



**Pan African Resources PLC**

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

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

**UPDATE ON BARBERTON MINES' ROYAL SHEBA PROJECT ("ROYAL SHEBA")**

Shareholders are referred to previous announcements relating to Royal Sheba, specifically, the announcement of 6 September 2018 pertaining to the update on the exploration drilling programme and the Mineral Resource Estimate ("MRE"). The Group has finalised the exploration drilling programme on the Royal Sheba project and can now provide an updated MRE, signed off by an independent mining consultant - SRK Consulting (South Africa) Pty Ltd ("SRK") in accordance with the South African Code for the Reporting of Exploration Results, Mineral Resource and Mineral Reserve, 2016 edition (the "SAMREC Code"). The exploration results have exceeded expectations and the salient features of the updated MRE are as follows:

- Royal Sheba's total Mineral Resources declared and independently signed off by SRK at 0.8Moz (8.97Mt at 2.62g/t);
- A 6% increase in the near surface Mineral Resource from 0.35Moz (2.84Mt at 3.81g/t) to 0.37Moz (5.85Mt at 1.96g/t). The updated MRE is considered conservative, exhibiting a high level of confidence, and the Company believes there is further exploration upside;
- The near surface Mineral Resource of 0.37Moz is conducive to open-pit mining;
- The Royal Sheba Project's near surface drilling programme (Phase 1, 2 and 3, totalling 4,311.6m of drilling) confirms robust mineralisation extending from the surface along a 900m strike and 150m down dip of the Royal Sheba orebody;
- Summarised drilling results confirms the mineralisation ranges in a width from 5m to 25m with *in-situ* gold grades ranging between 0.5g/t to 376g/t and averaging 3.14g/t;
- The underground Mineral Resource is delineated at 0.39Moz (3.12Mt at 3.87g/t) and;
- The Definitive Feasibility Study ("DFS") undertaken by DRA Global (Pty) Ltd ("DRA") is progressing well and is expected to be completed in February 2019.

The Company has commenced an extended exploration drilling programme at Barberton Mines' mining right at New Consort Mines, targeting the Main Maiden Reef ("MMR") orebody as a potential satellite deposit for the Royal Sheba project.

**Pan African CEO Cobus Loots commented:**

*"Pan African is very pleased with the outcome of our in-fill drilling programme and the updated Mineral Resource Estimate for the Royal Sheba Project. The drilling programme has confirmed that the orebody extends to surface, with the potential to establish a new open pit mining operation, which will transition to an underground mining operation only after a number of years. The scale and grade of the Royal Sheba Mineral Resource gives us confidence to advance the near-surface mineral resource to a definitive feasibility study status, which DRA is currently undertaking, with this full study expected in February 2019.*

*We are excited by the further prospectivity of our mining lease specifically New Consort, where drilling has recently commenced to identify similar near-surface mineral resources at the Main Maiden Reef orebody, targeting 0.2Moz to 0.3Moz at an in-situ grade of between 2g/t and 4g/t.*

*Royal Sheba's opencast has the potential to sustainably increase production from our flagship Barberton operations at a very competitive cost, further bolstering Pan African's low cost, long-life asset portfolio. In conjunction with the feasibility process, we have commenced work on planning and permitting. We look forward to working with all stakeholders in advancing this project, to the benefit of all our stakeholders - including our shareholders, the Mpumalanga province and the greater Barberton area."*

**MRE results**

*Project geology*

The Royal Sheba orebody is associated and aligned along the prominent regional shear zone of the Sheba Fault, within the north-western quadrant of the Archaean - aged Barberton Greenstone Belt. The Sheba Fault juxtaposes the Fig Tree Group's deep marine sediments, namely the greywacke and banded chert and carbonatised shale in the Ulundi Syncline, adjacent to the shallow marine sediments of the Moodies Group in the Eureka Syncline.

The mineralisation of the Royal Sheba orebody is encapsulated in a shear envelope of the Sheba Fault, ranging in width from 5m

to 25m. The gold mineralisation occurs predominantly in sulphide minerals and as native gold. *In-situ* gold grades range up to 376g/t averaging 3.14g/t. The Royal Sheba orebody has a potential strike length of more than 900m and the down dip extension has been drill tested to a depth of 600m and remains open. The Royal Sheba orebody is therefore open ended along strike and down dip.

