

Pan African Resources PLC

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

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(“Pan African” or the “Company” or the “Group”)

OPERATIONAL UPDATE FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

Pan African is pleased to provide shareholders with an operational update for the six months ended 31 December 2021 (“Current Reporting Period”).

Key Operational Results for the Current Reporting Period

- Excellent safety record maintained
- Group gold production increased by 9.9% to a record half-year production of 108,085oz (2020: 98,386oz)
- Gold production from Barberton Mines for the period was 49,117oz (2020: 52,354oz), while Elikhulu and Evander Mines produced 25,900oz (2020: 26,863oz) and 33,068oz (2020: 19,169oz) respectively
- Group has achieved a vaccination rate of 77% and continues to implement and maintain stringent policies and protocols to mitigate the effects of the ongoing COVID-19 pandemic on employees and production
- Group net senior debt decreased by 60.1% to US\$23.9 million (2020: US\$59.9 million) after payment of a record net dividend of US\$21.6 million (2020: US\$17.8 million) in December 2021
- ESG projects, including the 10MW renewable energy solar photovoltaic (PV) plant at Evander Mines and large-scale agriculture projects at Barberton Mines are on track for commissioning before the 30 June 2022 financial year-end
- Pan African is increasing its full year production guidance to approximately 200,000oz

Pan African CEO Cobus Loots commented:

“Pan African has again delivered an excellent operational performance, achieving record gold production in excess of 108,000oz for the Current Reporting Period. This exceeded the expected 105,000oz announced in the Group’s December 2021 production update and was achieved while continuing to manage the impact of the COVID-19 pandemic and maintaining an excellent safety record.

The reduction in the Group’s net senior debt to US\$23.9 million represents a 60.1% decrease relative to the outstanding net senior debt at 31 December 2020, notwithstanding the payment of a record final Rand dividend for the June 2021 financial year.

Barberton Mines’ gold production of 49,117oz for the Current Reporting Period decreased by 6.2%, we are however still forecasting that the operation will achieve full year production guidance of approximately 100,000oz.

At Elikhulu, production was down marginally by 3.6% to 25,900oz, mainly as a result of inclement weather conditions experienced during November and December 2021.

Evander Mines' 8 Shaft pillar delivered an excellent performance during the Current Reporting Period, demonstrating the potential of this operation. Elevated grades and improved mining rates, as a result of improved face availability, increased production from the pillar and surface sources by 72.5% to 33,068oz for the Current Reporting Period.

Following the reprioritised capital programme, as announced in the Group's 2021 final results presentation, work continues in preparation for the inception of mining Evander's 8 Shaft No.2 Decline at 24 Level. Mining from this level is anticipated to commence in the 2023 financial year, as the existing pillar mining reaches completion. Studies to access the 25 and 26 Level Mineral Resources at 8 Shaft are also at an advanced stage. Our organic growth projects have the potential to increase Evander's operating life by an estimated 20 years.

The 10MW solar PV plant at Evander Mines is on track to be commissioned late in February 2022, following delays due to port disruptions and inclement weather. A feasibility study to expand the solar PV plant to 26MW is underway, with the additional capacity designated for Evander's underground growth projects, with renewable energy expected to further improve the profitability and sustainability of this operation.

At the end of last year the Group announced the conditional acquisition of one of the last remaining large-scale gold tailings resources available in South Africa, the Blyvoor Gold TSF dumps (Blyvoor Assets). This opportunity could further build on the Company's track record of successfully bringing tailings retreatment operations to fruition. An independent fatal flaw assessment and gap analysis has commenced on the Blyvoor Assets, with this work expected to be completed by April 2022.

At Mintails, the definitive feasibility study (DFS) on Mogale Gold's tailing storage facilities (TSFs) is being finalised.

The Group is on track to produce 200,000oz of gold for the financial year ending 30 June 2022, 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 with an attractive pipeline of growth projects. We look forward to presenting our interim results on 16 February 2022."

