

Pan African Resources PLC

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

AIM Code: PAF

JSE Code: PAN

ISIN: GB0004300496

(“Pan African Resources” or the “Company” or the “Group”)

UPDATE ON OPERATIONS AND BTRP MILL COMMISSIONING

Further to the announcement published on 2 May 2018 in respect of the finalisation of Evander Gold Mining Proprietary Limited (“**Evander Mines**” or “**Evander**”) restructure and operational update, Pan African Resources advises shareholders as follows:

- The commissioning of the Barberton Mines Tailings Retreatment Plant (“**BTRP**”) regrind mill will be completed during the current week, on schedule and on budget. The BTRP is expected to reach annualised gold production of 21,000 ounces in the next month, in line with previous guidance.
- The Group has signed a retrenchment agreement with representative unions at Evander Mines, which governs the final terms of the retrenchment. The retrenchment process will therefore be completed as previously communicated, with several programmes implemented by Evander to assist retrenched employees.
- The Elikhulu project construction (“**Elikhulu**”) remains ahead of schedule and below budget.

BTRP MILL COMMISSIONING

The construction of the regrind mill at the BTRP is complete and the commissioning process has commenced and will be completed in the next week. The mill enables the BTRP to sustain the annual production at approximately 21,000 ounces per annum. The construction of the regrind mill took five months and was completed on budget. The regrind mill was installed to reduce the coarseness of the material treated from the Harper Dump and will improve material handling and recoveries going forward.

The 1.7 megawatt, 4.3 metre by 4.9 metre, Veecor regrind mill was constructed in record time by Barberton Mines, with New Concept Projects as the main subcontractor to DRA Global, which was responsible for the mill refurbishment and installation.

FINALISATION OF THE EVANDER MINES SECTION 189 PROCESS

Pan African Resources has concluded the Section 189 process in terms of the South African Labour Relations Act, 66 of 1995 (“**Section 189 Process**”) and signed a retrenchment agreement with the recognised unions of Evander Mines. The retrenchment cost will be approximately R160 million and will be funded from the Group’s existing debt facilities and internal resources.

As previously communicated, the retrenched employees will be provided with opportunities for reskilling and the Group is in the process of identifying employment opportunities for retrenched employees, both internally and with potential external employers.

Separately, the Group is at an advanced stage of reviewing the technical and commercial merits of mining the remainder of Evander’s 8 shaft pillar. This may extend the final closure date of the shaft, generate positive cash flows and assist with further employment opportunities for those affected by the Section 189 Process. Further information on the findings of the Evander 8 shaft pillar initiative will be communicated to shareholders in the near future.

UPDATE ON ELIKHULU CONSTRUCTION

The construction of Elikhulu remains ahead of schedule, with first gold production expected in August 2018, and full commissioning at the end of September 2018. Elikhulu’s capacity will be increased by 200,000 tonnes to 1.2-million tonnes per month with effect from December 2018, by incorporating the existing Evander Tailing Retreatment Plant (“**ETRP**”) throughput with the associated economies of scale and enhanced recovery benefits. The increase in processing capacity will not affect the original construction schedule or first gold production expectations. In conjunction with the ETRP throughput,

these two surface operations, once in full production, are expected to produce more than 70,000 ounces per annum.

Pan African's Barberton and surface tailings operations uniquely positions the Group as a relatively low-cost producer with long-life, quality assets and attractive organic growth prospects.

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

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

24 May 2018

Contact information	
Corporate Office The Firs Office Building 1st Floor, Office 101 Cnr. Cradock and Biermann Avenues Rosebank, Johannesburg South Africa Office: + 27 (0) 11 243 2900 Facsimile: + 27 (0) 11 880 1240	Registered Office Suite 31 Second Floor 107 Cheapside London EC2V 6DN United Kingdom Office: + 44 (0) 207 796 8644 Facsimile: + 44 (0) 207 796 8645
Cobus Loots Pan African Resources PLC Chief Executive Officer Office: + 27 (0) 11 243 2900	Deon Louw Pan African Resources PLC Financial Director Office: + 27 (0) 11 243 2900
Phil Dexter St James's Corporate Services Limited Company Secretary Office: + 44 (0) 207 796 8644	John Prior / Paul Gillam Numis Securities Limited Nominated Adviser and Joint Broker Office: +44 (0) 20 7260 1000
Sholto Simpson One Capital JSE Sponsor Office: + 27 (0) 11 550 5009	Ross Allister/James Bavister/David McKeown Peel Hunt LLP Joint Broker Office: +44 (0) 207 418 8900
Julian Gwillim Aprio Strategic Communications Public & Investor Relations SA Office: +27 (0)11 880 0037	Jeffrey Couch/Neil Haycock/Thomas Rider BMO Capital Markets Limited Joint Broker Office: +44 (0) 207 236 1010
Bobby Morse Buchanan Public & Investor Relations UK Office: +44 (0)20 7466 5000 Email: PAF@buchanan.uk.com	
Website: www.panafricanresources.com	