

Pan African Resources PLC

(Incorporated and registered in England and Wales under Companies Act 1985 with registered number 3937466 on 25 February 2000)

Share code on AIM: PAF

Share code on JSE: PAN

ISIN: GB0004300496

ADR ticker code: PAFRY

(Pan African or the Company or the Group)

## **OPERATIONAL UPDATE FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

Pan African is pleased to provide shareholders with an operational update for the six months ended 31 December 2020 (Current Reporting Period).

### **Key Operational Results for the Current Reporting Period**

- Industry leading safety performance maintained with improvements in reportable rates across all Group operations
- Group gold production increased by 5.9% to 98,386oz (2019: 92,941oz)
- Gold production from Barberton Mines for the period was 52,354oz, while Elikhulu and Evander Mines produced 26,863oz and 19,169oz respectively
- Operations have continued to implement and maintain stringent policies and protocols to mitigate the effects of the ongoing COVID-19 pandemic on employees and production
- ESG projects, including the 10MW renewable energy solar photovoltaic plant at Evander Mines and large-scale agriculture projects in Barberton Mines, are on track for commissioning in Q3 2021
- Group net debt decreased by 47.3% to US\$65.2 million (2019: US\$123.7million)
- Pan African is on track to deliver its full year production guidance of approximately 190,000oz

### **Pan African CEO Cobus Loots commented:**

“Pan African’s financial results and increase in gold production for the first six months of the year demonstrates a commendable operational and safety performance, amidst the challenges of the ongoing COVID-19 pandemic.

Barberton Mine’s gold production of 52,354oz for the Current Reporting Period deserves recognition and demonstrates the excellent progress that this flagship asset and its operating team have made in reserve development and infrastructure optimisation.

Group net debt decreased by 47.3% to US\$65.2 million relative to the six months ended 31 December 2019 (Corresponding Reporting Period), notwithstanding a record final Rand dividend distribution for the June 2020 financial year, paid in December 2020.

We expect operations at the Evander Mines’ 8 Shaft pillar to deliver a much-improved performance during the remainder of the 2021 financial year, as the pillar mining activities gather momentum.

We have now commenced with early preparation work and limited capital expenditure for the execution phase of the Egoli project. We expect to finalise the debt funding package within the first quarter of the 2021 calendar year. This organic growth project will contribute considerably to our future gold production.

The construction of the solar photovoltaic plant at Evander Mines will commence during the first quarter of the 2021 calendar year, with first power expected to be generated during the third quarter of the 2021 calendar year. This plant will be one of the first of its kind in the South African mining sector and demonstrates our commitment to ESG initiatives. In conjunction with several other projects, it also underpins the Group's profitability and sustainability.

The Group remains on track to produce 190,000 oz of gold for the financial year ending 30 June 2021, and we are committed to continue creating value for our stakeholders by positioning Pan African as a sustainable, safe, high-margin and long-life gold producer. We look forward to presenting our interim results on 16 February 2021."

## **Safety**

The Group continued to maintain an industry-leading safety performance with a focus on new safety initiatives and interventions in its pursuit of a zero-harm working environment.

- The lost-time injury frequency rate ('LTIFR') improved to 1.64 (2019: 1.69) per million man hours
- The reportable injury frequency rate ('RIFR') improved to 0.65 (2019: 0.85) per million man hours
- Regrettably, the Group experienced one fatality at Barberton Mines (2019: Zero) during July 2020. The details of the fatal accident were discussed in the year end results announcement released on 16 September 2020
- Evander Gold Mine achieved an excellent RIFR of 1.01 (2019:3.71) per million man hours
- Elikhulu experienced no lost-time and reportable injuries during the past 6 months, contributing to the Group's commendable safety performance

## **Barberton Mines**

Barberton Mines' production increased by 10.6% to 52,354oz (2019: 47,356oz) for the Current Reporting Period. Underground production increased by 15.3% to 42,350oz (2019: 36,737oz) and Barberton Tailings Retreatment Plant (BTRP) production remained stable at 10,004oz (2019: 10,619oz) for the Current Reporting Period.

The increased production from Barberton Mines is principally due to:

- Improved mining flexibility and available face length with the establishment of three high grade platforms at the Fairview mine, as well as the extension of the strike length on the 256 and 257 platforms through active delineation drilling and systematic development. Fairview mine has now established concurrent multiple platform availability.
- Improved recoveries at BTRP following the implementation of an oxygen Carbon-in-leach (CIL) addition project, resulting in the feed sources achieving a higher recovery than previously estimated.
- The high-grade section at New Consort's Prince Consort (PC) Shaft 42 Level being successfully extracted, this orebody remains continuous along the planned strike length and up-dip to 41 Level.

