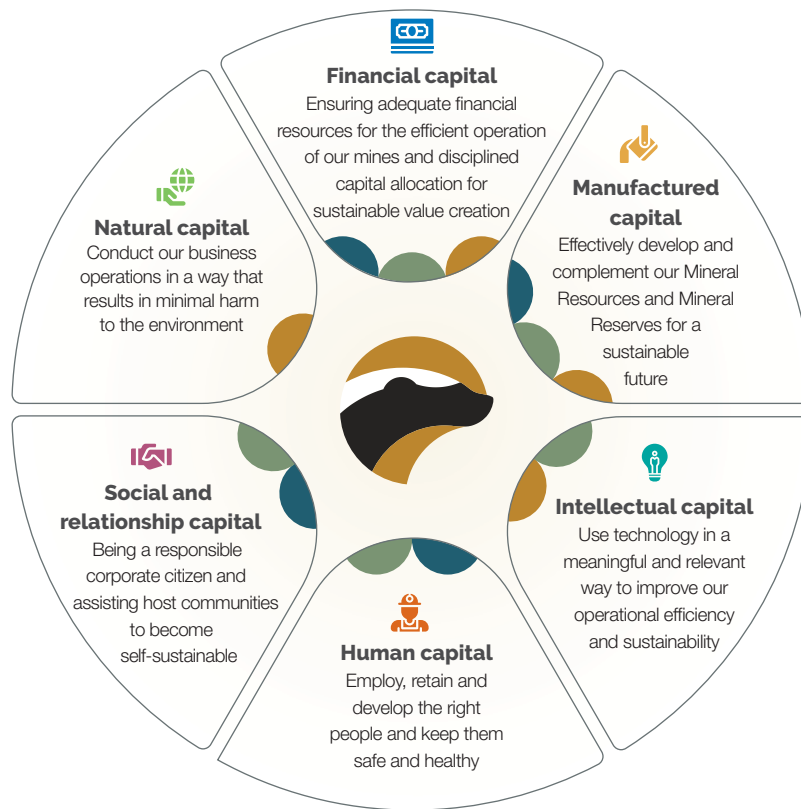
# Our strategy

To safely extract gold from our mineral deposits utilising our combined acumen, and to continue investing in our assets in a manner that generates compelling returns to ensure the long-term sustainability of our operations.

## OUR STRATEGIC INITIATIVES

We will focus on the following to achieve our strategy:

- Short-term focus
- Medium-term focus
- Long-term focus



## KEY ENABLERS

The key enablers at our disposal to achieve our strategy are:



### People

Fostering relationships through integrity and honesty



### Resources

Quality orebodies and infrastructure enables sustainable value creation



### Entrepreneurial culture and innovation

Through leadership, control, planning and action, our culture enables us to create sustainable value for stakeholders by capitalising on organic and acquisitive growth opportunities

This will ultimately deliver sustainable stakeholder value. To fulfil our purpose, we have considered our material matters (refer to [page 20](#)).




# Our gold mining assets





## BARBERTON MINES

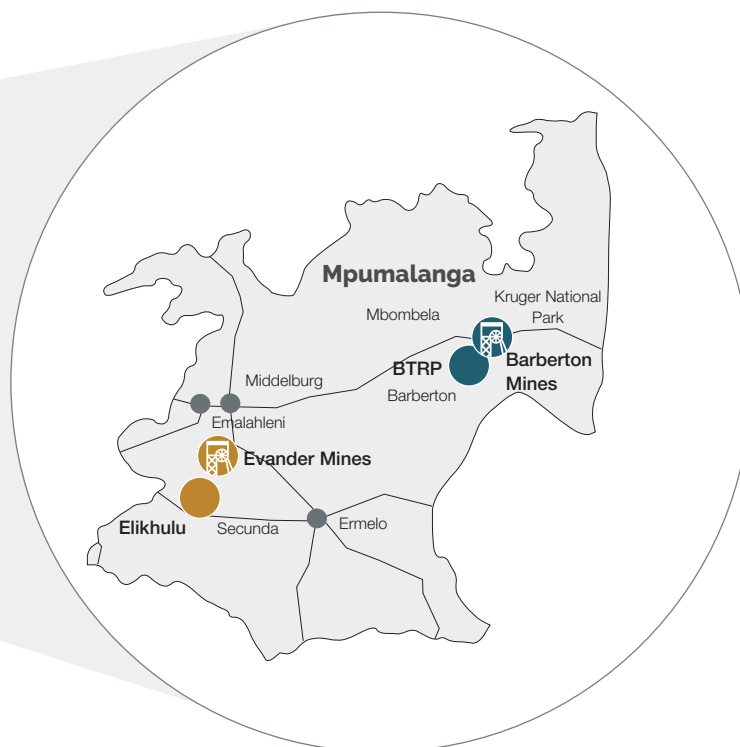
Three underground gold mines: Fairview Mine, Sheba Mine and New Consort Mine

BTRP

BARBERTON MINES		2020	2019
	Employees	1,829	1,875
	Contractors	710	620
	Life-of-mine	20 years	20 years
	A low-cost, high-grade operation comprising three underground mines: Fairview, Sheba and New Consort. Located in the Barberton greenstone belt. Acquired 74% in 2007 and the remaining 26% in 2009.		
	Production (tonnes milled)	337,404	293,264
	Produced (oz/annum)	68,129	75,356
	Capacity (oz/annum)	110,000	110,000
	Tonnage (capacity per annum)	432,000	432,000
	Sustaining capital	US\$11.8 million	US\$9.9 million
	Mineral Resources	24.0Mt @ 4.77g/t (3.7Moz)	12.1Mt @ 7.85g/t (3.1Moz)
	Mineral Reserves	15.5Mt @ 3.33g/t (1.66Moz)	8.0Mt @ 5.65g/t (1.4Moz)
	Recovered grade	6.3g/t	8.0g/t
	Cash cost	US\$1,110/oz	US\$1,046/oz

BARBERTON TAILINGS RETREATMENT PLANT		2020	2019
	Employees	74	75
	Contractors	–	–
	Life-of-mine	6 years*	9 years
	Construction commenced in April 2012. Inaugural gold pour and steady-state production from June 2013. Located at Barberton Mines.		
	Production (tonnes milled)	958,106	1,114,923
	Produced (oz/annum)	20,135	24,007
	Capacity (oz/annum)	25,000	25,000
	Tonnage (capacity per annum)	1,200,000	1,200,000
	Sustaining capital	US\$0.1 million	–
	Mineral Resources	20.7Mt @ 1.26g/t (0.8Moz)	21.6Mt @ 1.28g/t (0.9Moz)
	Mineral Reserves	8.8Mt @ 1.70g/t (0.5Moz)	9.9Mt @ 1.66g/t (0.5Moz)
	Recovered grade	0.7g/t	0.7g/t
	Cash cost	US\$786/oz	US\$552/oz

\* There has been a decline in the life-of-mine of BTRP from nine years to six years following mining depletion and upgrades to the floor contours of the remaining feed source dams.








### EVANDER MINES






Elikhulu

8 Shaft pillar mining

### ELIKHULU TAILINGS RETREATMENT PLANT

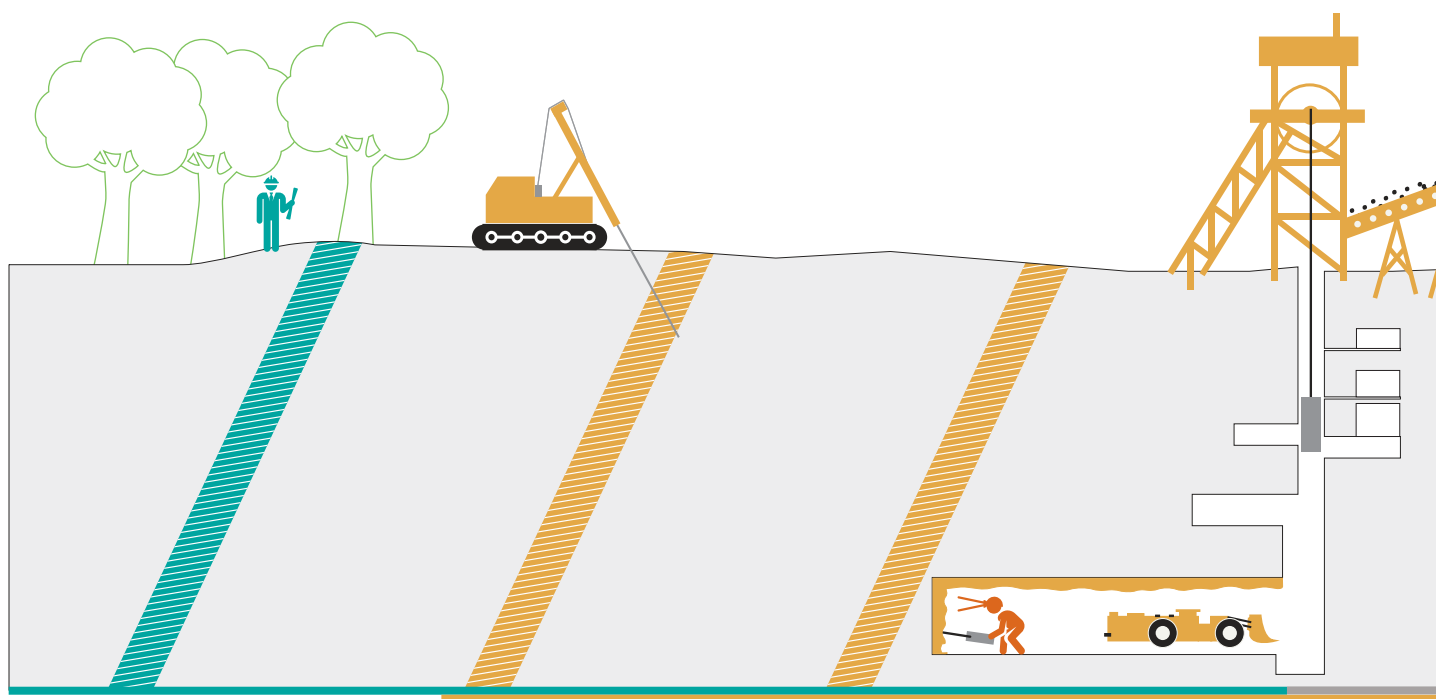
	2020	2019
 Employees	104	91
 Contractors	314	287
 Life-of-mine	12 years	13 years
<p> Elikhulu exploits historically generated gold tailings deposited in the Kinross, Leslie/Bracken and Winkelhaak TSFs. Construction commenced in July 2017. Located at Evander Mines. Inaugural gold pour in August 2018.</p>		
 Production (tonnes)	13,093,574	10,848,209
Produced (oz/annum)	59,616	46,201
Capacity (oz/annum)	75,000	75,000
Tonnage (capacity per annum)	14,400,000	14,400,000
Sustaining capital	US\$0.6 million	–
Mineral Resources	183.1Mt @ 0.28g/t (1.7Moz)	203.6Mt @ 0.29g/t (1.9Moz)
Mineral Reserves	156.5Mt @ 0.28g/t (1.4Moz)	170.6Mt @ 0.27g/t (1.5Moz)
Recovered grade	0.1g/t	0.13g/t
Cash cost	US\$554/oz	US\$555/oz

### 8 SHAFT PILLAR MINING

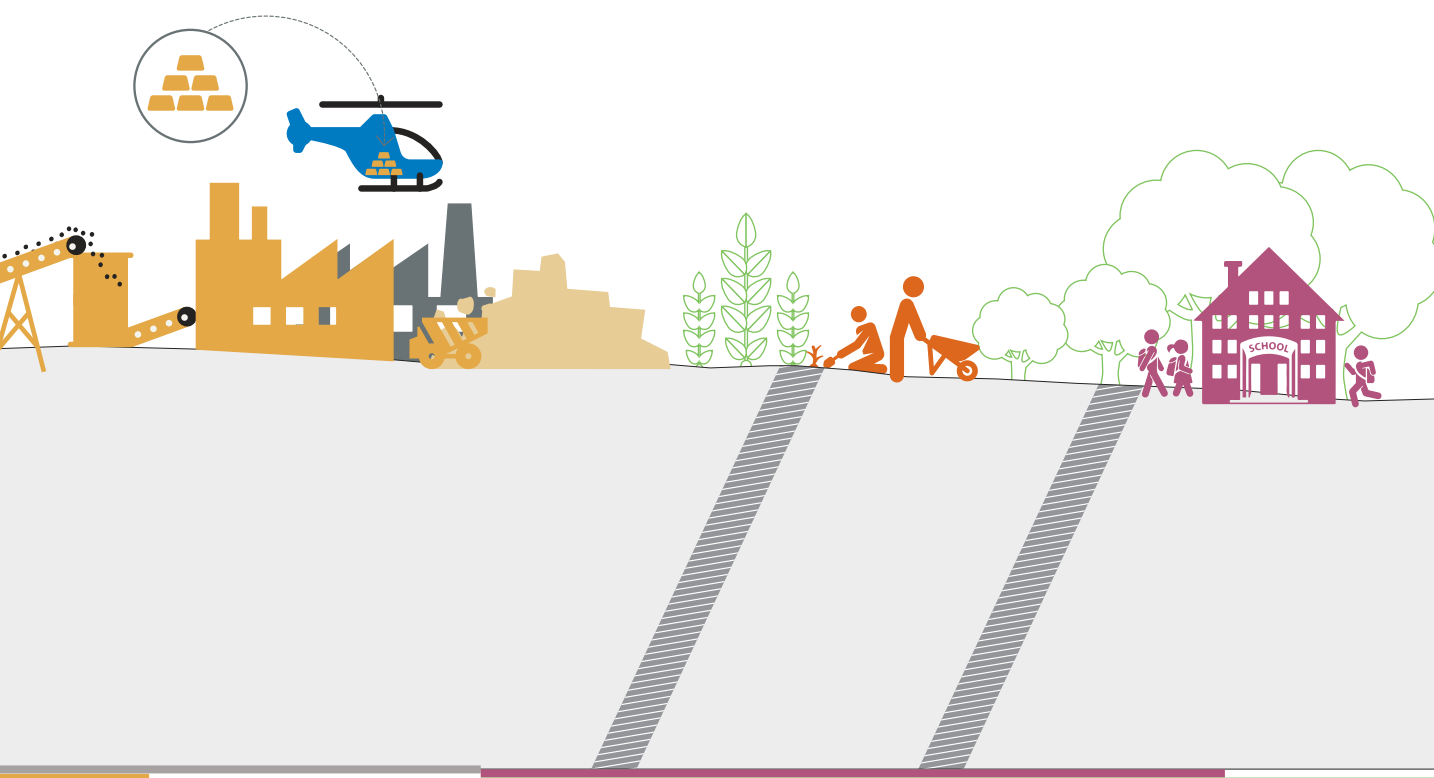
	2020	2019
 Employees	100	90
 Contractors	863	586
 Life-of-mine	3 years	3 years
<p> Expected to contribute 20,000oz to 30,000oz per annum for three years. Primary pillar development completed February 2019. Initial mining commenced July 2019, with first gold produced in August 2019. Located at Evander Mines.</p>		
 Production (tonnes milled)	51,436	63,971
Produced (oz/annum)	20,670	16,879
Capacity (oz/annum)	40,000	40,000
Tonnage (capacity per annum)	138,000	138,000
Sustaining capital	US\$1.9 million	–
Mineral Resources	22.6Mt @ 10.51g/t (7.6Moz)	17.3Mt @ 11.53g/t (6.4Moz)
Mineral Reserves	0.3Mt @ 9.83g/t (0.1Moz)	0.4Mt @ 8.54g/t (0.1Moz)
Recovered grade	9.1g/t	8.2g/t
Cash cost	US\$1,328/oz	US\$1,761/oz

# Our value-creating business model

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






BUSINESS ACTIVITIES	EXPLORE	DEVELOP	MINE	PROCESS
	<p>On-mine growth projects contribute to our Mineral Resources, which extend the life of our underground mining operations</p>	<p>Successful development of our orebodies and execution of our capital projects improves our costs and production profile and increases the economic life of our operations</p>	<p>We extract gold-bearing ore through underground mining and vamping and process gold-bearing tailings through hydro mining. Gold is extracted from the concentrate after being processed by our plants at Elikhulu and BTRP</p>	<p>Refractory gold-bearing ore is treated by our Biological Oxidation (BIOX®) plant at Barberton Mines. Specialised bacteria break down insoluble sulphide minerals which expose the gold for efficient extraction. The BIOX® concentrate is fed to the cyanide circuit at Fairview Mine for chemical processing, whereafter gold doré is produced</p> <p>Non-refractory gold-bearing ore undergoes physical and chemical processing at our Fairview, New Consort, Sheba, BTRP, Elikhulu or Kinross plants into gold doré</p> <p>Third-party gold-bearing ore is processed on a toll treatment agreement</p>
KEY VALUE CONTRIBUTORS	<ul style="list-style-type: none"> <li>Organic growth projects                             <ul style="list-style-type: none"> <li>Royal Sheba</li> <li>Egoli</li> <li>Evander Mines' 9 Shaft A-block</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Experienced management team</li> <li>Leveraging asset base</li> </ul>	<ul style="list-style-type: none"> <li>High-grade underground mining</li> <li>Substantial gold-bearing tailings Mineral Reserves</li> <li>Long-life underground mining operations</li> <li>Profitable mining</li> <li>Excellent safety record – zero fatalities for the past three years</li> </ul>	<ul style="list-style-type: none"> <li>Environmentally friendly processing</li> <li>Efficient extraction of gold from the ore</li> </ul>



 <b>SALES</b> <p>Gold doré is transported to Rand Refinery, where it is refined into gold bullion</p> <p>Gold sales transactions are entered into with authorised bullion banks and other credible parties. Our customer and gold investors include major financial institutions involved in the gold bullion export market, Rand Refinery, Gold Exchange Traded Funds and the makers of bullion bars, coins and gold jewellery</p>	 <b>CARE FOR COMMUNITIES</b> <p>The LED projects in our SLPs and additional sustainable development initiatives aim to create parallel economies that will not rely solely on mines for communities to be sustainable and thereby prevent ghost towns being left behind</p>	 <b>END OF LIFE</b> <p>At the end of the life-of-mine, we responsibly and safely manage the closure of our mines to ensure minimal disruption to the natural resources post mine closure. The Group's rehabilitation liabilities are fully funded</p>	<b>BUSINESS ACTIVITIES</b>
<ul style="list-style-type: none"> <li>• Rand hedge</li> <li>• 173,864oz of gold sold (2021: production guidance – 190,000oz)</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable job creation through eco-tourism and agri-projects</li> <li>• Construction of solar photovoltaic plant ensures reliable electricity supply at reduced cost and can supply electricity to communities post closure</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced tailings footprint to free up land for alternate uses, such as agriculture and housing</li> <li>• Approved end of life-of-mine closure strategy</li> </ul>	<b>KEY VALUE CONTRIBUTORS</b>

# Our value-creating business model continued




## THE CAPITALS WE EMPLOY

	INPUTS Our capital resources		TRADE-OFFS MADE Capital stocks are traded, depleted, grown or combined in executing our strategy
<b>FINANCIAL CAPITAL</b> 	<p>Our financial capital includes equity, cash generated from our operating activities and our debt facilities</p> <p>To drive sustainable cash flows and create value for our stakeholders, we have a disciplined approach to financial capital management</p>	<p><b>Shareholder equity</b> <b>US\$183.6 million</b> (2019: US\$183.6 million)</p> <p><b>Cash generated by operating activities</b> <b>US\$53.8 million</b> (2019: US\$37.7 million)</p> <p><b>Available debt facilities</b> <b>Revolving credit facility</b> <b>US\$43.3 million</b> (2019: US\$71.0 million)</p> <p><b>Elikhulu term loan facility</b> <b>US\$46.2 million</b> (2019: US\$71.0 million)</p> <p><b>General banking facility</b> <b>US\$8.1 million</b> (2019: US\$9.9 million)</p>	<p>We have no control over the US\$ gold price or the US\$/ZAR exchange rate</p> <p>We mitigate their potentially adverse impact through strict cost management, strategic currency and commodity price hedging and disciplined financial capital management</p>
<b>MANUFACTURED CAPITAL</b> 	<p>Our manufactured capital includes:</p> <ul style="list-style-type: none"> <li>underground mining and surface infrastructure at Barberton Mines and Evander Mines</li> <li>two surface tailings retreatment operations (Elikhulu and BTRP)</li> <li>BIOX® plant at Barberton Mines</li> </ul> <p>Through our mining and prospecting rights, we have access to Mineral Resources and Mineral Reserves</p>	<p><b>Mineral Resources</b> <b>Gold 37.61Moz</b> (2019: 35.97Moz)</p> <p><b>Mineral Reserves</b> <b>Gold 10.87Moz</b> (2019: 10.92Moz)</p> <p><b>Investment in infrastructure</b> <b>US\$34.6 million</b> (2019: US\$55.1 million)</p> <p><b>Life-of-mine</b> <b>Barberton Mines</b> 20 years (2019: 20 years) <b>BTRP</b> 6 years (2019: 9 years) <b>Elikhulu</b> 12 years (2019: 13 years) <b>8 Shaft pillar mining</b> 3 years (2019: 3 years)</p>	<p>Ongoing investment in our mining assets for long-term sustainability:</p> <ul style="list-style-type: none"> <li>8 Shaft pillar project reached commercial production</li> <li>Completed the mining feasibility study on Evander Mines' Egoli project</li> <li>Completed a bankable feasibility study to construct a solar photovoltaic plant at Evander Mines</li> </ul>
<b>INTELLECTUAL CAPITAL</b> 	<p>We develop our management expertise and train our employees</p> <p>We have more than 130 years of mining experience on the Barberton Greenstone Belt orebodies, one of only two greenstone gold complexes actively mined on a large scale in South Africa</p>	<ul style="list-style-type: none"> <li>Mining and prospecting rights</li> <li>Technical know-how</li> <li>Key personnel for managing the complex processes</li> <li>Management and the board's combined expertise</li> <li>Expansion and integration of technologies at our operations</li> <li>Ethical and effective leadership</li> </ul>	<p>Investing in technology and processes</p> <p>We are growing our tailings processing expertise due to financial capital allocations to manufactured capital</p> <p>Through the use of pseudo pillar packs and other technologies, we ensure safe and efficient extraction of the 8 Shaft pillar</p> <p>Improved employee management, productivity and safety through the implementation of the biometric time and attendance system at Barberton Mines</p>





























<b>OUTPUTS</b> The results of our business operations	<b>OUTCOMES</b> What we ultimately wish to achieve	<b>MATERIAL MATTERS</b>	<b>RISKS</b>	<b>STAKEHOLDERS</b> who may be affected
<p><b>Revenue</b> <b>US\$273.7 million</b> (2019: US\$217.4 million)</p> <p><b>Paid to suppliers</b> <b>US\$159.2 million</b> (2019: US\$137.8 million)</p> <p><b>Interest payments to debt funders</b> <b>US\$10.7 million</b> (2019: US\$14.1 million)</p> <p><b>Profit after taxation</b> <b>US\$44.3 million</b> (2019: US\$38.0 million)</p> <p><b>Dividend paid</b> <b>US\$3.4 million</b> (2019: US\$nil)</p>	<p>We focus on managing our operational costs, achieving our production targets and optimising the performance and stability of our mining operations</p> <p>We seek to improve the long-term outcomes of our activities while meeting the short-term expectations of our stakeholders</p>	<ul style="list-style-type: none"> <li>Capital structure</li> <li>Value-accretive growth</li> <li>Capital allocation</li> <li>Energy availability</li> <li>Societal/community relationships</li> <li>External operational disruption</li> </ul>	<ul style="list-style-type: none"> <li>Heightened social and political uncertainty and instability which may result in business disruption</li> <li>Infrastructure dependency and constraints</li> <li>Macroeconomic volatility which may give rise to financial duress</li> <li>Interruption to stable power supply</li> <li>Strategic capital allocation</li> </ul>	<ul style="list-style-type: none"> <li>Providers of capital</li> <li>Security exchanges</li> <li>Suppliers</li> </ul>
<p><b>Gold produced</b> <b>179,457oz</b> (2019: 172,442oz) per annum</p> <p><b>AISC</b> <b>US\$1,147/oz</b> (2019: US\$988/oz)</p> <p><b>Tonnes milled and processed</b> <b>14,728,762t</b> (2019: 13,392,400t)</p> <p><b>Mining depreciation and amortisation</b> <b>US\$21.5 million</b> (2019: US\$16.2 million)</p>	<p>Safety performance and cost-effectiveness underpins excellence in operational performance</p> <p>Move pipeline of projects up the value curve to pre-feasibility and bankable feasibility stages and eventual production</p> <p>Mining of historical tailings frees up land for rehabilitation that can be used more productively</p>	<ul style="list-style-type: none"> <li>Capital allocation</li> <li>Geological complexity</li> <li>Energy availability</li> <li>Technological interconnectivity</li> <li>Climate change</li> <li>Environmental impact</li> </ul>	<ul style="list-style-type: none"> <li>Infrastructure dependency and constraints</li> <li>Geological variability in the Mineral Resources and Mineral Reserves</li> <li>Interruption to stable power supply</li> <li>Strategic capital allocation</li> <li>Environmental impact of mining activities</li> <li>Heightened social and political uncertainty and instability which may result in business disruption</li> <li>Macroeconomic volatility which may give rise to financial duress</li> </ul>	<ul style="list-style-type: none"> <li>Providers of capital</li> <li>Customer</li> <li>Suppliers</li> <li>Employees</li> <li>Communities</li> </ul>
<ul style="list-style-type: none"> <li>Maximised resource utilisation</li> <li>Effective and efficient technology at Elikhulu</li> </ul>	<p>Investments in technology processes and our employees ensure a sustainable and competitive advantage</p>	<ul style="list-style-type: none"> <li>Capital allocation</li> <li>Geological complexity</li> <li>Energy availability</li> <li>Technological interconnectivity</li> </ul>	<ul style="list-style-type: none"> <li>Interruption to stable power supply</li> <li>Strategic capital allocation</li> <li>Geological variability in the Mineral Resources and Mineral Reserves</li> <li>Infrastructure dependency and constraints</li> </ul>	<ul style="list-style-type: none"> <li>Providers of capital</li> <li>Security exchanges</li> <li>Customer</li> <li>Suppliers</li> <li>Employees</li> <li>Government and regulatory bodies</li> </ul>

## Our value-creating business model continued

	<b>INPUTS</b> Our capital resources		<b>TRADE-OFFS MADE</b> Capital stocks are traded, depleted, grown or combined in executing our strategy
<b>HUMAN CAPITAL</b> 	<p>Our people are fundamental to the success and sustainability of our business</p> <p>We focus on ensuring that we have the requisite skills, culture and employees in place</p>	<p><b>Employees' skills and experience</b>  <b>2,126 employees</b>  (2019: 2,148 employees)</p> <ul style="list-style-type: none"> <li>• Skilled and experienced board and management</li> <li>• Labour stability</li> <li>• Investing in skills development and training</li> <li>• Adult education and training for mineworkers</li> </ul>	<p>Tailings retreatment is less labour intensive which has contributed to improved safety performance</p> <p>Employee earnings are a major source of income for local communities which strengthens our social and relationship capital</p> <p>A three-year wage agreement at Barberton Mines allows for human capital stability</p>
<b>SOCIAL AND RELATIONSHIP CAPITAL</b> 	<p>Our licence to operate depends on the quality of our relationships with our various stakeholders</p> <p>Building and maintaining relationships based on trust, mutual respect and credibility is integral to our growth, value creation and long-term sustainability</p>	<ul style="list-style-type: none"> <li>• Social licence to operate</li> <li>• Investing in our communities – SLP investment, bursaries and human resource development, training and skills development, small business development, LED and sustainable development initiatives</li> <li>• Ongoing stakeholder engagement with a focus on community engagement</li> </ul>	<p>Investing in socio-economic development reduces short-term financial capital, yet secures our social licence to operate</p> <p>It enables stable long-term operations and financial investments and assists in creating self-sustaining small businesses through accredited skills development</p>
<b>NATURAL CAPITAL</b> 	<p>We require natural capital such as water, air, land and fuel for energy to operate our manufactured capital</p> <p>In return, we aspire to do minimal harm to the environment</p>	<ul style="list-style-type: none"> <li>• Stewardship of our Mineral Resources and Mineral Reserves</li> <li>• Complying with applicable environmental legislation and regulations</li> </ul>	<p>We extract Mineral Resources through responsible mining techniques while mitigating the environmental impacts of mining through land rehabilitation</p> <p>Our environmental footprint reduces as tailings retreatment initiatives are expanded</p> <p>Rehabilitation programmes increase social and relationship capital through local supplier development and job creation opportunities</p>

\* Regrettably, an employee at Fairview Mine in Barberton lost his life in a fall-of-ground accident on 21 July 2020.

OUTPUTS	OUTCOMES	MATERIAL MATTERS	RISKS	STAKEHOLDERS									
The results of our business operations	What we ultimately wish to achieve			who may be affected									
<p><b>Fatalities</b></p> <p>The Group had no fatalities in the current and prior financial years*</p> <p><b>Total recordable injury frequency rate</b> (per million man hours) <b>9.12</b> (2019: 10.71)</p> <p><b>Skills development and training</b> <b>US\$1.7 million</b> (2019: US\$1.0 million)</p> <p><b>Employee remuneration</b> <b>US\$52.5 million</b> (2019: US\$59.7 million)</p> <p><b>Women employed at our mines</b> <b>255</b> (2019: 223)</p> <p><b>COVID-19 prevention and support for our operations</b> <b>US\$0.6 million</b> (2019: US\$nil)</p> <p><b>Cases reported</b></p> <table><tr><td><b>COVID-19</b></td><td><b>Tuberculosis</b></td><td><b>Silicosis</b></td></tr><tr><td><b>2</b></td><td><b>27</b></td><td><b>10</b></td></tr><tr><td>(2019: nil)</td><td>(2019: 21)</td><td>(2019: 12)</td></tr></table>	<b>COVID-19</b>	<b>Tuberculosis</b>	<b>Silicosis</b>	<b>2</b>	<b>27</b>	<b>10</b>	(2019: nil)	(2019: 21)	(2019: 12)	<p>A safer working environment through the expansion of the tailings operations, with competencies and values built around safety, operational excellence and innovation</p> <p>Alternative employment opportunities created outside of the mine through local supplier development initiatives, geo-tourism, renewable energy and large-scale agri-project developments</p>	<div> Health and safety</div> <div> Organised labour</div>	<ul style="list-style-type: none"><li>• Health performance – COVID-19 pandemic</li><li>• Safety incidents</li></ul>	<div> Providers of capital</div> <div> Employees</div> <div> Unions</div> <div> Communities</div> <div> Government and regulatory bodies</div>
<b>COVID-19</b>	<b>Tuberculosis</b>	<b>Silicosis</b>											
<b>2</b>	<b>27</b>	<b>10</b>											
(2019: nil)	(2019: 21)	(2019: 12)											
<p><b>CSI, LED projects and bursaries</b> <b>US\$1.3 million</b> (2019: US\$1.9 million)</p> <ul style="list-style-type: none"><li>• Constructive stakeholder relationships</li><li>• Regular union meetings and appointment of a full-time community liaison officer at each operation</li></ul> <p><b>South African government taxes paid (excluding VAT but including employee taxes)</b> <b>US\$16.1 million</b> (2019: US\$14.1 million)</p> <p><b>Preferential procurement</b> <b>US\$62.8 million</b> (2019: US\$64.3 million)</p>	<p>Investment in stakeholder engagement and socio-economic development builds trust and secures our social licence to operate</p> <p>Alternative employment opportunities outside of the mines through local supplier development initiatives, geo-tourism, renewable energy and large-scale agri-project developments</p>	<div> Health and safety</div> <div> Regulatory compliance</div> <div> Societal/community relationships</div> <div> External operational disruption</div>	<ul style="list-style-type: none"><li>• Health performance – COVID-19 pandemic</li><li>• Heightened social and political uncertainty and instability which may result in business disruption</li><li>• Adverse regulatory consequences and fiscal impositions</li><li>• Interruption to stable power supply</li></ul>	<div> Providers of capital</div> <div> Security exchanges</div> <div> Customer</div> <div> Suppliers</div> <div> Unions</div> <div> Communities</div> <div> Government and regulatory bodies</div>									
<p><b>Electricity consumption</b> <b>1,334,249GJ</b> (2019: 1,228,501GJ)</p> <p><b>Water consumption</b> <b>13,417m<sup>3</sup></b> (2019: 13,369m<sup>3</sup>)</p> <p><b>Carbon emissions</b> <b>1.47CO<sub>2</sub> e/t milled</b> (2019: 1.34CO<sub>2</sub> e/t milled)</p> <p><b>Independent rehabilitation closure cost assessments</b> conducted at all operations</p>	<p>Reducing our environmental footprint as tailings retreatment initiatives are expanded</p> <p>Responsible extraction is supported by our environmental management programme and rehabilitation strategy</p> <p>Land is made available for housing and agriculture that could sustain communities beyond mining</p>	<div> Geological complexity</div> <div> Energy availability</div> <div> Climate change</div> <div> Environmental impact</div>	<ul style="list-style-type: none"><li>• Environmental impact of mining activities</li><li>• Geological variability in the Mineral Resources and Mineral Reserves</li></ul>	<div> Providers of capital</div> <div> Communities</div> <div> Government and regulatory bodies</div> <div> The environment</div>									

# Our key stakeholder relationships

Our licence to operate depends on the quality of our relationships with our various stakeholders. Building and maintaining relationships based on trust, mutual respect and credibility is integral to our growth, value creation and long-term sustainability.

Our stakeholders represent one of our four strategic pillars (refer to [page 1](#)) and stakeholder interaction is based on our values. Authentic interaction at all levels of the Group is essential for shaping our strategy, managing risks, identifying opportunities and safeguarding our reputation.

