

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 NINE MONTHS ENDED 31 MARCH 2019

Pan African is pleased to provide an operational update for the nine months ended 31 March 2019 ("Current Reporting Period") as well as detail on progress with internal growth projects and initial production guidance for the 2020 financial year.

Pan African CEO Cobus Loots commented:

"The Group's performance over the past nine months reflects our efforts to maintain Pan African's position as a safe, low-cost and long-life gold producer. Safe, highly profitable and sustainable ounces at Elikhulu have replaced those of Evander's loss-making underground operations. We continue to optimise Elikhulu, which delivered a throughput of 1.3-million tonnes in March 2019, 100,000 tonnes above the name plate capacity. The focus is now on maximising sustainable margins from this world-class operation.

We have commenced the development and equipping of Evander Mines' 8 Shaft Pillar ("Evander Pillar operation"), with first gold expected in August 2019. The Evander 8 Shaft Pillar is expected to contribute an additional 20,000oz to 30,000oz per annum for three years, at an all-in sustaining costs ("AISC") of approximately US\$900 per ounce, therefore making a meaningful contribution to the Group's near-term production and profitability. The operation will be mined by a specialised and experienced independent contractor given the nature of pillar mining.

We have completed extensive feasibility work on Barberton Mines' Royal Sheba project ("Royal Sheba Project"). Due to the Group's disciplined capital allocation criteria and the capital cost estimates to develop this mine, the Company will not pursue the Royal Sheba Project on a stand-alone basis. The existing Barberton Mines' processing plant infrastructure can be upgraded to process ore from this orebody. The benefits of this approach is the ability to expedite the environmental licencing process, shorten the timeline to production, enhance returns from mining this orebody and negate the requirement for external capital funding. We look forward to updating the market on this project in the months ahead.

We are confident the Group remains on track to meet its gold production guidance of 170,000oz for the full financial year to end 30 June 2019. With Elikhulu producing at a steady state for a full year and the incremental contribution from Evander's Pillar operation, we expect to produce approximately 185,000oz of gold for the 2020 financial year, which is a sizeable increase in our gold production profile."

Key highlights for the current reporting period

Operational results:

- Gold production from the Group's continuing mining operations (note 1) increased by 51.4% to 123,771oz (2018: 81,729oz), with robust performances from Barberton Mines' underground operations and the Group's tailings retreatment plants.
 - o Gold production from the Barberton complex increased by 11.7% to 72,944oz (2018: 65,297oz)
 - Underground and surface mining increased by 3.4% to 54,857oz (2018: 53,034oz); and
 - Barberton tailings retreatment plant ("BTRP") increased by 47.5% to 18,087oz (2018: 12,263oz) due to an improved tonnage throughput and recoveries following the successful commissioning of the BTRP regrind mill in May 2018.
 - o The Elikhulu tailings retreatment plant ("Elikhulu") processed 6,915,113 tonnes from September 2018 to March 2019 at a recovered grade of 0.135g/t with 29,881oz (929.4kg) of gold sold. This excludes the pre-production gold of 736oz (22.9kg) capitalised as pre-production income and gold inventory locked-up in the Elikhulu circuit;
 - o As previously communicated, the incorporation of the historical Evander tailings retreatment plant's ("ETRP") throughput of 200,000 tonnes per month into Elikhulu was completed in

December 2018, which increased Elikhulu's processing capacity to 1.2-million tonnes per month;

- Elikhulu's all-in sustaining cost of production continues to be lower than previously anticipated, at less than US\$600/oz; and
- Evander Mines' remnant mining and surface sources contributed a further 20,946oz (2018: 16,432oz).

Note 1: The continuing mining operations include: Barberton Mines, Evander Mines, Elikhulu and Evander's 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 exclude the discontinued Evander Mines' large-scale underground mining operation, which produced 42,118oz in the corresponding nine months ended 31 March 2018 ("corresponding reporting period"). The Group's corresponding reporting period gold production, including discontinued operations, was 123,845oz.

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 this quarter (2018: no fatalities);
 - The Group's lost-time injury frequency rate improved substantially to 1.75 (2018: 3.79); and
 - The reportable injury frequency rate improved substantially to 0.58 (2018: 1.17).

Evander 8 Shaft Pillar:

- The feasibility study into the merits of mining the Evander 8 Shaft Pillar and high-grade areas in proximity to the pillar has been completed and the Pan African board of directors has approved the development of the project.
- Development and equipping of this area has already commenced, with first gold expected during August 2019.
- The Evander 8 Shaft Pillar will replace the current remnant underground mining and vamping production and is expected to contribute, on average, 30,000oz per annum over the next three financial years, with approximately 20,000oz of production forecast for FY2020.
- The Evander 8 Shaft Pillar mining feasibility highlights are:
 - An average all-in sustaining cost of approximately R415,000/kg or US\$900/oz over the life of the project (assuming US\$/ZAR1:14.30);
 - The existing Kinross processing plant and Evander's 7 Shaft infrastructure will be used to treat and hoist the mined ore from the Evander 8 Shaft Pillar;
 - Capital expenditure of approximately R70 million is to be incurred over the life of the project, of which R40 million is to be incurred upfront. All capital for the Evander 8 Shaft Pillar's development will be funded from existing Group facilities; and
 - A forecast payback period on the initial capital investment of less than one year, from commencement of mining, and a net present value of R369 million (US\$25.8 million) at a 10% real discount rate and an assumed gold price of R600,000/kg or US\$1,305/oz.

Royal Sheba Project:

- The Group has completed the Royal Sheba project feasibility study and concluded that the merits of mining the near-surface resource, using an opencast mining method, did not meet the Group's disciplined capital allocation criteria. This was as a result of higher than anticipated capital expenditure, largely due to the challenging topography of the Sheba valley.
- The emphasis is now to assess the merits of using an underground sub-level open stoping mining method by developing haulages from surface into the orebody. The existing Barberton Mines' processing plant infrastructure can be upgraded to process ore from this orebody, which will substantially reduce the originally contemplated capital expenditure, and shorten the environmental licensing approval process.
- Shareholders will be updated on progress with Royal Sheba development plans in the coming months.

Restructure of Revolving Credit Facility (“RCF”):

- The Group has received final credit approvals from its consortium of bankers and is finalising the legal agreements with the intent of having the restructured facility effective by 30 June 2019. The proposed restructured RCF will amortise according to 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 10 semi-annual, equal principal instalments of R100 million, commencing in December 2019, is unaffected by the restructuring of the RCF.

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
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