### **Elikhulu tailings retreatment plant (Elikhulu)**

Gold production from Elikhulu decreased by 8.3% to 26,863oz (2019: 29,301oz) during the Current Reporting Period, as a result of:

- Lower gold recoveries from the re-mining activities on Kinross Dam 1 and 2 during the Current Reporting Period. As per the mine plan, re-mining activities have subsequently moved to Kinross Dam 3, and Kinross Dam 3's material indicates an improvement in recoveries of approximately 5-10%, albeit at a lower head grade, relative to Dam 1 and 2 recoveries.
- Plant throughput was constrained by preventative maintenance and improvement work to sections of the lower Elikhulu tailings storage facility compartment and the installation of elevated drains. This work will be complete in February 2021, where after tonnage throughput will again be increased.

Gold production from Elikhulu is expected to increase in the second half of the 2021 financial year.

### **Evander Mines' 8 Shaft Pillar project (8 Shaft Pillar) and surface sources**

Production from the Evander Mines operations increased by 17.7% to 19,169oz (2019: 16,284oz).

Underground production increased by 9.1% to 12,607oz (2019: 11,553oz). The ramp-up in production of the 8 Shaft Pillar was slower than expected during the Current Reporting Period, as a result of:

- Difficulties encountered with the initial installation of underground support pseudo-packs, which have now been resolved following the introduction of dry tailings and additional grout ranges for filler use.
- Production delays due to fracturing of the shaft lining following the establishment of the pillar mining in the vicinity of the shaft.

Production from the 8 Shaft Pillar is expected to further improve during the second half of the 2021 financial year.

The increased production from surface sources of 6,562oz (2019: 4,731oz) also contributed positively to the Group's production for the Current Reporting Period.

### **Evander Mines Egoli Project (Egoli)**

Early works and preparation for the execution phase of the Egoli project has commenced. Finalisation of the legal agreements for the implementation of Egoli's debt funding package is also currently underway. Inception of the project's construction is expected in the next month, with phase -1 construction and development expected to be completed in 18 months, followed by phase-2 development and equipping in the next 18 months thereafter. First gold is expected to be produced within 20 months from the project's inception.

### **Group net debt**

The Group's net debt decreased by 47.3% to US\$65.2 million (2019: US\$123.7 million). Relative to the 30 June 2020 financial year-end, Group net debt decreased by 14.7% from US\$76.4 million to US\$65.2 million. The Group's debt is denominated in South African Rand and, in US Dollar terms, the decline in net debt compared to the 30 June 2020 financial year-end, was impacted by the strengthening of the Rand relative to the US Dollar at a closing rate of US\$/ZAR14.70 compared to US\$/ZAR17.33 as at 30 June 2020.

The reduction in the net debt was achieved notwithstanding the cash outflow associated with the record net Rand dividend payment to shareholders in December 2020 of US\$18.4 million (2019: US\$2.9 million).

### Interim results for the six months ended 31 December 2020

Pan African will announce its interim results on 16 February 2021.

The information contained in this update is the responsibility of the Pan African board of directors and has not been reviewed or reported on by the Group's external auditors.

Rosebank

22 January 2021

This announcement contains inside information.

For further information on Pan African and its ESG initiatives, please visit the Company's website at [www.panafricanresources.com](http://www.panafricanresources.com)

Contact information	
<p>Corporate Office</p> <p>The Firs Office Building</p> <p>2nd Floor, Office 204</p> <p>Cnr. Cradock and Biermann Avenues</p> <p>Rosebank, Johannesburg</p> <p>South Africa</p> <p>Office: + 27 (0)11 243 2900</p> <p><a href="mailto:info@paf.co.za">info@paf.co.za</a></p>	<p>Registered Office</p> <p>Suite 31</p> <p>Second Floor</p> <p>107 Cheapside</p> <p>London</p> <p>EC2V 6DN</p> <p>United Kingdom</p> <p>Office: + 44 (0)20 7796 8644</p>
<p>Cobus Loots</p> <p>Pan African Resources PLC</p> <p>Chief Executive Officer</p> <p>Office: + 27 (0)11 243 2900</p>	<p>Deon Louw</p> <p>Pan African Resources PLC</p> <p>Financial Director</p> <p>Office: + 27 (0)11 243 2900</p>

<p>Phil Dexter/Jane Kirton  St James's Corporate Services Limited  Company Secretary  Office: + 44 (0)20 7796 8644</p>	<p>Ross Allister/David McKeown  Peel Hunt LLP  Nominated Adviser and Joint Broker  Office: +44 (0)20 7418 8900</p>
<p>Ciska Kloppers  Questco Corporate Advisory Proprietary Limited  JSE Sponsor  Office: + 27 (0)<a href="tel:+270110119200">11 011 9200</a></p>	<p>Thomas Rider  BMO Capital Markets Limited  Joint Broker  Office: +44 (0)20 7236 1010</p>
<p>Hethen Hira  Pan African Resources PLC  Head: Investor Relations  Tel: + 27 (0)11 243 2900  E-mail: <a href="mailto:hhira@paf.co.za">hhira@paf.co.za</a></p>	<p>Website: <a href="http://www.panafricanresources.com">www.panafricanresources.com</a></p>