Our key stakeholder groups, their interests and concerns and how we engage with them are outlined below:








Providers of capital   Investors, shareholders, fund managers, analysts and financial institutions			
<b>Their significance</b> <ul style="list-style-type: none"><li>• Essential for business growth</li><li>• Aligning expectations</li></ul>			
<b>Material matters linked</b> <ul style="list-style-type: none"><li> Capital structure</li><li> Value-accretive growth</li><li> Capital allocation</li><li> Energy availability</li><li> Health and safety</li><li> Societal/community relationships</li><li> External operational disruption</li><li> Climate change</li><li> Environmental impact</li></ul>	<b>How we engage</b> <ul style="list-style-type: none"><li>• One-on-one meetings</li><li>• Site visits</li><li>• Media releases</li><li>• Results announcements</li><li>• Results presentations and roadshows</li><li>• Advertisements</li><li>• Media articles</li><li>• Regulatory communications</li><li>• Integrated annual report</li><li>• Sustainable development report</li><li>• Investor fact sheets</li><li>• AGM</li><li>• Website</li><li>• Social media</li></ul>		<b>Their key interests</b> <ul style="list-style-type: none"><li>• Safe mining</li><li>• Return on investment</li><li>• Financial performance</li><li>• Operational performance</li><li>• Management's track record</li><li>• Union relationships</li><li>• Accreditations and regulatory compliance</li><li>• Mineral Resources and Mineral Reserves reporting</li><li>• Sustainability matters</li><li>• ESG matters</li><li>• Country risk</li></ul>
	<b>Capitals impacted</b>		
	<b>How feedback informs strategy</b> <ul style="list-style-type: none"><li>• Poll results, feedback from presentations and one-on-one meetings</li><li>• Discussion at operational, executive and board level</li></ul>		

Security exchanges			
<b>Their significance</b> <ul style="list-style-type: none"><li>• Attract capital and investors</li><li>• Provides a fair and appropriate market valuation of the Company</li><li>• Inclusion in stock market indexes</li><li>• Provides frameworks for corporate governance and stakeholder interaction</li></ul>			
<b>Material matters linked</b> <ul style="list-style-type: none"><li> Capital structure</li><li> Regulatory compliance</li><li> Societal/community relationships</li></ul>	<b>How we engage</b> <ul style="list-style-type: none"><li>• Sponsor (JSE) and nominated adviser (AIM) review and oversight</li><li>• Panel review of reported information</li></ul>		<b>Their key interests</b> <ul style="list-style-type: none"><li>• Compliance with listings requirements</li><li>• Regulatory compliance</li><li>• Financial performance</li></ul>
	<b>Capitals impacted</b>		
	<b>How feedback informs strategy</b> <ul style="list-style-type: none"><li>• Discussion at executive and board level</li><li>• Consideration of additional exchanges to provide access to a wider shareholder base</li></ul>		

















Customer			
Significance <ul style="list-style-type: none"><li>Reliable gold supply</li></ul>			
Material matters linked <ul style="list-style-type: none"><li>Value-accretive growth</li><li>Capital allocation</li><li>Energy availability</li><li>External operational disruption</li></ul> Capitals impacted	How we engage <ul style="list-style-type: none"><li>Regular interaction with the refinery</li></ul>	Key interests <ul style="list-style-type: none"><li>Quality</li><li>Timeous delivery</li><li>Price</li><li>Volume</li></ul>	
	How feedback informs strategy <ul style="list-style-type: none"><li>Discussion at executive management and board level</li></ul>		








Suppliers			
Their significance <ul style="list-style-type: none"><li>Deliver safely into production guidance</li></ul>			
Material matters linked <ul style="list-style-type: none"><li>Value-accretive growth</li><li>Capital allocation</li><li>Energy availability</li><li>External operational disruption</li></ul> Capitals impacted <ul style="list-style-type: none"><li></li><li></li><li></li><li></li></ul>	How we engage <ul style="list-style-type: none"><li>One-on-one meetings</li><li>Tender and procurement processes</li><li>Open days for emerging suppliers</li></ul>	Their key interests <ul style="list-style-type: none"><li>Group financial performance</li><li>Payment track record</li><li>Growth project pipeline</li><li>Loyalty</li><li>Operational disruption</li></ul>	
	How feedback informs strategy <ul style="list-style-type: none"><li>Discussion at operational and executive level</li></ul>		





Employees			
<b>Their significance</b> <ul style="list-style-type: none"><li>• Enable execution of strategy</li><li>• Fundamental to business sustainability</li></ul>			
<b>Material matters linked</b> <ul style="list-style-type: none"><li> Technological interconnectivity</li><li> Health and safety</li><li> Organised labour</li><li> Regulatory compliance</li></ul> <b>Capitals impacted</b> <ul style="list-style-type: none"><li></li><li></li><li></li></ul>	<b>How we engage</b> <ul style="list-style-type: none"><li>• Bargaining council forums</li><li>• Shaft committees</li><li>• Health and safety structures</li><li>• Supervisory and disciplinary structures</li><li>• Social media</li><li>• Performance assessments</li><li>• Celebrate milestones reached</li><li>• Publicity and posters</li><li>• Policy and procedure documents</li><li>• One-on-one supervision</li><li>• Contract negotiations</li><li>• Future forum meetings</li></ul>	<b>Their key interests</b> <ul style="list-style-type: none"><li>• Safety</li><li>• Transformation</li><li>• Job security</li><li>• Reward and incentives</li><li>• Holistic and occupational health</li><li>• Skills development and training</li><li>• Environmental exposure</li><li>• Sustainability matters</li></ul>	
	<b>How feedback informs strategy</b> <ul style="list-style-type: none"><li>• Discussion at operational, executive and board level</li></ul>		

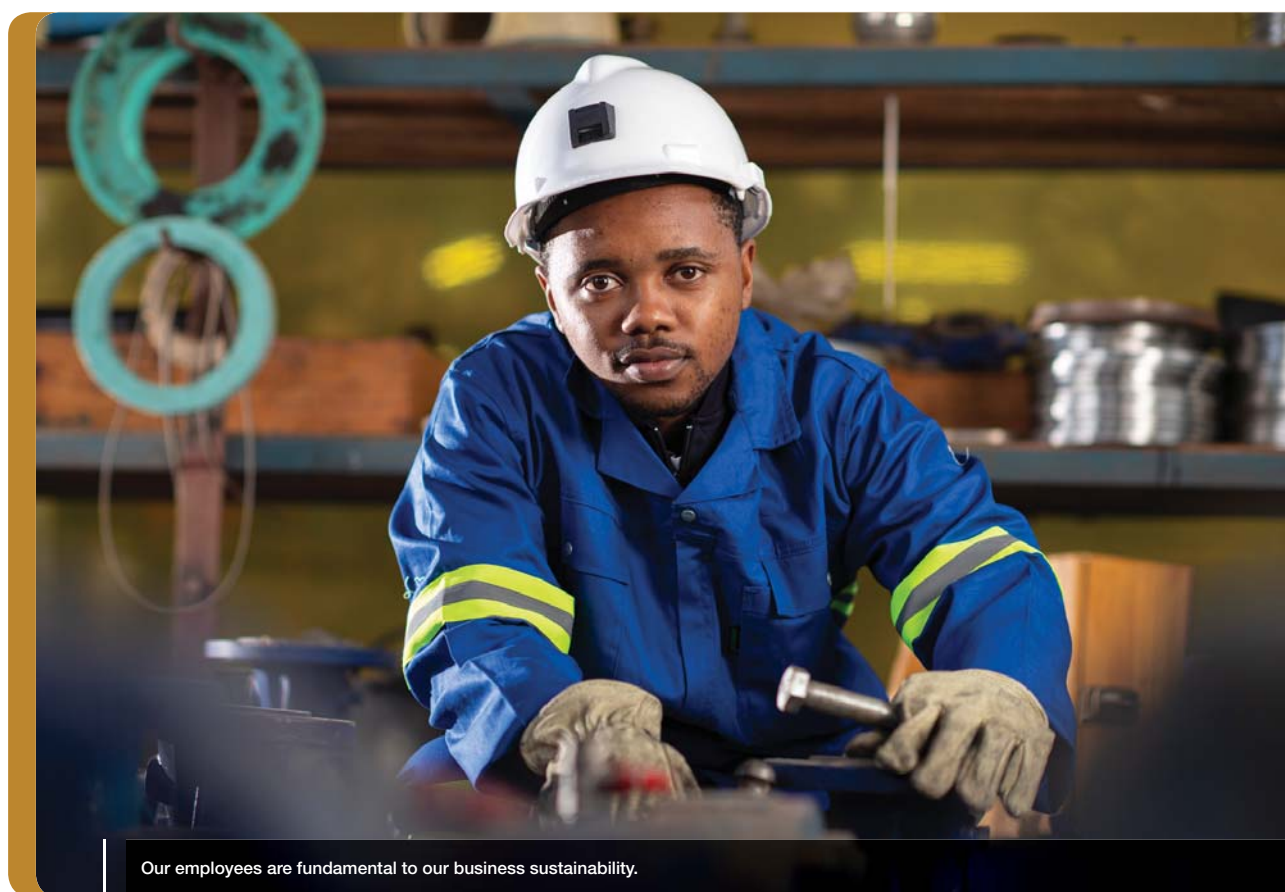
## Our key stakeholder relationships continued

<div> <b>Unions</b></div>			
<div><b>Their significance</b><ul style="list-style-type: none"><li>• Harmonious working relationship in the workplace</li><li>• Underpin meeting production targets</li></ul></div>			
<div><b>Material matters linked</b><ul style="list-style-type: none"><li> Health and safety</li><li> Organised labour</li><li> Regulatory compliance</li><li> Societal/community relationships</li></ul></div>	<div><b>How we engage</b><ul style="list-style-type: none"><li>• Employee committees</li><li>• Branch committees</li><li>• Shaft committees</li></ul></div>	<div><b>Their key interests</b><ul style="list-style-type: none"><li>• Fair remuneration and reward</li><li>• Health and safety</li><li>• Transformation</li><li>• Job security</li></ul></div>	
	<div><b>How feedback informs strategy</b><ul style="list-style-type: none"><li>• Discussions between unions and management occur on the mines</li><li>• Discussion at operational, executive and board level</li></ul></div>		
	<div><b>Capitals impacted</b></div>		

Communities		
<b>Their significance</b> <ul style="list-style-type: none"><li>• Directly influences our social licence to operate</li></ul>		
<b>Material matters linked</b> <ul style="list-style-type: none"><li> Health and safety</li><li> Societal/community relationships</li><li> External operational disruption</li><li> Climate change</li><li> Environmental impact</li></ul>	<b>How we engage</b> <ul style="list-style-type: none"><li>• Community meetings and forums</li><li>• Community liaison officers</li><li>• Media (print and radio)</li><li>• CSI initiatives</li></ul>	<b>Their key interests</b> <ul style="list-style-type: none"><li>• Job creation</li><li>• CSI</li><li>• Environmental conservation/protection</li><li>• Local procurement opportunities</li><li>• Local supplier development</li></ul>
	<b>How feedback informs strategy</b> <ul style="list-style-type: none"><li>• Discussion at the SHEQC committee and at executive and board level</li></ul>	
<b>Capitals impacted</b>   		

<div> <b>Government and regulatory bodies</b>   including local authorities</div>		
<div><b>Their significance</b><ul style="list-style-type: none"><li>• Issue mining and prospecting rights</li><li>• Develop policies and implement regulations</li></ul></div>		
<div><b>Material matters linked</b><ul style="list-style-type: none"><li> Health and safety</li><li> Regulatory compliance</li><li> Societal/community relationships</li><li> Climate change</li><li> Environmental impact</li></ul></div>	<div><b>How we engage</b><ul style="list-style-type: none"><li>• Regular communication with government departments: Department of Mineral Resources and Energy (DMRE), Labour, Water Affairs, Environment, Education and Public Works</li><li>• Annual SLP progress reports and implementation plans to maintain licence to operate</li></ul></div>	<div><b>Their key interests</b><ul style="list-style-type: none"><li>• Transformation</li><li>• Mining Charter III compliance</li><li>• Job creation</li><li>• Safe mining</li><li>• Profitable mining</li><li>• Environmentally responsible mining</li><li>• Compliance audits for SLP performance</li></ul></div>
	<div><b>How feedback informs strategy</b><ul style="list-style-type: none"><li>• Discussion at executive and board level</li></ul></div>	
<div><b>Capitals impacted</b></div>		

 <b>The environment</b>		
<b>Significance</b> <ul style="list-style-type: none"> <li>Fundamental to business sustainability</li> </ul>		
<b>Material matters linked</b> <ul style="list-style-type: none"> <li> Climate change</li> <li> Environmental impact</li> </ul>	<b>How we engage</b> <ul style="list-style-type: none"> <li>Regular communication with government departments</li> <li>Interviews and meetings</li> <li>Media releases</li> <li>Compliance reports</li> <li>Independent audits</li> <li>Site inspections</li> </ul>	<b>Key interests</b> <ul style="list-style-type: none"> <li>Environmental compliance</li> <li>Restoration of land to its original state</li> </ul>
<b>Capital impacted</b> 	<b>How feedback informs strategy</b> <ul style="list-style-type: none"> <li>Discussion at executive management and board level</li> </ul>	



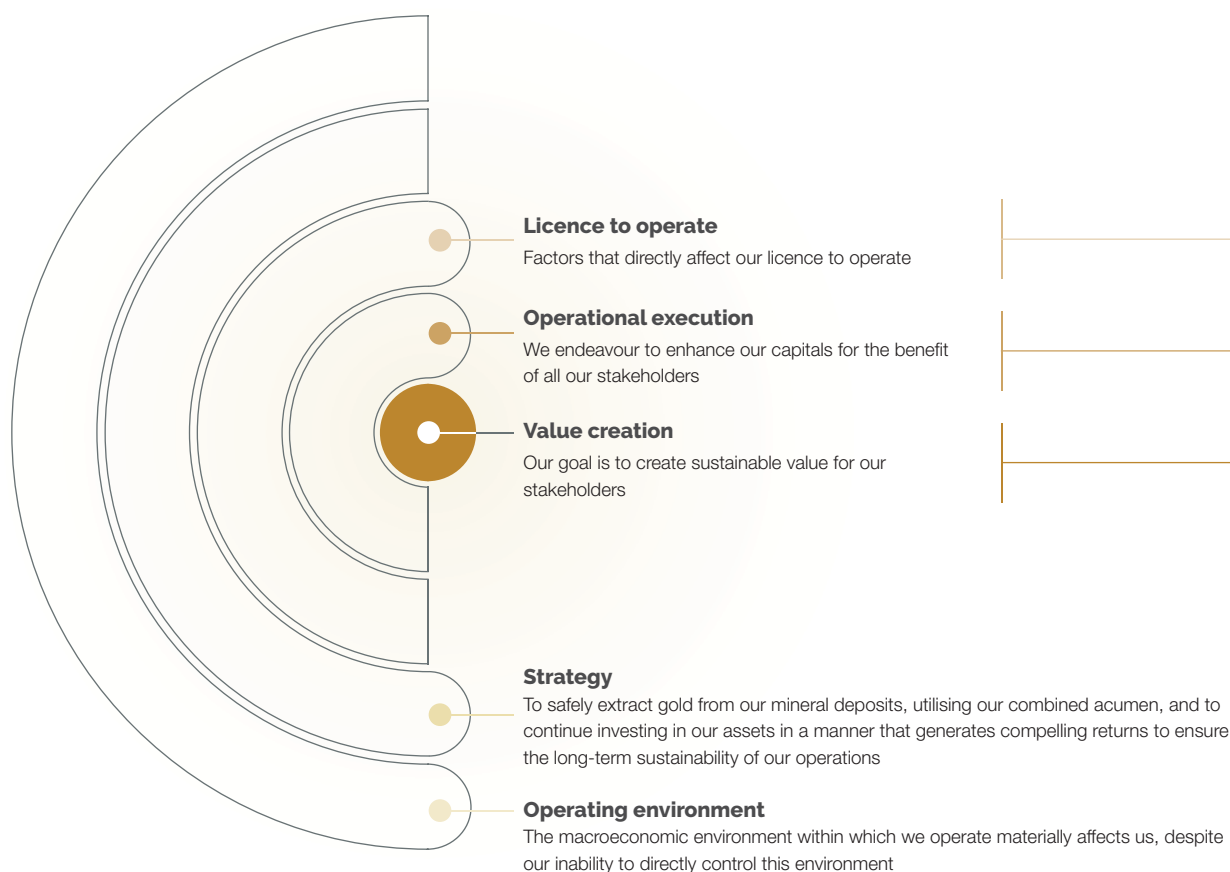


# Our material matters

Material matters are those issues with the potential to substantially impact our performance or ability to create value in the short, medium and long term. Identifying these material matters forms an integral part of our strategic planning activities.

## OUR MATERIALITY CATEGORIES

In March 2020, we conducted an in-depth and externally-facilitated materiality assessment to determine the matters most material to the Group. We classified our material matters according to our spheres of influence, which reflect our increasing ability to drive value creation, as follows:



For a discussion on **our operating environment**, including more information on these items, refer to [page 24](#).

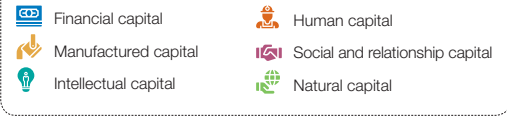
Refer to [page 42](#) for more detail on the measures introduced by the South African government to counter **the COVID-19 pandemic** and the actions we took in response thereto.

Our **strategy** is to safely extract gold from our mineral deposits utilising our combined acumen, and to continue investing in our assets in a manner that generates compelling returns to ensure the long-term sustainability of our operations. We provide more information on our strategy on [page 7](#).

**Our operating environment** encompasses significant issues which have the potential to substantially impact our performance or ability to create value. As these items are almost entirely outside our control, they are not included in our list of material matters. These issues include:

<b>COVID-19 pandemic</b>	In 2020, our operating environment was overshadowed by the COVID-19 pandemic. The unfolding, global COVID-19 pandemic is a human crisis of historic scale and complexity
<b>Gold price</b>	The US\$ gold price has a direct impact on our profitability and capital allocation decisions
<b>US\$/ZAR exchange rate</b>	As the rand is our functional currency, the US\$/ZAR exchange rate influences our revenue
<b>Resilience</b>	The fragile South African economy and its impact on societal stability affects our operations
<b>Uncertainty</b>	Regulatory uncertainty and uncertainty associated to the COVID-19 pandemic adversely affects investor confidence and capital allocation decisions
<b>Lawlessness/corruption/security</b>	Civil disruption and a lack of law enforcement adversely impacts our operational stability





## OUR MATERIAL MATTERS AND THE CAPITALS THEY AFFECT

### Licence to operate



#### Regulatory compliance

Interpreting and applying the Mining Charter and other regulations can be challenging



#### Societal/community relationships

Managing the sometimes unrealistic expectations of the communities in which we operate



#### Climate change

We are conscious of the potential impact of climate change on our future sustainability



### Operational execution



#### Capital allocation

We diligently deploy and manage our capital to create sustainable value for all stakeholders



#### Geological complexity

We focus on improving underground mining flexibility and optimising our tailings operations



#### Energy availability

We manage the reliability of the energy supply and respond proactively to disruptions



#### Technological interconnectivity

We keep abreast of technological advancements and apply selected, proven methodologies and technology



#### Health and safety

Consistently high health and safety standards are fundamental to retaining the support of employees, regulators, investors and communities



#### Organised labour

We maintain constructive and transparent relationships with the unions representing our labour force



#### External operational disruption

We actively monitor and respond to external threats of disruption to our operations



#### Environmental impact

We monitor the impact of our pollution, tailings, water usage, greenhouse gases and carbon footprint on the environment



### Value creation



#### Capital structure

We continuously consider means to improve our return on capital



#### Value-accretive growth

We have a pipeline of internal growth projects and also regularly evaluate acquisition opportunities



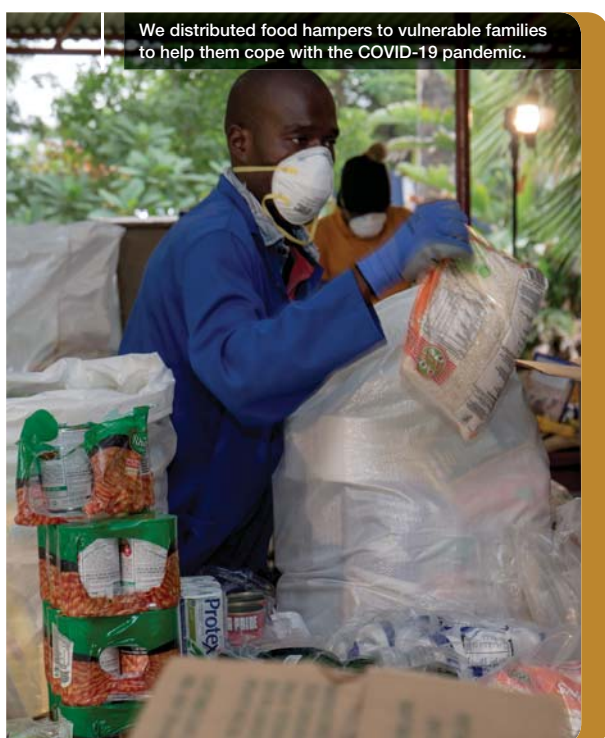
We address these material matters, which we have influence over, under each of the capitals in our integrated annual report, where additional information is provided on our:

- achievements to date
- targets
- the importance of the selected targets
- related risks
- short- to medium-term focus
- long-term objectives.

# Our approach to sustainability



Providing our employees with a safe working and operating environment is key to their well-being.



We distributed food hampers to vulnerable families to help them cope with the COVID-19 pandemic.

Pan African views sustainability as integral in meeting our strategy:

To safely extract gold from our mineral deposits utilising our combined acumen, and to continue investing in a manner that generates compelling returns to ensure the long-term sustainability of our operations.

## THE PROCESS WE FOLLOWED

We report sustainability performance based on an analysis performed internally by the Group.

In determining our priority issues, we have applied the **GRI standards and the related Mining and Metals Supplement** definition and determination methodology for defining issues, identifying topics that reflect the Group's significant environmental, social and economic impacts, and those that substantively influence the assessments and decisions of stakeholders. Refer to the GRI Index on [pages 108 to 115](#) for a detailed listing of the assessment.

We are guided by the principles contained in the **UNGC** in deciding our strategic actions.

We determined how these issues coincide with the globally accepted imperatives in terms of the **UN SDGs** and then prioritised the goals that we believe we are most capable of making a meaningful contribution to. We measure our progress against the goals in terms of the metrics which we deem relevant.

In this report, we discuss the relevant issues as part of the UN SDGs in terms of our approach to integrated thinking and reporting along the lines of the capitals at the Group's disposal.

## UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The 2030 Agenda for Sustainable Development and 17 associated SDGs balance the three dimensions of sustainable development – economic, social and environmental – making them actionable for business leaders.



We identified eight SDGs where we believe we can have the most meaningful impact. They coincide with our material matters as follows:



# Our commitment to sustainability

Pan African has positioned itself as a profitable and high-margin gold producer with a sustainable business model. We are mindful of the significant role of climate change on the planet and continue to conduct our operations in such a way that causes the least possible harm to the environment.

## OUR OPERATING ENVIRONMENT

The past year was unique in many respects. The **COVID-19 pandemic** has wreaked havoc on health systems and economies all over the globe. South Africa was not spared.

**Gold** is traditionally viewed as a safe-haven investment in times of economic and political uncertainty. The pandemic has served to accentuate this belief and escalated the increasing trend in gold prices over the past few years.

The mining industry has been at the forefront in combating infectious diseases such as HIV/Aids and TB and therefore has the systems and protocols in place to protect employees and assist in the prevention of the spread of the disease.

The pandemic came as yet another shock to the South African economy, which was already suffering from persistently weak business sentiment and periods of electricity supply disruptions, resulting in **low GDP growth** and negative investor sentiment. At the same time, input costs are rising, particularly the cost of mining at depth, salaries and wages, currency devaluation, capital expenditure and the cost of electricity. Record **unemployment** poses serious risks to economic recovery and social cohesion. The weak financial **health of state-owned enterprises**, especially Eskom, is likely to put additional pressure on public finances. Even though the outlook for South Africa is challenging, in the past year, a **weaker local currency** has expanded the margins for exporters such as ourselves. We expect this trend to continue in the year ahead.

The socio-economic challenges brought about by the ailing economy add to the list of disruptions to our operations caused by **service delivery protests** and **illegal mining**. We continue our quest to resist this trend and to convince the authorities of these threats to social cohesion, which are to the detriment of all our stakeholders.

In South Africa, some parts of the mining industry proved to be the beacon of hope during the COVID-19 storm as we were one of the first sectors to be called upon to restart the economy, not least because of our status as significant providers of jobs and socio-economic upliftment in the communities surrounding our operations.

Our community development projects are therefore aimed at infrastructure development and promoting self-sustaining businesses that will create employment in a manner that is not only dependent on the mining industry. We also continue to contribute towards constructive engagement with government on mining legislation and regulations, including the Mining Charter III.

We are mindful of the significant role of **climate change** on the planet and continue to conduct our operations in such a way that causes the least possible harm to the environment.

Refer to [page 28](#) in the integrated annual report for a more detailed analysis of **the operating environment** and how it has affected Pan African's operations and future strategy.

## OUR STRATEGY

Pan African has intentionally differentiated itself from the rest of the gold mining industry. We have attractive margins with a lower cost of production than most of our peers. We also now source approximately half of our overall annual gold production from lower-risk surface operations.

We have a clear strategy to safely extract gold from our mineral deposits utilising our combined acumen, and to continue investing in an optimal manner that generates compelling returns to ensure the long-term sustainability of our natural resources.

To fulfil the Group strategy, Pan African's mining operations must be profitable and sustainable to generate value growth for our stakeholders. In executing its strategy, the Group continues to integrate ESG factors as a key focus area for the business.

Refer to [page 7](#) for more information on the Group's **strategy**.



The Group spent  
**US\$1.7 million**

(2019: US\$1.0 million)

on human resources and development  
during the year

During the year under review, we  
invested

**US\$1.3 million**

(2019: US\$1.9 million)

in our CSI and LED projects

During the year, Evander Mines  
improved its water recycling to

**60%**

(2019: 57%)

of total water used

## SUSTAINABILITY DISCLOSURE

Pan African recognises and welcomes increased scrutiny on ESG-centred issues by the investment community. We are proud of our commitment to the sustainable operation of our business and we have set standards that routinely go beyond compliance. We are equally cognisant of commercial obligations and, therefore, sustainable cash flow generation must practically remain our key priority.

We have continued our ESG journey during the year under review and, in the process, we have crystallised a framework within which to disclose our progress. In this report, we discuss our priority issues, identified in terms of GRI standards, as they coincide with the globally accepted imperatives in terms of the UN SDGs. We prioritised the goals that we believe we are most capable of making a meaningful contribution to and measure our progress against the goals in terms of the metrics which we deem relevant. We discuss the relevant issues along the lines of the capitals at the Group's disposal.

Refer to [page 22](#) for more information on **our approach to sustainability**.

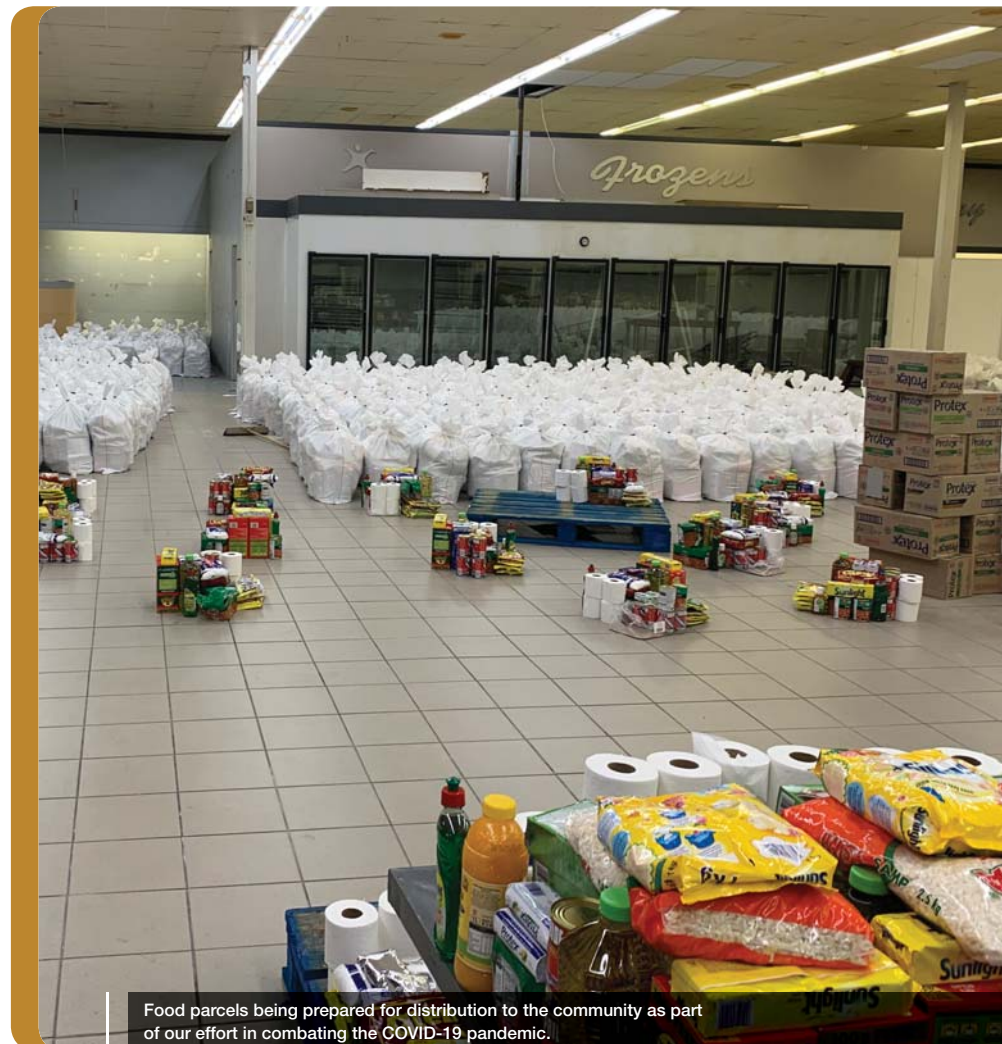
## OUR COMMITMENT TO ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

Pan African recognises that its role lies foremost in delivering on its strategy of safely extracting gold from mineral deposits using our combined acumen and to continue to invest in our assets in a manner that generates compelling returns to ensure the long-term sustainability of our operations. We also acknowledge our responsibility of doing so in a truly sustainable manner. We therefore welcome the magnified focus on our ESG activities. We are proud of our commitment to the sustainable operation of our business according to our own standards, which

exceed the minimum legal requirements. ESG performance indicators include climate change (gas emissions), environmental management systems and compliance, efficiency improvements (waste, water and energy savings), workplace health and safety, human capital management and stakeholder engagement and licence to operate requirements.

We take responsibility for the health of our relationships with all our stakeholders in meeting our desire to create value on a sustainable basis.

This includes our commitment to **our people, our communities and the environment** as detailed on [pages 26 and 27](#).



Food parcels being prepared for distribution to the community as part of our effort in combating the COVID-19 pandemic.

# Our commitment to sustainability continued

Our commitment to:



## Our people

Promoting and providing our employees with a safe working and operating environment is key to the well-being of our employees and the sustainability of our operations. Mining operations present inherent risks and we work tirelessly towards an environment of zero harm. There are safety benefits inherent in our repositioning which now see us source approximately half of our overall gold production from lower-risk surface operations.

The Group experienced no fatalities during the 2020 financial year (2019: none), with the total recordable injury frequency rate (TRIFR) and lost-time injury frequency rate (LTIFR) improving to 9.12 (2019: 10.71) and 1.70 (2019: 1.62) per million man hours, respectively. It is with regret that we announce that an employee at the Fairview Mine in Barberton, Mr Senzo Mavimbela, lost his life in a fall-of-ground accident on 21 July 2020. We are deeply saddened by this incident and our sincere condolences and support have been extended to the family, friends and colleagues of the deceased. The health and safety of our employees continues to be our number one priority and we continue to reassess and reinforce all safety protocols, procedures and standards in our ongoing quest to achieve zero harm for all our employees, on a daily basis.

We continue to introduce new training initiatives to maintain and further improve our safety standards.

Special care was taken to ensure the well-being and health of our employees in the face of the COVID-19 pandemic. The Group also implemented a programme of relief and assistance to alleviate the adverse impact of the pandemic. This comprised of the packaging and distribution of food and hygiene hampers to its employees, contractors and vulnerable families in communities in close proximity to the Group's operations.

Pan African believes ongoing career and effective talent development is essential for its continued competitiveness, transformation and sustainable growth. The Group spent US\$1.7 million (2019: US\$1.0 million) on human resources and development during the year, with each employee receiving on average 28.3 (2019: 37) training hours.

We are pleased that our ongoing programmes to manage HIV/Aids and TB are seeing encouraging results, with incidences of HIV/Aids reducing in the year under review. Meanwhile, through our increased awareness programmes about lifestyle diseases (diabetes and hypertension), the number of diagnosed cases has decreased. Our employees are encouraged to use their chronic medication and are given access to educational and lifestyle management programmes.



## Our communities

Understanding and proactively managing the impacts of mining on communities is integral to the success of our operations.

Our mines have developed and rolled out various information campaigns to create awareness of the operations' positive impact and contributions to the local communities through local newspaper publications, radio interviews and social media platforms.

As employers and contributors to the nation's economy, Pan African has a key role to play in South Africa's transformation journey and a moral obligation to deliver meaningful direct and indirect social benefits for local communities. Through local community investments, we support initiatives that benefit communities and promote their sustainable development.

During the year under review, we invested US\$1.3 million (2019: US\$1.9 million) in our CSI and LED projects, which included 21 (2019: 26) bursaries for mining and related fields of study.

We continue to convey to all in authority that illegal mining disrupts communities and impedes the social compact that enables mining operations to function optimally for the benefit of all stakeholders.

The Group approved funding for ESG projects that will create employment for local community members outside of mining.



## The environment

Pan African recognises the responsibility it has been granted to operate and mine in some of the oldest and best-preserved sedimentary and volcanic rock on the planet. The business depends wholly on the environment and its natural resources.

We are committed to responsible environmental stewardship and focus on minimising and, where possible, eliminating the negative environmental impacts of our operations. Our rehabilitation guarantees are fully funded and closure plans have been approved by the DMRE. The closure of old shafts and rehabilitation of infrastructure at Evander Mines is nearing completion and includes the services of the local community in the rehabilitation process.

During the year, Barberton Mines improved its water recycling to 36% (2019: 20%) of total water used and are collaborating with the local tourism authority to develop sites for eco- and geo-tourism.

Our focus is on reducing freshwater use and maximising water recycling, approval of a solar photovoltaic plant at Evander Mines, further developing our biodiversity and energy management plans and implementing and promoting eco-tourism in the greater Barberton area. In Barberton, we have completed a feasibility study into an agri-business project that will utilise the mine's excess land and water resources to create up to 800 sustainable jobs and downstream processing opportunities, while at the same time investigating carbon credits for the project to offset our existing GHG emissions, further enhancing our ESG profile.


Delivering on our commitments ensures our ongoing licence to operate.

### GOVERNANCE

Good corporate governance supports the achievement of our vision to create sustainable value for our stakeholders and ensures our licence to operate.

During the year, the Pan African board was strengthened with the appointment of two new independent non-executive directors. We welcome Yvonne Themba and Charles Needham to the board and look forward to their contributions. As a result, the board is satisfied with its composition in terms of the diverse skills and experience available to guide the Group.

The Group is fully compliant with the guidelines of King IV™ and has also commissioned independent audits of its mineral tenure, including social licence to operate compliance, a carbon tax audit and audits to ensure compliance with environmental and water-use licence obligations.

Refer to  page 30 for more information on the Group's **governance**.

### APPRECIATION

I thank my fellow board members for their valuable contributions during the past year and extend my gratitude to the Group's executive management and employees for their continued commitment and dedication to Pan African's sustainability, considering in the trying circumstances of this year.

**Keith Spencer**

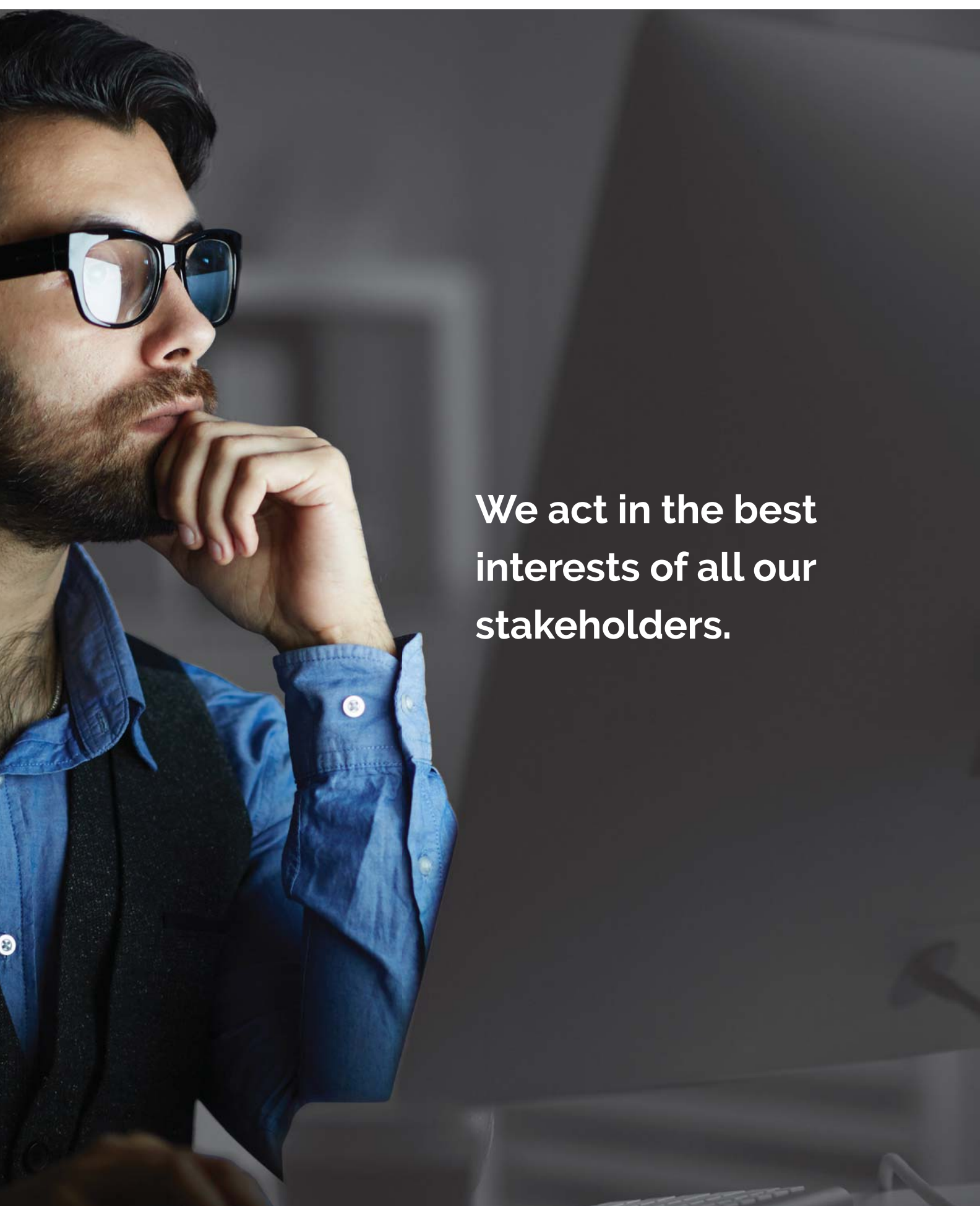
*Chairman of the SHEQC committee  
and the board*

16 September 2020



# CORPORATE GOVERNANCE





**We act in the best  
interests of all our  
stakeholders.**

# Corporate governance overview

Good corporate governance supports the achievement of Pan African's vision to create sustainable value for all our stakeholders.

The implementation of our corporate governance framework enhances our reputation, supports our licence to operate and ensures compliance with legislation and industry standards.

For the long-term sustainability of our business, given the long-term capital-intensive nature of mining projects and the often challenging socio-economic and political contexts in which we operate, it is important that we integrate responsible corporate citizenship into the Group's strategy.

We review our corporate governance practices regularly and have adopted King IV™ as the recognised corporate governance code to ensure that we act in the best interests of our stakeholders, comply with the applicable laws and regulations and adapt to changes in our regulatory environment. The application of King IV™ within the Company can be found in the full governance report at

<https://www.panafricanresources.com/about/corporate-governance/>

## STRATEGIC KEY FOCUS AREAS AND ISSUES DISCUSSED AND ACTIONED

### Strategic initiative

**Ensuring adequate financial resources for the efficient operation of our mines and disciplined capital allocation for sustainable value creation**

#### Issues discussed and actioned

- Hedging a portion of production to enhance the Group's ability to service senior debt
- Investigating options to access international and local funding to increase share liquidity (American Depositary Receipt programme (ADR))
- Optimising the Group's capital structure, debt:equity ratio and appropriate debt tenures

#### Strategic outcome

- Reducing Group senior debt and improving liquidity and funding flexibility
- Establish level 1 ADR programme sponsored by the Bank of New York Mellon

### Strategic initiative

**Effectively develop and complement our Mineral Resources and Mineral Reserves for a sustainable future**

#### Issues discussed and actioned

- Progressing the Egoli project to feasibility study phase and commencing project execution planning
- Progressing the Royal Sheba project
- Progressing Fairview's sub-vertical project
- Commenced the extraction of New Consort's shaft pillar

#### Strategic outcome

- Successfully deliver on capital projects for sustainable future gold production

### Strategic initiative

**Use technology in a meaningful and relevant way to improve our operational efficiency and sustainability**

#### Issues discussed and actioned

- Upgrading of Barberton Mines' geological software to Datamine software package
- Improving electronic financial reporting efficiency through continued development and integration of reporting software
- Implementing new pseudo pillar technology to support the areas being mined around the shaft pillar at 8 Shaft

#### Strategic outcome

- Use of technology to improve mine production, safety and efficiency

### Strategic initiative

**Employ, retain and develop the right people while keeping them safe and healthy**

#### Issues discussed and actioned

- Succession plans
- Retention and remuneration schemes
- Identification of future leaders and the development of these individuals
- Ongoing new health and safety initiatives

#### Strategic outcome

- Improve our safety performance and continue to improve our levels of ESG compliance across all operations
- Succession plans and remuneration schemes that are appropriate and effectively align management and stakeholder objectives

#### Strategic initiative

#### Being considerate to the communities within which we operate as a responsible corporate citizen

##### Issues discussed and actioned

- Employing labour from host communities
- Assisting clinics and schools in host communities
- Supplying potable water to host communities
- Alleviating hardships due to COVID-19 through community relief and assistance programmes such as the provision of food and hygiene hampers
- Closure of shafts and enhancing the security function to combat illegal mining
- Approval has been obtained from the board for the development of phase 1 of the 45ha Barberton Blueberries project
- Investigating agri-business at Barberton Mines using surplus land and water resources and creating sustainable employment outside of mining

##### Strategic outcome

- Successfully meeting our stakeholders' expectations

#### Strategic initiative

#### Conduct our business operations in a way that results in minimal harm to the environment

##### Issues discussed and actioned

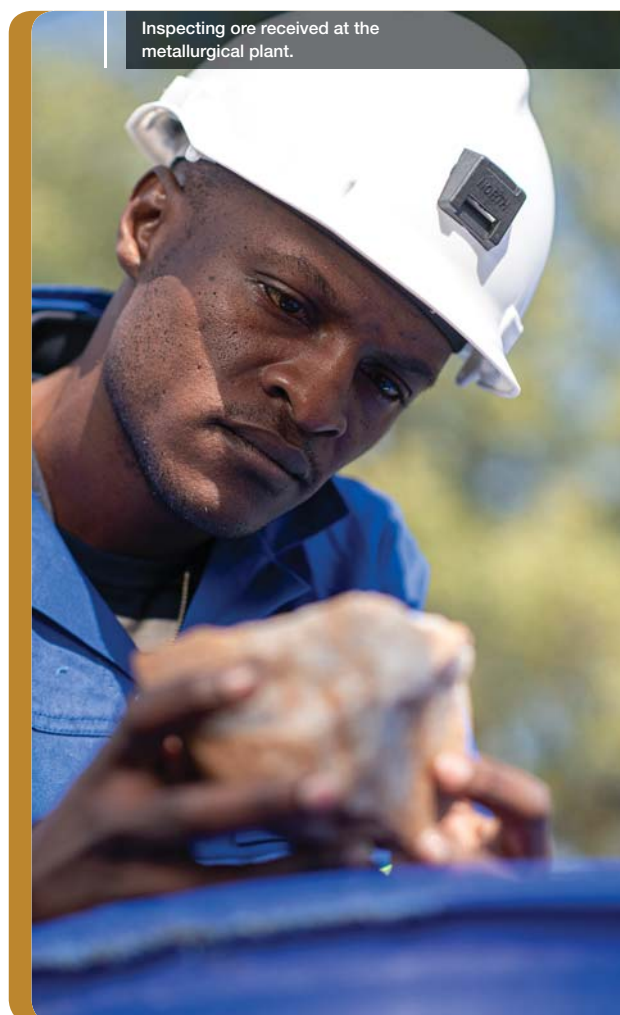
- Finalised a feasibility study and board approval of a solar photovoltaic power at Evander Mines
- Constructing new TSFs with improved environmental features as per government regulations
- Limiting our carbon footprint
- Ongoing rehabilitation and closure of old shafts and infrastructure

##### Strategic outcome

- Cultivating a culture of environmental care and positive behaviour when dealing with environmental issues
- Compliance with our mining licence requirements



Gold pour at the Kinross smelt house.



