

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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## OPERATIONAL UPDATE FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

Pan African is pleased to provide an operational update for the six months ended 31 December 2018 ("current reporting period").

### Key highlights for the current reporting period

- Pan African has made good progress in repositioning the group as a long-life, low cost and focused gold producer.
- Gold production from the group's continuing mining operations (**note 1**) increased by 54.2% to 81,014oz (2017: 52,548oz), with robust operational performances from Barberton Mines' underground operations and also from the group's tailings retreatment plants.
  - o Gold production from the Barberton complex significantly increased by 24.5% to 50,556oz (2017: 40,611oz); and
  - o The new Elikhulu tailings retreatment plant ("Elikhulu") contributed 15,292oz (2017: nil) of incremental low-cost ounces. Elikhulu reached nameplate throughput capacity in October 2018 and its optimisation is continuing.
- The group's continuing focus on safety and ongoing safety improvements yielded encouraging results, with material improvements in safety statistics during the current reporting period.
- The improved production performance, curtailment of large scale underground mining operations at Evander Mines and the contribution of incremental low-cost ounces from Elikhulu has resulted in a marked reduction in the group's all-in sustaining cost of production. Further detail on costs will be provided as part of the 31 December 2018 interim results.
- Barberton's three year wage agreement is expected to assist with stability at the operation in the coming years.

**Note 1:** The continuing mining operations include: Barberton Mines' operations, Evander Mines' Elikhulu and Evander tailings retreatment plant ("ETRP") as well as the mining and vamping of the remnant high grade stopes as part of the phased closure of the underground mining operation. The continuing mining operations excludes the discontinued Evander Mines' large-scale underground mining operation, which produced 32,734oz in the corresponding six months period ended 31 December 2017 ("corresponding reporting period"). The group's corresponding reporting period gold production including discontinued operations was 85,282oz.

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

*"The operational and safety performance during the current reporting period demonstrates the progress in repositioning our group as a low-cost, long-life producer, with the safety of our employees and contractors always being of paramount importance. We are very pleased with the commissioning of Elikhulu during the period under review, notwithstanding the challenges associated with delivering a project of this magnitude and complexity on time and within budget. We now look forward to Elikhulu's growing contribution to the group's results in forthcoming reporting periods.*

*In the period ahead, management will continue to focus on further improving our mining operations. The group remains on track to produce 170,000oz for the full financial year to 30 June 2019.*

*As previously communicated, the drilling programme on Barberton Mines' Royal Sheba prospect was completed, indicating a near surface mineral resource of 0.37Moz with a 900m strike and 150m down dip extension. The total mineral resource is now 0.76Moz (8.97Mt at 2.62g/t) comprising the near surface resource of 0.37Moz (5.85Mt at 1.96g/t) and the underground mineral resource of 0.39Moz (3.12Mt at 3.87g/t).*

*We have a demonstrable record of replenishing our mineral resources through effective exploration and look to organic growth projects, such as Royal Sheba, to further enhance the sustainability of the group's operations and to continue to deliver attractive returns to all our stakeholders."*

## **Safety**

The group has significantly improved its safety performance in the current reporting period. We remain committed to ensuring the safety of all our employees, while we continue to strive towards a zero harm environment.

- The group suffered no fatalities during the current and corresponding reporting periods
- The group's lost-time injury frequency rate improved significantly to 1.77 (2017: 4.05)
- The reportable injury frequency rate improved to 0.53 (2017: 0.62)
- Fairview Mine achieved its one-million fatality-free shift milestone on 15 July 2018

## **Elikhulu**

- As previously communicated, Elikhulu was successfully commissioned ahead of schedule and within budget, and achieved a throughput of 1-million tonnes per month during October 2018.
- The incorporation of the existing ETRP throughput capacity of 0.2 million tonnes per month into Elikhulu was completed in December 2018, which increased Elikhulu's processing capacity to 1.2-million tonnes per month.
- Elikhulu processed 3,534,278 tonnes in the four months from September 2018 to December 2018 at a recovered grade of 0.135g/t with 15,291oz (475.6kg) of gold sold, not accounting for August 2018 pre-production gold capitalised of 22.9kg (736oz) and gold inventory held in the Elikhulu circuit.
- Optimisation of the enlarged Elikhulu is continuing, with throughput of 1.1 million tonnes expected in January 2019 and the full 1.2 million tonnes of throughput expected from February 2019.

## **Barberton Mines**

- Barberton Mines produced 50,556oz (2017: 40,611oz) during the current reporting period, comprising:
  - Underground mining operations which contributed 38,550oz (2017: 32,159oz); and
  - Barberton tailings retreatment plant ("BTRP") which contributed 12,006oz (2017: 8,452oz).
- Barberton Mines produced 100,574oz during the 2018 calendar year and remains on track to achieve the market guidance of approximately 100,000oz for the full 2019 financial year.
- Barberton Mines' period-on-period increase in production benefitted from:
  - Increased underground mining flexibility at both the Fairview Mine high-grade 272 and 358 platforms; and
  - BTRP production increased significantly due to improved tonnages and recoveries, following the successful commissioning of the BTRP regrind mill during May 2018.
- Barberton Mines successfully concluded a three-year wage agreement during September 2018 with no industrial action.

## **Evander Mines**

- Evander Mines' surface operations and the mining and vamping of the remnant high-grade stopes produced 15,166oz (2017: 11,937oz) and positively contributed to the group's earnings before interest, taxation, depreciation, and amortisation during the current reporting period.
- The feasibility study into the merits of mining the 8 Shaft pillar and high-grade areas in proximity to the pillar will be completed by the end of February 2019, after which a decision will be made on whether to commence mining in these areas.

The financial and other information contained in this announcement has neither been reviewed nor audited by the company's external auditors. The group's unaudited interim results for the current reporting period will be released on 20 February 2019.

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

Rosebank  
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