

Pan African Resources PLC  
(Incorporated and registered in England and Wales  
under the 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")

Pan African Resources Funding Company  
Limited  
Incorporated in the Republic of South Africa  
with limited liability  
Registration number: 2012/021237/06  
Alpha code: PARI  
(PAR Funding Company)

(Key features are reported in United States dollar (US\$) or South African rand (ZAR) where relevant)

## **UNAUDITED INTERIM FINANCIAL RESULTS FOR PAN AFRICAN FOR THE SIX MONTHS ENDED 31 DECEMBER 2022 – SHORT-FORM ANNOUNCEMENT**

### **KEY FEATURES**

- Gold production of 92,307oz (2021: 108,085oz), with increased production forecast for the second half of the 2023 financial year as Barberton Mines' continuous operating cycle and other optimisation initiatives are implemented
- Full-year production guidance maintained between 195,000oz and 205,000oz
- Refocused health and safety initiatives to address the regression in underground mining safety rates
- All-in sustaining costs (AISC) for the six months ended 31 December 2022 (current reporting period) of US\$1,291/oz (2021: US\$1,173/oz)
- Group operations (excluding Consort and Sheba Mines), which account for more than 85% of gold output, produced at an AISC of US\$1,139/oz (2021: US\$1,052/oz)
- Profit after tax of US\$28.9 million (2021: US\$46.1 million) and headline earnings of US\$29.1 million (2021: US\$46.1 million)
- Earnings per share and headline earnings per share decreased to US 1.52 cents per share (2021: US 2.39 cents per share)
- Inaugural sustainability-linked bond issued for US\$47.3 million during December 2022 to fund growth projects
- Cash returned to shareholders with a net dividend of US\$20.0 million (2021: US\$21.6 million)
- Mintails project construction is planned to commence by June 2023 subject to finalisation of the funding package and permitting
- Site clearance completed for Barberton Mines' 8.5MWac solar photovoltaic (PV) renewable energy plant, with construction scheduled to commence by June 2023

**This announcement contains inside information.**

**Cobus Loots, Pan African's chief executive officer, commented:**

### ***Overview***

"Reduced gold production over the past six months can primarily be attributed to the performance of Barberton Mines' underground operations. We believe that the tangible measures being implemented at these operations, as detailed in this announcement, will result in a significant improvement in production during the second half of the financial year and in the years ahead. The balance of our portfolio delivered in line with expectations, despite disruptions to our electricity supply and inclement weather conditions adversely impacting operations.

At our Evander Mines operation alone, electricity issues adversely impacted production by approximately 5%, reinforcing our strategic objective to expand our renewable energy portfolio in the years ahead. Given the increased production performance expected in the second half of the 2023 financial year, we will maintain production guidance of 195,000oz to 205,000oz for the full year subject to consistency in Eskom's electricity supply.

Pan African is committed in its resolve to continued value creation for its stakeholders by positioning the Group as a sustainable, safe, high-margin and long-life gold producer with an attractive pipeline of growth projects.

### ***Health and safety***

Regrettably, the Group has seen a regression in its safety performance during the current reporting period at its underground operations, following the excellent safety records achieved in prior years. The Group has implemented a number of programmes to address the identified safety performance shortcomings at these underground operations.

### ***Operational overview***

Group production for the current reporting period decreased by 14.6% to 92,307oz (2021: 108,085oz) following the record gold production achieved in the previous reporting period.

The decrease in production, mainly attributable to Barberton Mines' underground operations, will be addressed by reconfiguring Fairview and Sheba Mines' shift cycles to continuous (24-hour) operations and converting Consort Mine to a contract mining model. These restructuring plans, together with other initiatives to increase mining flexibility, will ensure the sustainability of these operations in the future.

The Barberton Tailings Retreatment Plant produced 10,012oz (2021: 9,126oz) for the current reporting period at an AISC of US\$725/oz (2021: US\$814/oz). Gold production from Elikhulu, also one of the lowest-cost gold mining operations in Southern Africa, remained steady at 25,830oz (2021: 25,900oz) at an AISC of US\$947/oz (2021: US\$937/oz), despite electricity supply disruptions and inclement weather conditions during the November and December rainy season. Gold production from Elikhulu is expected to increase marginally in the second half of the 2023 financial year, as material from the Leslie/Bracken tailings storage facility (TSF) is re-treated, following the installation of the 6km pipeline and successful commissioning of its pump station in September 2022.

Evander Mines' underground production decreased by 29.8% to 19,173oz (2021: 27,312oz), despite an increase in processed tonnes by 6.0% to 73,946t (2021: 69,790t) due to the normalisation of mining face grades in line with planned grades and limited mining rates in accordance with geotechnical parameters for the shaft pillar's safe extraction.