Inspecting ore received at the metallurgical plant.



# Board of directors

## NON-EXECUTIVE DIRECTORS

### KEITH SPENCER (70)

Chairman



Independent

BSc Eng (Mining)

**Date of appointment:** 8 October 2007

#### Significant directorships

None

#### Skills and experience

Keith is a mining engineer with 48 years' practical experience. Since 1986, Keith has held senior positions in some of the largest gold mines in the world including:

- Managing director of Driefontein Consolidated
- Chairman and managing director of Deelkraal Gold Mine
- Director on the boards of gold mines belonging to Gold Fields, South Africa
- Operations director of Metorex

#### Experience

Technical and operational  
Risk management  
Environmental and sustainability  
Business and strategy  
Leadership

#### Committee membership<sup>1,2</sup>



Chairman of the SHEQC committee

### HESTER HICKEY (66)

Non-executive lead  
independent director



Independent

BCompt (Hons), CA(SA)

**Date of appointment:** 12 April 2012

#### Significant directorships

Northam Platinum Limited, Cashbuild Limited, Barloworld Limited, African Dawn Capital Limited (resigned on 31 August 2019)

#### Skills and experience

Hester joined AngloGold Ashanti as group internal audit manager and later became head of risk. Prior to this, she worked at Ernst & Young and Liberty Life and was acting head of internal audit at Transnet. In her early career, she lectured at the University of Witwatersrand, was a partner at Ironside Greenwood and was the national technical and training manager at BDO Spencer Steward. Hester has also served as chairperson of SAICA

#### Experience

Finance and accounting  
Risk management  
Governance and regulation  
Business and strategy  
Leadership  
Taxation

#### Committee membership



Chairperson of the audit and risk committee

### THABO MOSOLOLI (50)

Non-executive



Independent

BCom (Hons), CA(SA)

**Date of appointment:** 9 December 2013

#### Significant directorship

MFT Investment Holdings

#### Skills and experience

Thabo brings a wealth of experience in financial management, corporate governance and audit, having qualified as a chartered accountant with KPMG in 1994. Since then, he has served on various boards as a member and chairman of audit committees in the resources and other industries in South Africa

#### Experience

Finance and accounting  
Governance and regulation  
Business and strategy  
Leadership

#### Committee membership



Chairman of the social and ethics committee

### YVONNE THEMBA (55)

Non-executive



Independent

BA, MBA

**Date of appointment:** 17 July 2019

#### Significant directorships

Adopt-a-School Foundation non-profit organisation, Canadoce Investments Close Corporation, Bo Themba Projects Proprietary Limited, Mathomo Packhouse Proprietary Limited, Julia Investments Proprietary Limited, NEAD International Proprietary Limited, ELogistics Portal Proprietary Limited

#### Skills and experience

Yvonne is the executive director of BoThemba Projects. She was previously responsible for human capital at Phembani Group and Shanduka Group. She headed the group corporate communications department at African Life Assurance Limited and the corporate social investment and corporate communications department at Sanlam. Prior to that, she was deputy director of the Life Officers' Association

#### Experience

Technical and operational  
Risk management  
Governance and regulation  
Environmental and sustainability  
Business and strategy  
Leadership

#### Committee membership<sup>4</sup>



Chairperson of the remuneration committee<sup>5</sup>

**NON-EXECUTIVE DIRECTORS** continued**CHARLES NEEDHAM (66)***Non-executive***Independent**

Articles of Clerkship-Accounting, Dip in Mining Taxation

**Date of appointment:** 17 July 2019**Significant directorships**

Alphamin Resources Corporation, Divitiae Holdings Limited, Imagined Earth Proprietary Limited, Kinsenda Copper Company SARL, METPROP Proprietary Limited, MetQuip Proprietary Limited, Orpheus Property Holdings Proprietary Limited, Ruashi Holdings Proprietary Limited, Unit 8 Tradewinds Proprietary Limited, Alphamin Bisie Mining Proprietary Limited

**Skills and experience**

Charles is chairman of Kinsenda Mining Company and Alphamin Resource Corporation (listed on the Toronto Stock Exchange), and consults to Metorex, a subsidiary of the Jinchuan Group. His previous experience includes 31 years at Metorex and its mining operations in Namibia, South Africa, Zambia and the Democratic Republic of the Congo. Charles progressively held the positions of group accountant, financial director and ultimately chief executive officer at Metorex.

**Experience**

Finance and accounting  
Technical and operational  
Governance and regulation  
Business and strategy  
Leadership

**Committee membership<sup>3,4</sup>****EXECUTIVE DIRECTORS****COBUS LOOTS (42)***Chief executive officer***Not independent**

CA(SA), CFA® Charterholder

**Date of appointment:** 26 August 2009**Significant directorships**

None

**Skills and experience**

Cobus has many years of experience in the African mining sector. He qualified as a chartered accountant with Deloitte & Touche in South Africa. Prior to joining Pan African, he was managing director of Shanduka Resources, a mining investment business and part of the Shanduka Group, which was headed by Cyril Ramaphosa prior to him becoming South African president. He has been a director of Pan African since 2009, serving as financial director from 2013 until his appointment as chief executive officer on 1 March 2015.

**Experience**

Technical and operational  
Finance and accounting  
Business and strategy  
Leadership  
Technology  
Taxation

**Committee membership**

Refer to our website for profiles of the executive and operations committee members

[www.panafricanresources.com/about/the-team/](http://www.panafricanresources.com/about/the-team/)

<sup>1</sup> Resigned from the remuneration committee with effect from 10 September 2019.

<sup>2</sup> Resigned from the audit and risk committee with effect from 10 September 2019.

<sup>3</sup> Appointed to the audit and risk committee with effect from 17 July 2019.

<sup>4</sup> Appointed to the remuneration committee with effect from 17 July 2019.

<sup>5</sup> Appointed as chairperson of the remuneration committee with effect from 17 July 2019.

**GIDEON (DEON) LOUW (58)***Financial director***Not independent**

CA(SA), CFA® Charterholder, HDip (Tax Law), AMCT (UK)

**Date of appointment:** 1 March 2015**Significant directorships**

None

**Skills and experience**

Deon has extensive finance and business experience, which includes investment banking, advisory and business administration in the finance and mining sectors. As a founding member of Investec Bank's emerging market finance team, he was involved in financing mining transactions in sub-Saharan Africa for more than a decade. He fulfilled the roles of chief financial officer of Shanduka Coal, financial director of Sentula Mining Limited, director of Resource Finance Advisers and head of resource structured finance at Investec Bank.

**Experience**

Finance and accounting  
Risk management  
Business and strategy  
Leadership  
Technology  
Taxation

**Committee membership**

# Board of directors continued

## THE BOARD AND ITS COMMITTEES (AT JUNE 2020)



### The board

meets at least four times a year

**KEITH SPENCER**  
*Chairman*



The board assumes ultimate responsibility for the Group's adherence to sound corporate governance standards and integrates responsible corporate citizenship into the Group's strategy to deliver sustainable stakeholder value.

The board is appropriately skilled and comprises a diverse group of individuals who are committed to responsibility, accountability, fairness and transparency.

The board is committed to the highest standards of personal and professional ethical behaviour and its leadership endeavours to instil a culture of ethical behaviour that permeates throughout the Group.

The board delegates to management the responsibility of managing the Group's operations, developing strategy and implementing the board's directives.



### The audit and risk committee

meets at least four times a year

**HESTER HICKEY**  
*Chairperson*



**Members:** Charles Needham, Thabo Mosololi

Other non-executive and executive board members attend as invitees.

The audit and risk committee assists the board to fulfil its corporate governance and oversight responsibilities to ensure the integrity of the Group's financial and corporate reporting, while ensuring that adequate systems of internal control and risk management processes are in place and are operating effectively.



### The safety, health, environment, quality and community committee

meets at least four times a year

**KEITH SPENCER**  
*Chairman*



**Members:** Hester Hickey, Cobus Loots

The committee was established to assist the board in its oversight of the effectiveness of Pan African's SHEQC policies and programmes and to keep the board informed on Pan African's objectives and compliance with and maintenance of standards in these areas.



### The social and ethics committee

meets at least four times a year

**THABO MOSOLOLI**  
*Chairman*



**Members:** Yvonne Themba, Deon Louw

The committee assists the board in ensuring that the Company and the other entities in the Group are and remain committed, socially responsible corporate citizens by creating a sustainable business and having regard to the Company's economic, social and environmental impact on the communities in which it operates.

## EXECUTIVE COMMITTEE

The executive committee (Exco) meets on a regular basis to review the Company's performance against set objectives and manages the Group's operations, develops strategy and implements the board's directives. The Exco is not a sub-committee of the board. Members of the Exco include the chief executive officer, financial director and chief operating officer. Refer to [www.panafricanresources.com/about/the-team/](http://www.panafricanresources.com/about/the-team/) for profiles of the executive and operations committee (Opsco) members.



## The nomination committee

meets when required

**KEITH SPENCER**  
Chairman



**Members:** Hester Hickey, Thabo Mosololi, Yvonne Themba, Charles Needham

The role of the nomination committee is to assist the board in ensuring that:

- the composition of the board has an appropriate level of skills, experience, diversity and independence
- directors are appointed through a formal process
- induction and ongoing training and development of directors takes place
- formal succession plans for the board, chief executive officer and senior management appointments are in place.



## The remuneration committee

meets at least twice a year

**YVONNE THEMBA**  
Chairperson



**Members:** Charles Needham, Thabo Mosololi

The remuneration committee assists the board to ensure that:

- both executive and non-executive directors are fairly and responsibly remunerated
- executive directors' remuneration is structured to incentivise sustainable performance to the benefit of shareholders
- the disclosure of director remuneration is accurate, complete and transparent.

## Board composition

### DIVERSITY OF EXPERIENCE

Finance and accounting	71%
Technical and operational	57%
Risk management	57%
Governance and regulation	57%
Business and strategy	100%
Leadership	100%
Technology	29%
Taxation	43%
Environmental and sustainability	29%

### DIRECTOR INDEPENDENCE



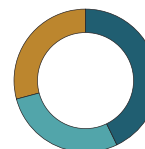
Independent non-executive directors	71%
Executive directors	29%

### DIVERSITY OF AGE



40 – 50 years	14%
50 – 60 years	43%
Above 60 years	43%

### DIVERSITY OF TENURE



Three to six years	43%
Six to nine years	28%
Above nine years	29%

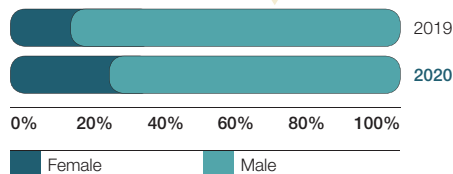
### GENDER AND EMPLOYMENT EQUITY DIVERSITY

Pan African promotes employment diversity and gender equality. We respect people from diverse backgrounds and promote a culture in which our employees feel valued, which in turn, encourages our employees to contribute to the growth and sustainability of our Company.

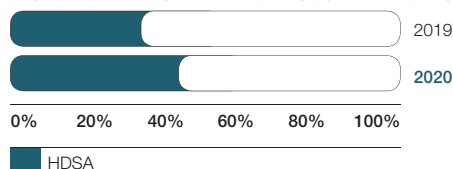
Pan African acknowledges that delivering and contributing to genuine transformation is critical for the sustainability of our business, the communities in which we operate and the country as a whole. We are committed to integrating real transformation throughout the Group, as guided by the MPRDA, the Mining Charter III and our SLPs.

On 17 July 2019, we strengthened our board with the appointment of two new independent non-executive directors. With the appointment of Yvonne Themba, the gender and employment equity representation on our board improved for the 2020 financial year.

### GENDER



### HISTORICALLY DISADVANTAGED SOUTH AFRICANS



The board has set the following targets for its director representation:  
25% female  
40% historically disadvantaged South Africans (HDSAs)

### TRANSFORMATION AND OWNERSHIP

Pan African has a strong record across all transformation categories, including procurement and staff demographics at all levels of the business. The mining sector directly and indirectly supports almost 20 million South Africans, representing roughly one-third of the country's population. We are committed to integrating real transformation throughout the Group under the auspices of the MPRDA, the Mining Charter III and our SLPs.

#### Ownership

The Mining Charter III seeks to strike a balance between improving transformation and ensuring the industry's viability in a volatile environment. It differentiates between new and existing mining rights holders with regards to ownership. Existing rights holders can continue to have 26% black ownership for the duration of their rights, although increased HDSA ownership is required for licence renewals and transfers. Companies that applied for mining rights before the introduction of the 2018 Mining Charter require 26% black ownership and have five years to increase that percentage to 30%.

Pan African's B-BBEE ownership is calculated at 26%, comprising 21% in Pan African Resources SA Holding Company Proprietary Limited and 5% from its on-mine employee ownership schemes. Refer to our website for our Company ownership structure at

[www.panfricanresources.com/about-overview/company-structure/](http://www.panfricanresources.com/about-overview/company-structure/)



# Key stakeholder concerns and board oversight

Understanding and considering the legitimate needs, interests and expectations of the Group's key stakeholders through effective engagement supports our vision of creating long-term sustainable value for all our stakeholders.

The board ensures that the legitimate interests and views of stakeholders are considered as part of its decision-making process.

Directors of the Company must act in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, taking into account the factors listed in section 172 of the Companies Act 2006. Board meetings are a mechanism to discharge the board's duties under section 172.

Stakeholder engagement plays a vital role throughout the Group. Our directors are aware of their responsibilities to act in a way that they consider, in good faith, would

most likely promote the short-, medium, and long-term success of the Company for the benefit of its members as a whole taking into account the factors as listed in section 172 of the Companies Act 2006.

Key governance concerns and the affected stakeholder group as identified by the board have been set out below, including a summary of our stakeholder engagement activity.

## OUR PURPOSE

To safely extract gold from mineral deposits in a manner that creates sustainable value for our stakeholders.



## Building an ethical culture

### Stakeholders affected

- Providers of capital
- Security exchanges
- Customer
- Suppliers
- Employees
- Unions
- Communities
- Government and regulatory bodies
- The environment

### Governance responsibility

- Board
- Audit and risk committee
- Social and ethics committee

### Governance activity in 2020

- The audit and risk committee reviewed ongoing compliance with King IV™
- Board review and approval of the board and audit and risk committee charters
- The board of directors' conflict of interest policy was approved by the board in September 2019
- Directors were appointed after assessing their skills and competence and performing a thorough background check

### Looking ahead

- Review of the Group's code of ethics which was approved in November 2015
- Improved oversight by our ESG department to ensure sustainable and ethical practices across the Group



## Fair remuneration

### Stakeholders affected

- Providers of capital
- Employees
- Unions

### Governance responsibility

- Board
- Remuneration committee

### Governance activity in 2020

- Transparent reporting of the remuneration of the executive directors
- The board ensured that remuneration of the executive directors was fair and equitable and informed by the achievement of strategic objectives

### Looking ahead

- Continue to seek endorsement annually of the remuneration policy and implementation report by the shareholders at the AGM
- Continued engagement with stakeholders to ensure fair remuneration across the Group





## Stakeholder relationships and engagement

### Stakeholders affected

- Providers of capital
- Security exchanges
- Customer
- Suppliers
- Employees
- Unions
- Communities
- Government and regulatory bodies
- The environment

### Governance responsibility

- Board
- Social and ethics committee
- SHEQC committee

### Governance activity in 2020

- Stakeholder relationships were managed by the executive directors
- The chairperson of the audit and risk committee attended the AGM
- At an operational level, stakeholder engagement was the responsibility of the general and human resources managers
- Supplied aid in the form of food and hygiene hampers to employees and communities during the COVID-19 outbreak and subsequent lockdown period

### Looking ahead

- Formalise a stakeholder engagement and relationship policy
- Develop a Group CSI/community engagement and development policy



## Safe working environment

### Stakeholders affected

- Providers of capital
- Customer
- Suppliers
- Employees
- Unions
- Government and regulatory bodies

### Governance responsibility

- Board
- SHEQC committee
- Exco
- Opsco

### Governance activity in 2020

- The board, assisted by the SHEQC committee, had oversight of the Group's compliance to health and safety standards and monitored health and safety performance and improvement measures implemented at operations
- Monitored safety precautions in relation to the COVID-19 outbreak and all measures implemented to ensure the safety of our employees

### Looking ahead

- Continue to drive improvement in safety performance year on year
- Implement new safety initiatives at all operations
- Continued implementation and monitoring of COVID-19 safety measures



## Minimise the impact of our operations on the environment

### Stakeholders affected

- Communities
- The environment

### Governance responsibility

- Board
- SHEQC committee

### Governance activity in 2020

- The board, assisted by the SHEQC committee, continually assessed and responded to any negative impacts the Group's operations may have had on communities and the environment

### Looking ahead

- Continue to grow a culture of environmental care and positive behaviour
- Commission independent audits on environmental compliance of the Group
- Investigate the implementation of sustainable projects such as agri-businesses
- Investigate the feasibility of solar photovoltaic plants to reduce our carbon footprint



## Regulatory environment

### Stakeholders affected

- Providers of capital
- Security exchanges
- Customer
- Government and regulatory bodies

### Governance responsibility

- Board
- Audit and risk committee
- SHEQC committee

### Governance activity in 2020

- The board, assisted by the audit and risk committee, approved the following policies and procedures in September 2019:
  - Protection of personal information policy
  - Diversity policy
  - Slavery and human trafficking policy
  - Human rights policy
  - Legal action policy
  - Board of directors' conflict of interest policy
- The board assisted by the SHEQC committee approved the following:
  - Submission of mining right renewal applications
  - Submission of new SLPs, SLP annual reports and implementation plans
  - Independent environmental audits
  - External audits to ensure compliance with water-use licence requirements
- Fully funded rehabilitation guarantees

### Looking ahead

- Implement a compliance management policy and continue to monitor performance



# Human capital

## OUR STRATEGIC INITIATIVE

Employ, retain and develop the right people and keep them safe and healthy

## THE PROGRESS WE HAVE MADE

During the year under review, significant focus was placed on ensuring the well-being of our people in the face of the COVID-19 pandemic (refer to [page 42](#)). We did so while maintaining and improving our very high health and safety standards (refer to [page 40](#)).

In addition, we also continued to provide meaningful employment (refer to [page 52](#)) and developed our people and their skills for the long-term sustainability of the Group (refer to [page 56](#)).

## OBSTACLES TO VALUE CREATION

- Safety incidents
- COVID-19 prevention and treatment, cost of compliance and lost productivity

## MATERIAL MATTERS



Health and safety



Organised labour

## KEY STAKEHOLDERS



Providers of capital



Employees



Unions



Communities



Government and regulatory bodies

## KEY PERFORMANCE INDICATORS

### Health and safety

Rate/million man hours	Unit	Barberton Mines		Evander Mines		Group	
		2020	2019	2020	2019	2020	2019
Total recordable injury frequency rate	TRIFR	8.01	11.31	12.32	9.51	9.12	10.71
Lost-time injury frequency rate	LTIFR	1.11	1.52	3.24	1.80	1.70	1.62
Reportable injury frequency rate	RIFR	0.25	0.13	2.27	1.29	0.80	0.51
Fatal injury frequency rate	FIFR	–	–	–	–	–	–
Fatal injuries	number	–	–	–	–	–	–
Lost-time injuries	number	9	12	10	7	19	19
Reportable injuries	number	2	1	7	5	9	6
Medical and first-aid treatment cases	number	65	89	38	37	103	126

### Occupational health

		Barberton Mines		Evander Mines		Group	
	Unit	2020	2019	2020	2019	2020	2019
COVID-19 spend on our operations	US\$ million	0.3	–	0.3	–	0.6	–
Total positive	number	–	–	2	–	2	–
Total recovered	number	–	–	2	–	2	–
HIV/Aids							
Total number of tests	number	501	549	453	362	954	911
Total positive	number	11	17	8	18	19	35
Total on treatment – cumulative	number	258	298	201	167	459	465
TB total cases	number	23	16	4	5	27	21
Diabetes total cases	number	108	76	52	36	160	112
Hypertension total cases	number	427	423	214	226	641	649
Silicosis							
Suspected silicosis cases	number	1	3	9	9	10	12
Certified silicosis cases – cumulative	number	–	–	10	27	10	27
NIHL							
Submitted (>10% shifts)	number	2	–	5	–	7	–
Reportable (5% to 10% shifts)	number	1	1	3	18	4	19
Sporotrichosis total cases	number	1	4	–	–	1	–

### Employees

Employee statistics	Unit	Barberton Mines		Evander Mines		Elikhulu		Corporate office		Group	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Employee profile</b>											
Employees	number	2,613	2,570	963	676	418	378	20	17	4,014	3,641
– Permanent	number	1,903	1,950	100	90	104	91	19	17	2,126	2,148
– Contractors	number	710	620	863	586	314	287	1	–	1,888	1,493
Employee turnover <sup>1</sup>	%	5.8	11.1	2.3	1.2	7.8	8.3	26.3	5.9	6.0	10.6
Human resources development spend	US\$ million	0.9	0.9	0.7	0.1	–	–	0.1	–	1.7	1.0
<b>Total number of permanent employees by age group</b>											
20 – 30 years	number	242	255	16	9	17	22	1	1	276	287
30 – 40 years	number	718	729	22	20	41	34	10	9	791	792
40 – 50 years	number	442	438	35	36	36	29	3	4	516	507
50+ years	number	501	528	27	25	10	6	5	3	543	562
<b>Total</b>	number	1,903	1,950	100	90	104	91	19	17	2,126	2,148

<sup>1</sup> The employee turnover excludes retrenched employees.

Representation of HDSAs	Unit	Barberton Mines		Evander Mines		Corporate office	
		2020	2019	2020	2019	2020	2019
Senior management	%	50	46	44	44	43	40
Middle management	%	31	48	62	33	100	100
Junior management	%	52	56	51	85	100	100
% of permanent employees – South African	%	99	97	88	88	100	100
<b>Representation of women</b>							
Women employed	number	203	178	43	40	9	5
Women permanently employed	%	10.7	9.1	21.1	22.1	47.4	29.4

# Health and safety



## GOAL 3: ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES

### Why the goal is material to Pan African

We strive to create an environment of zero harm by creating a safe and healthy workplace and managing our activities in a way that eliminates accidents, minimises health and safety risks and promotes excellence in the performance of our operations.

We recognise that the better we care for the safety, health, environment and wellness of our employees, the more likely we will be able to attract and retain the highest calibre of people.

Consistently high health and safety standards are fundamental to retaining the support of regulators, investors and employees.

### Highlights

#### Safety

- No fatalities for the year (2019: none)
- The Group reported a marginal regression in the RIFR to 0.80 (2019: 0.51) per million man hours
- Group LTIFR rate regressed marginally to 1.70 (2019: 1.62) per million man hours
- The regression in the RIFR and LTIFR rates are principally due to a reduction in the man hours worked in the 2020 financial year compared to the 2019 financial year, as a result of the COVID-19 pandemic in the 2020 financial year and the completion of the Elikhulu construction in the prior financial year
- Barberton Mines achieved three million fatality-free shifts in June 2020
- No lost days as a result of section 54 stoppages issued by the DMRE
- Fairview Mine achieved two million fatality-free shifts in April 2020

#### Health

- Standard operating procedures (SOPs) developed and implemented at each operation to curb the spread of COVID-19
- Group steering committee established to monitor latest developments and report on the COVID-19 pandemic

### Challenges

#### Safety

- Mining industry is associated with inherent safety risks
- Correct reporting of safety incidents to prevent recurrence of accidents
- Ensuring employees are adequately rested to prevent fatigue
- Consequence management of unsafe behaviour in the workplace
- Maintain and further improve our safety record

#### Health

- Increased compliance measures for COVID-19, provision of protective equipment, isolation facilities and ensuring correct implementation of preventative practices
- Risk of outbreak of COVID-19 infections
- TB/HIV co-infection and correct use of medication
- Awareness of the negative effects of lifestyle diseases on employees and the importance of maintaining a balanced lifestyle

No fatalities

in 2019 and 2020

Three million

fatality-free shifts at Barberton Mines







Sanitising in progress at the workplace.

### How we make a difference in the short term

Our board-approved SHEQC policy serves as the safety blueprint for our entire organisation. Our health and safety policy and framework is aligned with the South African Mine Health and Safety Act. The operations' general managers are responsible for the implementation of the Group's SHEQC policy and charter at their sites and for maintaining a risk register. Site SHEQC risk registers are reviewed quarterly and reported to the Group SHEQC manager who elevates any material issues to the Group SHEQC committee. We promote and support a culture of zero harm and minimal environmental impacts.

The board takes ultimate responsibility for the Group's SHEQC performance and has allocated its direct management of the function to the SHEQC committee. This committee informs the board on matters relating to SHEQC compliance, discipline and the action plans required to optimise responses to any incidents and accidents. The operations' general managers are primarily accountable for SHEQC performance at their sites.

Pan African continues to comply with the mining licence conditions set by the DMRE, the Mine Health and Safety Act (as amended from time to time) and other relevant legal requirements. The Group SHEQC manager, as well as safety, health and environmental officials guide and advise each operation.

Legal requirements are treated as a minimum requirement for compliance and reports are regularly audited by SHEQC officials. These are supported by monthly/quarterly SHEQC performance reviews. Our safety performance results are reported regularly to the DMRE and reported numbers include statistics for on-site contractors.

Employees at Barberton Mines and Evander Mines are represented via joint management-employee health and safety representative committees which meet on a regular basis.

In addition to the vital role played by our employees in our safety performance, our contractors and suppliers are pivotal to the achievement of our SHEQC objectives. As such, we encourage their buy-in to our safety ethos and their active involvement in our initiatives. This is done through training, written communication and regular in-person meetings. We regularly inspect areas utilised by contractors to ensure their compliance with health and safety standards.

### How we make a difference in the medium to long term

#### Safety

- Daily safety dialogue sessions to highlight workplace safety challenges and implementing safety improvements
- Awareness programmes including safety campaigns, incentives and daily briefings on managing fatigue, reporting of incidents, behaviour-based safety and consequences of unsafe practices for the employer, employee and dependents
- While injury rates are well below industry average, we aim to achieve the objective of zero harm to employees.

#### Health

- Education and awareness on COVID-19 prevention measures and consequences of non-compliance
- Continued efforts to suppress noise and dust levels
- Enhance awareness and education programmes on occupational diseases.

We strive to create an environment of zero harm.

We remain responsive to the evolving COVID-19 pandemic and are taking appropriate actions to curtail its spread and impact on our employees and Group operations.

### THE COVID-19 PANDEMIC

This is a practical case study to illustrate how all parts of Pan African operate to ensure the health and safety of our people. Our operating environment in 2020 was overshadowed by the COVID-19 pandemic.

The unfolding, global COVID-19 pandemic is a human crisis of historic scale and complexity. It is straining healthcare systems, government fiscal capacity, and the ability of many organisations to cope with the changes wrought by the virus and the response to it. The level of uncertainty for many leaders is unprecedented, and most frameworks for planning and problem-solving are unable to manage the geographic variability, uncertainty and the exponential change brought by the COVID-19 crisis.

It has impacted individuals, families, businesses, societies and countries as infection rates escalate around the world and in South Africa. In response, governments have implemented emergency measures to curb the spread of the virus.

### About COVID-19

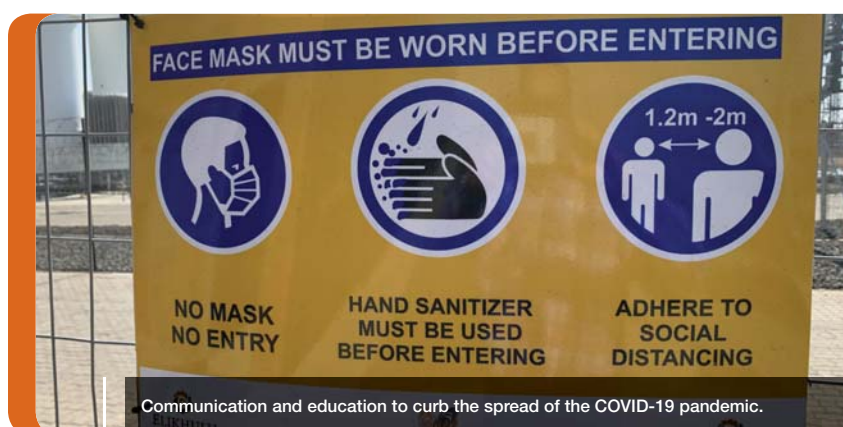
COVID-19 is an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). It was first identified in December 2019 in Wuhan, China and has since spread globally, resulting in an ongoing pandemic.

Common symptoms include fever, cough, fatigue, shortness of breath and loss of smell and taste. While the majority of cases result in mild symptoms, some progress to acute respiratory distress syndrome likely precipitated by a cytokine storm, multi-organ failure, septic shock and blood clots. The time from exposure to onset of symptoms is typically around five days but may range from two to 14 days.

The virus is primarily spread between people during close contact, most often via small droplets produced by coughing, sneezing and talking. Less commonly, people may become infected by touching a contaminated surface and then touching their face. It is most contagious during the first three days after the onset of symptoms, although spread is possible before symptoms appear and from people who do not show symptoms. The standard method of diagnosis is by real-time reverse transcription polymerase chain reaction from a nasopharyngeal swab.

Recommended measures to prevent infection include frequent handwashing, maintaining physical distance from others (especially from those with symptoms), quarantine (especially for those with symptoms), covering coughs or sneezing within the elbow and keeping unwashed hands away from the face. In addition, the use of a face mask is recommended for everyone in public and specifically for those who suspect they have the virus and their caregivers.

According to the World Health Organisation, there are currently no available vaccines nor specific antiviral treatments for COVID-19.





## The numbers

South Africa's early and comprehensive response to the COVID-19 pandemic assisted the country in flattening the curve and restricting the number of infections. The country's younger than average population also ensured that the mortality rate was kept below that of many European countries. The province of Mpumalanga, where Pan African's operations are based, was spared infection by lower contact from foreign visitors and travel restrictions during the initial lockdown. Our own employees were also partly protected through suitable care and education and the early implementation of the Group's SOPs.

As at 30 June 2020	Global <sup>1</sup>	South Africa <sup>2</sup>	Mpumalanga <sup>2</sup>	Pan African
Population <sup>3</sup>	7,794,798,739	59,308,690	4,633,883	4,014 <sup>4</sup>
Infections	10,417,063	151,209	1,190	2
Infection rate (%)	0.134	0.255	0.026	0.050
Recoveries	5,262,705	73,543	464	2
Recovery rate (%)	50.5	48.6	39.0	100
Deaths	509,516	2,657	7	–
Death rate (%)	4.9	1.8	0.6	–

### Sources:

<sup>1</sup> Centre for Systems Science and Engineering at Johns Hopkins University <https://coronavirus.jhu.edu/map.html>

<sup>2</sup> Department of Health <https://sacoronavirus.co.za/2020/06/14/update-on-covid-19-14th-june-2020/>

<sup>3</sup> UN World Population Prospects (2019 Revision) <https://www.worldometers.info/world-population/>

<https://worldpopulationreview.com/countries/south-africa-population/>

<http://www.statssa.gov.za/publications/P0302/P03022019.pdf>

<https://covid19.who.int/>

<sup>4</sup> the Group's total staff complement which includes both employees and contractors.

## Timeline of South Africa's and Pan African's responses to the COVID-19 pandemic

In the table below, we detail how Pan African dealt with some of the challenges posed by the pandemic, outlined along the timeline of South Africa's response to the threat posed by the virus.

### 5 March 2020 – First COVID-19 case in South Africa reported

- A multi-lingual campaign was launched to educate the public on the coronavirus
- Handwashing, physical distancing and other protocols were emphasised

#### Macroeconomic and social impact

##### Initial response

An extensive, multi-lingual and continuous campaign was undertaken on radio, television, social media and through the press to educate the public on how the coronavirus spreads and how to prevent it. The educational messages emphasised the importance of frequent and thorough handwashing with soap and water (or use of an alcohol-based hand sanitiser), the need for physical distancing, how to cover the mouth with a tissue or flexed elbow when sneezing or coughing, and how and why people should seek medical attention when any COVID-19 symptoms occur. There was also a concerted effort to combat misinformation and disinformation on COVID-19 in South Africa.

##### Economic impact

When the virus started to spread, financial markets fell sharply and market movements were extremely **volatile**, as investors reduced their risk appetite and attempted to mitigate the economic impacts of the pandemic.

In addition, global **oil markets also fell** sharply following disagreements between Russia and Saudi Arabia on levels of supply.

Internationally, COVID-19 caused alarming economic data releases.

**Eurozone GDP** declined in the first quarter of 2020 by the fastest rate since record keeping began in 1995, while US GDP contracted by the steepest rate since the global financial crisis.

The real long-term impact of these events on economic growth remains to be seen. Many economists currently predict a **global depression**.

#### How we responded

##### Health of employees is paramount

We have and continue to work tirelessly to ensure that all our stakeholders deal with the challenge presented by COVID-19.

While the circumstances leading to this outbreak are largely out of our control, we managed the escalating spread by being **proactive** and responsible. We have implemented precautionary and preventative actions to help ensure the health and well-being of all our staff and other stakeholders, and to ensure **business continuity**.

**Our primary focus areas are the health and safety of our staff** and reducing the operational impact of the pandemic.

We established a **COVID-19 steering committee** to oversee our actions and manage the unfolding risks. Each operation has a COVID-19 task team reporting to a Group COVID-19 task team, ensuring coordination of our efforts across all operations.

15 March 2020 – President Cyril Ramaphosa declares a national state of disaster

- The National Coronavirus Command Council was created
- Travel restrictions and group gatherings of more than 100 were prohibited
- Schools were closed from 18 March 2020
- A national lockdown was announced on 23 March 2020

**Macroeconomic and social impact**  
**National state of disaster**

These decisions were aimed at facilitating a coordinated all-of-government approach to flattening the COVID-19 infection curve in South Africa.

The **National Coronavirus Command Council** was formed to lead the nation's plan to contain the spread, mitigate the negative impact of the virus and ensure that the country's medical infrastructure was brought to a state of readiness.

The activities of the command council were supported by a Ministerial Advisory Committee, comprising 45 eminent scientists with expertise and experience in laboratory testing, clinical matters, public health and research. The committee synthesised available scientific evidence into user-friendly formats to facilitate evidence-informed decision-making by the command council.

South Africa put in place a mechanism for case investigation and contact tracing. Confirmed cases were isolated and treated, and their contacts were put on self-quarantine for 14 days. Surveillance, screening and testing measures were strengthened at international airports as part of the national state of disaster.

**How we responded**

**Prevention and monitoring**

Pan African implemented a number of **preventative and monitoring measures**, consistent with the guidelines provided by the Minerals Council of South Africa (MCSA) and the National Institute of Communicable Diseases, at all operations to curb the spread of the virus. This entails ongoing education and communication programmes to ensure that all our employees are fully informed and aware of the virus, and also educated on how to protect themselves from being infected. The Group continues to communicate and supply employees with face masks, sanitiser, access to water, soap and disinfectants to ensure that hygiene remains the core focus in preventing the spread of the virus.

All employees, contractors and visitors are required to have their body **temperatures tested** upon entry and exit of mine premises and offices, to assist in the detection of individuals that may be infected or are displaying symptoms of COVID-19.



Disinfecting dedicated mine vehicles for employees travelling to and from the operations.

Before the lockdown was implemented, we set up working teams and structures to monitor and adjust the measures that we put in place to ensure compliance with government requirements, while optimising the output of the areas where we obtained permission to continue operations.

## 27 March 2020 – First 21-day national lockdown imposed by the command council (level 5)

- South African National Defence Force was deployed to support the government
- People could go out only for essentials such as social grants, food, medicine and fuel
- Sale of non-essentials, including liquor and tobacco products were halted
- Borders were closed except for designated ports of entry for the transportation of fuel, cargo or goods; quarantines were enforced on inbound travellers
- International and domestic passenger flights were prohibited except for flights to evacuate South African nationals in foreign countries

### Macroeconomic and social impact

#### Exemptions

Exempt from the lockdown were people carrying out essential services deemed necessary to the effective response to the pandemic. **Mining**, as a vital contributor to the fiscus, was allowed to resume on a limited basis during the initial level 5 lockdown.

#### Economic impact

In the short term, the government-imposed lockdown restrictions designed to flatten the infection curve had a **devastating impact on the South African economy**, which was already under stress.

All businesses ceased physical operation, except for those involved in the manufacturing, supply or provision of an essential good or service (EGS). The EGS supply chains were generally formalised and monitored, with each link in the chain requiring various degrees of formal approval such as permits – therefore entering into the bureaucracy of the state. One consequence of this was that the informal economy disintegrated overnight. As up to 20% (per STATS SA) of all employment is in the informal sector, and most in this sector do not have savings, serious relief is required in order to avoid a looming economic and humanitarian disaster. Existing community care and aid networks were also threatened.

#### Social impact

Major sporting and cultural events and shows were suspended or cancelled. Religious gatherings were suspended and many city public facilities were closed. A number of liquor stores and food stores were targeted by looters, mostly in the Western Cape. A large number of schools were vandalised and/or burgled.

The liquor ban was expected to free-up hospital capacity to deal with COVID-19 cases as alcohol abuse-related hospitalisation cases exert a heavy toll on South Africa's health system.

The initial performance of the South African government to the COVID-19 response granted it a reprieve. Praise for the government emanated from all sectors of South African society – political party leaders, the business sector, civil society and the public.

### How we responded

#### Lockdown commenced

The mining industry was dealt a devastating blow when the lockdown was imposed. A phased closure of our operations commenced on 23 March 2020, when the lockdown was announced, to ensure the safety of our employees and operations. All blasting operations were halted to ensure that working places were made safe and to prepare for an extended period of inactivity.

The executive team, in consultation with the operations' management, assessed the potential impact of shutting down completely and concluded that it would have a catastrophic impact on the sustainability of the business. Pan African had to find a way to ensure survival and the continued well-being of its employees and dependent host communities.

We adopted a risk-based approach by introducing **scaled-down operational plans** that would secure the health and safety of our employees while also securing the sustainability of the business. Some of the plans put in place included:

- providing housing for employees at Evander Mines, ensuring that they were not exposed to the general population
- providing personal protective equipment (PPE)
- introducing COVID-19 SOPs to ensure general hygiene and social distancing
- education on the COVID-19 SOPs and prevention measures
- identifying high-risk areas and the introduction of safety and hygiene measures such as periodic disinfection and limiting the number of people in certain areas such as cages, etc.

