

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")

## **OPERATIONAL UPDATE FOR THE YEAR ENDED 30 JUNE 2022 – RECORD ANNUAL GOLD PRODUCTION AND SIGNIFICANT REDUCTION IN NET SENIOR DEBT**

Pan African is pleased to provide its shareholders with the gold production figures and a preliminary operational update for the financial year ended 30 June 2022 ("Reporting Period"). The detailed report of the Group's operational and financial performance for the Reporting Period, and annual reporting suite, will be released on 14 September 2022.

### **KEY HIGHLIGHTS**

- Record annual gold production
  - Production of 205,459oz of gold, an increase of ~2% on FY2021 gold production of 201,777oz
  - Production was ~3% higher than the upwardly revised guidance of 200,000oz and ~5% higher than initial guidance of 195,000oz, released at inception of the Reporting Period
- Industry leading safety statistics – further improvements have been achieved
  - Recordable injury frequency rate ("RIFR") improved to 0.35 per million man hours (FY2021: 0.63)
  - Lost time injury frequency rate ("LTIFR") improved to 1.04 per million man hours (FY2021: 1.41)
  - COVID-19 vaccination rate of +80% achieved across the Group
- Significant decrease in the Group's net senior debt
  - Reduction of 71.5% to US\$9.6 million (FY2021: US\$33.7 million)
- Organic growth projects on track
  - Barberton Mines
    - Royal Sheba orebody intersected on schedule during June 2022, extraction of 10,000 ton bulk sample in progress
  - Evander underground
    - Refrigeration plant at Evander 8 Shaft 24 Level nearing completion for commissioning during August 2022
    - Development blasting on Evander 8 Shaft 24 Level completed in preparation for mining
  - Elikhulu surface tailings retreatment
    - New Leslie/Bracken re-mining pump station and related infrastructure in place for mining to commence during August 2022
- ESG highlights
  - Commissioned 10MW solar PV renewable energy plant at Evander – the first of this scale in the South African mining industry
  - Barberton 8MW solar PV renewable energy plant site establishment has commenced
  - First commercial harvest at Barberton's blueberry project
  - Commenced construction of a water retreatment plant at Evander Mines

- Capacity to recycle 3 megalitres per day and produce potable water, substituting potable water from the local municipality
- Production guidance for FY2023
  - Gold production is expected to be at a level similar that achieved in the Reporting Period

Pan African CEO Cobus Loots commented:

*“We are very pleased with the Group’s operational performance over the last year, and the record gold production achieved by our teams during this period.*

*The Group has made meaningful progress with our production growth projects at Evander underground and at Barberton’s Royal Sheba; both projects are on schedule to start delivering within their anticipated production timeframes.*

*We have further strengthened our balance sheet over the last year, despite the payment of a record dividend and incurring significant growth and sustaining capital expenditure.*

*A key focus area in the year ahead will be the smaller underground operations at Barberton, to ensure that these assets perform to their full potential.*

*Significant milestones have also been achieved with progress on our ESG projects, including the commissioning of our first solar PV renewable energy project at Elikhulu, the first of its scale in the South African mining industry. We are also excited about the imminent commencement of construction of Barberton’s solar PV plant. The Group plans to generate 30MW of solar PV renewable energy by 2024, with commensurate cost savings of approximately R100million or US\$6,1million per year, and a large reduction in carbon emissions. At Barberton, commercial harvesting of blueberries has commenced and employment of seasonal labour is ramping up, as planned.*

*We look forward to presenting our 2022 year-end financial results in September, and to provide further details and information on the impact of our initiatives and operations and the value created for our stakeholders.”*

## **GROUP ANNUAL PRODUCTION**

Final Group gold production for the Reporting Period increased by ~2.0% to 205,459oz (2021: 201,777oz), exceeding the upwardly revised production guidance of 200,000oz referred to in the interim financial results, announced on 16 February 2022. The gold production split per operation is as follows:

	<b>Year ended 30 June 2022*</b>	<b>Year ended 30 June 2021</b>
<b>Production ounce profile:</b>		
Fairview Mine	<b>47,985</b>	<b>45,686</b>
Sheba and Consort Mines	<b>27,587</b>	<b>39,140</b>
Barberton Tailings Retreatment Plant (BTRP)	<b>19,560</b>	<b>18,239</b>
Elikhulu	<b>52,139</b>	<b>51,459</b>
Evander Mines	<b>58,187</b>	<b>47,252</b>
<b>Total ounces produced:</b>	<b>205,459</b>	<b>201,777</b>

*\* Preliminary values subject to final refinery adjustments*

Barberton Mines’ Fairview underground operations and the BTRP surface operations performed very well during the Reporting Period. At Fairview Mine, this was again attributable to the increased flexibility established at this mines high-grade Main Reef Complex (“MRC”) and Rossiter orebodies.