Safety

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

- The Group's lost-time injury frequency rate ('LTIFR') improved to 0.98 (2020: 1.64) per million man hours
- The Group's reportable injury frequency rate ('RIFR') improved to 0.28 (2020: 0.65) per million man hours
- Barberton Gold Mines achieved an excellent RIFR of 0.20 (2020: 0.67) per million man hours
- Elikhulu unfortunately experienced one reportable injury, which caused a regression in LTIFR to 1.50 (2020: 0.00) per million man hours
- Evander Gold Mining achieved an excellent RIFR of 0.00 (2020: 1.01) per million man hours

Group Production

Group production for the current reporting period increased by 9.9% to 108,085oz (2020: 98,386oz). The gold production split per operation is as follows:

Operation	Six months ended 31 December 2021	Six months ended 31 December 2020
Barberton Mines – Underground	39,991	42,350
Barberton Tailings Retreatment Plant (BTRP)	9,126	10,004
Elikhulu	25,900	26,863
Evander Mines – Underground and surface sources	33,068	19,169
Total ounces produced	108,085	98,386

Barberton Mines

Barberton Mines' production decreased by 6.2% to 49,117oz (2020: 52,354oz) for the Current Reporting Period, consistent with the mine plan. Work during the Current Reporting Period included accelerating the waste development to the new 259 platform in the high-grade Main Reef Complex (MRC) orebody. Underground production decreased by 5.6% to 39,991oz (2020: 42,350oz) and the BTRP's production decreased by 8.8% to 9,126oz (2020: 10,004oz) for the Current Reporting Period. Barberton Mines is still on track to deliver approximately 100,000oz for the year ending 30 June 2022.

Elikhulu tailings retreatment plant (Elikhulu)

Gold production from Elikhulu decreased marginally by 3.6% to 25,900oz (2020: 26,863oz) during the Current Reporting Period. Production was adversely impacted by inclement weather conditions during November and December 2021.

Gold production from Elikhulu is expected to increase in the second half of the 2022 financial year, consistent with the mining plan which, forecasts production of approximately 55,000oz for the year ending 30 June 2022.

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

Production from the Evander Mines' increased by 72.5% to 33,068oz (2020: 19,169oz).

Underground production increased by 116.6% to 27,312oz (2020: 12,607oz). The increase in the 8 Shaft Pillar's production during the Current Reporting Period was a result of:

- Elevated mining face grades of 13g/t (2020: 8g/t), relative to planned grades.
- Improved mining rates post the extraction of the core around the 8 Shaft barrel, with increased mining face availability.

Gold production from the 8 Shaft Pillar is expected to normalise during the second half of the 2022 financial year as a result of planned mining in areas with anticipated grades of approximately 8g/t.

Group net senior debt

The Group's net senior debt (comprising secured, interest-bearing debt, net of available cash) decreased by 60.1% to US\$23.9 million (2020: US\$59.9 million). Relative to the 30 June 2021 financial year-end, Group net debt decreased by 29.1% to US\$24.1 million.

The reduction in the net debt was achieved notwithstanding the cash outflow of US\$21.6 million (2020: US\$17.8 million), associated with the record net Rand dividend paid to shareholders in December 2021.

Progress update on Blyvoor and Mintails conditional acquisitions

Blyvoor

Shareholders are referred to the announcement of 15 December 2021, containing the details of the proposed transaction to acquire the Blyvoor Gold's TSFs. Subsequent to the announcement, the Group has engaged independent consultants to conduct a fatal flaw assessment and gap analysis as part of the initial due diligence. These studies will be completed by April 2022, consistent with the timelines of the staged acquisition process.

Mintails

During November 2020, the Group announced the conditional acquisition of Mintails' SA Mogale Gold and the Soweto Cluster's (MSC) TSFs, with combined Mineral Resources of 243Mt with an in-situ grade of 0.30g/t, for an estimated gold content of 2.36Moz.

A pre-feasibility study (PFS) was completed on Mogale Gold's TSFs during July 2021. The MSC TSFs were excluded from the study's scope as additional technical and due diligence analysis is required, which will be addressed in forthcoming studies. Average production of between 40-50koz/yr over an 11-year life-of-mine was projected by the PFS.

Following the positive PFS findings, the Group is currently finalising a DFS, led by DRA Global (DRA), which is scheduled to be completed in Q1 of the 2022 calendar year. A concept study on the Soweto Cluster is also progressing under the auspices of DRA.

Subsequent to the judgement finding that Mintails will remain in provisional liquidation, the Group has engaged with the provisional liquidator to progress the transaction and are working on the finalisation of the DFS.

Further details on the Group's organic growth projects will be provided together with the Group's interim financial results for the Current Reporting Period.

Interim results for the six months ended 31 December 2021

Pan African will announce its interim results on 16 February 2022.

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.

Certain information communicated in this announcement was, prior to its publication, inside information for the purposes of Article 7 of Regulation 596/2014.

Rosebank

19 January 2022

For further information on Pan African, please visit the Company's website at

www.panafricanresources.com

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