



Pan African Resources PLC

("Pan African" or "the Company" or "the Group")

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

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Share code on JSE: PAN

ISIN: GB0004300496

OPERATIONAL UPDATE FOR THE YEAR ENDED 30 JUNE 2019

Pan African is pleased to provide an operational update for the year ended 30 June 2019 ("current reporting period").

Pan African CEO Cobus Loots commented:

"Pan African has emerged at year-end as a safe, low-cost and long-life gold producer, following the successful execution of our strategy. We exceeded the full year production guidance of 170,000 ounces, resulting in the Group's gold production increasing by 7.5% to 172,442oz - or 54.1% on continuing operations relative to the corresponding reporting period.

This has been delivered through the cessation of the high cost underground mining at Evander Mines, the successful commissioning of the Elikhulu tailings retreatment plant, and Barberton Mines achieving a significant increase in production. Critically, Barberton Mines achieved a historical milestone of 2 million fatality free shifts during June 2019 and we commend the team for this safety achievement.

We continue to assess the optionality of our portfolio and are looking to build upon this year's momentum to drive further growth. Evander's 8 Shaft Pillar mining is expected to contribute an additional 20,000oz to 30,000oz per annum for the next three years. The Group is currently reviewing the merits of expediting the Egoli project and is assessing funding options. Progress is also being made with the underground mining project feasibility study at Royal Sheba and we look forward to communicating the results to shareholders in the near future.

We are also very mindful of the positive socio-economic impact that the mining industry has on communities and are proud of the way we manage our stakeholder relations. That said, we continue to experience certain challenges amongst specific stakeholder groups, which have impacted Barberton Mines, and are working in conjunction with law enforcement and other stakeholders to remedy the situation.

As previously announced, the 2020 financial year production guidance will be approximately 185,000oz, representing an important increase in our year-on-year gold production profile."

OPERATIONAL RESULTS

Key highlights for the current reporting period relative to the corresponding 12 months ended 30 June 2018 ("corresponding reporting period"):

- Gold production from the Group's continuing mining operations increased by 54.1% to 172,442oz (2018: 111,879oz) (Note 1).
- Gold production from the Group's continuing and discontinued operations increased by 7.5% to 172,442oz (2018: 160,444oz).
- Barberton Mines:
 - Production from the Barberton complex increased by 9.6% to 99,363oz (2018: 90,629oz);
 - Underground and surface mining increased by 3.1% to 75,356oz (2018: 73,125oz); and
 - Barberton tailings retreatment plant ("BTRP") production increased by 37.2% to 24,007oz (2018: 17,504oz) due to an improved tonnage throughput and recoveries following the successful commissioning of the BTRP regrind mill in May 2018.
- Elikhulu tailings retreatment plant ("Elikhulu"):
 - Processed 10.85-million tonnes from September 2018 to June 2019;
 - Achieved a recovered grade of 0.133g/t; and
 - Gold produced of 46,201oz (1,437kg), which excludes pre-production gold of 736oz (22.9kg) capitalised as pre-production income and gold inventory locked-up in the Elikhulu circuit. The production figures include the 200,000 tonnes per month throughput from the Evander tailings retreatment plant ("ETRP"), which was incorporated into Elikhulu with effect from January 2019, which increased Elikhulu's processing capacity to 1.2-million tonnes per month.
- Evander Mines:
 - Remnant mining and surface sources contributed a further 26,878oz (2018: 21,250oz).

Note 1: The continuing mining operations include: Barberton Mines, Evander Mines' Elikhulu and ETRP as well as the mining and ramping of the remnant high-grade stopes as part of the phased closure of the Evander Mines' underground mining operation. The continuing mining operations exclude the discontinued Evander Mines' large-scale underground mining operation, which produced

48,656oz in the corresponding reporting period.

SAFETY

The Group's focus on safety and related ongoing improvements continues to bear fruit, with material improvements in all categories of safety statistics during the current reporting period:

- The Group had no fatalities in the current or prior financial year;
- The Group's lost-time injury frequency rate per million man hours improved substantially to 2.12 (2018: 3.73);
- The reportable injury frequency rate per million man hours improved substantially to 0.51 (2018: 1.08); and
- Barberton Mines achieved 2-million fatality free shifts during June 2019.

RESTRUCTURE OF REVOLVING CREDIT FACILITY ("RCF") DEBT FACILITY AND INTRODUCTION OF A GOLD LOAN

The restructured RCF facility referred to in the operational update announced on 17 May 2019, became effective on 3 June 2019. The Group's senior debt will amortise in terms of the following repayment profile:

Amortisation profile	RCF available balance (R million)	Repayments (R million)
Up to 15 June 2020	1,000	250
15 June 2020	750	25
15 December 2020	725	25
15 June 2021	700	50
15 September 2021	650	50
15 December 2021	600	50
15 March 2022	550	50
15 June 2022	500	500

The repayment profile of the Elikhulu project's term debt facility, comprising quarterly, equal principal instalments of R50 million, commencing in September 2019, is unaffected by the restructuring of the RCF.

In light of the strong prevailing rand gold price and the opportunity it presents to lock in an attractive cash margin and reduce interest costs, the Group entered into a gold loan for 20,000oz with Rand Merchant Bank ("RMB") a division of First Rand Bank Limited, in July 2019. In exchange for an upfront cash receipt of R394 million, the Group will deliver 12 monthly instalments of 1666.67oz to RMB, commencing on 31 July 2019, in settlement of the gold loan.

The gold loan effectively locks in a gold price of approximately R633,000/kg or US\$1,414/oz on 622kg of gold, representing approximately 11% of the Group's guided gold production for the 2020 financial year. The proceeds of this gold loan will be used to reduce the balance of the RCF debt, resulting in a material interest saving for the Group over the next 12 months.

PROTEST ACTION AFFECTING BARBERTON MINES

Barberton Mines has recently experienced a number of lost production days due to its roadways being blocked and the destruction of mine property by protestors demanding employment and commercial concessions from the mine.

These protests are unrelated to normal industrial action and are initiated and supported by politicians and criminals who believe that extortion by means of violence is a legitimate social objective. The mine has been supported by the South African Police's Public Order Policing Division to control these protests, protect Pan African's employees and preserve its assets.

Whilst Pan African is cognisant of the levels of unemployment in South Africa and the resultant social impact flowing therefrom, these actions will only exacerbate the country's economic problems and further disincentivises investment in the mining sector.

Pan African will take the appropriate action to protect its employees and assets in the interest of all its stakeholders, supported by the South African law enforcement authorities. Interdicts have been served and further criminal and civil actions will follow against certain individuals and organisations. The Company will keep its stakeholders informed of developments.

The financial and other information contained in this announcement has neither been reviewed nor audited by the Company's external auditors.

For further information on Pan African, please visit the Company's website at www.panafricanresources.com.

Rosebank

12 July 2019

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