Performances from Barberton's smaller Sheba and Consort underground operations were below expectations, and the Group is implementing improvement programmes to ensure that these assets deliver to their full potential.

The Elikhulu tailings retreatment operation processed tonnages with volumes and head grade both in excess of the mining plan, which improved gold production levels when compared to the previous financial year. Notwithstanding, production levels were negatively impacted by adverse weather conditions and lower than anticipated recoveries. Production is expected to improve as re-mining of the Leslie/Bracken tailings facility commences during FY2023. Elikhulu remains one of the lowest-cost gold mining operations in Southern Africa, with a remaining operational life of 11 years.

Evander's 8 Shaft pillar significantly outperformed its planned gold output for the Reporting Period, with a remaining life of just over a year. Evander Mines' 24 Level project is currently in the construction phase, while the refrigeration plant is expected to be commissioned during August 2022. Mining of the 24 Level ore will extend the production profile of the underground mining at 8 Shaft, post extraction of the 8 Shaft pillar, for an additional two and a half years, and maintain Evander Mines' annual underground gold production.

As previously communicated, the Group is proceeding with plans to mine the down-dip extent of the Evander orebody at 25 and 26 Levels using the 24 Level infrastructure, with an on-reef decline layout. The mining of 25 and 26 Levels demonstrates a compelling business case and further extend Evander Mines' 8 Shaft's production, post cessation of mining at the 8 Shaft pillar and 24 Level, for an additional eight years, with average expected annual production of approximately 65,000oz. Dewatering on 25 Level commenced in the Reporting Period, and blasting of the development ends will commence in the 2023 financial year, with mining of the first stope planned for the 2025 financial year.

These projects will increase the 8 Shaft life-of-mine to 13 years, with potential to increase further, should the Inferred Mineral Resources be converted to Mineral Reserves. Evander Mines' mining right is valid until 2038.

## **SAFETY ACHIEVEMENTS**

The Group has achieved an overall reduction in recordable injuries, following a number of safety initiatives and interventions:

- The Group reported an improvement in the RIFR to 0.35 per million man hours for the Reporting Period (2021: 0.63 per million man hours);
- The Group's LTIFR also improved to 1.04 per million man hours for Reporting Period (2021: 1.41 per million man hours);
- Evander Mines achieved a 100% improvement in reportable injuries in the Reporting Period, despite the increased number of crews deployed underground, including the 24, 25 and 26 Level development crews

Barberton Mines achieved 2 million fatality free shifts on 10 May 2022 and the combined Evander/Elikhulu operations achieved 2.5 million fatality free shifts on 19 January 2022.

## **REDUCTION IN SENIOR DEBT**

The Group materially reduced its net senior debt over the Reporting Period, with a year-on-year decline of 71.5% to US\$9.6 million (ZAR155.5 million at an exchange rate of US\$/ZAR:16.28) from US\$33.7 million (ZAR481.3 million at an exchange rate of US\$/ZAR:14.28) at 30 June 2021. In US\$ terms, this represents a reduction in net senior debt of 59.8% relative to the debt levels at 31 December 2021 of US\$23.9 million (ZAR382.4 million at an exchange rate of US\$/ZAR:16:00).

## OPERATIONAL AND GROWTH PROJECTS UPDATE

A detailed update on the Group's operations and production growth projects will be included in the Company's annual final results and presentation, scheduled to be released on 14 September 2022.

## PRODUCTION GUIDANCE FOR FY2023

The Group expects to maintain its 2023 financial year gold production at a level similar to that achieved in the Reporting Period.

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 as it forms part of UK Domestic Law by virtue of the European Union (Withdrawal) Act 2018. Upon the publication of this announcement via Regulatory Information Service ('RIS'), this inside information is now considered to be in the public domain.

Rosebank

14 July 2022

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

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

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