We engaged with the regional office of the DMRE in Mpumalanga as well as the Director-General of the DMRE and **obtained permission** to proceed with the following:

- Operate Elikhulu at no more than 50% of the labour complement
- Commence with scaled-down mining underground at Barberton Mines to ensure the sustainability of the BIOX® and infrastructure
- Allow essential services crews to operate during lockdown to ensure a smooth ramp up when full scale production was allowed to resume
- Operate BTRP at no more than 50% of the labour complement
- Keep Evander Mines' 8 Shaft on care and maintenance but allow for shaft sinkers to continue work on the shaft tower and allow limited work in the pillar for de-stressing work and the management of seismicity
- Increase our security oversight and activities at all operations
- Significantly reducing our on-site workforce at all operations, initially to only critical personnel.

## 16 April 2020 – Nationwide lockdown extended by two weeks

- The South African government recommended face masks to be worn in public for the general population
- On 21 April 2020, a ZAR500 billion stimulus package was announced

### Macroeconomic and social impact

#### Fiscal support package

Government announced a **ZAR500 billion fiscal support package**. The National Treasury indicated that it would not need to borrow from domestic markets to finance the measures, but government would still have a significant funding shortfall, given a massive expected revenue shortfall.

#### Growing discontent

South Africa's response to the COVID-19 outbreak has been both lauded and condemned. While some have praised the speed and intensity of the response, others have rightfully pointed out the catastrophic impact it has had on the working class and the economy. Unfortunately, the debate has largely been framed in terms of a single dichotomy: lockdown versus open up. This dichotomy asks us to choose between the lesser of two known evils: the overflowing of hospitals or starvation and alleged police brutality of lockdown in South Africa.

It is not only the lockdown's many failures that have led to the popularity of reopening the country but, also, the inability to imagine a successful lockdown, one that can avoid these failures. The government's stimulus and relief package seems to have had little impact.

### How we responded

Following the approval of our operating plants by the DMRE, we engaged with local and national police to ensure that they were aware of the approved plans and to ensure that our employees would be able to get to work. We engaged with the CIPC to obtain the required **permits** and these were issued to all relevant workers. We remained in contact with the DMRE to ensure they were kept informed on our progress.

Timeous securing of the required PPE, screening equipment and accommodation for employees was challenging but the operational teams' proactive and creative approach ensured we obtained the essentials we required timeously.

Through proper planning and execution, we have managed to maintain a strong production performance with a **drastically reduced workforce** while dealing with many constraints imposed on us by the risks posed by the pandemic. Although this would only be possible for a limited period, we put plans in place to achieve the maximum impact from our limited workforce while maintaining the sustainability of the operation for when we come out of the lockdown. The health and safety of our employees has been the primary consideration in all decision-making.

## 4 May 2020 – Nationwide lockdown eased to level 4

- Outdoor exercise permitted between 06h00 and 09h00
- Food and service deliveries permitted between 05h00 and 19h00
- A nationwide curfew from 20h00 to 05h00
- Cloth masks mandatory in public
- Easing on items that could be purchased

### Macroeconomic and social impact

#### Impending food and shelter dilemma

The COVID-19 crisis and ensuing lockdown have predictably resulted in a catastrophic impact on the working class small businesses and the unemployed. Without adequate intervention, millions of South Africans will be unable to access basics like food and shelter in the coming months, especially those in the informal sector who do not have access to the Unemployment Insurance Fund.

### How we responded

The Group reported two positive cases of COVID-19 among its employees at 30 June 2020. Both employees have recovered and resumed work.

Both Barberton Mines and Evander Mines implemented the mandatory guidelines of the DMRE and the Disaster Management Act when recalling their employees for the ramp-up of the allowable 50% workforce.

Tracing and tracking of contacts were undertaken as per the SOP and those affected were tested and treated appropriately.

## 1 June 2020 – Nationwide lockdown eased to level 3

- Easing of restrictions on work and social activities

### Macroeconomic and social impact

#### Unions put pressure on the DMRE

Both mining sector unions, the National Union of Mineworkers (NUM) and the Association of Mineworkers and Construction Union (AMCU), showed strong opposition to the complete reopening of the mining sector from 1 June 2020, in the process confronting Mineral and Energy Resources Minister, Gwede Mantashe.

The objection was fuelled by the outbreak of COVID-19 at a mining company, the world's deepest mine in western Gauteng. By 26 May 2020, the mine had recorded 196 COVID-19 cases among its workforce. It was temporarily closed while contact tracing was carried out and its infrastructure subjected to a deep clean and sanitisation.

NUM wanted the entire workforce tested before reopening, which was highly unlikely in the face of a global shortage of testing kits. They also threatened that their members would leave their working place in terms of section 23 of the Mine Health and Safety Act as the circumstances posed a serious danger to their health or safety. NUM said miners were still forced to work in close proximity because their jobs made it difficult to follow social distancing.

In early May 2020, the Labour Court ordered the Chief Inspector of Mines to gazette guidelines and implement a code of practice to mitigate the effects of COVID-19, following a court challenge by AMCU.

### How we responded

Our tailings operations were able to **ramp up** to near full capacity by 1 May 2020. Underground operations were conducted at approximately 50% of capacity from 27 March 2020 to 4 May 2020.

Head office staff were able to work remotely during level 5 and returned to full office attendance at the commencement of level 3, effective 1 June 2020.

### Corporate social investment in our communities

Our board-approved COVID-19 **relief and assistance programme** is on track. Evander Mines distributed over 5,000 food and hygiene hampers to NGOs and vulnerable families within the communities adjacent to our operations. Barberton Mines has distributed 1,405 food and hygiene hampers to its employees and has completed distributing off-bulk consignments to NGOs for distribution to identified vulnerable families in our host communities. Barberton Mines has collaborated with the City of Mbombela's food hamper distribution programme and handed over the food hamper consignment in mid-May 2020. At the end of June 2020, over 5,400 hampers were provided as part of phase 1 of the relief programme. Each hamper weighed around 54kg, and was designed to feed a family of five for a period of at least one month. Phase 2 distribution of hampers has been approved for June/July 2020.

The provision of the hampers also meant reduced exposure to COVID-19 for our essential services workers and community members, as it reduced the need to leave their homes during the lockdown to purchase supplies and hygiene products.

In light of the ongoing pandemic, the Group continued to implement initiatives to assist vulnerable stakeholders where possible.

### Effect on the mining industry

On 27 May 2020, the MCSA, which is the main industry body for South Africa's mining sector, held its annual general meeting. At the media briefing, CEO Roger Baxter said the MCSA sees mining production declining 6% to 10% in 2020 in the face of the COVID-19 impact. Most of the sector was shut down for late March and April and it was allowed to reach 50% capacity in May, with a full reboot set only for June 2020. Out of a mining workforce of about 450,000, approximately 55% or close to 250,000 have returned to work or remained at work.

As the sector cranks up, demand for power will also rise, and Eskom's ability to deliver without load shedding is uncertain.

### COVID-19 spend

At 30 June 2020, the Group had spent US\$0.9 million on fighting the pandemic.

This includes the cost of:

- food and hygiene hampers
- costs for prevention, such as
  - information posters
  - internal awareness programmes
  - personal protection equipment
  - disinfectants
  - additional sanitising
  - thermometers
  - medical tests and personnel
  - quarantine facilities
  - isolated accommodation
  - isolated transport, tracing and screening
  - contributions to local clinics and government departments
  - facilities upgrades.

## 17 August 2020 – Lockdown moved to level 2

- Further easing of restrictions

### Macroeconomic and social impact

#### The next normal

Leading consultants McKinsey predict that four forces will mould the 'next normal' in the post-COVID-19 world, namely:

- the metamorphosis of demand
- rapid changes in the workforce
- shifts in regulation
- increasing information about protocols for safety.

### How we responded

#### Tribute

We are immensely proud of the joint and dedicated effort from all employees and the leadership at Pan African to secure one another's health and safety and also the continued sustainability of the Group under the truly life-threatening circumstances brought about by COVID-19.



### MONITORING THE HEALTH OF EMPLOYEES

The Group minimises health risks through workplace and employee surveillance programmes and by promoting employee work practices that ensure long-term well-being. New employees and employees returning from leave undergo medical examinations to ensure that they are fit for work and are referred for further testing, if necessary.

Our occupational health services focus on the following major diseases:

<b>HIV/Aids</b>	We encourage regular testing and are committed to the ongoing education of our employees about the disease. The number of voluntary HIV/Aids tests has increased from 911 in 2019 to 954 tests in 2020. 19 employees tested positive in 2020, compared to 35 in 2019. Employees are becoming increasingly aware of the disease and we have observed positive changes in behaviour.
<b>TB</b>	We conduct regular campaigns to educate employees on TB, break down stigmas on the disease and encourage them to be tested.  A total of 27 (2019: 21) certified cases of TB were identified among our employees in 2020. TB/HIV co-infection remains a challenge for employees at our operations. Absenteeism due to TB and/or HIV treatment creates significant productivity and financial difficulties, while misinformation in the community can reduce treatment effectiveness and encourage the spread of infection in the workforce and the community.
<b>Lifestyle diseases</b>	Lifestyle diseases (diabetes and hypertension) form part of employees' annual medical examinations as a means to addressing these conditions at the earliest possible stage. Through increased awareness programmes, the number of certified diabetes cases has increased by 42.9% and hypertension has decreased by 1.2%. Employees diagnosed with these diseases are regularly monitored, encouraged to use their chronic medication and given access to educational and lifestyle management programmes.
<b>Silicosis</b>	Silicosis is an incurable lung condition caused by long-term exposure to high levels of silica dust, which can increase the likelihood of contracting TB. The Group has implemented measures to suppress dust at all operations to minimise exposure to silica and reduce the risk of silicosis.  Evander Mines recorded 10 certified cases in 2020 (2019: 27 ex-miners). Barberton Mines recorded no certified case in 2020 (2019: no certified cases).
<b>Noise-induced hearing loss (NIHL)</b>	Noise exposure is prevalent in the mining industry and the management of NIHL cases remains an important focus. The prevalence of NIHL is monitored at operational level and reported to the SHEQC committee on a quarterly basis. We are committed to complying with the most updated NIHL standards and thresholds.  All employees are trained to use hearing protection and those exposed to working environments with noise levels above 85dB are issued with personalised noise clippers to further decrease exposure to noise levels.  Instances of employees recording 10% or higher NIHL are submitted to Rand Mutual Assurance for processing, evaluation and consideration for compensation.
<b>Sporotrichosis</b>	Sporotrichosis (also known as 'rose gardener's disease') is an infection usually caused by having a scratch or cut that comes into contact with dirt or plant matter contaminated with the fungus <i>Sporothrix Schenckii</i> .  Due to local weather conditions, Barberton Mines is the only operation where there are risks of contracting this disease, which we continue to monitor. One case of sporotrichosis was recorded for the year under review (2019: four).

Silicosis, diabetes and hypertension screenings are part of our medical surveillance programme, with test results reported monthly and monitored at quarterly SHEQC committee meetings.



Ensuring all employees have the correct protective clothing and equipment.



### Access to quality essential healthcare services

Barberton Mines has three occupational health centres – one at each of its operations (Fairview, Sheba and New Consort Mines). These occupational health centres provide medical care and monitoring to our employees. Our occupational medical practitioner and occupational health nurses are available to examine and treat our employees during working hours.

### OCCUPATIONAL HYGIENE AND HEALTH MONITORING

Pan African has a comprehensive occupational hygiene programme that aims to eliminate occupational health hazards at the source, including dust inhalation, excessive noise levels and heat stress.

Dust levels, crystalline silica exposure and thermal conditions underground remained within occupational exposure limits for the year under review, as in the prior year. If the workplace is deemed to be unsafe at any time, work is halted immediately and employees have the right to leave any dangerous workplace which poses a risk to their health and safety as stipulated by section 23 of the Mine Health and Safety Act 29 of 1996.

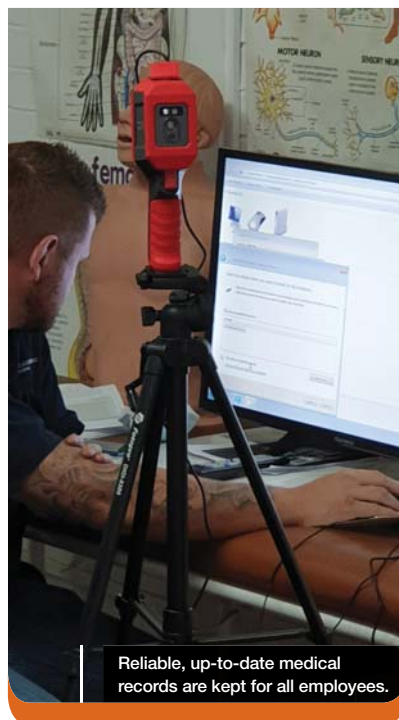
During the year, health audits were conducted by the DMRE inspectorate at all our operations and no significant issues were raised.

Each employee has an individual health risk profile and their specific occupational health stressors are monitored by a qualified occupational hygienist. All employees are trained in the correct use and limitations of PPE in areas where occupational exposure could potentially exceed the occupational exposure limits.

Employees are provided with daily energy supplements and undergo heat-tolerance tests to help acclimatise to hot underground conditions.

### WELLNESS PARTNERSHIPS

Primary healthcare clinics are located at each of our Barberton Mines operations, with the main facility located at New Consort Mine. Barberton Mines collaborates with local hospitals and the regional government health department



Reliable, up-to-date medical records are kept for all employees.

Noise, dust and thermal stress are closely monitored to provide a safe and healthy working environment for employees.

on a variety of initiatives, such as the mine's annual TB and HIV/Aids awareness and testing campaign for employees and local community members. The 2020 campaign, in collaboration with the local HIV council, was highly successful with the majority of employees participating in voluntary testing.

Barberton Mines also hosted an influenza day where free flu vaccinations were made available to all employees at the operations.

At Barberton Mines, a permanent counsellor is on-site, who alternates between the operations to offer advice and education to employees on HIV/Aids and other chronic diseases. Our proactive involvement is also helping break down stigmas associated with many of these illnesses.

Evander Mines continued to sponsor an annual wellness day with support from local non-profit organisations, in line with the Department of Health's HIV policy.

### SAFETY

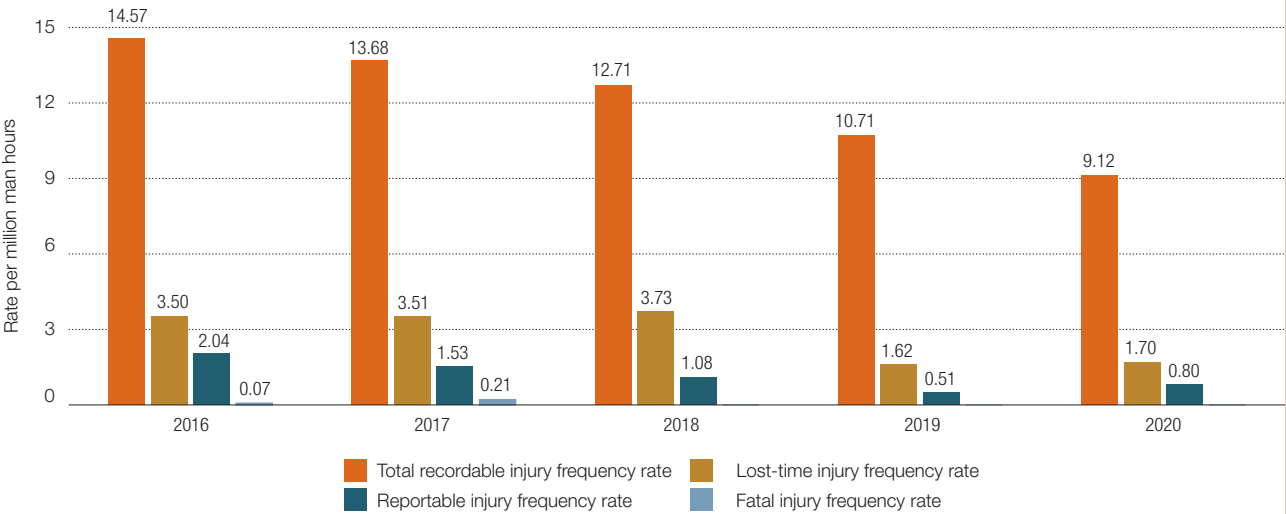
The Group has recorded no fatalities for the third consecutive year. We will continue to work to embed a culture of uncompromising safety at all our operations.

A notable milestone was Barberton Mines reaching three million fatality-free shifts on 11 June 2020. Fairview Mine achieved two million fatality-free shifts on 15 April 2020. New Consort Mine has been operating for 18 years without a fatality. Sheba Mine achieved 90 days without an injury and Evander Mines' underground operation achieved 60 days without an injury. The LTIFR and TRIFR per million man hours for Barberton Mines improved while, at Evander Mines, the LTIFR and the RIFR regressed slightly during 2020.

The Groups' safety rates are better than the South African mining industry benchmark of 2.68.

All incidents and accidents were investigated to determine the root causes and controls were implemented to prevent similar accidents from occurring in the future. Both Barberton Mines and Evander Mines experienced no lost days as a result of section 54 stoppages in the 2020 financial year.

Group safety rates



Provision of hand sanitiser at each access point as per COVID-19 prevention regulations.

**Safety training**

Safety, health and environmental training, as well as job-specific training, are part of employee inductions and the refreshers for employees returning from leave. We also use posters and video screens displayed in highly visible locations as part of our ongoing safety awareness communication. These have been updated with the latest information as required for COVID-19 protocols.

Barberton Mines' training centre focuses on the development of supervisory staff and employees at large. Learning material was designed to cover safety, health and environmental aspects.

**Maintaining a culture of safety**

Constant safety communications risk de-sensitising employees to critical safety issues over time as awareness spikes after the launch of a new safety initiative followed by a drop-off in performance shortly thereafter.

Barberton Mines has ongoing safety awareness programmes with motivational speakers aimed at re-energising employees around safety and ensuring they stay engaged with, and involved in, safety at their respective operations. The initiatives have proven highly effective in building a sustainable culture of safety awareness in the workplace.

**Critical behaviour campaigns**

During the period under review, Barberton Mines continued with its critical behaviour campaign to bolster employee safety culture. Employees from different sections of the operations were interviewed on a daily and weekly rotation basis and given the opportunity to discuss their particular critical behaviour approach. They were also reminded of expectations in terms of critical behaviours in their specific occupations and their roles. The programme was well received by employees and has improved the safety culture at all Barberton Mines operations, as shown by the improved safety statistics reported during the year.

Each mining operation has its own in-house safety training programme, which is aligned to the Group's strategic objective of zero harm.

Towards the end of calendar year 2019, during the festive season, each operation rolled out the 'Khumbul'ekhaya' safety campaign, which touched the hearts and minds of employees and stressed the importance to each person of returning home safely to their loved ones, every day. The initiative involved:

- children of employees writing letters to their parents requesting them to work safely at all times so that they are able to return home safely every day. Employees were surprised at receiving these personal letters which were read to employees before every shift. These letters brought home the reality of the consequences of their actions for their loved ones and encourage safe behaviour
- daily briefings on managing fatigue, reporting of incidents and behaviour-based safety
- introducing a safety dialogue session with employees that enabled individual discussions where employees could highlight workplace safety challenges and implement improvements.

The safety messages continue to be reinforced at the operations during the daily toolbox talks which take place at the workplaces prior to the commencement of each shift.

### Safety incentives

Safety initiatives are linked to employee performance bonuses. We have an established safety incentive system at Barberton Mines to build an even stronger culture of safety. Sections are monitored for lost-time injuries for a period of between three and 18 months.

### Disaster/emergency planning and response

The Group's operations have developed and implemented an emergency preparedness procedure to cater for any disaster that may arise. This procedure was developed in line with the DMRE code of practice guidelines issued by the Chief Inspector of Mines. It includes the evacuation of employees to the refuge bays and evacuation of employees out of the mine premises. Each operation has a mine rescue team which is responsible for handling any abnormal situation at the mine. The proto team members are continuously trained to keep abreast with unforeseen circumstances.

### Capacity building

The safety department employed well-trained, experienced safety professionals who are capable of executing their tasks and activities around the mining environment. The safety professionals, including the full-time health and safety representative, are continuously empowered to keep them up to date with relevant legislation and best practices.

Employees from sections without lost-time injuries are rewarded with vouchers.



Temperature monitoring of visitors at entrances to operations in terms of COVID-19 prevention regulations.

# Employment



## GOAL 8: PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL

### Why the goal is material to Pan African

Our people are fundamental to the sustainability of our business and long-term value creation, in addition to being key enablers in the execution of our strategy. Our employees are key to the success of our business, which makes it imperative that they are part of an organisational culture that prioritises safety, diversity, innovation and performance.

### Highlights

- Barberton Mines successfully concluded a three-year wage agreement during September 2018 to provide certainty of earnings and sustainable productivity
- Labour unions endorsed and actively participated in the Group's COVID-19 interventions
- Enhanced employee relationships at Evander Mines by establishing an engagement forum which facilitates direct communication between the mine and its employees

### Challenges

- Ongoing community unrest at Barberton Mines related to a perceived lack of employment and business opportunities for locals at the mine
- High unemployment rate and lack of skills development in host communities
- Community unrest related to poor service delivery from local municipalities spilling over to the operations, especially at Barberton Mines, where communities are located close to mining operations
- COVID-19 compliance adds complexity, increases costs and reduces productivity due to additional controls that are time-consuming

### How we make a difference in the short term

We believe that our employees have the right to work in a safe and healthy environment. Mining operations inherently present many risks to our employees' health and safety and we will continue to work towards an environment of zero harm.

Our employment policies and procedures are guided by and comply with labour legislation in South Africa. We review our human resources policies and procedures on an ongoing basis.

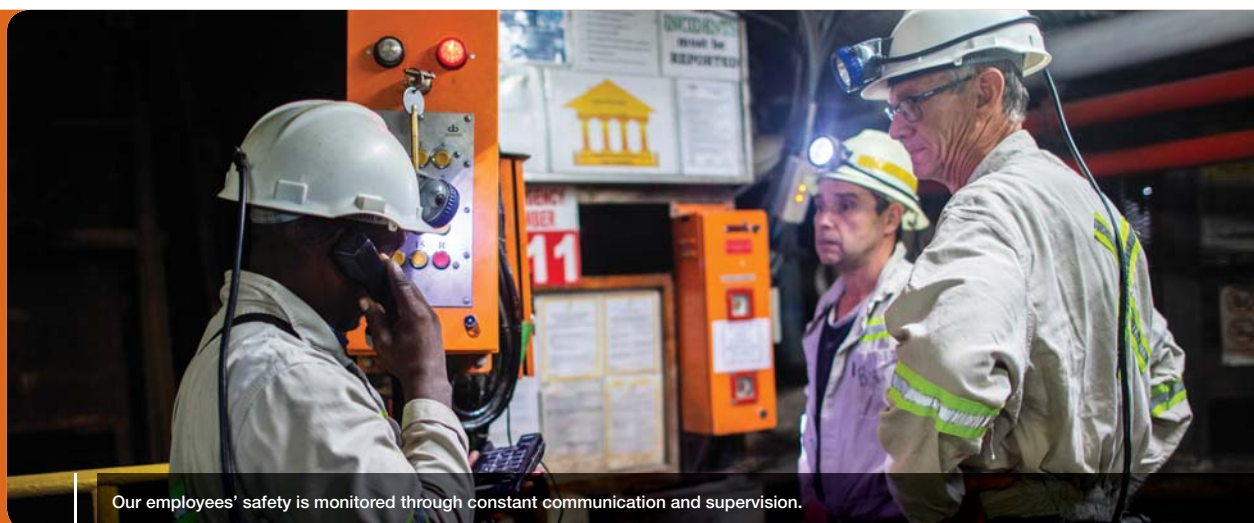
Our recruitment strategies are designed to focus on local communities in the areas in which we operate. We recruit employees outside of these areas only when the requisite skills or experience are not available locally.

We respect human rights and value equality and diversity. Pan African does not tolerate any form of discrimination or harassment and we foster a work environment free from discrimination against gender, age, race, national origin, marital status, sexual orientation, religious beliefs, disability or any other personal characteristics protected by applicable law. No human rights-related grievances or proven incidents of discrimination were filed during the 2020 financial year. Human rights are specifically addressed by our human rights policy which focuses on the human rights of our employees, people in the communities and in our supply chain.

Pan African abides by the human rights conventions of the International Labour Organisation and South Africa's Constitution. The leadership of each operation, as well as the Group executive committee, report to the board in this regard. In the 2020 financial year, no operations or suppliers were reported to be exposed to the risk of incidents relating to child, forced or compulsory labour.

At Barberton Mines, union representatives worked closely with management during the COVID-19 lockdown period by conveying the relevant prevention messages to their members and assisted with conducting the COVID-19 compliance audits, as required by the Group's standard operating procedures. They also assisted with the COVID-19 awareness and prevention campaigns and volunteered as marshals on the private transportation provided by the operations as part of the isolation process, to ensure that employees were temperature-screened and other relevant information recorded during each trip.





Our employees' safety is monitored through constant communication and supervision.

### How we make a difference in the medium to long term

- Community awareness communication programmes were produced, including newspaper advertisements, infographics, fliers and radio adverts aimed at informing communities on the workings of a mining operation as well as specific skills requirements, limitations and challenges. These campaigns are aimed at transparency and highlight the mines' contribution to local communities in terms of employment, skills development and bursary opportunities, the use of local suppliers and their employees and other downstream benefits. We also showcase contributions to local economic development projects as part of the SLP projects as well as CSI contributions that went beyond the Group's compliance obligations. These include infrastructure projects such as constructing and refurbishing local clinics and schools, early childhood and disability support programmes as well as roads infrastructure and other skills development programmes, including the small enterprise development initiatives at Evander Mines and Barberton Mines, where some 140 local businesses are being developed. Each of these will create employment for up to 10 individuals
- The Group has initiated, and in some cases completed, feasibility studies on sustainable development projects including the solar photovoltaic plant at Evander Mines (refer to [page 78](#)) and the Barberton Blueberries agri-project (refer to [page 64](#)). These projects aim to create employment and business development opportunities outside of mining that will make use of resources owned by the mine, such as water, land and building infrastructure, which will be sustainable long after the economic Mineral Resources have been depleted. This will have the impact of creating a parallel economy to mining, where communities are not solely dependent on mining as a source of employment and revenue
- Rehabilitation of land following removal of tailings through surface retreatment operations which will allow alternate use of the ground for agriculture and other alternate development opportunities/projects
- Continue offering motivational talks and new initiatives and incentives aimed at safety improvement
- Enabling safe operations through good leadership examples, improved training and talent management and effective line management strategies
- Aligning of the Group's human resources policies with regulatory requirements
- Complying with COVID-19 regulations requires additional protocols that have a material impact on expenditure and productivity for prevention to curb the pandemic. This includes time taken for temperature screening and recording, cost for sanitisers and disinfectants, the provision of isolated transport and accommodation facilities, social distancing in cages transporting workers underground, resulting in fewer employees being transported during shifts, and additional costs for testing and isolation for positive cases of COVID-19.

## DIVERSITY AND EQUAL OPPORTUNITY

### Local focus

We are an equal opportunity employer and prioritise recruitment from communities in the immediate areas surrounding our operations. We only seek employees outside of these geographical areas when the requisite skills or experience are not available locally.

Considering the current high level of unemployment in the Barberton and Evander areas, and the scarcity of new skilled and unskilled employment opportunities, we are engaging with community leaders and political figures, as well as through our awareness programmes, to ensure that local community members understand Barberton Mines' and Evander Mines' recruitment policies and requirements, including our initiatives to create opportunities for employment outside of mining that involve sustainable development projects such as geo-tourism initiatives, solar photovoltaic plants and large-scale agriculture projects.

We continue to maintain a recruitment database of potential employees in the area and ensure active stakeholder participation through community engagement forums at Barberton Mines and Evander Mines. Our SLP commitments include adult education and training (AET) and development obligations for local community members, the results of which are reported annually to the DMRE in SLP progress reports. Our SLP LED projects are focused on community healthcare and education infrastructure projects as well as early childhood development programmes that will ensure a future pipeline of developed skills for the mining industry and the local economy.

Evander Mines is in the process of engaging with the DMRE to revise its SLP commitments following the cessation of large-scale underground operations and the revised mining works programmes due to the commissioning of Elikhulu, and the completion of Egoli project feasibility study.

### Child labour

We do not employ any individuals under the age of 18 years and strongly condemn any practice of employing child labour to perform the duties we expect of our workforce. The relevant policies are in place to ensure compliance.

The Group engages employees who are willing and able to work of their own accord.

### Disabled employees

Pan African considers job applications from disabled South Africans who can fill available positions. Should existing employees become disabled, the Group will make every attempt to provide continuing employment under similar terms and conditions, supported by appropriate skills development.

### Elimination of forced or compulsory labour

We are not aware of any compulsory conditions affecting any staff and will act to remove any such conditions that we may become aware of.

### Non-discrimination

Pan African is an equal opportunity employer and we prioritise recruitment from communities in the immediate areas surrounding our operations and employment from groups that will further our obligations in terms of employment equity.

### Human rights

Our employees are fundamental to the sustainability of our business and long-term value creation. We care deeply about our people and the communities we operate in and strongly support the advancement of human rights and the upliftment of the plight of all human beings.

## FREEDOM OF ASSOCIATION, COLLECTIVE BARGAINING AND OTHER LABOUR PRACTICES

Pan African is committed to fair labour practices, freedom of association and the principles embodied in the South African Constitution. Our workforce is represented by the recognised trade unions of NUM and the United Association of South Africa (UASA).

The Group complies with all applicable labour legislation and collective bargaining arrangements, which are renegotiated on a regular basis. Each operation has dedicated personnel in place to maintain relationships with unions and employees.

The minimum notice periods for significant operational changes are subject to a number of national or local standards and additional conditions as specified in certain collective agreements. The Group aims to be proactive in informing stakeholders about changes that may affect our employees.

Barberton Mines has recognition agreements in place with NUM and the UASA. NUM represents approximately 83% of the bargaining unit employees and the UASA represents approximately 41% of officials, artisans and miners. The majority of Evander Mines' employees currently do not belong to any union, with only a small number being NUM members.

Barberton Mines successfully concluded a three-year wage agreement during September 2018.

Gold production was impacted by operational disruptions from community unrest which resulted in three lost production days (2019: 20 days).

### Employee relations

Aligning our employees with our Group's vision and values is important. We engage with our workforce to ensure they understand how:

- their individual roles, attitudes and values influence operational performance
- each individual has a responsibility to prioritise safety in the workplace
- socio-economic factors, such as the gold price and foreign exchange rates, impact our operations
- cost savings impact sustainability of the operations.

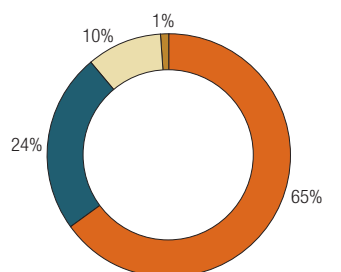
We reinforce important topics using diverse communication channels such as staff meetings, text messaging, email, internal newsletters, our intranet, our corporate website and social media platforms.



### AVAILABILITY OF A SKILLED WORKFORCE

The Group's total staff complement including contractors for 2020 was 4,014 (2019: 3,641) people with a turnover rate of 6.0% (2019: 10.6%).

#### Workforce distribution

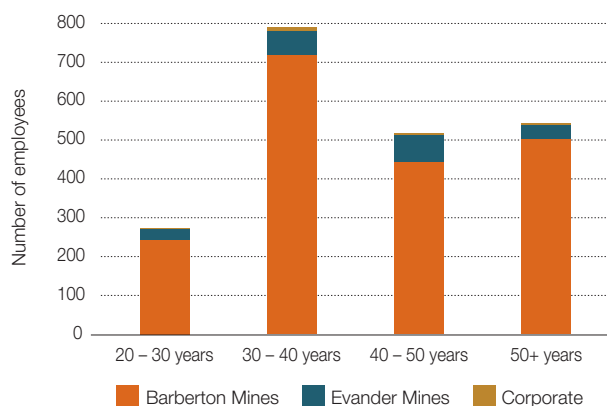


Barberton Mines is made up of three operations (Fairview Mine, New Consort Mine and Sheba Mine), with Fairview accounting for the majority of the workforce. No retrenchments took place during the year under review at Barberton Mines and the employee turnover rate decreased to 5.8% (2019: 11.1%).

At year-end, Barberton Mines employed 1,903 (2019: 1,950) permanent employees and 710 (2019: 620) contractors.

Evander Mines, which includes 8 Shaft pillar mining, surface sources and Elikhulu, employed a total of 204 (2019: 181) permanent employees and 1,177 (2019: 873) contractors.

#### Employee profile by age group



50% of the Group's workforce is younger than 40 years.

### EARNINGS, WAGES AND BENEFITS

Pan African benchmarks its remuneration against market practices to ensure that rates are competitive at all employment levels. Employment packages typically include a basic salary, benefits and short-term incentives linked to individual job gradings. Benefits include life insurance, healthcare, disability and invalidity coverage, maternity leave, retirement provision and share options. These benefits are typically not offered to temporary or part-time employees.

Barberton Mines' employees from Paterson Grading C5 level and below are also entitled to a profit share of 1% of the mining operations' cash flows.

Key performance indicators linked to Group strategic objectives are in place for senior and executive managers which are used to determine their remuneration.

#### Employee share ownership programme and profit share

The Group's employee share ownership programmes are formulated to align employee, management and shareholder objectives. Dividends are declared by Pan African's board of directors, based on the profitability of each operation, and all qualifying beneficiaries receive an equal benefit. Employees who left the operation in good standing during the dividend period receive a pro rata dividend.

Barberton Mines' employee share ownership programme remains in place and continues to pay dividends to employees. The employee share ownership programme combined with Pan African's B-BBEE ownership programme meets the Mining Charter III's requirement for B-BBEE ownership of 26% for Barberton Mines.

The employee share ownership programme at Evander Mines has been reviewed to ensure compliance with B-BBEE share ownership requirements. This includes the employee share ownership programme for the Elikhulu operation that is now fully commissioned, and will be implemented to ensure that Evander Mines' total B-BBEE ownership reaches 26%, as required by South African mining regulations.

For more information on Pan African's remuneration philosophy and practices, refer to the **Remuneration report** contained in the integrated annual report on pages 112 to 127.

# Education and training



## GOAL 4: ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL

### Why the goal is material to Pan African

Pan African believes that ongoing and effective career and talent development is essential for its continued competitiveness, transformation and sustainable growth. Our skills development and training focuses on investing in our employees to ensure that we have the necessary skills to meet our strategic objectives and operational needs. The primary objective of our human resources development programme is to ensure the development of skills that are, or will be, required by our business.

We deliver these skills through a combination of learnerships, bursaries, artisan training, AET and other skills transfer initiatives provided to individuals in the appropriate demographic groups as defined in the amended Mining Charter III.

### Highlights

#### Barberton Mines

- Spent US\$928.8 thousand (2019: US\$883.4 thousand) on human resources and development during the year
- Each employee received 32 (2019: 38) training hours
- Contributed US\$185.0 thousand (2019: US\$190.9 thousand) towards full-time bursaries for 17 (2019: 22) students
- AET to nine learners

#### Evander Mines

- Spent US\$733.6 thousand (2019: US\$132.7 thousand) on human resource and skills development during the year
- Each employee received nine (2019: 11) training hours
- Contributed US\$18.7 thousand (2019: US\$32.4 thousand) towards full-time bursaries for four (2019: four) students

### Challenges

- High unemployment in local communities
- Lack of employment opportunities

### How we make a difference in the short term

Our education and training efforts are directed at three distinct groups:

- Our employees
- Management
- The communities around our operations.

By constantly training our employees, we can make a significant contribution to their future and the safety of our operations. Management training provides a clear path to career progression.

Barberton Mines employed five of the seven bursary students from our local communities who qualified professionally from the University of Johannesburg:

- Two BTech Mining Engineering students
- Two BTech Mineral Resource Management students
- One ND Mining Engineering student.

Other graduates employed elsewhere are:

- One BSc Actuarial Science student from Wits University (now studying for a honours degree through other funding)
- One BEng Mechanical Engineering student from the University of Pretoria.

Barberton Mines contributed  
**US\$185.0 thousand**  
 towards full-time bursaries for 17 students  
 (2019: US\$190.9 thousand for 22 students)



Evander Mines contributed  
**US\$18.7 thousand**  
 towards full-time bursaries for four students  
 (2019: US\$32.4 thousand for four students)



Females permanently employed by the Group  
**12.0%**  
 (2019: 10.4%)



### How we make a difference in the medium to long term

- Unemployment remains one of the major macroeconomic challenges in South Africa. By skilling learners and existing employees, the Group is able to make a significant contribution to providing meaningful employment within a culture of learning
- The respective operations' SLP and LED commitments are focused on early childhood development programmes as well as healthcare and school infrastructure development programmes
- Since inception, the bursary programme has already resulted in a number of local community members becoming permanent skilled employees at the mines. Proper school infrastructure and assistance with development programmes and school curriculums will provide a pipeline of better skilled students eligible for recruitment by our operations.

### EMPLOYEE SKILLS DEVELOPMENT AND TRAINING

Performance reviews for full-time employees include information about training and career development opportunities. Development plans are in place for each employee and internal applicants have priority when positions are available.

Barberton Mines spent US\$928.8 thousand (2019: US\$883.4 thousand) on human resource development during the year. On average, each Barberton Mines employee received approximately 32 (2019: 38) training hours.

Evander Mines spent US\$733.6 thousand (2019: US\$132.7 thousand) on human resource development during the year. On average, each Evander Mines employee received approximately nine (2019: 11) training hours.

### MANAGEMENT TRAINING

For 2020, six employees at Barberton Mines have been enrolled in the bursary programme for further development at a cost of US\$13.8 thousand\* per employee. Fields of study include Accounting Science, Administration, Commerce, Health and Social Services, Safety Management and Supply Chain Management. The programme will continue for five years at a total expected cost of approximately US\$76.6 thousand\*.

Evander Mines has a number of ongoing mining, engineering, skills training and learnership programmes, as well as a career development and mentorship plan for its employees. The budget for these programmes in 2020 amounts to approximately US\$167.3 thousand\*.

\* Amounts converted at the 30 June 2020 closing exchange rate of US\$/ZAR: 17.33.

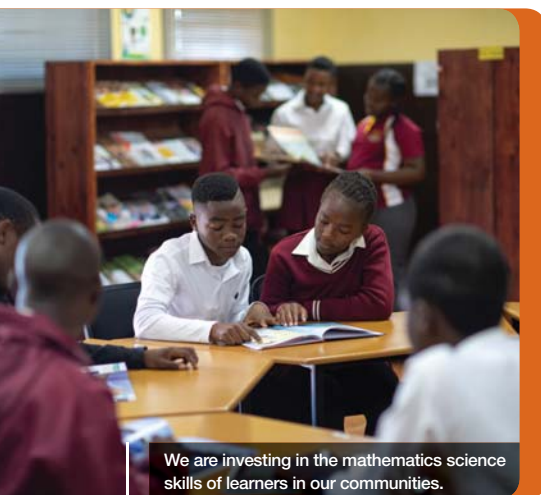


Women are afforded the same opportunities as their male counterparts.