#### Drilling results

Drillhole Number	Intersection depth downhole (m)	Intersection depth below collar (m)	Full composite		Significant intersection	
			Corrected intersected width (m)	Average grade intersected (g/t)	Corrected intersected width (m)	Average grade intersected (g/t)
RSPE001	34.75	31.49	11.50	3.38	0.65	19.16
RSPE002	56.63	51.32	9.89	2.53	3.28	5.10
RSPE003	24.34	22.06	12.94	0.91	1.36	2.31
RSPE004	47.32	42.89	6.28	1.36	0.62	5.96
RSPE005	26.34	23.87	15.59	1.91	0.34	9.96
RSPE006	35.02	31.74	8.77	1.41	3.50	2.98
RSPE007	26.73	24.23	14.17	1.38	2.13	5.45
RSPE008	6.97	6.32	13.60	3.17	1.81	12.79
RSPE009	69.56	63.04	11.48	6.10	1.73	30.43
RSPE010	25.54	23.15	8.01	0.63	1.00	2.12
RSPE011	38.70	35.07	8.33	0.72	1.05	1.83
RSPE012	24.05	19.70	24.05	1.53	2.42	6.35
RSPE013	67.91	61.55	10.97	2.67	5.96	3.37
RSPE014	42.88	35.13	7.83	1.50	3.80	2.51
RSPE015	60.23	13.55	8.51	0.62	1.60	2.32
RSPE016	84.59	10.31	13.85	1.38	3.11	3.12
RSPE017	68.87	49.54	15.98	0.84	1.83	2.22
RSPE018	105.10	89.13	21.54	0.25	0.91	1.01
RSPE019	56.96	18.54	18.60	0.47	0.30	4.97
RSPE020	92.54	67.68	8.84	0.33	1.23	1.71
RSPE026*	153.55	26.66	6.27	0.52	1.93	1.07
RSPF001	105.00	95.16	4.32	0.68	1.07	1.37
RSPF004	54.10	49.03	9.54	0.20	0.39	1.00
RSPF005	45.50	41.24	7.52	0.15	0.29	0.76
RSPF006	53.73	48.70	8.73	0.35	0.31	1.32
RSPF010*	110.22	99.89	32.62	0.13	0.35	0.82
RSPF011*	98.30	89.09	1.76	0.39	0.37	0.76
RSPF012*	150.73	136.61	8.07	0.20	0.76	0.77
RSPF014*	137.98	125.05	6.86	0.64	0.75	2.85
RSPF016*	74.53	67.55	8.10	0.23	0.40	0.32

\* Drill holes not incorporated into the updated MRE due to the assaying results being released after completion of the MRE. The assay results of an additional nine drill holes' assay results are still outstanding. All drill hole results will be incorporated into the annual Mineral Resource update.

The in-fill drilling programme of 4,311.6m (Phase 1, 2 and 3) comprising 39 drill holes was completed in November 2018. The 25 drill-hole results presented above were used in the updated MRE, confirming robust mineralisation extending from surface over a strike length of more than 900m at grades above economic break-even concentrations (0.5g/t).

#### Mineral Resource

SRK audited the updated geological model and MRE for the Royal Sheba Project and is of the opinion that the Mineral Resource statement, as tabulated below, effective 27 November 2018, is a reasonable representation of the *in-situ* grade, tonnage and metal content as contained in the mineralised envelope. Mr. Ivan Doku, who is responsible for the audit on behalf of SRK, has signed off on the Mineral Resource statement below.

The following new Mineral Resource tabulation has been reported from the 3D geological model and resource block model, using a 0.5g/t cut-off grade for near-surface ore (within a ZAR 600 000 per kilogram of gold Whittle pit shell at a revenue factor of 1.5) and 1.7g/t for down-dip extensions to be mined from underground workings. The underground Mineral Resource excludes a 30m crown pillar beneath the pit and is reported within the modelled mineralisation envelope based on current drill holes available.

As at 30 June 2018	Category	Contained gold			
		Tonnes (Million)	Grade (g/t)	Tonnes (Gold)	Ounces (K' oz)
Open-pit Mineral Resource (0.5g/t cut-off)	Measured	3.10	2.10	6.52	210
	Indicated	2.32	1.84	4.28	138
	Inferred	0.43	1.56	0.67	22
	<b>Total</b>	<b>5.85</b>	<b>1.96</b>	<b>11.47</b>	<b>369</b>
Underground Mineral Resource (1.7g/t cut-off)	Measured	0.95	3.62	3.45	111
	Indicated	1.52	4.24	6.46	208
	Inferred	0.64	3.38	2.16	69
	<b>Total</b>	<b>3.12</b>	<b>3.87</b>	<b>12.07</b>	<b>388</b>
<b>Resources</b>	<b>Total</b>	<b>8.97</b>	<b>2.62</b>	<b>23.54</b>	<b>757</b>

Mineral Resources are reported in accordance to the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC) Code. Mineral Resources would be the same if it is reported according to the guidelines of the Canadian Institute of Mining's (CIM) National Instrument 43-101. Cut-off values are calculated at 0.5g/t and 1.7g/t for open-pit and underground Resources, respectively, applying a gold price of ZAR 600 000/kg (USD 1 435/oz and ZAR 13.00/1 USD). Mineral Resources are reported inclusive of Mineral Reserves. Open-pit Mineral Resources are reported within an optimised ZAR 600 000 per kg Au pit shell with a revenue factor of 1.5. All Mineral Resources reported exclude geological structures and a crown pillar of 30m below the open-pit shell. Mineral Resources are reported as in-situ tonnes. Any discrepancies in totals are due to rounding. Additional effects of geological, mining and recovery losses have been considered in the cut-off grade calculations.

