

## **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

(Pan African Resources or the Company or the Group)



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## **Short Form Announcement – Condensed Consolidated Interim Unaudited Results for the six months ended 31 December 2019**

### **Chief executive officer's statement**

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

“Our business strategy of delivering safe, sustainable and high-margin gold production has yielded improved operational, financial and safety results for the six months ended 31 December 2019 (“the current reporting period”).

In the current reporting period, our team delivered a robust operational performance, with gold sales volumes increasing by 13.6% to 90,602oz.

Despite the increase in the Group’s overall AISC for the current reporting period, all-in sustaining costs (“AISC”), at our tailings businesses operated at exceptional margins, with Elikhulu producing at an AISC of USD708/oz and our Barberton Tailings Retreatment Plant reporting an AISC of USD643/oz. We are pleased to maintain our previous guidance of gold production of 185,000oz, at an AISC below USD1,000/oz, for the full 2020 financial year.

Previously, we committed to increasing margins at our higher-cost underground operations and are encouraged by progress made in achieving this objective. Evander Mine’s 8 Shaft pillar (8 Shaft pillar) project, where all development milestones were achieved on-schedule and on-budget, will reach commercial production in the next few weeks, adding further high-margin production from our operations in the second half of this year. At Barberton’s New Consort Mine, we will also commence mining the PC Shaft pillar in March, adding incremental gold production and considerably reducing the unit cost of production from this operation. Critically, we are conducting pillar mining activities in a way that does not sterilise the longer-term future of the operations.

We have successfully completed the mining feasibility study on Evander Mines’ Egoli project, which demonstrates its technical viability and compelling economic returns. This study is currently subject to an independent technical review. The Group is exploring several non-dilutive funding options for Egoli, which will enable Pan African Resources to continue its strategy of de-gearing its balance sheet and increasing dividends. To this end, we are engaging with several financial institutions who have expressed an interest in the continued financing of the Group’s organic growth projects. Our attractive pipeline of near- to medium-term growth projects, including the Egoli project and Barberton Mines’ Royal Sheba project, have the potential to significantly boost Group production in the coming years.

Despite some of challenges, including electricity supply constraints and illegal mining, Pan African Resources has demonstrated the ability to operate successfully in South Africa. We will continue to use our experience and resources to improve the lives of all our stakeholders and grow shareholder value.

Management’s key focus for the remainder of the 2020 financial year includes further improving the safety performance, delivering on production guidance, reducing operational costs, managing cash flow generation and strengthening the Group’s financial position by reducing senior debt.”

**Key features**

- Total gold sold increased by 13.6% to 90,602oz (2018: 79,765oz) due to an increase in production by Evander Mines
- Gold produced by the Group increased by 14.7% to 92,941oz (2018: 81,014oz)
- Group profit after taxation increased by 125.8% to USD21.9 million (2018: USD9.7 million), due to the improved production performance at Evander Mines and the prevailing robust USD and rand gold price. Group adjusted earnings before interest, taxation, depreciation, amortisation, impairment reversals and fair value adjustments on derivative financial assets and liabilities (adjusted EBITDA) increased considerably by 83.4% to USD44.2 million (2018: USD24.1 million)
- Group revenue increased by 36.2% to USD132.8 million (2018: USD97.5 million), due to an increase in gold sales by Evander Mines, following a full six-month contribution from Elikhulu to the Group's production profile and also the increase in production from remnant mining and surface sources
- Earnings per share more than doubled to USD1.14 cents per share (2018: USD0.50 cents per share)
- Headline earnings per share increased to USD1.13 cents per share (2018: USD0.50 cents per share)
- No dividend declared for this six-month period

The Company has a dual primary listing on the JSE main board in South Africa and the AIM of the London Stock Exchange.

The information in this announcement has been extracted from the Unaudited Interim Results for the six months ended 31 December 2019. The short-form announcement has not been reviewed by the Company's auditors.

This short form announcement is the responsibility of the directors and is only a summary of the information contained in the full announcement which was released on SENS on 18 February 2020.

Copies of the full announcement are available on request by emailing [ExecPA@paf.co.za](mailto:ExecPA@paf.co.za).

Any investment decisions should be based on the full announcement and the Group's detailed operational and financial summaries which are disclosed on the Pan African website at <http://www.panafricanresources.com/investors/financial-reports/> and <https://senspdf.jse.co.za/documents/2020/jse/isse/pan/Int2019.pdf>

18 February 2020

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