### BURSARIES

As part of Pan African's SLPs, we provide sponsored bursaries to qualifying recipients at each of our operations that cover full tuition fees, accommodation, textbooks and experiential learning costs as well as a monthly stipend. The table below shows the number of students enrolled in various courses at the end of 2020.

Field of study	Barberton Mines	Evander Mines
BEng/BSc Mining	2	–
BEng/BSc Mechanical	9	3
BEng/BSc Electrical	4	–
MBChB (medicine)	1	–
BCom Accounting	1	–
BEng Metallurgy	–	1
<b>Total</b>	<b>17</b>	<b>4</b>



We are investing in the mathematics science skills of learners in our communities.

### EDUCATING THE COMMUNITY FOR SUSTAINABLE DEVELOPMENT

Barberton Mines annually provides numerous work experience training programmes, learnership programmes, vacation work and internship plans for up to 50 community members, with an annual budget allocation of approximately US\$259.7 thousand\*. Commitments for the first year of the new SLP include AET for 51 learners (based on employees' skills levels) during the 2020 financial year, comprising Level 1 (21 learners), Level 2 (15 learners), Level 3 (nine learners) and Level 4 (six learners). Portable skills training and entrepreneurship courses were allocated for 20 employees in sewing (10) and welding (10) and are SLP requirements to assist with alternate skills, should the employees be retrenched.

Evander Mines has committed to AET for 70 learners (including eligible employees and selected community members) during the 2020 financial year, comprising Level 1 (30 learners), Level 2 (15 learners), Level 3 (15 learners) and Level 4 (10 learners). The SLP has an allocated AET budget of US\$24.2 thousand\* for the year. Portable skills training and entrepreneurship courses were offered to 40 employees in various skills including sewing, welding, basic construction, carpentry, poultry farming and motor mechanics.



Our SLP and LED programmes focus on early childhood development.

### HIGH SCHOOL SCIENCE, TECHNOLOGY AND MATHEMATICS SKILLS DEVELOPMENT PLAN

This programme aims to enhance the maths and science learning environment at local high schools around Barberton. Four HDSA schools were chosen in collaboration with the Department of Education, including the KaMhola Secondary, Chief Funwako Secondary, Barberton Secondary and Emjindini Secondary schools. The programme provides extra mathematics classes for grades 10 to 12 at no cost and the mine also equipped the schools with the necessary equipment. The programme will continue over a five-year period at a total budget allocated of US\$173.1 thousand\*, with US\$28.9 thousand\* to be spent in 2020.

Mobile school libraries have been provided at four schools in the host communities around Evander Mines at a cost of US\$132.7 thousand\*, benefiting some 4,000 learners at the Mbalenhle, Mpumelele and Muzimuhle primary schools and the Kusasaletu Comprehensive school.

\* Amounts converted at the 30 June 2020 closing exchange rate of US\$/ZAR:17.33.

## OTHER SDGs WHERE WE CAN ALSO MAKE A DIFFERENCE



## GOAL 5: ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS

## THE CONTRIBUTION WE HAVE MADE

**Encouraging and enabling gender equality**

We believe that women in the mining industry must be afforded the same opportunities as their male counterparts and must feel safe, confident and equipped to pursue these opportunities. The Mining Charter III stipulates that 10% of any mining operation's workforce must be female, including underground workers. Women face unique challenges in joining the underground workforce, including the risks of sexual harassment and legal prohibitions against working underground while pregnant.

Despite these challenges, we are working hard to meet the 10% target for female underground workers. We are proactively training women to be qualified miners and working to identify mining areas with the potential to accommodate more female workers. We conduct ongoing gender equality training and restructuring to ensure equal opportunities for women to advance in their careers.

We also focus on local women-owned suppliers and supplier development in our procurement programmes.

The percentage of females permanently employed by the Group has increased to 12.0% (2019: 10.4%).

Two of our five non-executive board members are female.



## GOAL 10: REDUCE INEQUALITY WITHIN AND AMONG COUNTRIES

## THE CONTRIBUTION WE HAVE MADE

**Transformation**

Pan African, as a significant employer in the areas where we operate, is committed to integrating real transformation throughout the Group under the auspices of the MPRDA, the Mining Charter III and our SLPs (refer to page 62).

We are an equal opportunity employer and prioritise recruitment from communities in the immediate areas surrounding our operations and only seek to employ outside of these geographical areas when employees with the requisite experience or skills are not available locally.





# Social and relationship capital

## OUR STRATEGIC INITIATIVE

Being a responsible corporate citizen and assisting host communities to become self-sustainable

## THE PROGRESS WE HAVE MADE

Pan African is committed to its social responsibility and corporate citizenship.

Our mines play significant roles in the communities where they are based. This extends beyond being significant employers to investing in community projects in the surrounding areas of Barberton (refer to [page 68](#)) and Evander (refer to [page 70](#)).

The Group subscribes to the relevant procurement codes and is committed to creating shared value and supporting the communities where it has operations (refer to [page 71](#)).



## KEY PERFORMANCE INDICATORS

### Corporate social investment and local economic development





Expenditure – US\$ thousand	Barberton Mines		Evander Mines		Corporate		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
CSI	514.2	256.9	89.7	159.4	–	165.4	603.9	581.7
LED*	389.4	1 046.4	92.3	57.1	–	–	481.7	1,103.5
Bursaries	185.0	190.9	18.7	32.4	–	–	203.7	223.3
<b>Total</b>	<b>1,088.6</b>	<b>1,494.2</b>	<b>200.7</b>	<b>248.9</b>	<b>–</b>	<b>165.4</b>	<b>1,289.3</b>	<b>1,908.5</b>

\* LED spend has reduced as a result of delays in implementation of projects due to the COVID-19 lockdown.









## OBSTACLES TO VALUE CREATION

- Illegal mining and heightened criminal activity as a result of the high gold price environment
- COVID-19 compliance requirements in terms of additional costs, provisions for community relief programmes and implementation of protocols, including daily screening, testing, disinfecting, social distancing, isolation and accommodation requirements
- Increased political uncertainty and social disruption which could impact operations due to protests that block access to the mine for employees and services
- Additional governance and regulatory compliance and changes in fiscal requirements
- Backlogs will be reduced over the next period as restrictions ease and work is allowed to commence

### MATERIAL MATTERS

-  Health and safety
-  Regulatory compliance
-  Societal/community relationships
-  External operational disruption

### KEY STAKEHOLDERS

-  Providers of capital
-  Security exchanges
-  Customer
-  Suppliers
-  Unions
-  Communities
-  Government and regulatory bodies
-  Media

# Community upliftment



## GOAL 1: END POVERTY IN ALL ITS FORMS EVERYWHERE

### Why the goal is material to Pan African

As employers and contributors to the nation's economy, Pan African has a key role to play in South Africa's transformation journey and a moral obligation to deliver meaningful direct and indirect social benefits for local communities. Through local community investments, we support initiatives that benefit communities and promote their sustainable development. Understanding and proactively managing the impacts of mining on communities is integral to the success of our operations.

### Highlights

- Barberton Mines invested US\$903.6 thousand (2019: US\$1,303.3 thousand) in CSI and LED initiatives
- Barberton Mines contributed US\$185.0 thousand (2019: US\$190.9 thousand) towards full-time bursaries for 17 (2019: 22) students
- Evander Mines invested US\$182.0 thousand (2019: US\$216.5 thousand) in CSI and LED initiatives
- Evander Mines contributed US\$18.7 thousand (2019: US\$32.4 thousand) towards full-time bursaries for four (2019: four) students
- Commenced with construction of the Cathyville Clinic at Emjindini which is expected to be handed over to the Mpumalanga Department of Health in February 2021
- Handed over fully-equipped mobile libraries to four schools in host communities around Evander
- Approval of phase 1 of the Barberton Blueberries project on a portion of land owned by Barberton Mines
- The COVID-19 relief and assistance programme distributed food and hygiene hampers to distressed employers, NGOs and committees

### Challenges

- High expectations for employment and procurement opportunities from communities surrounding our mining operations
- Lack of skills development for local youth
- Local businesses are not of adequate quality standard to become mine suppliers
- COVID-19-related hardships
- Illegal mining and its impact on society

### How we make a difference in the short term

Each of our operations has developed programmes aimed at optimising the benefits we offer communities by creating shared value, while at the same time, anticipating and mitigating any potential negative social impacts of our activities. Our approach centres on:

- building strong relationships with community members and leaders
- upholding fundamental human rights
- investing in meaningful community upliftment and empowerment projects
- catalysing sustainable development
- respecting cultures, customs and values
- engaging in open and inclusive dialogue.

We recognise that continuous stakeholder and community engagement is key to cultivating a safe and healthy environment for all. We are working towards building better relationships with our communities over time and inviting those stakeholders to engage with us through established community engagement forums about the issues they experience so that we can take steps to resolve these collaboratively. Our mine representatives attend monthly and quarterly community engagement forum meetings to address community concerns.

### COVID-19 relief and assistance programme

The Group initiated a COVID-19 relief and assistance programme to assist in alleviating the adverse impact of the COVID-19 pandemic in its host communities and for its employees.

The programme commenced at the end of April 2020 with the distribution of food and hygiene hampers to employees, contractors and vulnerable families in communities in close proximity to the Group's operations.

Evander Mines distributed 1,404 food and hygiene hampers to NGOs and vulnerable families within the communities adjacent to our operations. Barberton Mines has distributed over 5,000 food and hygiene hampers to its employees and has completed distributing off-bulk consignments to NGOs for distribution to identified vulnerable families in our host communities.

In light of the ongoing pandemic, the Group will continue its initiatives to assist some of its most vulnerable stakeholders in the months ahead.

Barberton Mines procured  
**US\$3.5 million**  
 from black-women-owned businesses  
 in the year under review

Evander Mines procured  
**US\$7.7 million**  
 from black-women-owned businesses  
 in the year under review

#### How we make a difference in the medium to long term

- Continued focus on youth through early childhood development programmes as well as arts and culture initiatives and skills development
- Small enterprise development assistance for local companies through business incubation centres that provide training, mentoring and support infrastructure
- Further investment in eco-tourism opportunities in the Barberton area due to the region's geological heritage as well as initiation of a solar photovoltaic plant and large-scale agriculture projects that will create employment and skills development opportunities for local community members
- Proactive management of community expectations through ongoing engagement and education through established community engagement forums which include stakeholders such as local municipality representatives and ward councillors
- We initiated a COVID-19 relief and assistance programme for our employees and vulnerable families in our host communities where food and hygiene hampers were distributed. These hampers were designed to feed a family of five for a period of 30 days and were of benefit during the lockdown period when movement was restricted and many businesses were closed
- Barberton Mines continues with its awareness campaign on the negative impacts of illegal mining on the Company and local communities. Should the mine not be profitable and reduces its workforce, there will be a detrimental effect on local employment and small businesses that supply the mines
- Through the BMTT and EMTT we aim to contribute to improving infrastructure and facilities in our host communities.

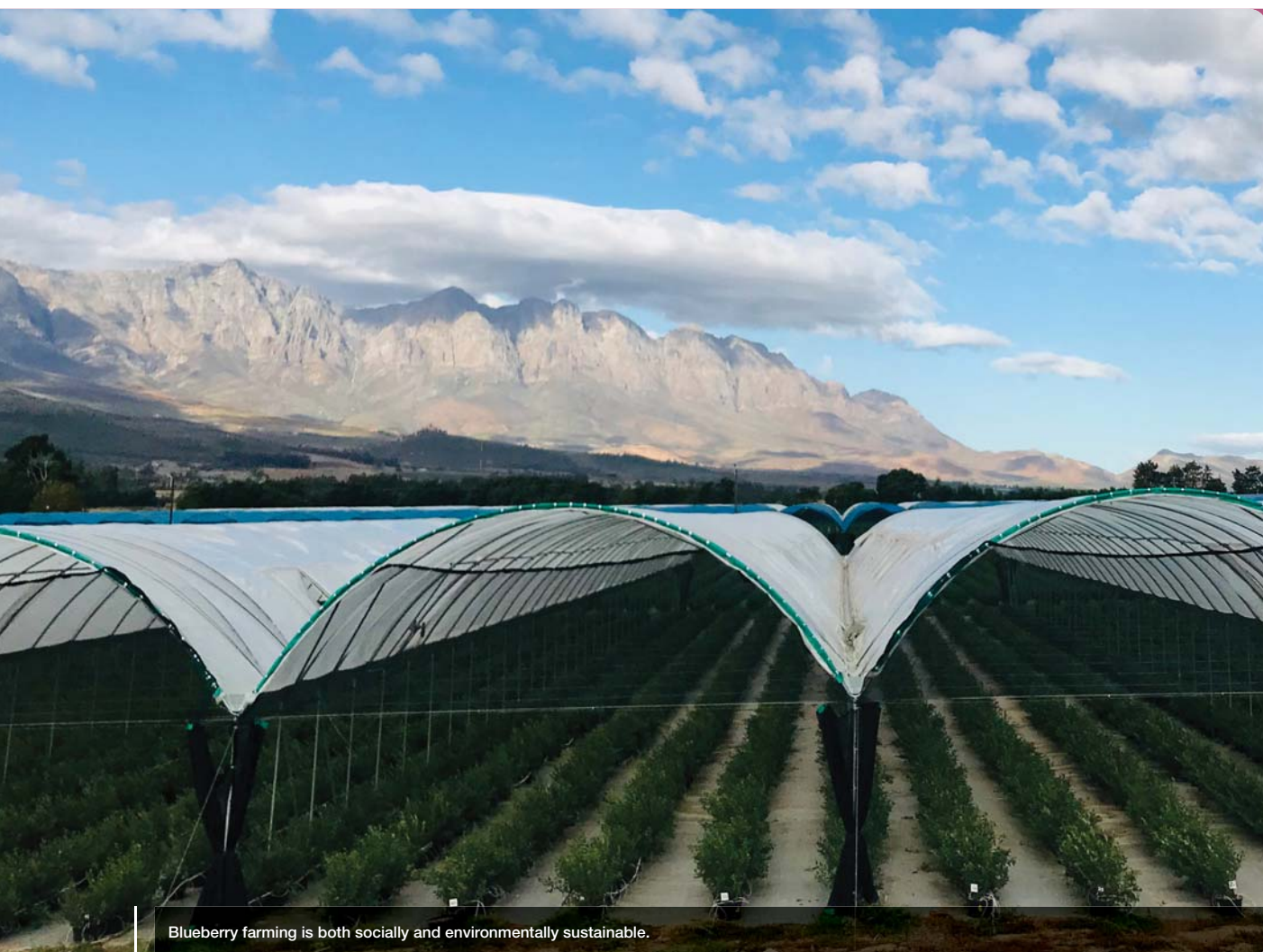


Produce from our sponsored farming projects being prepared for market.



A small business entrepreneur at the geo-tourism center in Barberton which is sponsored by Pan African.





Blueberry farming is both socially and environmentally sustainable.

Barberton is known as one of the best locations for blueberry cultivation in South Africa based on its geographical location and climate.

### AGRI-BUSINESS OPPORTUNITIES

Pan African has recently engaged in discussions with established blueberry growers to develop a blueberry farm where excess resources available at Barberton Mines can be utilised. The objective is to assist with high levels of unemployment in the area through sustainable job creation while achieving good returns on capital.

The local and international blueberry market has seen tremendous growth in demand over the past five years and this growth is continuing. New markets are currently being explored, such as the Far East, where these markets can push growth to beyond the current supply, resulting in a massive opportunity to fill these supply shortfalls.

South Africa currently has a small blueberry production footprint but holds a strong reputation for producing high-quality fruit. The geographical location allows South Africa to export blueberries into the northern hemisphere markets during periods when no other supply is available. South Africa's major export markets are currently the UK and Europe, with some fruit going to Malaysia.

Blueberry farming utilises high-end technology and advanced farming techniques to mitigate risks traditionally associated with agriculture. These technologies result in developments being capital intensive, which dramatically increase barriers to entry. The investment case for a blueberry development is compelling and it provides a natural hedge against rand depreciation, where revenue is generated in foreign currency and costs are incurred locally in rand.



Erection of infrastructure for agri-projects is outsourced to local suppliers.

Barberton is considered one of the best locations for blueberry cultivation in South Africa based on its geographical location and temperate climate. The undersupply of blueberry cultivation in the area has been due to the lack of land and water access, as well as high initial capital requirements.

The project under consideration is a three-phase development of a 45ha blueberry farm on a portion of land owned by Barberton Mines. The first phase, which is planned to commence in mid-June 2020, will comprise a 15ha blueberry farm with 114,000 plants under tunnel at a cost of approximately US\$2.3 million\*. Phase 1 of the project plan and planting will conclude in January 2021. Phases 2 and 3 will be developed as and when it is appropriate to raise senior debt funding or if the Group deems it fit to further fund expansion.

There is a high unemployment rate in the area and intervention is needed to alleviate this social need. Blueberry farming is labour intensive due to hand picking and will generate 25 seasonal jobs and 1.5 permanent jobs per hectare. Once this project is fully developed, it is expected to provide almost 800 jobs. The seasonal workers will be employed for a period of up to six months per annum. Potential downstream opportunities will also be investigated, including packaging facilities and transport logistics.

This agri-business venture demonstrates a long-term financially viable project that is socially and environmentally sustainable, all positive attributes for the Group's ESG strategy.

\* Amounts converted at the 30 June 2020 closing exchange rate of US\$/ZAR: 17.33.



## Social and relationship capital / Community upliftment continued

### SOCIAL PRIORITIES

Social responsibility is a key part of our business strategy and risk management practices. Our social objectives include the following:

<b>Employee management and engagement</b>	<ul style="list-style-type: none"> <li>Continually engaging with employees and union leadership on the mutually beneficial renewal of collective agreements</li> </ul>
<b>Indirect economic impact</b>	<ul style="list-style-type: none"> <li>Collaborating with community and other stakeholders to mitigate potential negative impacts and promote sustainable, local economic development</li> </ul>
<b>Procurement practices</b>	<ul style="list-style-type: none"> <li>Supporting the development of local and HDSA suppliers in line with the Mining Charter III requirements. Hosting of supplier days where local companies can engage with the mine procurement officials on how to become vendors on the supplier database</li> </ul>
<b>Non-discrimination</b>	<ul style="list-style-type: none"> <li>Targeting zero reported incidents of discrimination</li> </ul>
<b>Training and education</b>	<ul style="list-style-type: none"> <li>Developing the skills of our employees and local community members to prepare them for job opportunities and ensure safe, environmentally responsible production</li> </ul>
<b>Diversity and equal opportunity</b>	<ul style="list-style-type: none"> <li>Ensuring our recruitment and supplier selection processes are transparent and fair</li> </ul>
<b>Occupational health and safety</b>	<ul style="list-style-type: none"> <li>Striving towards zero fatalities and a strong safety culture</li> <li>Improving leadership and employee behaviour through training and awareness</li> </ul>
<b>Socio-economic compliance</b>	<ul style="list-style-type: none"> <li>Complying with the Mining Charter III requirements as explained in our SLPs for each operation, with the intention to go beyond compliance</li> </ul>
<b>Security practices</b>	<ul style="list-style-type: none"> <li>Requiring that 100% of security personnel receive training on human rights policies and procedures</li> <li>Continuing to work with our security contractors and the SAPS to inhibit illegal mining activities and limit their impact on local communities</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>Continuing to invest in community projects and local economic development as indicated in our SLPs for each operation, which far exceed compliance requirements</li> </ul>

In the 2019 financial year, the board and the remuneration committee mandated an independent remuneration expert to review the Group's remuneration policies, consult shareholders and recommend improvements where necessary.

### SOCIAL GOVERNANCE AND LEGAL COMPLIANCE

The Group monitors adherence to mining-related legislation through a robust SHEQC governance framework.

Each operation is mandated to develop its own human capital, employment equity and skills development strategies which are benchmarked against global best practices and new developments in the industry.

As required by South African regulations, each operation has submitted an SLP for approval by the DMRE. The operations engage with a range of stakeholders during the development of each SLP, including trade unions, local municipalities, mine management and elected representatives from local communities. The SLP commitments are aligned with the operations' mine works programme in terms of human resource training requirements and available budgets. A new SLP is required to be submitted every five years and must be aligned with the latest integrated development plans (IDP) of the respective local municipalities. Each operation is required to submit an annual SLP progress report to the DMRE on work undertaken during the prior year. An annual SLP implementation plan is

All our policies and procedures are reviewed by human resources managers on-site at our operations and human resources professionals at our corporate office. This ensures alignment with South Africa's labour legislation.

also required to be submitted each year for the activities planned for the next year. Ad hoc audits are undertaken by DMRE officials to monitor compliance with SLP commitments. No adverse issues have been reported at either operation.

The Group also submits annual workplace skills plans and training reports as well as employment equity plans to the Mining Qualifications Authority and the Department of Labour, respectively. Development plans for individual employees within the Group are regularly monitored and updated.

### COMMUNITY RELATIONS

In previous periods, Barberton Mines and Evander Mines faced disruptions caused by pressure groups, community unrest as well as protected and unprotected strikes, resulting in lost production days. Issues outside of our control, such as general dissatisfaction with local government service delivery, inter-union conflict and unemployment, appear to have been the main motivations behind these demonstrations.

Community relations have improved significantly as a result of increased stakeholder engagement and awareness campaigns, as well as our efforts to resolve

grievances expressed by community members and building better relationships with our communities through engagement forums and dedicated community liaison officers. A community and stakeholder engagement framework is being developed for the Group to provide guidelines to further assist with developing community relations, CSI criteria and local economic development initiatives.

### CORPORATE SOCIAL INVESTMENT AND LOCAL ECONOMIC DEVELOPMENT

Corporate social responsibility is the Group's overall contribution to society, including its role as a social investor, employer and capacity builder. We continue to drive various community-focused development projects in the areas and communities in which we operate. The Group also promotes responsible supply chain management by encouraging our suppliers to support community LED projects where possible.

The Group has maintained its contributions to CSI, LED projects and bursaries as required by legislation. During the year, the Group spent US\$1.3 million (2019: US\$1.9 million) on CSI, LED projects and bursaries.

### SUPPORTING OUR COMMUNITIES THROUGH OUR TRANSFORMATION TRUSTS

The Group's investment in communities through its transformation trusts amounted to US\$683.8 thousand for the current financial year (2019: US\$1.3 million). This included contributions from gold mining operations and participating suppliers.

Wherever possible, the Group promotes responsible and ethical supply chain management by encouraging suppliers to support local economic development. Barberton Mines and Evander Mines encourage their suppliers to contribute up to 1% of their contract value to these trusts.

The objective with these investments is to improve infrastructure and the quality of facilities in host communities, create sustainable jobs, assist with small business and supplier development as well as promote socio-economic development.

### SOCIAL AND LABOUR PLANS

The Mining Charter III requirements set out targets for the mining industry in terms of social development and community upliftment. We comply with



Sewing skills being honed.

We continue to drive various community-focused development projects in the areas and communities in which we operate.

Barberton Mines and Evander Mines encourage their suppliers to contribute up to

1%

of their contract value to our transformation trusts.

the requirements of the MPRDA and submit annual progress reports on our SLPs to the DMRE.

We strive to meet and, where possible, exceed these targets by managing our social and economic impact in line with approved SLPs, which cover the following:

- Employment equity
- Human resources development
- Local economic development
- Community social investment
- Preferential procurement
- Housing and living conditions
- Nutrition and health
- Adult education.

All SLP processes are conducted through recognised municipal structures and in line with the municipalities' current IDP as required by the DMRE. Each operation rigorously reviews its SLP spend based on operational performance, available financial resources and legislative requirements. In the 2020 financial year, following SLP compliance audits by DMRE officials, no fines or sanctions were received from the DMRE for non-compliance with social or economic performance targets and/or regulations. Barberton Mines was commended for exceeding their compliance obligations.

In terms of the mining regulations, each operation has submitted an SLP for approval by the regional office of the DMRE. During 2019, Barberton Mines submitted its SLP for the next five-year period (July 2019 to June 2024) and is awaiting its approval. Barberton Mines engaged community members in an SLP review process and established that the community is satisfied with the submitted commitments in terms of skills development programmes and local economic development projects.

Feedback received from community engagement from meetings, however, highlighted the need for greater emphasis on youth development and the reduction of illegal mining activities in the area. Evander Mines submitted a revised SLP in August 2019 as changes were requested to be made to the commitments in the original submission, following the reduced labour component and losses due to the closure of Evander Mines' underground mining operations. The revised document is currently being processed by the DMRE.

## Social and relationship capital / Community upliftment continued

The primary objective of mine community development spending is to meaningfully contribute to projects and programmes that impact the local community, in line with SLP requirements and supporting our operations' social licence to operate.

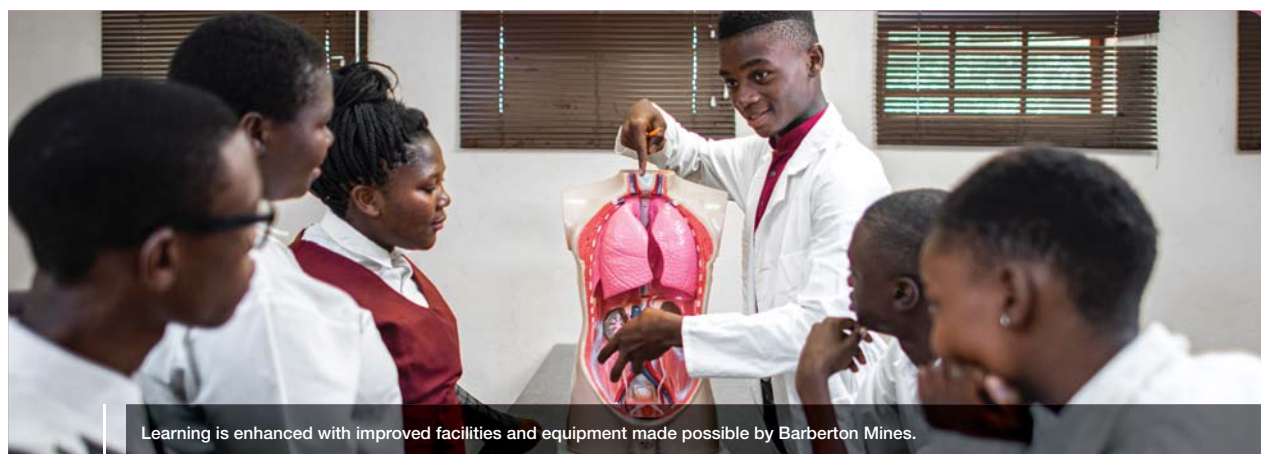
### Barberton Mines' SLP community projects

The community steering committee, established by the Barberton Mines community liaison team, continues to engage with the local municipalities and community engagement forums to address grievances and concerns. Mine representatives attend regular human settlement and LED meetings held by the City of Mbombela Local Municipality.

The commitments for the previous Barberton Mines SLP for the period 1 July 2014 to 30 June 2019 were successfully completed and a close-out report was submitted to the DMRE. The community projects were handed over to the intended beneficiaries. The SLP for the period 1 July 2019 to 20 June 2024 has been submitted and is currently being processed. A summary of the projects and their current implementation status and intended community beneficiaries are listed in the table below:

Project	Outcomes	Total commitment over five years*
<b>Cathyville Clinic</b> Emjindini Township	<ul style="list-style-type: none"> <li>Building an eight-hour day clinic</li> <li>Benefits community</li> <li>Access to healthcare for the community</li> </ul>	US\$0.6 million
<b>Ngwane Primary School</b> Emjindini Township	<ul style="list-style-type: none"> <li>Two classrooms, two ablution blocks, kitchen and dining hall, assembly shelter, fence upgrade, renovate administration block</li> <li>Benefits 831 learners and 25 educators</li> </ul>	US\$0.5 million
<b>Kaapvallei Primary School</b> Sheba Siding – Emjindini	<ul style="list-style-type: none"> <li>Eight classrooms for grade R to grade 9, fencing and ablution, multimedia block, kitchen, dining hall and administration block</li> <li>Benefits 375 learners and eight educators</li> </ul>	US\$0.5 million
<b>Community Hall</b> Emjindini Township	<ul style="list-style-type: none"> <li>Safe community facility for residents and groups to meet</li> <li>Source of revenue for community when hired out</li> </ul>	US\$0.2 million
<b>Job Linkage Centre</b> Emjindini Township	<ul style="list-style-type: none"> <li>Multi-purpose centre, administration and offices for SMMEs, training venue, SMME incubation, arts and craft development</li> <li>Community skills and business development</li> </ul>	US\$0.2 million
<b>Fruit and vegetable market stalls upgrade: Matsamo</b> Nkomazi Local Municipality	<ul style="list-style-type: none"> <li>Upgrade of hawkers market stalls, provision of storage facilities, running water, electricity and ablution facilities</li> <li>Improved cleanliness where food is sold</li> </ul>	US\$0.03 million
<b>Small Enterprise Development Programme</b> Lomshiyi Tribal Authority	<ul style="list-style-type: none"> <li>Provision of capital and machinery to established small businesses – to be incubated by Sinqobile Skills Centre</li> </ul>	US\$0.04 million
<b>Youth development initiative: Performing arts development</b>	<ul style="list-style-type: none"> <li>Performing arts workshops and development of local art (music, film and video) talent</li> </ul>	US\$0.1 million
<b>Youth development initiative: Furniture design, manufacturing and upholstery</b>	<ul style="list-style-type: none"> <li>Training local youth in furniture design and manufacturing</li> <li>Community skills and business development</li> </ul>	US\$0.1 million

\* Amounts converted at the 30 June 2020 closing exchange rate of US\$/ZAR:17.33.



Learning is enhanced with improved facilities and equipment made possible by Barberton Mines.

### Barberton Mines' community development CSI and transformation projects

Barberton Mines, through the BMTT, undertakes certain CSI projects based on formal requests from the communities. These are considered by management at the operations based on approval criteria as contained in the Group's CSI policy. These community contributions are beyond the Group's compliance requirements. The policy is continually evolving, with an increased focus on self-sustaining projects such as agriculture projects and business development and training so that there is less reliance on the mining operations as a source of employment.

Project	Outcomes	Spend to date US\$ thousand*
Temporary electrification at Mlambongwane and Noordkaap villages	<ul style="list-style-type: none"> <li>Diesel generators for the two villages for four weeks to assist with electricity supply</li> </ul>	42.1
Water supply infrastructure	<ul style="list-style-type: none"> <li>Supplied 10 water tanks with steel stands and maintenance of three boreholes</li> </ul>	10.0
Sinqobile Life Skills Centre	<ul style="list-style-type: none"> <li>Life skills and accredited training (sewing and welding) for local youth</li> </ul>	18.2
Kohin Youth Coaches	<ul style="list-style-type: none"> <li>Social and educational guidance in four local schools for youth development</li> </ul>	14.8
St John Mission	<ul style="list-style-type: none"> <li>Financial assistance to HIV/Aids orphans</li> </ul>	4.6
Home-based care support	<ul style="list-style-type: none"> <li>Nutritional meals for nine home-based care and drop-in centres – social well-being of child-headed households and TB/HIV patients</li> </ul>	29.7
Sports development	<ul style="list-style-type: none"> <li>Financial assistance to the local football association for football talent nurturing, development and growth, youth development and prevention of criminal activities</li> </ul>	53.1
Barberton Adventures	<ul style="list-style-type: none"> <li>An intervention to stimulate and grow the tourism sector for it to become a contributor to employment opportunities in the Barberton region</li> </ul>	50.6
Community Workers Programme	<ul style="list-style-type: none"> <li>Community upgrades, including municipal infrastructure repairs, waste collection and recycling</li> </ul>	80.1
Small Enterprise Development Programme (SEDP) Mining-related, non-mining-related and strategic enterprises	<ul style="list-style-type: none"> <li>Identify, support and formalise business processes for community-based enterprises. Business start-ups include a media communications company, a welding cooperative, tree felling/alien vegetation removal and furniture manufacture</li> <li>88 enterprises have been enrolled in the SEDP this year and 12 companies are in the process of being registered on Barberton Mines' vendor list</li> </ul>	46.8
Local community strategic projects	<ul style="list-style-type: none"> <li>Assistance with development funding for 16 projects that will stimulate the local economy and create jobs</li> <li>Shortlisted projects include leather goods manufacturing, waste collection and recycling, building material manufacture from mine waste rock, youth sports development, a film and music recording studio, developing an industrial/business park and numerous cooperative projects</li> </ul>	Concept stage

\* Amounts converted at the 30 June 2020 closing exchange rate of US\$/ZAR:17.33.



Community upgrades undertaken by the community with our funding.



## Social and relationship capital / Community upliftment continued

### Evander Mines' SLP community projects

Following the submission of a close-out report of the original Evander Mines SLP, a new SLP was submitted to the DMRE in 2018. This document had to be resubmitted to the DMRE during 2019 following the cessation of underground operations as the commitments were revised due to the reduced number of employees and production profile. The SLP for the 2018 to 2022 period also takes into account the mine works programme of Elikhulu. Engagement with officials from Govan Mbeki Local Municipality resulted in a shortlist of projects scheduled for implementation by the municipality where assistance from Evander Mines was requested. These projects are included in the latest IDP of the local municipality. The proposed projects in the SLP are shown in the table below and are subject to final approval by the DMRE:

Project	Outcomes	Total commitment over five years US\$ thousand*
Embalenhle Public Lighting	<ul style="list-style-type: none"> <li>Community safety and security</li> </ul>	288.5
Sakhisizwe Public Lighting	<ul style="list-style-type: none"> <li>Community safety and security</li> </ul>	86.6
Upgrading of sewer line in Ext 18 and 25 Embalenhle	<ul style="list-style-type: none"> <li>Community health and wellness</li> <li>Improved living conditions and standards</li> </ul>	519.3

### Evander Mines' community development CSI and transformation projects

Pending approval of the revised SLP, Evander Mines has continued to implement its community initiatives as outlined in the table below:

Project	Outcomes	Spend to date US\$ thousand*
Waste management – Qabso Cooperative	<ul style="list-style-type: none"> <li>SMME development, skills development, job creation</li> <li>Creation of 15 to 20 local jobs in the Evander area</li> <li>Reduced environmental pollution and burning of waste and improved living conditions in local communities</li> </ul>	126.8
Business incubation	<ul style="list-style-type: none"> <li>Training, mentoring and support infrastructure for participating local small businesses</li> <li>10 SMMEs from Evander, Secunda, Embalenhle and Kinross have benefited which, in turn, created up to 10 permanent jobs each</li> </ul>	121.2
Adopt-a-School	<ul style="list-style-type: none"> <li>Phase 1 – assisted schools with infrastructure needs</li> <li>Phase 2 – donation of four fully-equipped mobile libraries to four schools in October 2019</li> <li>Promotion of a culture of reading in a safe and secure place</li> <li>Benefits 4,100 learners at four local schools in the Govan Mbeki Local Municipality</li> </ul>	242.4
Kinross Primary School	<ul style="list-style-type: none"> <li>Donated grade R classroom fully-equipped with furniture</li> <li>Donated school uniforms to learners who are less privileged</li> </ul>	23.8
Kiriyatswane Secondary School	<ul style="list-style-type: none"> <li>Mandela Day initiative – painting of the school</li> </ul>	15.2
	<ul style="list-style-type: none"> <li>Donation of prefab structure for use as a temporary classroom</li> </ul>	3.7
Early childhood development centre and library	<ul style="list-style-type: none"> <li>Implementation of early childhood development programmes and support for families in a poverty-stricken area where access to these resources is severely lacking</li> <li>Programmes will assist with school readiness of children and provide a foundation for youth development and address early-stage social development</li> </ul>	Concept stage
Agriculture project	<ul style="list-style-type: none"> <li>To be implemented in collaboration with local communal property association and the Department of Agriculture. Make available rehabilitated land in future</li> <li>Project will assist with food security, poverty alleviation and sustainability</li> <li>Community will also benefit from the sale of produce</li> </ul>	Concept stage
Science centre	<ul style="list-style-type: none"> <li>To be implemented in collaboration with the Osizweni Education Development Trust and other funders from the area</li> <li>Intended to be a state-of-the-art facility that will promote further studies in science-related fields for students at schools in the local municipal area</li> </ul>	Concept stage

\* Amounts converted at the 30 June 2020 closing exchange rate of US\$/ZAR:17.33.





Improved facilities as a result of infrastructure upgrades sponsored by Pan African.

## COVID-19 ASSISTANCE PROGRAMME

Evander Mines funded the COVID-19 community assistance programme, where food and hygiene hampers were distributed to over 700 families in the host communities around Evander Mines' operations, in collaboration with various NGOs. The cost of the COVID-19 community programme at Evander Mines amounted to US\$52.1 thousand.

The community steering committee, established by the Elikhulu team to represent Evander Mines, continues to engage with the communities around Evander Mines to address grievances and concerns. Mine representatives attend regular human settlement and LED meetings held by the Govan Mbeki Local Municipality.

## PREFERENTIAL PROCUREMENT Supply chain management

Our primary procurement objective is to assure quality goods and services control costs, achieve savings and manage inventory across operations through decentralised sourcing. In addition, we are committed to increasing spend with black-owned and black-women-owned businesses, as well as uplifting the communities where we operate through proactive development projects and strategic sourcing.

Our operations promote responsible and ethical supply chain management by encouraging suppliers and contractors to support local economic development through the employment of community members and sourcing local products where possible.

Contributions by suppliers to our transformation trusts also contribute towards their B-BBEE scorecard achievements.

Barberton Mines procured US\$3.5 million from black-women-owned businesses

in the year under review. Evander Mines procured US\$7.7 million from black-women-owned businesses in 2020.

Barberton Mines received 54 vendor applications from B-BBEE entities following the supplier day and they are being assisted to become successful vendors. The BMTT SEDP programme currently has 88 local companies enrolled.

Barberton Mines engages with suppliers during the tender process and advises potential suppliers that do not meet the criteria on action plans for being successful. This is an ongoing process to assist with widening our supplier base to include more local suppliers.

Current suppliers are benchmarked by Barberton Mines' purchasing department on a six-monthly basis to ensure that prices and quality are industry competitive. The procurement department is currently working with the top 100 suppliers to assess price revisions and benchmarking.

## Social and relationship capital / Community upliftment continued



Local entrepreneurs are provided with the business development skills in our incubation programmes.



We support local economic development by sourcing products and services locally where possible.

### New entrants

Eighty-eight new entrants were registered during 2020 on the Group supply database, all of whom were 100% black-owned. Our SEDP programme being rolled out in Barberton aims to develop new 'local-to-site' suppliers that are continually identified, verified and validated and added to the approved supply chain database. The SEDP enrolled 107 small companies into the programme as a result of the supplier day held in October 2019 of which five are currently at a fairly advanced stage to complete the programme, while the remainder are being trained.

A similar programme is planned for Evander. These emerging suppliers will also be able to service a diverse range of industries, other than mining.

Barberton Mines has an inclusive procurement, supplier and enterprise development approach for community suppliers. This ensures that the procurement of consumable goods, services and capital goods is aligned with or exceeds the Company's approved targets on HDSA spend as submitted in its SLP documents.

### Procurement governance

Pan African's procurement governance process strives to ensure maximum efficiency and ethical conduct when procuring goods and services. A Group procurement policy is in place and the responsible employees at each operation are trained in its procedures and practices. Tender processes are governed by a tender committee at each operation.