### ***Financial performance***

The Group's AISC increased by 10.1% to US\$1,291/oz (2021: US\$1,173/oz). Importantly, operations which account for over 85% of the Group's total production achieved an AISC of US\$1,139/oz, resulting in an AISC margin of 34.0% on the average gold price of US\$1,725/oz earned by the Group during the current reporting period from these operations. Post the current reporting period, spot gold prices have continued to increase. If this increase is maintained, it should further benefit operational margins in the second half of the financial year.

Despite the current reporting period's decline in production, relative to the record production of the previous reporting period, the Group generated profit after tax of US\$28.9 million (2021: US\$46.1

million), which is identical to the US\$28.9 million profit generated during the second half of the 2022 financial year.

The Group has embarked on a number of restructuring initiatives to reduce its production cost in real terms, which combined with the electricity cost savings from large-scale solar PV renewable energy projects and anticipated increased production during the remainder of the 2023 financial year, is expected to contribute to reducing unit production cost in the future. Savings at Evander Mines' solar PV renewable energy plant currently average approximately US\$145,000 a month following its full commissioning in May 2022. We have now convincingly demonstrated the business case for renewable energy in the South African mining industry and will maintain our strategic objective to expand this footprint significantly in the coming years.

### ***Growth projects overview***

We are encouraged by the progress made in relation to the Group's growth projects. The development of the 24, 25 and 26 Level project at Evander Mines is on track, with equipping of the existing ventilation shaft from 17 to 24 Levels underway. Hoisting of ore via this vertical shaft will significantly streamline ore handling and reduce dependency on the current conveyor belt system.

Following the positive definitive feasibility study results for the remaining of Mogale Gold Proprietary Limited's (Mogale Gold's) TSFs, the Group is in the process of completing optimisation and value engineering activities in preparation for the construction of the tailings retreatment plant (the Mintails project), which is expected to commence by June 2023, subject to permitting and finalisation of funding (expected in April 2023) for the project's construction. Concept engineering works for the Soweto Cluster's TSFs are also underway. This operation is expected to increase current Group gold production by up to 25%, or 50,000oz per year, post commissioning.

Processing of the 10,000t bulk sample from the Royal Sheba project at the Sheba and Consort metallurgical plants was completed, with recovered grades of 1.22g/t in excess of the planned grade of 0.5g/t, and with recoveries in line with expectations. Preliminary mine design work has been completed with further optimisation work currently in progress. The Royal Sheba orebody has a Mineral Resource of 17.2Mt, with initial mining anticipated to achieve head grades of up to 3.13g/t.

### ***Environmental, social and governance***

Pan African continues to pioneer and pursue its sustainability commitment through adherence to its 'beyond compliance' ESG approach. The Group's collaboration and partnerships with numerous specialists in local community development, climate change and energy management, biodiversity conservation, agriculture, water stewardship and tailings management have positioned the Company and its stakeholders as impactful ESG role players in the gold mining industry. Pan African's ESG approach has recently been recognised through awards in the ESG field.

### ***Outlook for the 2023 financial year***

The Group expects its production for the full 2023 financial year to be in line with the production achieved in the 2022 financial year. We are positioned for further growth as we progress the development of our organic projects and seek to commence with the full-scale construction of the Mintails project."

### **DIRECTORS' RESPONSIBILITY**

The information in this announcement has been extracted from the unaudited interim financial results for the six months ended 31 December 2022. The short-form announcement has not been reviewed by the Company's auditors. The unaudited interim financial results have been prepared under the supervision of the financial director, Deon Louw. This short-form announcement is the responsibility

of the directors of Pan African and is only a summary of the information contained in the full announcement which was released on SENS on 15 February 2023.

Any investment decisions should be based on the full announcement and the Group's detailed operational and financial summaries.

#### AVAILABILITY OF FULL ANNOUNCEMENT

The full announcement is accessible via the JSE link at

<https://senspdf.jse.co.za/documents/2023/jse/isse/pan/INT2022.pdf>

and via the Company's website at <https://www.panafricanresources.com/wp-content/uploads/Pan-African-Resources-interim-results-SENS-announcement-2023.pdf>

Copies of the full announcement may also be requested by emailing [ExecPA@paf.co.za](mailto:ExecPA@paf.co.za) and electronically via the sponsor ([sponsor@questco.co.za](mailto:sponsor@questco.co.za)) at no charge during business hours.

*The Company has a dual primary listing on the JSE in South Africa and the AIM market of the London Stock Exchange, a secondary listing on the A2X Markets as well as a sponsored Level 1 ADR programme in the USA through the Bank of New York Mellon.*

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

[www.panafricanresources.com](http://www.panafricanresources.com)

Rosebank  
15 February 2023

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