#### Exploration

The Company has achieved its objective of generating 0.37Moz (5.85Mt and 1.96g/t) near-surface Mineral Resources for the Royal Sheba Project and is now exploring the Jamestown Shear Zone, within the New Consort mining right for near-surface Mineral Resources. The exploration team is excited to advance the prospective MMR orebody at New Consort. This brownfield project targets near-surface mineral resource definition drilling to yield between 0.2Moz to 0.3Moz, at grades between 2g/t and 4g/t.

The exploration programme comprises of two phases. Phase 1 drilling commenced on 13 November 2018 and will comprise 10 drill holes, totalling 1,035m, testing 600m of strike length and 200m of dip extension of the MMR orebody and the associated Consort Bar. Phase 2 will comprise a further 11 drill holes, totalling 1,350m, which will test a further 500m of westerly strike and dip extension of the MMR deposit.

Several historic satellite deposits have also been identified in the Jamestown Shear Zone and Sheba Hills namely the Bluejackets, Betty, Hard Cash and No. 3 Shaft orebodies, as well as Clutha, Golden Quarry, Oriental Quarry, Eureka, Margaret and Sheba West for resource definition drilling.

#### Next steps

A DFS for the development of the Royal Sheba Project is being undertaken by DRA which is progressing well and is expected to be completed in February 2019. Pan African has also started with the process of obtaining the regulatory permitting required for the project.

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

The competent person for the Mineral Resource is Mr Hendrik Pretorius, the Group Project Geologist, who signs off the Mineral Resources for Evander Mines and Barberton Mines Limited. He is a member of the South African Council for Scientific Professions (400051/11 - Management Enterprise Building, Mark Shuttleworth Street, Innovation Hub, Pretoria, Gauteng Province, South Africa), as well as a member in good standing of the Geological Society of South Africa (GSSA - CSIR Mining Precinct, Corner Rustenburg and Carlow Roads, Melville, Gauteng Province, South Africa). Mr Pretorius has 15 years of experience in economic geology and mineral resource management (MRM). Mr Pretorius holds a BSc. (Hons) degree in Geology from the University of Johannesburg as well as a Graduate Diploma in Engineering (GDE) from the University of the Witwatersrand. He is based at The Firs Office Building, 2nd Floor, Office 204, Cnr. Cradock and Biermann Avenues, Rosebank, Johannesburg, South Africa. Mr Pretorius has confirmed in writing that he has reviewed the information disclosed in this announcement, which is compliant with section 12 of the JSE Listings Requirements and Table 1 of the SAMREC Code, and that it may be published in the form and context in which it is intended.

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

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#### Glossary of technical terms:

Au	Chemical symbol for gold
Cut-off Grade	The lowest grade value that is included in a resource statement
Grade	The proportion of a mineral within a rock or other material. For gold mineralisation this is usually reported as grams of gold per tonne of rock (g/t)
g/t	Grams per tonne
Indicated Mineral	That part of a mineral resource for which tonnage,

Resource	densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed
Inferred Mineral Resource	That part of a mineral resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that may be limited, or of uncertain quality and reliability
Life of Mine	The time in which, through the employment of the available capital, the ore reserves--or such reasonable extension of the ore reserves as conservative geological analysis may justify--will be extracted.
M	Metre
Mineral Resource	A concentration or occurrence of material of economic interest in or on the Earth's crust in such a form, quality, and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a Mineral Resource are known, estimated from specific geological knowledge, or interpreted from a well constrained and portrayed geological model
Measured Resource	That part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity
Moz	Million troy ounces
Orebody	Mining term to define a solid mass of mineralised rock which can be mined profitably under current or immediately foreseeable economic conditions. "Ore" a mineral deposit that can be extracted and marketed profitably
Ore Reserves	The economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined
Ounce / oz	Troy ounce, equivalent to 31.103477 grams
Probable Mineral Reserve	The economically mineable part of an Indicated and, in some circumstances, a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified
Proven Mineral Reserve	The economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors

that demonstrate, at the time of reporting, that  
economic extraction is justified

Tonne (1-million grams)