Pan African has a zero-tolerance approach to bribery and corruption. Further, to ensure compliance with the UK Bribery Act, a separate anti-bribery and anti-corruption policy is in place, which is communicated to all employees and mine contractors, and which they are all expected to fully comply with.

The Group has an anonymous and confidential reporting system in place for all stakeholders to report concerns and seek advice regarding ethical issues.

To advance supplier transformation, the procurement progression plan within Barberton Mines and Evander Mines is supported by an integrated development programme to assist with enterprise development for HDSA suppliers.

The enterprise development programme identifies outsourcing opportunities within the supply chain of the mine and promotes business opportunities for HDSA suppliers. The enterprise development programme is aimed at finding opportunities for HDSA companies in the core business and developing small and medium enterprises that are HDSA-owned. The development of small and medium enterprises is critical for supporting and developing the local communities that are economically challenged and these initiatives also create potential employment opportunities beyond supplying the mines only. In addition to supporting HDSA-owned businesses, the SEDP programme at Barberton Mines and Evander Mines also creates opportunities for HDSA-women-owned businesses.

To support the development of small and medium enterprises, the EMTT funds the operation of a successful business incubation centre, aimed at accelerating the development of local SMME start-ups around Evander Mines.

The programme is designed to develop viable, innovative business ideas into small enterprises over a period of 18 months and assist these new businesses in accessing supplier opportunities, with the intention of registering them on the mine's supply chain database.

At Barberton Mines, the BMTT has initiated the SEDP with the primary focus on local supplier development for the mine, however, non-mining-related and strategic enterprises are also considered.

## OTHER SDGs WHERE WE CAN ALSO MAKE A DIFFERENCE



### GOAL 2: END HUNGER, ACHIEVE FOOD SECURITY AND IMPROVED NUTRITION AND PROMOTE SUSTAINABLE AGRICULTURE

#### THE CONTRIBUTION WE HAVE MADE

##### Local development

We are an equal opportunity employer and prioritise recruitment from communities in the immediate areas surrounding our operations.

We provide land rehabilitation initiatives and make excess land and water available for food security initiatives such as agri-projects to create a sustainable parallel economy outside mining. The Singobile farming project from our previous SLP at Barberton Mines is now self-sustaining and supplies the local community as well as supermarkets in Barberton with fresh produce.

The Group's board has also approved phase 1 of the 45ha blueberry farming project on land owned by Barberton Mines. This high-value project has the potential to create up to 800 seasonal jobs for the local communities.

Pan African is a significant employer. Through local employment and fair remuneration, we are able to support a large number of families from communities in close proximity to our operations.



### GOAL 6: ENSURE AVAILABILITY AND SUSTAINABLE MANAGEMENT OF WATER AND SANITATION FOR ALL

#### THE CONTRIBUTION WE HAVE MADE

##### Housing and living conditions

Our operations prioritise hiring people from the local area to reduce the number of employees seeking housing arrangements outside their places of residence, encourage strong family relationships and support local economic development near our operations. All local employees receive a housing allowance, however, we continue to maintain a limited number of Company-owned accommodations for employees already living in these dwellings, the few new employees or consultants we recruit for strategic positions and scarce skills that come from outside the local community.

Barberton Mines provided water tanks in several local communities to assist with water supply as an interim measure while the municipality installed permanent infrastructure. During the COVID-19 lockdown period, the mine offered its water tankers to the local municipality to assist with water delivery to ensure communities had access to sanitation and thereby curb the spread of the virus.



### GOAL 16: PROMOTE PEACEFUL AND INCLUSIVE SOCIETIES FOR SUSTAINABLE DEVELOPMENT, PROVIDE ACCESS TO JUSTICE FOR ALL AND BUILD EFFECTIVE, ACCOUNTABLE AND INCLUSIVE INSTITUTIONS AT ALL LEVELS

#### THE CONTRIBUTION WE HAVE MADE

##### Corporate citizenship

Good corporate governance supports the achievement of our vision to create sustainable value for our stakeholders. The implementation of our corporate governance framework enhances our reputation, supports our licence to operate and ensures compliance with legislation and industry standards.

For the long-term sustainability of our business, given the long-term capital-intensive nature of mining projects and the often challenging socio-economic and political contexts in which we operate, it is important that we integrate responsible corporate citizenship into the Group's strategy.

Refer to [page 30](#) for more information on the Group's **governance**.





# Natural capital

## OUR STRATEGIC INITIATIVE

Conduct our business operations in a way that results in minimal harm to the environment

## THE PROGRESS WE HAVE MADE





As a mining company, it is extremely important for our long-term business and social licence to minimise any impact we may have on our natural environment. Refer to [page 76](#) for the progress we have made, specifically in respect of our carbon tax disclosure, climate change initiatives, disposal of tailings waste and our rehabilitation plans.

On an ongoing basis, we remain conscious of climate change, new environmental and compliance regulations impacting our long-term sustainability (refer to [page 86](#)).

## OBSTACLES TO VALUE CREATION

- Tailings dam or mine shaft failure, fire or flooding
- Environmental damage
- Delays from regulators on granting environmental permits

## MATERIAL MATTERS

-  Geological complexity
-  Energy availability
-  Climate change
-  Environmental impact

## KEY STAKEHOLDERS

-  Providers of capital
-  Communities
-  Government and regulatory bodies
-  Media
-  The environment

## KEY PERFORMANCE INDICATORS

### Greenhouse gas emissions

GHG emissions	Unit	Barberton Mines		Evander Mines		Group	
		2020	2019	2020	2019	2020	2019
Direct GHG emissions – scope 1	tCO <sub>2</sub> e	5,392	4,212	1,515	11,925	6,907	16,137
Indirect GHG emissions – scope 2	tCO <sub>2</sub> e	133,328	144,387	296,753	210,513	430,081	354,900
Scope 3 emissions	tCO <sub>2</sub> e	62,643	37,680	102,913	90,606	165,556	128,286
Emissions per unit of production	tCO <sub>2</sub> e milled	0.60	0.63	5.63	3.99	1.47	1.34
Emissions per unit of production	tCO <sub>2</sub> e/oz gold sold	2.28	1.87	4.21	10.22	3.28	3.84

### Water withdrawal by source

Surface water (including water from wetlands, rivers, lakes and oceans)	Unit	Barberton Mines		Evander Mines		Group	
		2020	2019	2020	2019	2020	2019
Groundwater	000m <sup>3</sup>	1,452	386	1,515	3,461	2,967	3,847
Rainwater collected directly and stored by Pan African	000m <sup>3</sup>	2,106	1,296	6,148	5,960	8,254	7,256
Municipal water supplies or other public or private water utilities	000m <sup>3</sup>	–	–	949	1,246	949	1,246
Total water used for primary activity	000m <sup>3</sup>	3,558	2,698	9,859	10,671	13,417	13,369
Recycled water (process)	%	36	20	60	57	n/a	n/a

### Waste materials used

	Unit	Barberton Mines		Evander Mines		Group	
		2020	2019	2020	2019	2020	2019
Tonnes reprocessed – tailings	tonnes	958,106	1,114,923	13,093,574	11,767,018	14,051,680	12,881,941
Tonnes processed – surface feedstock	tonnes	–	–	288,242	153,224	288,242	153,224
Underground sources milled	tonnes	233,580	247,635	51,436	63,971	285,016	311,606
Surface sources milled	tonnes	103,824	45,629	–	–	103,824	45,629
Timber	tonnes	560	588	547	483	1,107	1,071
Explosives	tonnes	382	383	20	31	402	414
Cyanide	tonnes	1,143	1,098	4,097	3,091	5,240	4,189
Lubricating oil	litres	36,150	41,908	88,485	71,956	124,635	113,864
Hydraulic oil	litres	75,810	81,900	29,459	29,300	105,261	111,200
Petrol	litres	23,200	32,180	12,651	14,567	35,851	46,747
Diesel	litres	1,668,574	1,294,628	471,732	4,294,223	2,140,306	5,588,851



# Minimising our environmental impact



## GOAL 12: ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERN

### Why the goal is material to Pan African

The business of Pan African depends wholly on the environment and its natural resources; not only those we extract from the ground, but also land, water and air. As such, we are committed to being the best possible stewards of these resources and treating them with the care and responsibility they deserve. We are dedicated to minimising and, where possible, eliminating the negative environmental impacts of our operations.

The Group's commitment to its sustainable development strategy in ESG activities is foremost in delivering on our stated purpose: to safely extract gold from mineral deposits in a manner that creates sustainable value for our stakeholders. This commitment is also supportive of and contemporaneous to the SDGs. ESG reporting and value investing include environmental management systems and legal compliance, climate change regarding resource efficiency (waste, water and energy), mine closure and rehabilitation plans and stakeholder management/licence to operate. The Group is fully compliant with the guidelines of King IV™ and has also commissioned independent audits of its mineral tenure, carbon tax audit and audits to ensure compliance with environmental and water-use licence obligations.

### Highlights

- Approval of a solar photovoltaic plant for Elikhulu – US\$8.1 million\* capital investment
- Barberton Blueberries project – US\$2.3 million\* capital investment approved
- No carbon tax payable for the year
- Rehabilitation at Evander Mines of 22.29ha
- No environmental fines or directives incurred in the 2020 financial year
- Score of 90% and above on the performance assessments. The emission survey reports indicated that no emissions limits were exceeded by the smelters at the BTRP and BIOX® plants for the year under review
- Recycling has been prioritised, reducing the amount of waste sent to landfill

### Challenges

- Water resource degradation by illegal gold miners
- Delays from environmental regulators for granting of permits
- Building a constructive relationship with the Mpumalanga Tourism and Parks Agency
- Requirements of operating in a nature reserve at Barberton
- Managing stakeholder expectations

### How we make a difference in the short term

As an organisation operating in an industry with the potential for significant environmental impact, Pan African places priority on preserving the environment and protecting vital natural resources such as air, water, soil, minerals, fuels, plants and animals.

Our recently adopted ESG framework is integrating well into the operational themes of safety, health, environment, community, quality, social and economic development and ESG investment.

**Environmental permitting and performance audits** – Barberton Mines and Evander Mines were audited by EXM Consulting, thereby maintaining compliance for their respective annual environmental performance audits as per the National Environmental Management Act. Additionally, all environmental permitting for new projects (Fairview TSF, Elikhulu solar photovoltaic plant project, Evander Mines' Section 102 and the Barberton Blueberries project) are on track and progressing well.

**Rehabilitation and mine closure plans** – The closure of old shafts and rehabilitation of old infrastructure at Evander Mines is nearing completion. For the 2020 financial year, Evander Mines spent US\$2.6 million on rehabilitation.

**Geo- and eco-tourism** – Barberton Mines is collaborating with the local tourism authority to develop sites for eco- and geo-tourism, further developing our biodiversity while implementing and promoting eco-tourism in the greater Barberton area where there are numerous existing geological heritage sites.

We have also committed to the replacement of the ageing underground mining fleet at Barberton Mines with new low-emissions vehicles to reduce carbon footprint.

\* Amounts converted at the 30 June 2020 closing exchange rate of US\$/ZAR:17.33.

Total water used for primary activities by the Group

13,417m<sup>3</sup>

(2019: 13,369m<sup>3</sup>)



Reprocessed tailings by the Group

14,051,680t

(2019: 12,881,941t)



Processed surface feedstock by the Group

288,242t

(2019: 153,224t)



Emissions per unit of production by the Group

3.28 tCO<sub>2</sub>e/oz gold sold

(2019: 3.84 tCO<sub>2</sub>e/oz gold sold)



### How we make a difference in the medium to long term

- Investment in additional ESG value-add projects in renewable energy, agri-business and mine closure and rehabilitation with the intent of creating sustainable businesses and opportunities in host communities
- Development and implementation of energy management plans in response to climate change
- Proactively optimise the utilisation of non-renewable natural resources (water, land, ore and energy)
- Continue to develop, refine and enhance our biodiversity plans and evaluate new opportunities that add value for shareholders
- Continuation of Evander Mines' rehabilitation programme to close old shafts and restore the surface to its original state. This also prevents access to the old workings by illegal miners and others that vandalise and illegally remove unused infrastructure and leads to safe, resilient and sustainable human settlements
- Surface sources processed at BTRP and Elikhulu result in environmental clean-up of historical mine workings and improving the environment for eco-tourism and alternate land use
- Following the recent changes to the environmental legislation governing mining in South Africa, we will focus on achieving full regulatory compliance, particularly as it applies to our water and air quality licences.

### COMMITTED TO PROTECTING OUR NATURAL HERITAGE

Pan African recognises the responsibility it has been afforded to operate and mine ore in some of the oldest and best-preserved sedimentary and volcanic rock formations on the planet.

Furthermore, we take great care in ensuring that we return the environment as close to its natural state through our fully funded rehabilitation guarantees.

Historical mining tailings are often considered to be one of the most significant sources of environmental damage produced by mining operations. The re-mining and consolidation of these tailings assist in reducing their environmental footprint. Elikhulu will consolidate the Kinross, Leslie and Winkelhaak TSFs into a single facility which will reduce the environmental footprint and impact of Evander Mines. BTRP in Barberton also fulfils the same function and is consolidating the Bramber and Harper TSFs by re-mining and re-depositing tailings material.

Elikhulu's enlarged Kinross TSF extension is lined to prevent and limit underground seepage and pollution and represents our commitment to address the 'scar tissue' of tailings that is so often associated with the mining industry. At the same time, the consolidated facility allows us to increase our positive socio-economic contributions, particularly through job creation.

The Group continuously and proactively engages with interested and affected parties as well as stakeholders who impact its licence to operate.

Our mines are  
fully committed to  
operating responsibly  
within our natural  
environment.

### OTHER SDGs WHERE WE CAN ALSO MAKE A DIFFERENCE



#### GOAL 7: ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL

##### THE CONTRIBUTION WE HAVE MADE

Renewable energy has become an economically attractive power alternative globally and in South Africa. This is as a result of the price of renewable technologies steadily declining over the years. On a regular basis, researchers discover new technologies that either increase the yield or decrease the production price.

##### **Solar photovoltaic plant project at Pan African's Elikhulu operations**

Pan African is developing a solar photovoltaic plant at Evander Mines, following the positive findings of a bankable feasibility study undertaken by independent consultants ARUP. The study was commissioned to investigate the feasibility of various solutions to the Elikhulu plant, with a solar photovoltaic plant solution found to be the only feasible solution on a site-specific, safety and economic basis. A preliminary design was conducted for a 10MW system using polycrystalline module technology, string inverters and a single-axis tracking mounting system.

The solar photovoltaic plant will provide up to 30% of Elikhulu's annual power requirements and aims to reduce the operation's dependency on the national grid, while also reducing exposure to above inflation annual power cost increases (14% for 2019 and 9.41% for the 2020 year). The solar photovoltaic plant is estimated to cost US\$8.1 million\*. Additionally, the investment will promote a more sustainable and renewable energy solution for the green economy of the country, thereby reducing Elikhulu's carbon footprint.

The active development of the solar photovoltaic plant, which includes obtaining the various permits required for the plant, has commenced. Term sheet negotiations with the preferred bidder have been finalised, including construction readiness in the first quarter of the 2021 financial year.

\* Amounts converted at the 30 June 2020 closing exchange rate of US\$/ZAR:17.33.



Solar power will reduce the Group's reliance on the national grid.



Renewable power can be supplied for between a minimum of 7.1 hours in winter and 8.5 hours during summer (yearly average of 8.1 hours per day). Investing in the solar photovoltaic plant will unlock a significant amount of value as a result of the cheaper and more reliable power that will be produced. The plant will generate electricity at much lower costs (depreciated cost over 20 years estimated at ZAR0.83/kWh) than could be provided by Eskom (with a tariff of ZAR1.03/kWh), and makes this investment compelling from an economic point of view. The solar photovoltaic plant has an expected life of 20 years. Further positive environmental and social aspects of the solar photovoltaic plant include the allocation of carbon credits and local job creation. This investment in renewable energy by the Group will result in further reduced operating costs and long-term sustainability of the Elikhulu operations.

In addition to the positive economic and environmental benefits, the project will provide social impact, with 90 local jobs created during the eight-month construction period and eight to 10 permanent jobs during the plant's operation. It is intended that the solar photovoltaic plant be operated by the Group's employees after an initial one-year period of operating and maintenance, thereafter handing the project to the trained on-site personnel. Following this successful study, the Group has recently commissioned a feasibility study for a solar photovoltaic plant project at Barberton Mines.

**Cobus Loots, chief executive officer of Pan African, comments as follows:**

"The solar photovoltaic plant is testament to our increased focus on ESG at Pan African and we look forward to implementing more projects of this nature going forward. Not only will this renewable energy project contribute to the efficiency and cost benefits at our operations, but will also provide long-term benefits for the environment and our host communities."



## Natural capital / Minimising our environmental impact continued



We always strive towards minimal disruption to the environment...



...despite our extensive operations.

### ENVIRONMENTAL OBJECTIVES

Environmental stewardship is a key part of our business strategy and risk management practices. Our environmental objectives include the following:

<b>Environmental legal compliance</b>	<ul style="list-style-type: none"> <li>• Achieving zero penalties for environmental breaches</li> <li>• Ensuring compliance with water-use licence conditions and the approved Environmental Management Plan</li> <li>• Maintaining air pollution levels within legal limits</li> </ul>
<b>Environmental risk management</b>	<ul style="list-style-type: none"> <li>• Constantly evaluating environmental risks associated with our activities, products and services</li> <li>• Taking appropriate action to minimise environmental risks</li> </ul>
<b>Water management</b>	<ul style="list-style-type: none"> <li>• Reducing water incidents and incidental overflow to minimise the impact on surrounding communities and the environment</li> </ul>
<b>Energy management</b>	<ul style="list-style-type: none"> <li>• Achieving internal environmental targets to reduce our carbon footprint</li> </ul>
<b>Waste management</b>	<ul style="list-style-type: none"> <li>• Reducing, reusing and recycling waste to minimise the impact on surrounding communities and the environment</li> </ul>
<b>Biodiversity management</b>	<ul style="list-style-type: none"> <li>• Continuously monitoring the tailings and pollution control dams to prevent negative biodiversity impact</li> </ul>

### ENVIRONMENTAL GOVERNANCE AND LEGISLATION

The Group monitors adherence to mining-related legislation through a robust SHEQC governance and ESG framework that includes environmental guidelines relevant to the mining industry. Comprehensive operational procedures are in place and are updated at least every two years in line with the key elements of environmental legislation specific to regulating the mining industry:

- Mineral and Petroleum Resources Royalty (Administration) Act 29 of 2008
- National Environmental Management Act 107 of 1998
- National Water Act 36 of 1998
- National Nuclear Regulatory Act 47 of 1999
- National Environmental Waste Act 59 of 2008
- National Environmental Management: Air Quality Act 39 of 2004
- National Environmental Management: Air Quality Amendment Act 20 of 2014
- National Environmental Management: Protected Areas Act 57 of 2003
- National Environmental Management: Biodiversity Act 10 of 2004
- Conservation of Agricultural Resources Act of 1983
- Constitution of the Republic of South Africa Act 108 of 1996
- Hazardous Substances Act 15 of 1973
- National Heritage Resources Act 25 of 1999 (specific to Barberton operations).

We have implemented an environmental management system that aligns with ISO 14001. Environmental impact assessments are conducted at all operations with impact and aspect registers maintained for each. These are reviewed annually to ensure legislative compliance. Risk registers are reviewed quarterly and the results are reported to the Group SHEQC and ESG manager, who escalates any material matters to the SHEQC and social and ethics committees for immediate attention.

The Group's environmental impacts are monitored through a SHEQC dashboard that collates all relevant environmental information required to accurately calculate the Group's carbon emissions. We are fully aware of the dangers of climate change and the importance of doing our part to address and mitigate its impact as set out in our Group SHEQC policy. South Africa's long-pending carbon tax legislation was promulgated on 27 May 2019. As a result of these stringent controls, none of the risks outlined previously are deemed to have had a significant financial or environmental impact on the Group in the year under review, nor have our operations contributed to, or exacerbated, these risks in the immediate environments where we operate.



All Pan African operations have approved end-of-mine plans and closure plans are in place. Barberton Mines' and Evander Mines' end-of-mine plans have been approved by the DMRE with its rehabilitation funding requirements.

### Significant environmental incidents

There were no fines or reportable environmental incidents at Barberton Mines for the year under review. This is a direct result of the improved governance following the implementation of stricter assessments and stringent controls that are constantly monitored and reported through the mines' SHEQC dashboards and policies.

No environmental administrative penalty was incurred at Evander Mines (2019: one administrative penalty was incurred, for an amount of US\$0.1 million due to operating without an air emission licence (AEL) as required by the Air Quality Act of 2004). We are now compliant with the AEL.

Evander Mines recorded one (2019: five) environmental incident for the year under review, as reported to the Group's SHEQC committee.

An incident for vandalising and cable theft at BTRP boreholes was reported to the Inkomati Usuthu Catchment Management Agency.

The areas in respect of the above incidents have subsequently been cleaned and rehabilitated. An Environment and Social Management Plan has been developed for Elikhulu in terms of the applicable regulations promulgated under the National Environmental Management Act. Evander Mines continues to actively work on reducing the number of reportable environmental incidents for the next financial year.

### Environmental training and awareness

At all Group operations, new employees undergo full environmental awareness training as part of the induction programme and refresher training when returning from annual leave. In addition, monthly awareness training programmes focus on specific environmental topics.

An environmental training video, monthly environmental topics and posters are used to create awareness of environmental issues among employees and contractors.

At Evander Mines, daily toolbox talks and monthly environmental topics are used in order to raise awareness of environmental

## Water stress, seasonal variability, water supply

and water demand are projected to remain near normal or increase slightly through to 2020 under a business-as-usual climate scenario.

## New employees undergo full environmental awareness training as part of the induction programme.

Evander Mines continues to actively work on reducing the number of reportable environmental incidents for the next financial year.

issues among employees and contractors. The environmental department compiles training topics and the accompanying poster campaigns which cover general environmental issues or incidents specific to each area of operation.

### WATER QUALITY, EFFICIENCY AND MANAGEMENT

Mines depend on steady water supplies for extracting resources and beneficiating mined ore. Pan African is in the favourable position of being able to capture excess underground mine discharge water for reuse in its operations. This water recycling is a key enabler of operational and environmental sustainability and ensures our mining operations meet the requirements of water discharge regulations. We contribute to the sustainability of water as a natural resource by increasing the use of recycled water in our mining processes.

### Compliance

All of our mining operations hold approved water-use licences issued by the Department of Water and Sanitation. We perform annual internal and external audits to ensure full compliance with the requirements of our water-use licences.

### Water-stressed regions

In July 2019, Pan African conducted a full risk assessment using the World Resources Institute Aqueduct tool to consider our water-related risks through to 2040. Our two operations are both currently rated as low risk to baseline water stress, drought severity and threatened amphibian species.

This assessment suggests that our water withdrawals do not negatively affect local surface water bodies and that our operations are not withdrawing water from water-stressed regions.

Using the Aqueduct tool, we considered future risk under various climate change scenarios. Water stress, seasonal variability, water supply and water demand are projected to remain near normal or increase slightly through to 2020 under a business-as-usual climate scenario. Depending on environmental conditions, the Barberton operation may experience significantly increased water stress up to 2040.

### Water withdrawal and recycling

At Barberton Mines, underground drilling and blasting activities release groundwater which is pumped to the surface and recycled for use in our mining or metallurgical processes. A highly effective

## Natural capital / Minimising our environmental impact continued

closed-loop water recycling circuit at Fairview, Sheba and New Consort Mines reuses the bulk of the released groundwater and process water for other mining processes. Excess water is released into special purpose evaporation ponds, while rainwater is collected in tailings and pollution control dams and incorporated into the mine water system.

Barberton Mines has implemented a Water Management and Conservation Plan. Water is reused in mining processes and can safely be released to communities and municipalities for non-potable purposes if required. Reducing the amount of dirty water produced through the mining process reduces the need for freshwater extraction which, in turn, reduces energy costs from pumping and water treatment.

Our mines are being equipped to continuously reuse recycled water and reduce the need for freshwater replenishment. This approach also reduces environmental and operational costs.

### Surface water discharge

Our mining operations discharge surface water through controlled releases as governed by regulatory requirements and our water-use licences. Evander Mine is, however, not permitted to discharge its water into any natural water body.

### Water quality protection

Barberton Mines has implemented an intensive monitoring programme for water quality and overall biological health, as well as a proactive storm water management strategy. The mine conducts quarterly borehole assessments and monthly surface water checks, adding monitoring points as necessary to enhance this programme's effectiveness. Surface and groundwater samples are regularly taken and analysed per the water-use licence requirements.

Operating procedures are also in place to reduce contamination when disposing of hazardous chemicals and hydrocarbons, while our tailings storage facilities are lined and monitored according to the requirements of the Department of Water and Sanitation. Monitoring programme data is submitted to the governing authorities who also conduct periodic site inspections. River health reports are produced by an aquatic specialist twice a year.

Evander Mines has pollution control dams that are managed per the requirements of Regulation 704 of the National Water Act. We monitor groundwater around our



TSFs, Leeuwpans dam and downstream of the return-water dams. Samples are regularly analysed by a SANAS-accredited laboratory. An occupational hygienist analyses drinking water designated for underground employee consumption.

Evander Mines' underground operation water from 7 Shaft is used at Elikhulu for processing and 8 Shaft's water is pumped to Leeuwpans for disposal through evaporation. Processed water at both Barberton Mines and Evander Mines is stored in lined return-water dams for reuse in the tailings retreatment plants.

As a result of these controls and environmental regulations, local water bodies and related habitats are not negatively affected by the Company's water discharges and run-off.

### Community partnerships

We partner with various organisations and local authorities to raise community awareness regarding the importance of maintaining river health. Pan African funds and facilitates regular and well-attended river clean-up days which include basic education on keeping rivers clean.

We also monitor the negative environmental impact of illegal mining activities, including mercury and sulphites released directly into rivers and streams. Our monthly water pollution reports can assist authorities in mitigating these illegal and dangerous activities.

### WASTE MANAGEMENT

Mining generates significant quantities of tailings residue which is collected in tailings

dams and waste rock piles. These deposits have the potential to negatively impact the environment and water quality. Each of our operations has designated areas to store and manage mineral residues including tailings facilities. These facilities are managed by experienced external contractors.

Waste rock is predominantly used in underground back-filling operations. A small quantity of waste rock from Barberton Mines' operations may, however, be brought to the surface and stored. This rock is crushed at Fairview Mine to various aggregate stone sizes and sold to the public for construction purposes, using SMMEs.

Processing of non-mineral waste materials, such as plastics, steel, paper and timber, is managed through recycling, reuse, off-site treatments or disposal processes at approved landfill sites. All operations ensure responsible storage, treatment and disposal of non-mineral waste in an environmentally responsible way. We recycle or reuse waste materials wherever possible to reduce the amount of waste sent to landfills and minimise their impact on community health and the environment. Colour-coded bins are strategically placed around our mining premises for temporary storage and separating into different types of waste, which is then collected by certified contracted service providers. Steel, plastic and wood waste are sold to interested parties.

Barberton Mines recycled 248t (2019: 245t) of steel and 2,570ℓ (2019: 3,100ℓ) of used oil during the 2020 financial year. At Evander Mines, 150t of steel (2019: 684t) and 546.6t of timber (2019: 1.4t) were recycled during the current financial year. Evander Mines achieved an average recycling rate of 16% (2019: 73%) for the current financial year.

Mineral and non-mineral waste at each operation is managed in line with the following:

- Group SHEQC policy
- National Environmental Waste Act 59 of 2008
- National waste management strategy.

### Hazardous waste

Potentially hazardous waste is managed by utilising safety data sheets, with hazardous waste taken off-site by certified suppliers for final disposal at licenced hazardous waste landfills. Waste manifest certificates are issued as proof that the waste was disposed of in accordance with the applicable legislation.

Barberton Mines recycled

248t of steel

(2019: 245t)

Evander Mines recycled


150t of steel

(2019: 684t)

Barberton Mines recycled

2,570ℓ of used oil

(2019: 3,100ℓ)

 <p><b>Cyanide</b></p>	<p>Cyanide is arguably the most hazardous substance used by any gold mining operation and we ensure that all our waste cyanide is disposed of in terms of the South African Code for Cyanide Management. Barberton Mines has a cyanide destruction plant and Evander Mines adheres to the International Cyanide Code. All operations have assessed the environmental risk associated with their transport of goods and materials, including cyanide and found no significant environmental impact. All cyanide required by our operations is transported by a certified and approved hazardous substances transport provider. Emergency response trailers are stationed on-site at Barberton Mines, BTRP and Evander Mines to deal with spillages, should they occur.</p> <p>At Barberton Mines, the cyanide detoxification plant and water treatment process reduces cyanide residue to less than 50ppm. In the 2020 financial year, cyanide usage increased to 5,240t (2019: 4,189t) following the commissioning of Elikhulu in September 2018.</p>
 <p><b>Reagents</b></p>	<p>Mineral processing reagents are used by mines to extract base metals, precious metals and industrial minerals. Elikhulu is a significant consumer of reagents and the use of these chemicals is closely monitored to limit any environmental impact and reduce costs. A specialist team constantly monitors and regulates our reagent consumption and makes recommendations for optimisation. While reagent consumption has remained within set limits, we continue to reduce our use of these chemicals by refurbishing our equipment and reprogramming systems for optimal control and performance.</p>
 <p><b>Radiation</b></p>	<p>The Group's operations have been assessed and classified as low risk due to their low levels of radiological exposure. Radiation levels are monitored quarterly by a qualified radiation protection officer. Radiological clearances are also conducted at decommissioned sites to safeguard the future classification of these areas. Evander Mines holds a Certificate of Registration (COR 046) issued by the National Nuclear Regulator.</p> <p>Radioactive isotopes are correctly managed in compliance with the Department of Health's requirements and the Hazardous Substances Act 15 of 1973.</p> <p>Radiation exposure at Evander Mines is managed through a comprehensive workplace radiation protection programme overseen by a contracted occupational medical practitioner, two radiation protection officers and a radiation protection specialist. Potential exposure to radiation is managed by means of a health and dose register, a radiation and contamination surveillance programme, a dosimetry programme and an ongoing training and awareness programme.</p> <p>Dust management is also a key contributor to minimising occupational exposure to radiation and containing the spread of radioactive material.</p>

Pan African funds and facilitates regular and well-attended river clean-up days with local communities which include basic education on keeping rivers clean.



We constantly monitor all effluent for possible contamination.

## Natural capital / Minimising our environmental impact continued

### TAILINGS

#### Tailings retreatment

Tailings retreatment represents the greatest contribution to recycling by the Group. By reprocessing waste rock and tailings to extract gold left behind during the initial mining process, we effectively reduce our environmental footprint while rehabilitating our tailings dams.

Elikhulu processed 13,093,574t (2019: 10,848,209t) and BTRP processed 958,106t (2019: 1,114,923t) of tailings during the 2020 financial year.

#### Tailings storage facilities

The Group's TSFs are located in the Barberton and Evander areas and the majority of our TSFs are in close proximity to residential areas. Pan African has appointed specialist third-party contractors to design, build and operate its TSFs. Tailings dam management is overseen by an appointed competent person at each of our TSF sites to ensure compliance with legislation, DMRE requirements and our own internal code of practice.

Pan African continuously reviews the integrity of the Group's tailings storage facilities. Similar to the appointment of an Engineer of Record (EOR) at Barberton Mines, a dedicated EOR was appointed at Evander Mines in August 2019 to ensure statutory compliance of all TSFs at its mines.

Following the independent assessment in 2019, remedial actions were undertaken to mitigate high-risk issues among the normal operational duties and these adequately addressed all safety compliance. We implement leading practices in our tailings dam management to ensure regulatory compliance. We have provided additional disclosure on our website at [www.panafricanresources.com/sheqc/gri-and-sustainability/](http://www.panafricanresources.com/sheqc/gri-and-sustainability/) related to our tailings storage facilities, as requested by the Church of England Pensions Board and the Swedish Council on Ethics for the AP Funds, and backed by the UN-supported Principles for Responsible Investment. The Group has provided additional disclosure on the website relating to our tailings storage facilities safety conditions.

### OZONE DEPLETING SUBSTANCE EMISSIONS

Temperatures in underground mines can rise to between 60°C and 70°C at the rock face, which can negatively affect employee safety and production. Ventilation and cooling systems mitigate the risks associated with high temperatures but can have negative impacts on the environment. In the past, ozone depleting substances (ODSs), such as chlorofluorocarbons (CFCs) were used in cooling systems, but they are in the process of being phased out in accordance with the Montreal Protocol and Kigali Agreement. Our operations have replaced CFCs such as R12 with refrigerant 134A, which has only 10% of the global warming potential of the old coolant and has eliminated all ODS emissions. Our operations do not produce, import or export ODSs.

### AIR POLLUTION AND AIR QUALITY

#### Monitoring other air emissions

Drilling, blasting, hauling, collection and transportation are our primary causes of emissions and air pollution. We monitor ambient air (fallout dust emission) and stack emission monitoring at our operations to measure the potential impact of air pollution on our employees and residents of neighbouring communities.

To ensure that air pollution resulting from our operations is within legal limits, all air quality risks are managed according to the following regulations and guidelines:

- National Environmental Management Act
- National Environmental Management Air Quality Act
- Department of Environmental Affairs' guidelines
- World Health Organisation guidelines.

Elikhulu currently holds a provisional atmospheric emission licence and the Group recently acquired an air quality licence for Fairview Mine in Barberton. Evander Mines holds a variety of provisional atmospheric emission licences, which incorporate both the Kinross and Elikhulu plants.

### Dust monitoring and suppression

All of our operations have dust monitoring and control programmes, with dust fallout levels at all operations well within the legal requirements.

Generally accepted pollution control technologies are used to minimise fuel combustion emissions at our operations such as sulphur dioxide (SO<sub>2</sub>), nitrogen oxides (NO<sub>x</sub>) and particulate matter. None of our air emissions have reached environmental trigger points.

We cultivate plant cover over the dormant tailings dams at Evander to minimise dust emissions and have instituted a similar vegetation programme on our active tailings dam to reduce its dust emissions.

### ENVIRONMENTAL PROTECTION AND REHABILITATION

The Group's total environmental protection expenditure in the current year was US\$2.6 million (2019: US\$4.0 million) the majority of which related to decommissioning and closing of mine shafts at Evander Mines.

The Group's rehabilitation liability is fully funded by means of a Cenviro Solutions insurance investment product underwritten by Centriq Insurance Company Limited. These funds are invested in a portfolio comprising a combination of money market, capital market and equity instruments. The audit and risk committee reviews the performance of this portfolio on a quarterly basis.

### Land rehabilitation strategy

For the Group, land and water rehabilitation is an ongoing activity. Our rehabilitation activities are aimed at restoring natural balances, preserving water and attracting indigenous flora and fauna. We involve local community members in our invasive species removal programme, which also creates employment opportunities.

During the period under review, Barberton Mines launched a project to rehabilitate historical mining operations. Removing legacy waste material from local rivers not only preserves the region's water systems but can also be financially beneficial to the organisation.

Evander Mines' rehabilitation strategy and implementation plan was updated in 2017 to include the rehabilitation of dormant and non-productive areas. This programme is fully funded by a US\$16.6 million

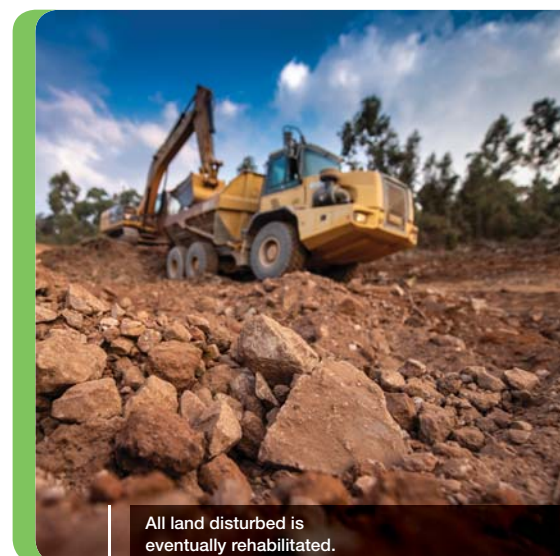


(2019: US\$21.2 million) rehabilitation fund. Now that large-scale underground operations have ceased, local community members of SMMEs have been brought in to participate in rehabilitation programmes. These programmes include above-ground restoration, replanting natural flora, demolishing old office buildings and other structures and removal of waste material.

#### Total land disturbed or rehabilitated

	Unit	Barberton Mines		Evander Mines	
		2020	2019	2020	2019
Total area disturbed (owned)	km <sup>2</sup>	–	0.1729	0.074	–
Area rehabilitated	km <sup>2</sup>	–	0.035	22.29	–
Land rehabilitation funds	US\$ million	3.4	3.9	16.6	21.2

The closure of old shafts and rehabilitation of infrastructure at Evander Mines is nearing completion.



All land disturbed is eventually rehabilitated.

## ENERGY EFFICIENCY

### Energy consumption

Energy consumption is tracked on a monthly basis at our operations. This includes fossil fuels burned on-site (scope 1), electricity purchased from local utilities (scope 2) and other indirect emissions (scope 3), as shown in the table below:

	Unit	Barberton Mines		Evander Mines		Group	
		2020	2019	2020	2019	2020	2019
Total fuel consumption from non-renewable resources	GJ	61,467	49,141	17,578	155,058	79,045	204,199
Total fuel consumption from renewable resources	GJ	–	–	–	–	–	–
Total electricity consumption	GJ	503,354	499,802	830,895	728,699	1,334,249	1,228,501
Total energy consumption	GJ	565,874	548,943	851,220	875,979	1,417,094	1,432,701
Total energy consumption intensity	GJ/oz	6.4	5.5	9.3	12.0	7.9	8.3

### Reduction of energy consumption and carbon footprint

The board's approval of the solar photovoltaic plant project at Evander Mines demonstrates the Group's alignment to addressing ESG risks in ensuring the long-term sustainability of our businesses. The impacts of climate change risks have been well documented globally and have encouraged companies to adopt sustainable renewable energy investments to manage their carbon footprint and their escalating energy costs from fossil fuel energy generation. The project aims to reduce its dependency on Eskom and also generate electricity at much lower costs, which makes this investment compelling and justifiable. Further positive aspects include the reduction of Evander Mines' carbon footprint and the allocation of carbon credits from the photovoltaic plant, assisting in further reducing its unit costs for energy generation. The investment in the project will result in an enhancement in economic value and long-term sustainability of the Elikhulu operations and may also be feasibly expanded to benefit the Egoli project and Barberton Mines.

### Carbon tax report

A carbon tax report was undertaken in March 2020 by consulting firm Promethium Carbon Proprietary Limited following the promulgation of the carbon tax regulations in November 2019. The findings and results of the report indicate a nil payment requirement to SARS for the year under review. The approved solar photovoltaic plant at Evander Mines, bodes well for the Group's net positive carbon footprint. It is envisaged that this project will provide additional downstream income from the sale of carbon credits.

By their very nature, mining operations are energy intensive. Trackless mobile machinery uses diesel fuel to operate and electricity is needed to process and refine ore. Barberton

Mines' electricity usage increased by 0.3% in 2020. Barberton Mines will be implementing a comprehensive energy management plan in the next financial year to deliver greater energy efficiencies and reduce overall energy consumption.

