

## **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” or the “Company” or the “Group”)

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### **OPERATIONAL UPDATE**

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Following the operational updates released in March and May 2018, Pan African is pleased to provide preliminary production results for the financial year ended 30 June 2018, production guidance for the 2019 financial year and further information on the Group’s operations and organic growth projects.

#### **Key highlights are summarised as follows:**

- Improved safety performance year-on-year with no fatalities (2017: three fatalities). Barberton Mines commendably achieved one million fatality free shifts during June 2018.
- Group gold production of 160,421oz in the 2018 financial year, ahead of its most recent production guidance of 157,000oz - 160,000oz.
  - Barberton Mines produced 90,628oz for the 2018 financial year, within its production guidance of 90,000oz - 91,000oz. During the second half of the financial year, Barberton Mines produced 50,017oz of gold, a 23% increase on its first half production.
  - Evander Mines produced 69,793oz for the 2018 financial year, exceeding its production guidance of 67,000oz - 69,000oz.
- Construction of the Elikhulu Tailings Retreatment Plant (“**Elikhulu**”) remains on track and within budget for first gold in August 2018, with construction now entering the commissioning phases of the project.
- The Royal Sheba Project feasibility study at Barberton Mines is expected to conclude during September 2018.
- Production guidance for the 2019 financial year is approximately 170,000oz, excluding any production from Evander’s underground operations. With the previous high cost ounces from the Evander underground now replaced by production from low cost surface remaining operations, production costs are also expected to demonstrate a significant improvement.

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

*“The 2018 financial year was extremely challenging for the Group, both financially and operationally. However, during the past six months, we have successfully addressed key deliverables that were critical to the future sustainability of Pan African Resources. We are now re-positioned as a lower-cost, long-life gold miner, consistent with stakeholder expectations.”*

#### **Group safety**

The Group experienced no fatalities in the 2018 financial year (2017: three employees fatally injured). The Group’s lost-time injury frequency rate remained stable at 3.73 (2017: 3.51), while the reportable injury frequency rate improved materially to 1.08 (2017: 1.53). In terms of safety performances, significant progress was made over the past year with on-mine safety improvement campaigns contributing to these results. Further, Barberton Mines achieved its one million fatality free shifts milestone during June 2018. To ensure continued safety improvements, the Group will be engaging independent safety experts to review each of the mining operations’ safety systems and controls.

#### **Barberton Mines**

Barberton Mines produced 90,628oz of gold for the 2018 financial year, comfortably within the production guidance of 90,000oz - 91,000oz. The operation successfully produced 50,017oz during the second half of the 2018 financial year, which was an increase of 23% from gold produced during the first half. Barberton Mines’ production performance during the second half of the 2018 financial year was underpinned by Fairview Mine’s 11-block MRC 272 and 358 platforms.

## **Evander Mines**

Evander Mines ceased its underground mining operations and concluded its retrenchment process at the end of May 2018. Evander Mines produced 69,793oz of gold for the 2018 financial year, above the production guidance of 67,000oz - 69,000oz.

The Evander Tailings Retreatment Plant (“**ETRP**”) and surface sources produced 19,874oz, marginally below the production guidance of between 20,000oz - 21,000oz.

Evander Mines’ underground mining operation concluded the 2018 financial year with 49,919oz of gold produced, exceeding the guidance provided of 46,000oz.

## **Elikhulu construction**

As previously communicated, construction at Elikhulu is progressing ahead of schedule with first gold expected in August 2018. The construction teams are now entering the commissioning phases of the project, in anticipation of a two month ramp-up period to full production. The Elikhulu project is expected to produce approximately 55,000oz of gold per annum, at an all-in sustaining production cost of between US\$650/oz and US\$700/oz.

The transfer of the ETRP processing capacity into Elikhulu is on track and scheduled for December 2018. Elikhulu, in conjunction with the ETRP, is expected to produce approximately 70,000oz per annum.

## **Royal Sheba project**

The Royal Sheba orebody at Barberton Mines has the potential to deliver approximately 30,000oz per annum. The Company mandated DRA Global to undertake a life-of-mine technical feasibility study on the orebody and the study is expected to be concluded during September 2018.

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.

Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014) prior to its release as part of this announcement.

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

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**Contact information**

Corporate Office  
The Firs Office Building  
2nd Floor, Office 204  
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](mailto:PAF@buchanan.uk.com)

Website: [www.panafricanresources.com](http://www.panafricanresources.com)