Evander Mines' electricity requirements have increased by 8.3% compared to the previous financial year, largely due to the commissioning of Elikhulu. This operation has, however, embarked on an energy optimisation journey by using energy-efficient technology within Elikhulu, supported by upgraded control systems.

Electricity costs represent 17.3% of the cost of production at Elikhulu and is expected to be significantly reduced with the solar photovoltaic plant in operation.



## OTHER SDGs WHERE WE CAN ALSO MAKE A DIFFERENCE



### GOAL 13: TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS

#### THE CONTRIBUTION WE HAVE MADE

##### Climate change

Unpredictable **weather patterns**, dry conditions and drought impact agriculture production, resulting in food scarcity, diminished spending on non-food items and inflation.

All fields of human activity, from agriculture to energy supply, are changing as awareness of the need to transform the way business is conducted to **protect** the environment grows.

Ongoing degradation of **natural capital** impacts the availability of resources, as well as livelihoods and human development. A reduction in the quality of soil, biodiversity and water impacts food security, the value of land and resettlement of people, and a degraded environment has further impact on health, nutrition and susceptibility to disease.

##### Our activities

Our activities associated with the exploration, extraction and processing of **Mineral Resources** result in the unavoidable disturbance of land, the consumption of resources, generation of waste and atmospheric and water pollutants. We invest in innovation and skills training to build an even greater understanding of the conservation of our natural environment.

Our gold **tailings reclamation** projects not only extract the additional economic value from these tailings but also provide an opportunity to process the tailings with up-to-date technology. This delivers a less toxic, more stable footprint, while making large areas of land available for productive use.

##### Emissions

Total emissions from the gold industry are relatively small. Our carbon emissions are primarily from diesel and petrol consumed by haulage of trackless machinery and other transport requirements, electricity consumption in mining and gold processing. We continue to respond to this challenge through a range of strategic interventions as well as operational adjustments. We have implemented energy efficiency initiatives such as high-efficiency motors and compressors are in place to reduce energy consumption. Furthermore, recycling of underground water continues to reduce the amount of energy used.

##### Greenhouse gas emissions

Improving energy efficiency and reducing GHG emissions are priorities for the mining industry and are some of the most effective ways we can limit our environmental impact.

The Group's energy management approach is based on the acknowledgement of the potentially devastating effects of climate change and concerted efforts to respond to this threat by improving our energy efficiency in line with our Group SHEQC policy. The Group has embarked on implementing a 10MW solar photovoltaic plant as part of reducing its carbon emissions. A similar solar photovoltaic plant feasibility study will also be undertaken at Barberton Mines.

##### Monitoring greenhouse gas emissions

Direct (scope 1), indirect (scope 2) and other (scope 3) GHG emissions are closely monitored and tracked through consumption-based assessment and accounting for operations under Pan African's control. The Group has disclosed its carbon emissions as prescribed by the promulgated carbon tax regulation and has reported a nil payment to SARS.

The Group applied the GHG Protocol and emissions factors published by Eskom to establish the baseline figures for its direct and indirect emissions. The global warming potential rates are used to convert non-carbon dioxide emissions into the standard measure of carbon accounting. Carbon dioxide equivalents (CO<sub>2</sub>e) come from the Intergovernmental Panel on Climate Change Fifth Assessment Report.



## GOAL 15: PROTECT, RESTORE AND PROMOTE SUSTAINABLE USE OF TERRESTRIAL ECOSYSTEMS, SUSTAINABLY MANAGE FORESTS, COMBAT DESERTIFICATION, AND HALT AND REVERSE LAND DEGRADATION AND HALT BIODIVERSITY LOSS

### THE CONTRIBUTION WE HAVE MADE

#### Biodiversity protection

Pan African embraces the importance of preserving the rich natural heritage of the Makhonjwa Mountains, also known as the Barberton Mountain lands.

Barberton Mines operates within a UNESCO world heritage site, with approximately 80 endemic species or plants and animals identified in the region to date. Given that most of the mining activities at Barberton Mines are conducted underground, the direct negative impact of our operations on these species is minimal. In addition, we work to actively protect and preserve the fauna and flora of the region through an extensive biodiversity programme with a particular focus on eradicating or controlling invasive species. In addition to our efforts to preserve biodiversity during active mining, rehabilitation activities are required after mining has been completed to restore the natural balance, preserve water and attract indigenous flora and fauna.

Evander Mines is located within a biodiversity corridor that is not classified as a protected area. Environmental impact assessments were conducted ahead of the construction of Elikhulu which identified the need for a wetland offset to accommodate the new Elikhulu TSF. We have implemented concurrent rehabilitation while mining our historical TSFs to reduce closure liabilities and restore areas to sustainable land use while operations are ongoing.



Pan African takes utmost care to preserve the biodiversity of the Makhoniwe Mountain range.



# Manufactured capital

## OUR STRATEGIC INITIATIVE

Effectively develop and complement our Mineral Resources and Mineral Reserves for a sustainable future

## THE PROGRESS WE HAVE MADE

Pan African contributes to sustainable settlements through investing in and exploring significant Mineral Resources and Mineral Reserves (refer to [page 90](#)). In addition, it invests in projects outside its business scope to benefit the surrounding communities, such as the agri-business venture outlined on [page 64](#).

The Group is embarking on a renewable energy project to provide affordable, reliable, sustainable and modern energy for its operations (refer to [page 78](#)).

## KEY PERFORMANCE INDICATORS

### Mineral Resources (Moz)

2020	<div></div>	37.61
2019	<div></div>	35.97

### Mineral Reserves (Moz)

2020	<div></div>	10.87
2019	<div></div>	10.92

### Capital expenditure (US\$ million)

2020	<div></div>	34.6
2019	<div></div>	55.1






## OBSTACLES TO VALUE CREATION

- Interruption to stable electricity supply
- Illegal mining and heightened criminal activity
- Infrastructure dependency and constraints
- Health and safety incidents
- Tailings dam or mine shaft failure, fire or flooding
- Poor operational execution
- Geological variability in Mineral Resources and Mineral Reserves base
- Strategic capital allocation

## MATERIAL MATTERS

-  Capital allocation
-  Geological complexity
-  Technological interconnectivity
-  Energy availability
-  Climate change
-  Environmental impact

## KEY STAKEHOLDERS

-  Providers of capital
-  Customer
-  Suppliers
-  Employees
-  Communities



# Sustainable mining



## GOAL 11: MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE

### Why the goal is material to Pan African

Pan African's strategy is to safely extract gold from our mineral deposits utilising our combined acumen and to continue investing in a manner that generates compelling returns to ensure the long-term sustainability of our operations.

To achieve the strategy, the Group has to ensure that it continuously develops and complements its Mineral Resources and Mineral Reserves so as to ensure a sustainable future. In doing so, it needs to consider all the stakeholders in its mines, including the human settlements located in close proximity. By concentrating on the safety of people on and around the mines and the protection of the environment, the Group is able to make those human settlements safer and sustainable.

### Highlights

- Mineral Resources of 37.61Moz (2019: 35.97Moz)
- Mineral Reserves of 10.87Moz (2019: 10.92Moz)
- Capital expenditure of US\$34.6 million (2019: US\$55.1 million)
- Pipeline of growth projects
- Transformation targets met

### Challenges

- Depleting Mineral Reserves
- Safety
- Illegal mining

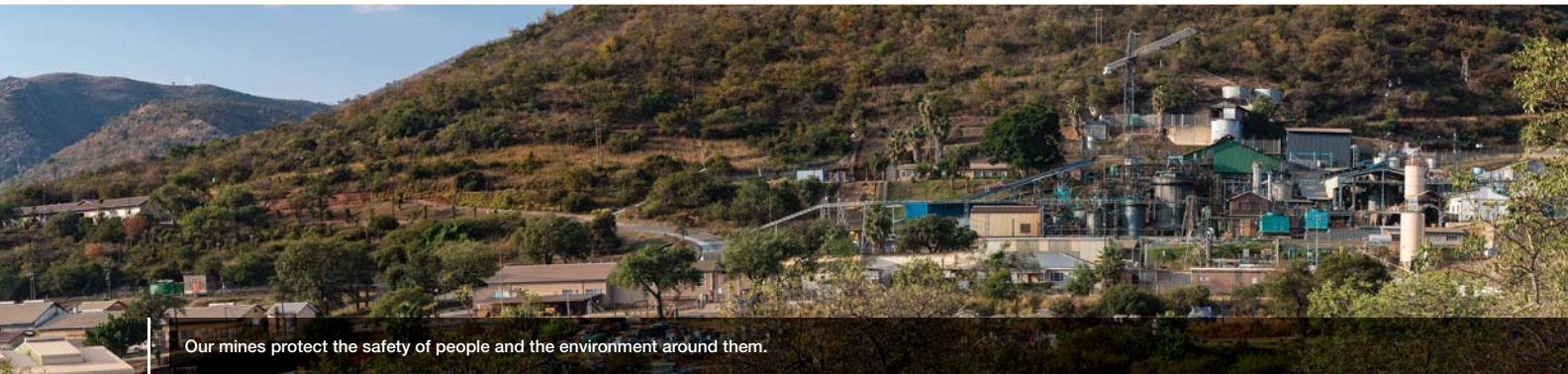
### How we make a difference in the short term

Pan African has purposefully repositioned itself as a sustainable high-margin producer by concentrating on sourcing more gold ounces from surface and shallow underground operations.

The Group has robust life-of-mine plans which will support this sustainability. In addition, it has an exceptional pipeline of attractive growth opportunities.

### How we make a difference in the medium to long term

- Actively pursue all legal avenues to stamp out illegal mining
- Continue exploration using modern techniques
- Consider acquisition opportunities.



Our mines protect the safety of people and the environment around them.

## MINERAL RESOURCES AND MINERAL RESERVES (LIFE-OF-MINE)

We have strategically positioned ourselves as a high-margin, long-life gold producer with almost half of gold ounces sourced from the Group's production from high-margin surface tailings operations.

The Group's robust life-of-mine plans will support its sustainability in future:

• New Consort	8 years
• Fairview	20 years
• Sheba	9 years
• Royal Sheba project	18 years
• 8 Shaft pillar	3 years
• Elikhulu	12 years
• BTRP	6 years
• Egoli	9 years

Pan African has an exceptional pipeline of attractive growth opportunities within its mining right areas, both in established projects and brownfield resource definition prospects. Current exploration drilling, as well as initiatives to access and develop orebodies, were aggressively pursued at the Barberton operations during the year. The strategy of converting Mineral Resources to Mineral Reserves was progressed by moving organic projects further up the mining value chain and towards the feasibility and production stages.

Our current projects include:

### Barberton Mines' sub-vertical shaft project at Fairview

The project's construction is expected to be completed over a period of two years, after which it is expected to produce an additional 7,000oz to 10,000oz per annum.

### Barberton Mines' Prince Consort Shaft pillar project

The Group has taken a strategic decision to mine the PC Shaft pillar at New Consort Mine, in order to increase output from the New Consort operations. The available resource will enable the New Consort operation to supplement its production with a calculated 2,500oz to 3,000oz of recovered gold per annum. Mining the PC Shaft pillar will be conducted in a way that does not impact the stability of the shaft barrel and therefore does not sterilise any exploration targets below the shaft pillar elevation (42 Level to 44 Level). An execution plan for the safe extraction of the PC Shaft pillar is currently being prepared, with first gold production to be achieved during the last quarter of the 2020 financial year. It is expected that steady-state production from the pillar could be achieved within the first quarter of commissioning.

The additional gold production will enable the operation to focus on investigating identified exploration targets within the New Consort mining district and mining right. The aim of these exploration activities is to ensure a sustainable life-of-mine for the New Consort operation.

### Evander Mines' Egoli project

The mining feasibility study (MFS) for Evander Mines' Egoli project has been completed and the results demonstrate a viable and value-enhancing project, surpassing the findings of previous technical and financial assessments. An independent confirmatory technical review of the MFS was also completed.

This underground project has an expected initial life-of-mine of approximately nine years and is expected to produce an average of 72,000oz per annum as an average over the life-of-mine.

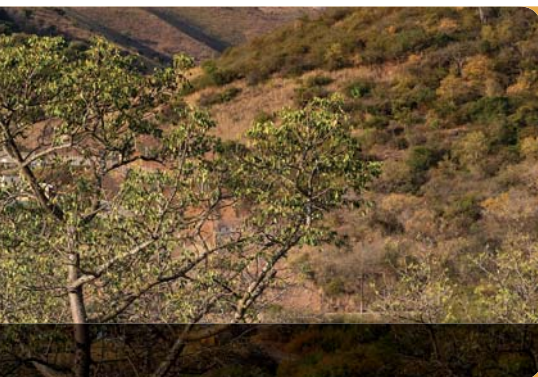
An initial production rate of 45,000t per month is targeted, with the potential to increase production as Mineral Resources are converted into Mineral Reserves. First gold is anticipated 20 months after construction commences, with ramp-up to steady production over the following 16 months.

Ore will be treated at Evander Mines' Kinross plant which is 300m away from the 7 Shaft and has the capacity to handle ore material from the Egoli project's underground operations. The current TSFs at Elikhulu are sufficient to handle production from the Egoli project. The project falls under Evander Mines' existing mining right and all permits and licences are in place.

Additional geological and operational upside exists when the Inferred Resources and access on underground development proceeds, increasing the life-of-mine to 14 years.

### Barberton Mines' Royal Sheba project

A preliminary economic assessment is being conducted on the deeper underground excavation of Royal Sheba. The 23 Level haulage continues to be developed from the Sheba ZK Shaft to access the virgin orebody at Royal Sheba previously reported as phase 2 of the project. Approximately 390m of development remains to complete the haulage. The Royal Sheba phase 2 project contains a total Mineral Resource of 13.34Mt at 1.91g/t for 819Koz (Measured: 3.70Mt at 2.35g/t for 244Koz; and Indicated: 4.27Mt at 2.33g/t for 320Koz).



## EVANDER MINES' 9 SHAFT A-BLOCK PROJECT

### Background

The Evander Mines' 9 Shaft A-block project is situated in the south-western limb of the Evander Basin. It is located directly west of the Evander Mines' 9 Shaft A-block and is approximately 9km west-south-west of 7 Shaft. Evander Mines' 9 Shaft A-block was operational between 1962 and 2009, mining the Kimberley Reef in the Evander goldfield as part of the Leslie Gold Mine. The A-block area on 1 Level was known as the final production section for the shaft. Production at that time was at a small scale (up to 5,000t per month from two to three panels), but with very high grades (8.3g/t up to 12.5g/t with boreholes showing up to 33.3g/t at a 1.2m stoping width) and at shallow depths

of around 300m below surface. Due to low volumes and a comparatively low gold price (ZAR230,000 to ZAR310,000/kg of gold, <https://goldprice.org/>) at the time, operations at Evander Mines' 9 Shaft A-block were discontinued.

In 2009, Mineral Resources of approximately 0.8Mt at an in-situ gold grade averaging 12g/t over a 1m stoping width (approximately 0.32Moz) were reported for the A-block area. The majority of these were in the Inferred Resource category. Due to the depressed gold price and the resultant demobilisation of the Evander Mines' 9 Shaft A-block headgear, the previously reported Mineral Resources were downgraded to an exploration target. The drilling programme planned by the Group at A-block aims to improve the Mineral Resources category with a

potential conversion to Mineral Reserves. Exploration of the area further to the west of the A-block towards Evander South will also be conducted during this programme.

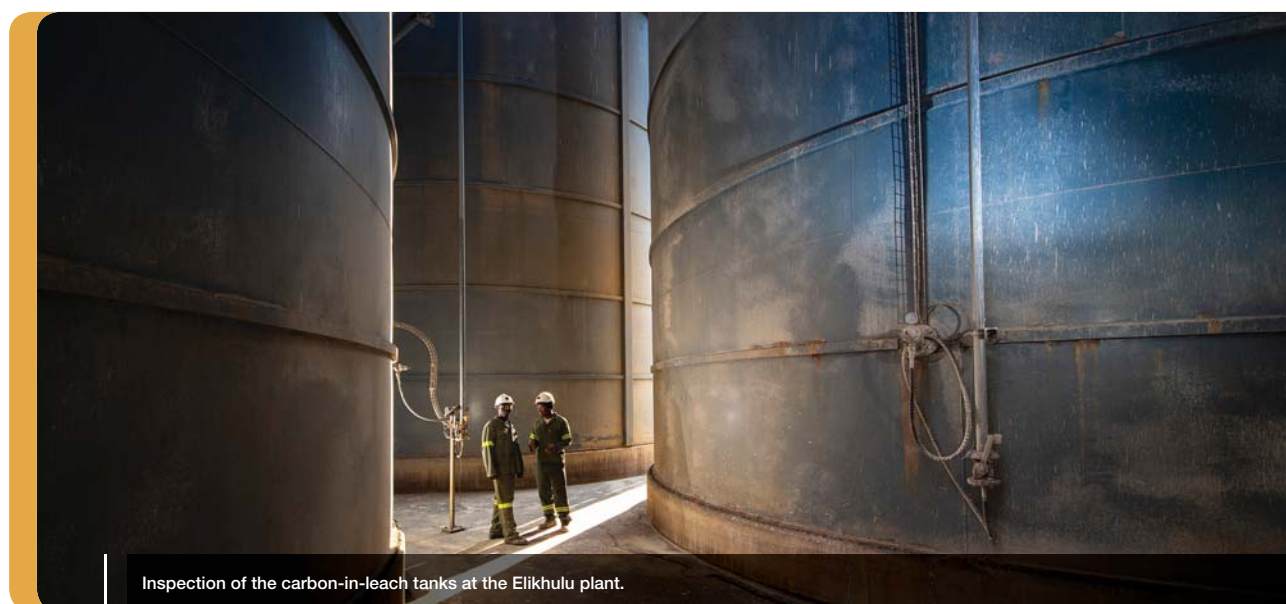
### Geology

The Kimberley Reef occurs at a relatively shallow depth of between 200m in the south-west and 500m in the north-east. The reef strikes north-west-south-east, dips between six and 19 degrees and occurs as stacked half-grabens that could be accessed by a single production level. Small-scale mining occurred in close proximity to this project area prior to the discontinuation of the Evander Mines' 9 Shaft A-block operations. All of the available historical data has been considered in the modelling of this exploration target.

### Exploration target

Category	At 30 June 2020				At 30 June 2019			
	Contained gold				Contained gold			
	Tonnes million	Grade g/t	Tonnes gold	Moz	Tonnes million	Grade g/t	Tonnes gold	Moz
Minimum of expected range	0.7	8.0	5.6	0.18	–	–	–	–
Maximum of expected range	1.0	15.0	15.0	0.48	–	–	–	–

The above projects, along with the Group's current operating mines, are expected to deliver sustainable operations for a minimum of 10 years at current rates of production.




Inspection of the carbon-in-leach tanks at the Elikhulu plant.



## SUSTAINABLE MINES AND BUILDINGS

Mining companies are very aware of the significant impact of their operations on local communities. Sustainable long-life mining operations form a strategic pillar in the vision of the Group in creating value for all its stakeholders. The Group continuously invests in health and education infrastructure projects to develop and maintain the living standards in our host communities.

Refer to  page 62 for more information on the Group's current social projects.

## SECURITY AND ILLEGAL MINING

High levels of illegal mining, especially at Barberton Mines, continue to pose a risk to the safety and security of our employees and negatively affects our gold production. During recent years, the influx of illegal immigrants from neighbouring countries to the Barberton region, especially from Lesotho, Mozambique and Zimbabwe, has led to a significant increase in the number of foreign nationals being arrested for illegal mining. In addition, due to high levels of poverty and unemployment in that area, organised crime syndicates are increasingly recruiting local youths to join the illegal miners in their illicit activities. The failure of the criminal justice system to effectively deal with this issue has also resulted in high re-arrest numbers being recorded at the Barberton operations.

The Group continuously invests in health and education infrastructure projects to develop and maintain the living standards in our host communities.

Even though some cases of illegal mining have been reported at Evander Mines over the past financial year, the proper closure of old shafts has assisted in significantly reducing this challenge.

In response to this security challenge, Pan African has developed and implemented a multi-faceted and integrated strategic and operational approach to prevent and combat illegal activities. This approach is being coordinated with relevant law enforcement and prosecution authorities on a continuous basis and is being expanded to include community-based crime prevention initiatives. In addition, the introduction and implementation of modern technology such as CCTV networks and scanners have improved the Company's ability to counter criminality.

The Group's increased focus on preventing criminal acts, such as illegal mining and internal theft, has already resulted in the Company being able to target high-risk areas more successfully.



Our underground operations are limited but safe.

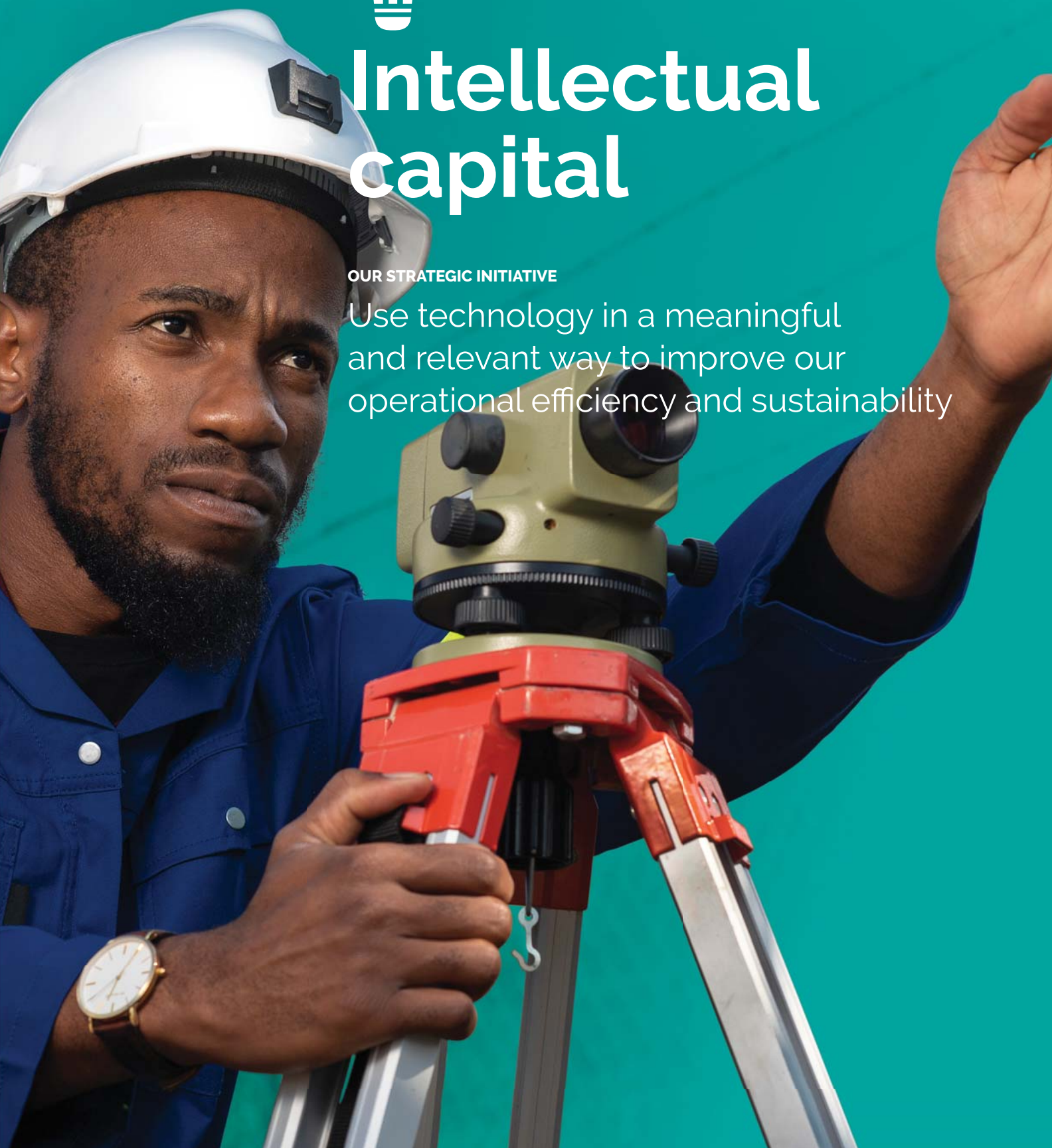




# Intellectual capital

## OUR STRATEGIC INITIATIVE

Use technology in a meaningful and relevant way to improve our operational efficiency and sustainability





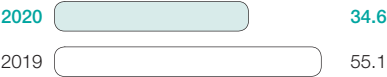
THE PROGRESS WE HAVE MADE

The Group’s well-established mines are constantly upgraded to employ modern and innovative technology and methods within viable returns and cost-effective constraints.

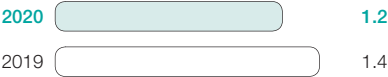
This includes the investment in ICT (refer to [page 96](#)) and drones (refer to [page 98](#)).

KEY PERFORMANCE INDICATORS

Capital expenditure (US\$ million)



IT expenditure (US\$ million)



OBSTACLES TO VALUE CREATION

- Interruption to stable power supply
- Strategic capital allocation
- Geological variability in Mineral Resources and Mineral Reserves base
- Infrastructure dependency and constraints

MATERIAL MATTERS

- Capital allocation
- Geological complexity
- Energy availability
- Technological interconnectivity

KEY STAKEHOLDERS

- Providers of capital
- Security exchanges
- Customer
- Suppliers
- Employees

# Innovation



## GOAL 9: BUILD RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALISATION AND FOSTER INNOVATION

### Why the goal is material to Pan African

Innovation is fundamental to the sustainability of the Group. Challenging the way things have always been done is a priority. By developing new solutions, encouraging new ways of thinking and finding new ways of working, we are dramatically improving the business.

Continually adding to our ability to make agile decisions, innovation will ensure that opportunities for enhancement are not missed.

### Highlights

- Improved employee management, productivity and safety through the implementation of the biometric time and attendance system at Barberton Mines
- Upgraded IT infrastructure which includes various network and server upgrades
- Ongoing research into practical application of technology at our operations
- Use of drones for interactive on-site optimisation and efficiency in planning
- New training management software and upgrades to the current medical software are being implemented

### Challenges

- Security
- Lack of buy-in

### How we make a difference in the short term

The Group encourages employees to challenge the status quo, not for the sake of confrontation but rather to create better solutions to existing situations.

Ongoing research and development ensures that existing paradigms are challenged to the point of sparking innovative but practical ideas for rapid execution and continuous improvement.

The Group has designed its tailings plants to incorporate a unique modified pre-oxidation methodology to enhance gold extraction successfully. Fairview Mine at Barberton is the original concept implementation site for BIOX® and the Group can be considered to have mastered this biological oxidation expertise that has seen international application to refractory orebodies.

The BTRP plant produces a single tailings stream with a cyanide detoxification unit process before deposition onto the TSF.

### How we make a difference in the medium to long term

- Continue research and development
- Further IT infrastructure enhancements
- Replace all legacy software.





## INTELLECTUAL PROPERTY

Pan African operates as the only large-scale mines in the Barberton Greenstone Belt and the Evander goldfields. The orebodies in both districts are unique and unlike any other mined within South Africa. The geological complexity of the hydrothermal lode gold deposits of the Barberton Greenstone Belt require very specific mining methods to effectively extract the ore. It also represents an opportunity for organic growth of the mines through projects like the Royal Sheba project and Ulundi Syncline. The Group regularly hosts professors and students from South African tertiary education institutions to conduct academic and technical studies on the Group's orebodies. This assists with the effective identification and exploration of targets.

When we commissioned our flagship Elikhulu tailings retreatment operation, we also implemented grade control on the tailings feed sources, which is vital for effective planning. A re-mining specific grade control process was developed in-house to accurately forecast production throughput and gold recovery in a 12-month period. This is achieved through advanced grade control drilling and reserve delineation drilling on the feed source prior to the commencement of re-mining activities, monthly drone surveys, evaluation of block factors and monthly mine planning.

The Barberton operations host the proprietary BIOX® technology. The current management team has more than 35 years' experience in treating the Barberton refractory ores, where they have increased gold recoveries by 58%. The BTRP plant also hosts a unique modified INCO cyanide destruction process that was developed in collaboration with Maelgwyn Mineral Services.

## RESEARCH AND DEVELOPMENT

We frequently partner with tertiary education institutions such as Stellenbosch University to conduct advanced geological and geo-metallurgical studies, specifically on the Barberton orebodies. The studies and research, directed under supervision of the on-site technical services manager and Professor Alex Kisters of Stellenbosch, have delineated additional exploration targets which lead to the successful drill intersections at Royal Sheba and New Consort surface and underground



We frequently partner with tertiary education institutions such as Stellenbosch University to conduct advanced geological and geo-metallurgical studies, specifically on the Barberton orebodies.

exploration phases for improved orebody modelling.

Ongoing collaborative efforts with Outotec are conducted for the BIOX® plant to develop thermophilic bio-leaching in Barberton with the aim of reducing cyanide consumption. BIOX® microbiological research with the University of Cape Town remains ongoing.

At the Elikhulu operations, the retreatment process was developed in-house, utilising a unique combined pre-oxidation process in collaboration with Outotec and Maelgwyn.

The potential for Osmiridium recovery from the underground ore processed at Evander Mines' Kinross plant is being investigated.

## TECHNOLOGICAL INNOVATION

### ICT infrastructure

Barberton Mines is actively improving its use of technology. It has invested extensively in its ICT infrastructure and systems and has partnered with leading mobile telecommunications provider Vodacom in securing microwave internet links for its operations, with full redundant links in place. Vodacom is contributing four new cell phone towers to Barberton Mines' villages.

The server platform was changed from VMWARE to Hyper-V, enabling greater data security, improved data processing speed and more data storage capacity. This technology contributes to the mine's disaster recovery processes and thereby significantly reduces information technology risks. It has also reduced licence fees and provides a more stable platform to be used on all Pan African operations, easing future file sharing. To this end, the Group upgraded the data links between the mines during the year.

An intranet is being developed with the aim of having only web-based systems with information consolidated in a single location but available to all operations.

### Plant automation

BIOX® and BTRP installed three new servers to link the automation of the two plants to a central location, thereby creating a more stable location for plant monitoring and backup and better control.

### Payroll, time and attendance

Barberton Mines is in the process of implementing a new payroll system, Sage VIP, which will fully integrate with



the newly upgraded biometric time and attendance system. These two systems will result in improved employee monitoring through upgraded time and, attendance and payroll processes, process efficiencies, reduction in manual effort and ultimately, cost savings. The systems will also introduce the flexibility of processing salary payments outside of the normal month-end payment cycle, integration with the Dynamics ERP system and additional banking file security. The new payroll system offers fully integrated bank file exports compatible with all banks, various recruitment tools, exportable reports and a self-service portal for employees to access their personal payroll information, thereby removing the manual leave and payslip processes.

**Other developments**

New training management software and upgrades to the current medical software are being implemented.

**Future projects**

The Group is planning to upgrade the network infrastructure backbone to faster and more stable equipment, facilitating faster data transfer to the server infrastructure
New fibre cable is to be installed between Fairview and Sheba Mines, replacing a 10-year-old cable, with more bandwidth between the sites and enabling the commissioning of a full disaster recovery site at Sheba for all critical servers
A new microwave link is to be installed between Consort and Fairview Mines, increasing the reliability of the connection and bandwidth between the sites. The current equipment will be used to upgrade backup connectivity between Consort and Sheba
New fibre cable and network equipment is to be installed between the Fairview server room and the finance offices to improve reporting
Legacy technical services software will be replaced, enabling easier file sharing between operations.



**CASE STUDY – DRONES DRIVE INNOVATION**

Unmanned aerial vehicles (UAV) or drones represent the latest technology in surveying, much as GPS was before.

Drones are capable of obtaining more data than traditional survey methods in a shorter period of time. The increased amount of accumulated data must, however, be checked and verified before use by competent and qualified persons.

UAVs facilitate substantial time savings in the field and provide much denser point cloud information, allowing for far more accurate surfaces and plans, in turn leading to far more accurate volumes for planning and production purposes. In addition, survey data can be reflected on actual photographs of the area, leading to improved decision-making and record keeping for the design, maintenance and re-mining of TSFs.

When combined with world-class mine planning software, as is done at both the Evander and Barberton operations, the data delivers a fully integrated three-dimensional (3D) model, including geological and evaluation models. It allows Pan African to implement a production schedule against a cost/grade requirement as per the life-of-mine plan for each TSF. Full production results are then interrogated against these schedules after each measurement with the drone, resulting in accurate recording of depletions and reconciliations against the mine plan.

Monthly drone surveys are also conducted to accurately measure the slope faces for monthly advances, tonnage re-mined and slope face angles. The speed of surveying has also guaranteed that each feed source could be surveyed on the same day by a single survey crew, where previously this required more than a week. This data is processed in a 3D space and used to update the mine plan for a rolling three-month re-mining plan. This enables the consistent throughput for the retreatment operations (BTRP and Elikhulu). The re-mining plan is also displayed as animations for all supervisors for the effective communication of the Group's strategy in mine planning.

A pseudo pillar is a specifically-designed high-strength concrete structure which is placed into the worked out area, relatively close to the mining face.

## PSEUDO PILLARS

Permanent mine support has traditionally involved timber mat packs and timber elongate, which have limited energy absorption capabilities and are unable to control closure. Some improvements have been made with the use of concrete-based packs, but they have limited life spans and are unable to control closure in order to reduce the rate of energy release on the mining faces. The rate at which this energy is released gives mining engineers an indication of the likelihood of seismic activity and therefore the increased risk of injury to humans or damage to workings and machinery.

Until recently, the only way to control the rate of energy release has been with a cement backfill – like filling the entire mined out areas with cementitious pumped mine tailings. Backfill is, however, extremely costly and bulky and must be compressed

before it is able to offer any appreciable support resistance.

This has led to the development of the pseudo pillar concept. A pseudo pillar is a specifically-designed high-strength concrete structure which is placed into the worked out area, relatively close to the mining face. It has the ability to more effectively control closure and thereby limit the rate at which energy is released. This limits the likelihood of seismic emission, making the mining environment much safer and more productive.

## Benefits

Because pseudo pillars are placed by pumping cement grout through high-pressure pipes, they have the following benefits:

### 1

There is a significant cost saving in shaft time

### 2

It eliminates the requirement of extensive logistical underground transport with the inherent dangers that rolling stock presents to personnel, and is less labour intensive

### 3

It is capable of offering a far higher support resistance than traditional methods, while greater hanging wall control is possible

### 4

It offers the opportunity of complete extraction at mining depths of up to 2,500m

### 5

Far more hanging wall control is possible

### 6

After initial cure, it can offer an added benefit in terms of ventilation control.

Daily drone imagery is obtained from our Elikhulu feed sources. This enables proactive responses to previously unforeseen operational difficulties. Drone imagery can also be used for interactive on-site optimisation and efficiency discussions by displaying a live, aerial view of the operation and mining activities, facilitating quick turnaround time for important decisions and alignment of all operations.

Drone imagery is also used to manage environmental management programmes such as dust monitoring and water management.

Drones are utilised within very specific legal and operational parameters:

- Drone operators are in possession of an operators certificate issued by the South African Civil Aviation Authority
- Data is checked, processed and verified by a competent person, being the duly appointed mine surveyor.

Barberton Mines is in the process of implementing high-resolution 3D lithological, structural and mineralisation models. The geological complexity of these deposits historically resulted in complicated exploration plans, which are now aided with up-to-date 3D geological models. Advances in targets generated through these models were made in both the Hope and Rossiter Reefs at the Fairview Mine and enabled inclusion in the Group's Mineral Resources and Mineral Reserves declaration at 30 June 2020.



# Financial capital

## OUR STRATEGIC INITIATIVE

Ensuring adequate financial resources for the efficient operation of our mines and disciplined capital allocation for sustainable value creation

## THE PROGRESS WE HAVE MADE

The Group has the financial resources to support its future.

Our corporate citizenship drives us to share our expertise with the industry by collaborating on many different platforms (refer to [page 103](#)).

## OBSTACLES TO VALUE CREATION

- Financial sustainability in a volatile environment
- Strategic capital allocation
- Infrastructure constraints
- Heightened social and political uncertainty and instability

## MATERIAL MATTERS


- Capital structure
- Value-accretive growth
- Capital allocation
- Energy availability
- Societal/community relationships
- External operation disruption

## KEY STAKEHOLDERS

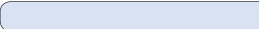

- Providers of capital
- Security exchanges
- Suppliers
- Media

## KEY PERFORMANCE INDICATORS

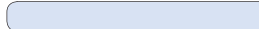

### Revenue and other revenue (US\$ million)

2020		274.1
2019		217.7

### Profit after taxation (US\$ million)

2020		44.3
2019		38.0

### Dividend paid (US\$ million)

2020		3.4
2019		–


### Return on shareholder funds (%)

2020		24.1
2019		23.0

### Interest cover (ratio)

2020		10.1
2019		4.1

### Debt service cover (ratio)

2020		3.4
2019		1.4

### Net cash generated from operating activities (US\$ million)

2020		53.8
2019		37.7

### Net debt (US\$ million)

2020		76.4
2019		129.9

### Net debt to equity (ratio)

2020		0.4
2019		0.7

### Net debt to adjusted EBITDA\* (ratio)

2020		0.7
2019		2.2

### Current ratio (ratio)

2020		0.68
2019		0.47

\* Net adjusted EBITDA is represented by earnings before interest, income taxation expense, mining depreciation and amortisation, impairment reversal and fair value gains and losses from financial instruments.

## MORE ABOUT OUR PERFORMANCE RATIOS

Ratio	What it measures	How it is calculated	How we performed
<b>Return on shareholder funds</b>	This ratio measures returns to equity shareholders as a percentage of the capital invested in the Group	Profit after taxation divided by total equity	The Group strives to exceed its cost of equity achieved for the past two years following the repositioning of the business in the 2018 financial year as a high-margin sustainable business
<b>Net debt to equity</b>	The degree to which the Group finances its operations through debt relative to equity	Net debt divided by total equity	The Group strives to fund its operations on a debt to equity ratio below 1. This objective has been consistently achieved over the past five years, notwithstanding the debt raised to fund Elikhulu's construction and Evander Mines' retrenchment costs incurred in 2018. The Group last raised equity in the 2018 financial year to improve its liquidity following the cessation of deep level operations at Evander Mines  Our strategic objectives for the 2021 financial year include debt reduction and an increased dividend yield and to fund large future organic growth projects through non-dilutive funding options
<b>Net debt to net adjusted EBITDA</b>	The number of years it would take the Group to repay its net debt from net adjusted EBITDA assuming both variables are held consistent	Net debt divided by net adjusted EBITDA	This ratio has decreased to below 2.5. The Group strives to maintain this ratio below 2.5 in the short term and below 2.0 in the medium term. With the exception of the 2018 financial year, during which the Group incurred the retrenchments cost at Evander Mines, and the US\$71.0 million Elikhulu debt, this ratio has been consistently maintained at the intended level
<b>Interest cover</b>	The Group's ability to pay interest on its outstanding senior debt from net adjusted EBITDA	Total net adjusted EBITDA divided by interest cost incurred on interest-bearing debt	The Group strives to maintain this ratio in excess of 4. It has improved to 10.1 (2019: 4.10) and is expected to continue improving as the Group reduces its debt in the short to medium term
<b>Debt service cover</b>	The cash flow available for debt service relative to the Group's principal and interest debt obligations	Free cash flow available for debt service divided by principal and interest debt obligations	The Group endeavours to maintain this ratio in excess of 1.3 and has consistently achieved this objective in the past four years. Furthermore, this ratio is expected to improve in the short to medium term as the Group's debt levels reduce
<b>Current ratio</b>	This liquidity ratio measures the Group's ability to pay its current liabilities from current assets	Current assets divided by current liabilities	This ratio is below the norm of 2:1 because of the Group's short gold inventory and receivable holding period, relative to the creditor payment terms



# Financial sustainability



## GOAL 17: STRENGTHEN THE MEANS OF IMPLEMENTATION AND REVITALISE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

### Why the goal is material to Pan African

In order to meet its goals, the Group has to ensure the efficient operation of its mines with adequate financial resources.

This is paramount to its sustainability and will provide the means with which to contribute to the SDGs.

The Group supports this goal through its membership of the MCSA and its engagement with mining regulatory bodies.

Through our participation in the Adopt-a-School Foundation and working with other stakeholders, we contribute to education development projects in communities surrounding our operations.

### Highlights

- The Group supports this goal through the MCSA and its engagement with mining regulatory bodies
- Net debt decreased to US\$76.4 million (2019: US\$129.9 million)
- Cash generated by operating activities increased to US\$53.8 million (2019: US\$37.7 million)

### Challenges

- Financial sustainability in a volatile environment
- Governance and regulatory compliance
- Social and political intervention and instability
- Infrastructure constraints

### How we make a difference in the short term

- Develop and implement our ESG policy and framework
- Public-private partnerships with local authorities
- Partnerships and collaboration with NGOs
- Use free cash flow generated to further reduce senior debt and strengthen the Group's balance sheet to allow for improved funding, flexibility and liquidity and improve dividends
- Increase margins at the higher-cost underground operations through optimisation
- Execute into earnings and cash flow-accretive growth projects with a focus on organic projects
- The Group is currently focusing on the following projects to improve its production profile over the short to medium term:
  - Barberton Mines' Royal Sheba project
  - Barberton Mines' sub-vertical shaft
  - Barberton Mines' Prince Consort Shaft pillar project
  - Evander Mines' Egoli project
  - Evander Mines' 9 Shaft A-block
- Promote organic growth from internal available resources using modern exploration techniques, thus reducing costs and implementation times.



We guard against thermal stress that can be caused by very high temperatures that our employees are exposed to.

#### How we make a difference in the medium to long term

- Our investment criterion is to earn a minimum return of 15% per annum on capital deployed, after adjusting for project-specific and sovereign risks
- To ensure returns are robust through the commodity cycle, we endeavour to invest only in projects that fall into the lower half of the cost curve and where the execution risk is within our capability
- As a business seeking sustainable growth opportunities, we continually look for value-accretive opportunities that meet our stringent investment criteria
- The Group will evaluate acquisition opportunities, particularly in other African jurisdictions, in accordance with its rigorous capital allocation criteria
- We will continue to partner with local authorities to contribute to the social welfare of communities where our operations are located
- We will continue to engage and collaborate on multiple platforms with industry decision-makers.

#### MEMBERSHIPS OF MINING REGULATORY BODIES

Pan African supports the partnerships for SDGs through its membership of the MCSA.

#### COLLABORATION Investor relations

In September 2019, the chief executive officer and financial director presented the 2018 annual results to analysts, shareholders and the media. This was complemented by media interviews in Johannesburg, followed by roadshows in Cape Town and internationally, which included meetings with potential clients, investors, analysts and bankers. Some of the meetings were arranged by our nominated advisers, Peel Hunt, Numis, BMO, Aprio (SA) and Buchanan (UK). This was repeated in February 2020 following the release of our interim results and presentation.

## International events

The Group's executives attended numerous international events and conferences, which included:

- The Chinese Mining Conference in Tianjin in September 2019, with attendance and meetings for the chief executive officer with various potential investors arranged by Standard Chartered Bank
- The Joburg Mining Indaba in October 2019, with the chief executive officer taking part in a panel discussion. The Indaba is attended by most South African miners, analysts, investors, the DMRE, union representatives, media and other mining industry stakeholders
- The HSBC Africa Conference in November 2019, where the chief executive officer had one-on-one meetings with asset managers and analysts
- Local and international analyst site visits to Evander Mines and Elikhulu in January 2020
- The Global Metals and Mining Conference in Miami in February 2020, an annual conference attended by more than 1,400 professionals representing approximately 500 organisations
- The BMO European Roadshow, a virtual event arranged by BMO's UK office with their clients in June 2020
- Mines and Money, an online event from 30 June to 2 July 2020, the number-one international event series for capital raising and mining investment.

The following events are scheduled for the rest of the calendar year:

- The John Tomazos Very Independent Research Conference – virtual event to be held in New York on 14 August focused on US retail and institutional investors
- The World Gold Forum in Denver, now a virtual event in September 2020, due to the impact of the COVID-19 pandemic which prevented travel
- In November 2020, Mines and Money UK.

## Security and legal

The executive for security at the Group, Lyle Pienaar, is a member of the Global Initiative against Transnational Organised Crime, which is a network of prominent law enforcement, governance and development practitioners who are dedicated to seeking new and innovative strategies and responses to organised crime – including illegal mining – targeting our facilities. Through this network, the Group has access to and engages with other security and law enforcement role players – both domestically and internationally – on the topic of organised crime – especially illegal mining. The Global Initiative publishes substantial research on the topic of organised crime across the world, including its impact on the SADC region.

Refer to <https://globalinitiative.net/> and <https://globalinitiative.net/experts/lyle-pienaar/>

In November 2019, Lyle was a guest speaker at a conference titled 'Criminal Market Convergence in Southern Africa' held by the Global Initiative in Cape Town. He presented on the topic of illegal mining in South Africa and how it converges with other forms of violent and organised crime.

Furthermore, he also represents the Company on the Mineral Council of South Africa's standing committee on security. This forum brings together executives for security from all the different precious metals and precious stones mining companies on a monthly basis to discuss security-related issues and cooperation in the industry.

## ECONOMIC VALUE

The Group reported an improvement in its financial results for the 2020 financial year despite the negative impact the COVID-19 pandemic has had on the Group's operations. Pan African's results were supported by a stronger gold price, which increased the average gold price received by 24.3% to US\$1,574/oz (2019: US\$1,266/oz). As a result of the higher average gold price received and improved production, the Group's revenue for 2020 improved by 25.9% to US\$273.7 million (2019: US\$217.4 million).

Skilled employees are essential to the long-term sustainability of the Group. Our successful 2020 financial year is a credit to the commitment of our 2,126 (2019: 2,148) employees. During this period, the Group's employees received US\$52.5 million in salaries, wages and benefits.

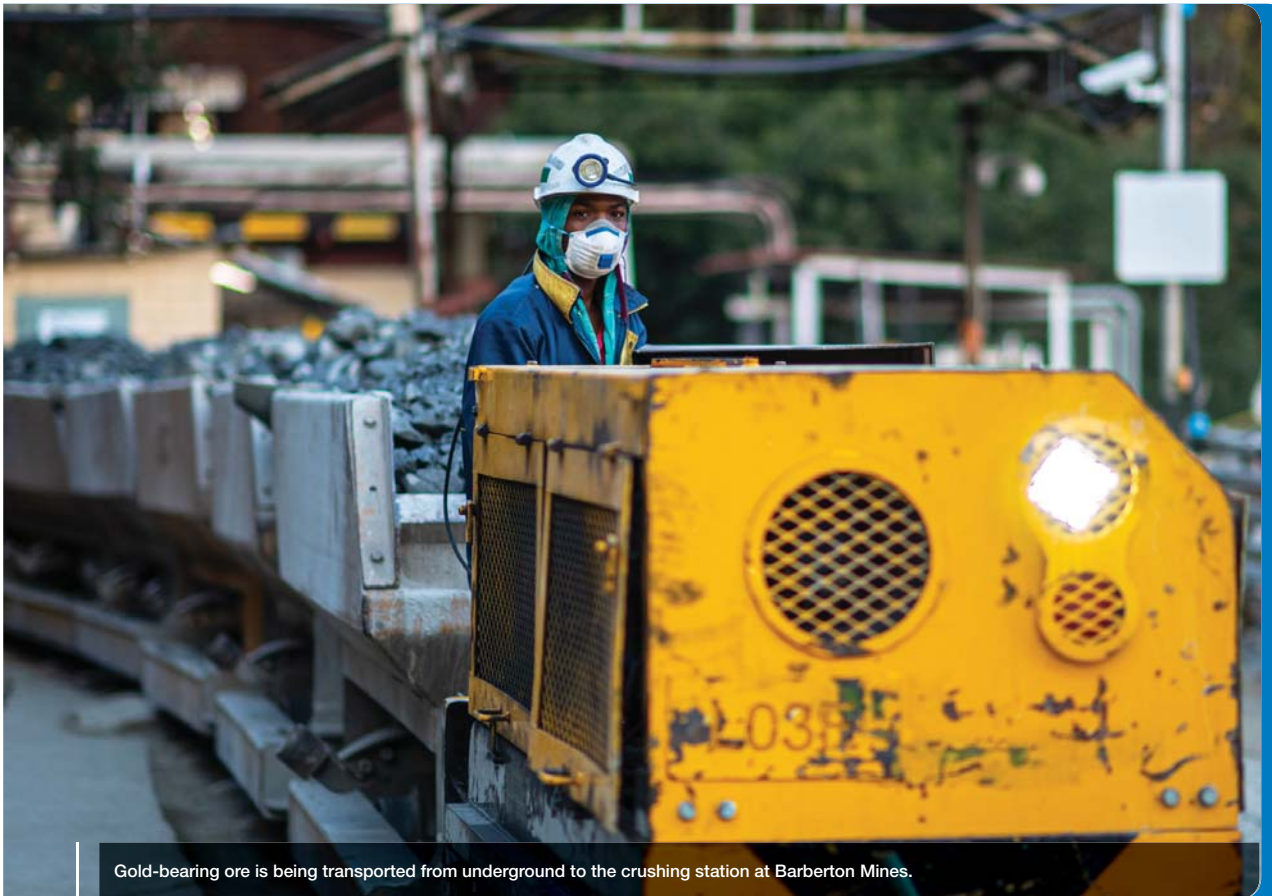
Pan African is the primary employer in the Barberton and Evander regions of South Africa. The financial and social investment flows we sustain are crucial to the well-being of the communities near our operations. The Group invested US\$1.3 million (2019: US\$1.9 million) in CSI, LED projects and bursaries for the 2020 financial year. Refer to [page 62](#) for more detail on our CSI initiatives.

The Group is committed to working with the government at national, regional and municipal levels to ensure a transparent working relationship. Pan African does not provide financial contributions to political parties and lobby groups. No political donations were made during 2020. The Group paid US\$16.1 million (2019: US\$14.1 million) in South African government taxes (excluding VAT but including employee taxes).

## ENVIRONMENTAL INVESTMENTS

An external review of mine closure costs is undertaken by the operations annually to confirm that the Group has adequate resources allocated to fund its rehabilitation liabilities. The Group's rehabilitation liability of US\$9.2 million (2019: US\$15.8 million) is fully funded by means of a Cenviro Solutions insurance investment product underwritten by Centriq Insurance Company Limited.

Pan African reported an improvement in its financial results for the 2020 financial year despite the negative impact the COVID-19 pandemic has had on the Group's operations.



Gold-bearing ore is being transported from underground to the crushing station at Barberton Mines.

The Group's rehabilitation funds of (US\$20.0 million (2019: US\$25.0 million)) are invested in a portfolio comprising a combination of money market, capital market and equity instruments. The aim is to provide the Group with the necessary liquidity for the rehabilitation, preservation of capital and the growth of underlying funds. The audit and risk committee reviews the performance of this portfolio on a quarterly basis.

The Group's environmental protection expenditure during the 2020 financial year was US\$2.6 million (2019: US\$4.0 million). Evander Mines incurred rehabilitation expenditure of US\$2.6 million (2019: US\$4.0 million), the majority of which was for the closure of old Shafts 2, 5 and 9.

A bankable feasibility study has been completed to construct a 10MW solar photovoltaic plant at Evander Mines, capable of providing the entire Elikhulu plant's power needs during daylight hours. This will reduce the Group's reliance on grid power and simultaneously reduce our carbon footprint while also reducing costs.

## PARTNERSHIPS

Through our participation in the Adopt-a-School Foundation and working with other stakeholders such as the Department of Education and the City of Mbombela Local Municipality, we contribute to education development projects in communities surrounding our operations.

In partnership with the City of Mbombela Local Municipality and the Mpumalanga Department of Health, we commenced construction of the new Cathyville Clinic/Community Health Centre in September 2019. The clinic is expected to be completed and handed over to the Mpumalanga Department of Health during February 2021.

We partner with community NGOs in our host communities where we have long-established relationships to ensure that our contributions reach their intended beneficiaries. These include orphanages, old age homes, drop-in centres, child-headed households and the disabled.





# OTHER INFORMATION



**Our ESG priority  
issues are guided  
by GRI standards.**

# GRI index






















This table reflects Pan African's adherence to the GRI guidelines and indicates where more information can be found in this sustainable development report (SDR) or the integrated annual report (IAR). The 2016 GRI standards are used and supplemented by the 2018 disclosure standards 303 (Water and Effluents) and 403 (Occupational Health and Safety).

GRI 102: GENERAL DISCLOSURES		REFERENCE
<b>Organisational profile</b>		
Disclosure 102-1	Name of the organisation	SDR – About Pan African, <a href="#">page 1</a>
Disclosure 102-2	Activities, brands, products and services	SDR – About Pan African, <a href="#">page 1</a>
Disclosure 102-3	Location of headquarters	SDR – Corporate information, inside back cover
Disclosure 102-4	Location of operations	SDR – Our gold mining assets, <a href="#">pages 8 and 9</a>
Disclosure 102-5	Ownership and legal form	IAR – Shareholders' analysis, <a href="#">pages 206 and 207</a>
Disclosure 102-6	Markets served	SDR – Our gold mining assets, <a href="#">pages 8 and 9</a>
Disclosure 102-7	Scale of the organisation	SDR – Our gold mining assets, <a href="#">pages 8 and 9</a>
Disclosure 102-8	Information on employees and other workers	SDR – Human capital, <a href="#">pages 38 to 59</a>
Disclosure 102-9	Supply chain	SDR – Preferential procurement, <a href="#">pages 71 and 72</a>
Disclosure 102-10	Significant changes to the organisation and its supply chain	SDR – Our commitment to sustainability, <a href="#">pages 24 to 27</a>
Disclosure 102-11	Precautionary principle or approach	SDR – Natural capital, <a href="#">pages 74 to 87</a>
Disclosure 102-12	External initiatives	SDR – Social and relationship capital, <a href="#">pages 60 to 73</a>
Disclosure 102-13	Membership of associations	Pan African is a member of the Minerals Council South Africa
<b>Strategy</b>		
Disclosure 102-14	Statement from senior decision-maker	SDR – Our commitment to sustainability, <a href="#">pages 24 to 27</a>
Disclosure 102-15	Key impacts, risks and opportunities	SDR – Our material matters, <a href="#">pages 20 and 21</a> IAR – Our risks and opportunities, <a href="#">pages 16 to 22</a>
<b>Ethics and integrity</b>		
Disclosure 102-16	Values, principles, standards and norms of behaviour	SDR – About Pan African, <a href="#">page 1</a>
Disclosure 102-17	Mechanisms for advice and concerns about ethics	SDR – Corporate governance, <a href="#">pages 28 to 37</a>
<b>Governance</b>		
Disclosure 102-18	Governance structure	SDR – Corporate governance, <a href="#">pages 28 to 37</a>
Disclosure 102-19	Delegating authority	SDR – Corporate governance, <a href="#">pages 28 to 37</a>
Disclosure 102-20	Executive-level responsibility for economic, environmental and social topics	SDR – Our commitment to sustainability, <a href="#">pages 24 to 27</a>
Disclosure 102-21	Consulting stakeholders on economic, environmental and social topics	SDR – Our key stakeholder relationships, <a href="#">pages 16 to 19</a>
Disclosure 102-22	Composition of the highest governance body and its committees	SDR – Board composition, <a href="#">page 35</a>
Disclosure 102-23	Chair of the highest governance body	SDR – Board of directors, <a href="#">page 32</a>
Disclosure 102-24	Nominating and selecting the highest governance body	SDR – Board of directors, <a href="#">pages 32 to 35</a>
Disclosure 102-25	Conflicts of interest	SDR – Key stakeholder concerns and board oversight, <a href="#">page 36</a>



















GRI 102: GENERAL DISCLOSURES continued		REFERENCE
<b>Governance</b> continued		
Disclosure 102-26	Role of highest governance body in setting purpose, values and strategy	SDR – Key stakeholder concerns and board oversight, <a href="#">10</a> page 36
Disclosure 102-27	Collective knowledge of highest governance body	SDR – Board of directors, <a href="#">10</a> pages 32 to 35
Disclosure 102-28	Evaluating the highest governance body's performance	SDR – Key stakeholder concerns and board oversight, <a href="#">10</a> pages 36 and 37
Disclosure 102-29	Identifying and managing economic, environmental and social impacts	SDR – Our approach to sustainability, <a href="#">10</a> pages 22 to 23
Disclosure 102-30	Effectiveness of risk management processes	IAR – Our risks and opportunities, <a href="#">10</a> pages 16 to 22
Disclosure 102-31	Review of economic, environmental and social topics	SDR – Our material matters, <a href="#">10</a> pages 20 and 21 SDR – Our approach to sustainability, <a href="#">10</a> pages 22 to 23
Disclosure 102-32	Highest governance body's role in sustainability reporting	SDR – Our commitment to sustainability, <a href="#">10</a> pages 24 to 27
Disclosure 102-33	Communicating critical concerns	SDR – Key stakeholder concerns and board oversight, <a href="#">10</a> pages 36 and 37
Disclosure 102-34	Nature and total number of critical concerns	SDR – Key stakeholder concerns and board oversight, <a href="#">10</a> pages 36 and 37
Disclosure 102-35	Remuneration policies	IAR – Remuneration report, <a href="#">10</a> pages 112 to 127
Disclosure 102-36	Process for determining remuneration	IAR – Remuneration report, <a href="#">10</a> pages 112 to 127
Disclosure 102-37	Stakeholders' involvement in remuneration	IAR – Remuneration report, <a href="#">10</a> pages 112 to 127
<b>Stakeholder engagement</b>		
Disclosure 102-40	List of stakeholder groups	SDR – Our key stakeholder relationships, <a href="#">10</a> pages 16 to 19
Disclosure 102-41	Collective bargaining agreements	SDR – Freedom of association, collective bargaining and other labour practices, <a href="#">10</a> page 54
Disclosure 102-42	Identifying and selecting stakeholders	SDR – Our key stakeholder relationships, <a href="#">10</a> pages 16 to 19
Disclosure 102-43	Approach to stakeholder engagement	SDR – Our key stakeholder relationships, <a href="#">10</a> pages 16 to 19
Disclosure 102-44	Key topics and concerns raised	SDR – Our key stakeholder relationships, <a href="#">10</a> pages 16 to 19
<b>Reporting practice</b>		
Disclosure 102-45	Entities included in the consolidated financial statements	IAR – Annual financial statements, note 18: Investments, <a href="#">10</a> pages 166 and 167
Disclosure 102-46	Defining report content and topic boundaries	SDR – About this report, inside front cover SDR – Our approach to sustainability, <a href="#">10</a> pages 22 to 23
Disclosure 102-47	List of material topics	SDR – Our material matters, <a href="#">10</a> pages 20 and 21
Disclosure 102-48	Restatements of information	Not applicable
Disclosure 102-49	Changes in reporting	IAR – Annual financial statements, note 2: Significant accounting policies, <a href="#">10</a> pages 144 to 147
Disclosure 102-50	Reporting period	1 July 2019 to 30 June 2020
Disclosure 102-51	Date of most recent report	18 September 2019
Disclosure 102-52	Reporting cycle	Annually
Disclosure 102-53	Contact point for questions regarding the report	+ 27 (0) 11 243 2900 info@paf.co.za



GRI 102: GENERAL DISCLOSURES <small>continued</small>		REFERENCE
<b>Reporting practice <small>continued</small></b>		
Disclosure 102-54	Claims of reporting in accordance with the GRI Standards	SDR – About this report, inside front cover
Disclosure 102-55	GRI content index	SDR – GRI index, <a href="#">pages 108 to 115</a>
Disclosure 102-56	External assurance	Pan African's external auditors, PwC, have independently audited the annual financial statements for the year ended 30 June 2019. Other disclosures have not been externally assured
ECONOMIC STANDARDS		REFERENCE
<b>GRI 201: Economic performance</b>		
1. Management approach disclosures		SDR – Value created in 2020, <a href="#">page 2</a>
2. Topic-specific disclosures		
Disclosure 201-1	Direct economic value generated and distributed	SDR – Value created in 2020, <a href="#">page 2</a>
Disclosure 201-2	Financial implications and other risks and opportunities due to climate change	SDR – Our material matters, <a href="#">pages 20 and 21</a> SDR – Take urgent action to combat climate change and its impacts, <a href="#">page 86</a>
Disclosure 201-3	Defined benefit plan obligations and other retirement plans	IAR – Annual financial statements, note 12: Staff costs and complement, <a href="#">pages 155 and 156</a>
Disclosure 201-4	Financial assistance received from government	Not applicable
MM Supplemental Disclosure	Membership in the Extractive Industries Transparency Initiative (EITI)	Not applicable – Pan African's operations are located in South Africa, which has not joined the EITI
<b>GRI 203: Indirect economic impacts</b>		
1. Management approach disclosures		SDR – Social and relationship capital, <a href="#">pages 60 to 73</a>
2. Topic-specific disclosures		
Disclosure 203-1	Infrastructure investments and services supported	SDR – Social and relationship capital, <a href="#">pages 60 to 73</a>
Disclosure 203-2	Significant indirect economic impacts	SDR – Social and relationship capital, <a href="#">pages 60 to 73</a>
<b>GRI 204: Procurement practices</b>		
1. Management approach disclosures		SDR – Preferential procurement, <a href="#">pages 71 and 72</a>
2. Topic-specific disclosures		
Disclosure 204-1	Proportion of spending on local suppliers	100% of procurement spending was with local (South African) companies for goods and services
<b>GRI 205: Anti-corruption</b>		
1. Management approach disclosures		SDR – Building an ethical culture, <a href="#">page 36</a>
2. Topic-specific disclosures		
Disclosure 205-1	Operations assessed for risks related to corruption	SDR – Procurement governance, <a href="#">page 72</a>
Disclosure 205-2	Communication and training about anti-corruption policies and procedures	SDR – Procurement governance, <a href="#">page 72</a>
Disclosure 205-3	Confirmed incidents of corruption and actions taken	No breaches by senior group employees were reported during the year














ECONOMIC STANDARDS continued		REFERENCE
<b>GRI 302: Energy</b>		
1. Management approach disclosures		SDR – Ensure access to affordable, reliable, sustainable and modern energy for all,  pages 78 to 85
2. Topic-specific disclosures		
Disclosure 302-1	Energy consumption within the organisation	SDR – Energy consumption,  page 85
Disclosure 302-2	Energy consumption outside of the organisation	Not applicable
Disclosure 302-3	Energy intensity	SDR – Energy consumption,  page 85
Disclosure 302-4	Reduction of energy consumption	SDR – Reduction of energy consumption and carbon footprint,  page 85
Disclosure 302-5	Reductions in energy requirements of products and services	Not applicable – Pan African does not produce any products or provide any services that require energy
<b>GRI 303: Water</b>		
1. Management approach disclosures		SDR – Water quality, efficiency and management,  pages 81 and 82
2. Topic-specific disclosures		
Disclosure 303-1	Interactions with water as a shared resource	SDR – Water-stressed regions,  page 81
Disclosure 303-2	Management of water discharge-related impacts	SDR – Surface water discharge,  page 82
Disclosure 303-3	Water withdrawal	SDR – Water withdrawal and recycling,  pages 81 and 82
Disclosure 303-4	Water discharge	SDR – Surface water discharge,  page 82
Disclosure 303-5	Water consumption	SDR – Key performance indicators – Water withdrawal by source,  page 75
<b>GRI 304: Biodiversity</b>		
1. Management approach disclosures		SDR – Biodiversity protection,  page 87
2. Topic-specific disclosures		
Disclosure 304-1	Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas	SDR – Biodiversity protection,  page 87
Disclosure 304-2	Significant impacts of activities, products and services on biodiversity	SDR – Biodiversity protection,  page 87
Disclosure 304-3	Habitats protected or restored	SDR – Total land disturbed or rehabilitated,  page 85
Disclosure 304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	SDR – Biodiversity protection,  page 87
<b>GRI 305: Emissions</b>		
1. Management approach disclosures		SDR – Emissions,  page 86
2. Topic-specific disclosures		
Disclosure 305-1	Direct (scope 1) GHG emissions	SDR – Key performance indicators – Greenhouse gas emissions,  page 75
Disclosure 305-2	Energy indirect (scope 2) GHG emissions	SDR – Key performance indicators – Greenhouse gas emissions,  page 75
Disclosure 305-3	Other indirect (scope 3) GHG emissions	SDR – Key performance indicators – Greenhouse gas emissions,  page 75
Disclosure 305-4	GHG emissions intensity	SDR – Greenhouse gas emissions,  page 86
Disclosure 305-5	Reduction of GHG emissions	SDR – Greenhouse gas emissions,  page 86




## GRI index continued

ECONOMIC STANDARDS <small>continued</small>		REFERENCE
<b>GRI 305: Emissions</b> <small>continued</small>		
Disclosure 305-6	Emissions of ozone depleting substances	SDR – Ozone depleting substance emissions,  page 84
Disclosure 305-7	Nitrogen oxides (NO <sub>x</sub> ), sulphur oxides (SO <sub>x</sub> ), and other significant air emissions	SDR – Monitoring other air emissions,  page 84
MM Supplemental Disclosure	Include emissions from both major mobile sources and on-site stationary sources	SDR – Monitoring other air emissions,  page 84
<b>GRI 306: Effluents and waste</b>		
1. Management approach disclosures		SDR – Waste management,  pages 82 and 83
2. Topic-specific disclosures		
Disclosure 306-1	Water discharge by quality and destination	SDR – Surface water discharge,  page 82
Disclosure 306-2	Waste by type and disposal method	SDR – Key performance indicators – Waste materials used,  page 75
Disclosure 306-3	Significant spills	Not applicable SDR – Significant environmental incidents,  page 81
MM Supplemental Disclosure	Include spillage of tailings, slimes, or other significant process materials	Not applicable SDR – Significant environmental incidents,  page 81
Disclosure 306-4	Transport of hazardous waste	SDR – Hazardous waste,  pages 82 and 83
Disclosure 306-5	Water bodies affected by water discharges and/or run-off	SDR – Water quality protection,  page 82
<b>GRI 307: Environmental compliance</b>		
1. Management approach disclosures		SDR – Environmental objectives,  page 80
2. Topic-specific disclosures		
Disclosure 307-1	Non-compliance with environmental laws and regulations	Not applicable SDR – Significant environmental incidents,  page 81
SOCIAL STANDARDS		REFERENCE
<b>GRI 401: Employment</b>		
1. Management approach disclosures		SDR – Human capital,  pages 38 to 59
2. Topic-specific disclosures		
Disclosure 401-1	New employee hires and employee turnover	SDR – Availability of a skilled workforce,  page 55
Disclosure 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SDR – Earnings, wages and benefits,  page 55
Disclosure 401-3	Parental leave	SDR – Earnings, wages and benefits,  page 55
<b>GRI 402: Labour/management relations</b>		
1. Management approach disclosures		SDR – Freedom of association, collective bargaining and other labour practices,  page 54
2. Topic-specific disclosures		
Disclosure 402-1	Minimum notice periods regarding operational changes	SDR – Freedom of association, collective bargaining and other labour practices,  page 54

SOCIAL STANDARDS continued		REFERENCE
<b>GRI 403: Occupational health and safety</b>		
1. Management approach disclosures		SDR – Health and safety, <a href="#">page 40</a> and <a href="#">page 41</a>
2. Topic-specific disclosures		
Disclosure 403-1	Occupational health and safety management system	SDR – Health and safety, <a href="#">page 40</a> and <a href="#">page 41</a>
Disclosure 403-2	Hazard identification, risk assessment, and incident investigation	SDR – Health and safety, <a href="#">page 40</a> and <a href="#">page 41</a>
Disclosure 403-3	Occupational health services	SDR – Monitoring the health of employees, <a href="#">page 48</a> and <a href="#">page 49</a>
Disclosure 403-4	Worker participation, consultation, and communication on occupational health and safety	SDR – Occupational hygiene and health monitoring, <a href="#">page 49</a>
Disclosure 403-5	Worker training on occupational health and safety	SDR – Safety training, <a href="#">page 50</a>
Disclosure 403-6	Promotion of worker health	SDR – Wellness partnerships, <a href="#">page 49</a>
Disclosure 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pan African produces gold in the form of bars and other by-products. Gold is a benign product with no significant environmental, health or safety impacts. All gold products generated by the Group are refined by Rand Refinery, an accredited London Bullion Market Association refinery, and sold to South African financial institutions.
Disclosure 403-8	Workers covered by an occupational health and safety management system	SDR – Health and safety, management approach, <a href="#">page 36</a> and <a href="#">page 37</a>
Disclosure 403-9	Work-related injuries	SDR – Key performance indicators – Health and safety, <a href="#">page 39</a>
Disclosure 403-10	Work-related ill health	SDR – Key performance indicators – Occupational health, <a href="#">page 39</a>
MM Supplemental Disclosure	Fatal accident description	Not applicable for the year under review. For post year-end incident see: IAR – Chief executive officer's review - Safety, <a href="#">page 82</a>
<b>GRI 404: Training and education</b>		
1. Management approach disclosures		SDR – Education and training, <a href="#">page 56</a> to <a href="#">page 58</a>
2. Topic-specific disclosures		
Disclosure 404-1	Average hours of training per year per employee	SDR – Employee skills development and training, <a href="#">page 57</a>
Disclosure 404-2	Programmes for upgrading employee skills and transition assistance programmes	SDR – Employee skills development and training, <a href="#">page 57</a>
Disclosure 404-3	Percentage of employees receiving regular performance and career development reviews	SDR – Employee skills development and training, <a href="#">page 57</a>
<b>GRI 405: Diversity and equal opportunity</b>		
1. Management approach disclosures		SDR – Diversity and equal opportunity, <a href="#">page 54</a>
2. Topic-specific disclosures		
Disclosure 405-1	Diversity of governance bodies and employees	SDR – Gender and employment equity diversity, <a href="#">page 35</a> (board) SDR – Key performance indicators – Representation of HDSAs, <a href="#">page 39</a>
Disclosure 405-2	Ratio of basic salary and remuneration of women to men	SDR – Key performance indicators – Representation of HDSAs, <a href="#">page 39</a>



SOCIAL STANDARDS <small>continued</small>		REFERENCE
<b>GRI 406: Non-discrimination</b>		
1. Management approach disclosures		SDR – Non-discrimination,  page 54
2. Topic-specific disclosures		
Disclosure 406-1	Incidents of discrimination and corrective actions taken	Not applicable SDR – Non-discrimination,  page 54
<b>GRI 410: Security practices</b>		
1. Management approach disclosures		SD – Security and illegal mining,  page 93
2. Topic-specific disclosures		
Disclosure 410-1	Security personnel trained in human rights policies or procedures	SDR – Security and illegal mining,  page 93
<b>GRI 413: Local communities</b>		
1. Management approach disclosures		SDR – Community upliftment,  pages 62 to 73
2. Topic-specific disclosures		
Disclosure 413-1	Operations with local community engagement, impact assessments, and development programmes	SDR – Community upliftment,  pages 62 to 73
Disclosure 413-2	Operations with significant actual and potential negative impacts on local communities	SDR – Social and labour plans,  page 67
<b>GRI 419: Socio-economic compliance</b>		
1. Management approach disclosures		SDR – Social and relationship capital,  pages 60 to 73
2. Topic-specific disclosures		
Disclosure 419-1	Non-compliance with laws and regulations in the social and economic area	SDR – Social and labour plans,  page 67
MM Supplemental Disclosure	Judgements made against the organisation in the areas related to health and safety and labour laws	None SDR – Safety,  page 49
MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated	SDR – Total land disturbed or rehabilitated,  page 85
MM2	The number of sites identified as requiring biodiversity management plans according to stated criteria, and the number of those sites with plans in place	SDR – Biodiversity protection,  page 87
MM3	Total amounts of overburden, rock, tailings and sludges, and their associated risks	SDR – Tailings,  page 84

SOCIAL STANDARDS continued		REFERENCE
GRI 419: Socio-economic compliance continued		
MM4	Number of strikes and lock-outs exceeding one week's duration	None SDR – Freedom of association, collective bargaining and other labour practices,  page 54
MM5	Total number of operations taking place in or adjacent to indigenous peoples' territories, and number of operations or sites where there are formal agreements with indigenous peoples' communities	Not applicable
MM6	Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples	Not applicable
MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and indigenous peoples, and the outcomes	Not applicable
MM8	Number of company operating sites where artisanal and small-scale mining takes place on, or adjacent to, the site; and the associated risks and the actions taken to manage and mitigate these risks	SDR – Security and illegal mining,  page 93
MM9	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process	Not applicable
MM10	Number of operations with closure plans	SDR – Minimising our environmental impact,  page 76

# Glossary

## TERMS AND ABBREVIATIONS USED IN THIS REPORT

ADR	American Depository Receipt
AEL	Air emission licence
AGM	Annual general meeting
Aids	Acquired immune deficiency syndrome
AIM	Alternative Investment Market, the London Stock Exchange's international market for smaller growing companies
B-BBEE	Broad-based black economic empowerment
Barberton Mines	Barberton Mines Proprietary Limited
BIOX®	The Biological Oxidation (BIOX®) gold extraction process was developed at Barberton Mines. It is an environmentally friendly process of releasing gold from the sulphide that surrounds it by using bacteria
BMTT	Barberton Mines' Transformation Trust
the board	The board of directors of Pan African
BTRP	Barberton Tailings Retreatment Plant, a gold recovery tailings plant owned by Barberton Mines, which commenced production in 2014 financial year
CFC	Chlorofluorocarbons
CIPC	Companies and Intellectual Property Commission
CO <sub>2</sub>	Carbon dioxide
CSI	Corporate social investment
DMRE	Department of Mineral Resources and Energy
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EGS	Essential good or service
Elikhulu	Elikhulu Tailings Retreatment Plant project in Mpumalanga province that will enhance the Group's production profile
EMTT	Evander Mines' Transformation Trust
EOR	Engineer of Record
ESG	Environmental, social and governance
Eskom	Electricity Supply Commission, South African electricity supplier
Evander Mine	Evander Gold Mines Limited and Evander Gold Mining Proprietary Limited
Exco	Executive committee of Pan African
FIFR	Fatal-injury frequency rate
GHG	Greenhouse gas
GHG Protocol	Greenhouse Gas Protocol
GJ	Gigajoule
g/t	Grams/tonne
GRI	Global Reporting Initiative
HDSA	Historically disadvantaged South African
HIV	Human immunodeficiency virus
IDP	Integrated development plan
ISO	International Standards Organisation
IT	Information technology
JSE	JSE Limited incorporating the Johannesburg Securities Exchange, the main bourse in South Africa
King IV™	King IV™ Report on Corporate Governance for South Africa
Koz	Thousand ounces
KPIs	Key performance indicators – a set of quantifiable measures that a company or industry uses to gauge or compare performance in terms of meeting their strategic and operational goals
kWh	Kilowatt
LED	Local economic development
LTIFR	Lost-time injury frequency rate
MCSA	Minerals Council of South Africa
MFS	Mining feasibility study
Mining Charter III	Charter to facilitate the sustainable transformation and development of the South African mining industry

Moz	Million ounces
MPRDA	Mineral and Petroleum Resources Development Act
Mt	Million tonnes
MW	Megawatt
NGO	Non-governmental organisation
NIHL	Noise-induced hearing loss
NOx	Nitrogen oxides
NUM	National Union of Mineworkers
ODS	Ozone depleting substances
Pan African Resources PLC	Holding company – Pan African
PAR Gold	PAR Gold Property Limited – Pan African's black empowerment partner, which has a 19.53% stake in the Group
Phoenix Platinum	Phoenix Platinum Proprietary Limited
PPE	Personal protective equipment
PwC	PricewaterhouseCoopers LLP
RIFR	Reportable injury frequency rate
SAMREC Code	South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2016 edition
SAPS	South African Police Service
SDG	United Nations Sustainable Development Goals
Section 54 safety stoppages	In terms of section 54 of the Mine Health and Safety Act 29 of 1996, if an inspector of mines believes that an occurrence, practice or condition at a mine endangers or may endanger the health or safety of people at the mine, the inspector may give any instruction necessary to protect the health or safety of people at the mine, including instructing that operations at the mine or a part of the mine be halted
SEDP	Small Enterprise Development Programme
SHEQC	Safety, health, environment, quality and community
SLP	Social and Labour Plan
SMME	Small, medium and micro enterprises
SOP	Standard operating procedure
Sox	Sulphur oxides
Sporotrichosis	Disease caused by a fungus infection
t	Tonnes
TB	Tuberculosis
the current year or the year under review	The financial year ended 30 June 2020
the Group or the Company or Pan African	Pan African Resources PLC, listed on the LSE's AIM and on the JSE in the Gold Mining sector
the previous year	The year ended 30 June 2019
the report	Pan African Resources PLC's sustainable development report for the year ended 30 June 2020
TIFR	Total injury frequency rate
TJ	Terajoule
TRIFR	Total recordable injury frequency rate
TSF	Tailings storage facility
UASA	United Association of South Africa
UAV	Unmanned aerial vehicle
Uitkomst Colliery	Uitkomst Colliery Proprietary Limited
UK	United Kingdom
UNGC	United Nations Global Compact
UN SDGs	United Nations Sustainable Development Goals
US\$	United States dollar
VAT	Value-added tax in South Africa
ZAR	South African rand

# Corporate information

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## FORWARD-LOOKING STATEMENTS

Statements in this report that address exploration activities, mining potential and future plans and objectives of Pan African are forward-looking statements and forward-looking information that involve various risks, assumptions and uncertainties and are not statements of fact.

The directors and management of Pan African believe that the expectations expressed in such forward-looking statements or forward-looking information are based on reasonable assumptions, expectations, estimates and projections. These statements, however, should not be construed as being guarantees or warranties (whether expressed or implied) of future performance.

There can be no assurance that such statements will prove to be accurate and actual values, results and future events could differ materially from those anticipated in these statements. Important factors that could cause actual results to differ materially from statements expressed in this report include, among others:

- The actual results of exploration activities
- Technical analysis
- The lack of availability to Pan African of necessary capital on acceptable terms
- General economic, business and financial market conditions
- Political risks
- Industry trends
- Competition
- Changes in government regulations
- Delays in obtaining governmental approvals
- Interest rate fluctuations
- Currency fluctuations
- Changes in business strategy or development plans and other risks.

Although Pan African has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. Pan African is not obliged to publicly update any forward-looking statements included in this report, or revise any changes in events, conditions or circumstances on which any such statements are based, occurring after the publication date of this report, other than as required by regulation.





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