

Pan African Resources PLC

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

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

PAN AFRICAN ENTERS INTO AGREEMENT TO ACQUIRE BLYVOOR GOLD SURFACE TAILINGS RESOURCES, UPDATE ON MINTAILS AND GROUP PRODUCTION

1. Highlights and background

Pan African is pleased to advise shareholders that the Company has entered into a conditional agreement to acquire the entire issued share capital of Blyvoor Gold Operations (Pty) Ltd (Blyvoor Operations) from Blyvoor Gold (Pty) Ltd (the Transaction).

Highlights of the Transaction include:

- Six historical Tailings Storage Facilities (TSFs) with total Mineral Resources of more than 1.4 million ounces of contained gold;
- A technical study to Pre-feasibility (PFS) level indicates potential to produce 25-30k ounces of gold by processing 6 million tonnes (Mt) of tailings per annum over a mine life of 15 years (extendable to 25 years with inclusion of Inferred Mineral Resources);
- Pan African has a demonstrable track record of developing and operating similar high-margin tailings processing operations at its Barberton Tailings Retreatment Plant (BTRP), Evander Tailings Retreatment Plant (ETRP) and Elikhulu operations; and
- Staged acquisition process:
 - Three-month initial fatal-flaw due diligence period, following which Pan African can elect to proceed with a Definitive Feasibility Study (DFS) over the following nine months, to December 2022.

Pan African may then, following completion of the due diligence and, if applicable, the DFS, at its sole discretion, elect to acquire Blyvoor Operations for a cash consideration of ZAR110m (US\$6.9m at current exchange rates), to be funded from internal cash resources.

Blyvoor Operations owns a total of six historical TSFs comprising the following:

- Blyvooruitzicht TSF No. 1; Blyvooruitzicht TSF No. 6; Blyvooruitzicht TSF No. 7; and
- Doornfontein TSF No. 1; Doornfontein TSF No. 2; Doornfontein TSF No. 3.

During 2020, independent consultants Minxcon (Pty) Ltd (Minxcon) completed a technical study to PFS level for the Blyvoor TSFs and quantified the Mineral Resources at circa 142.9Mt with an in-situ grade of 0.31g/t gold, for an estimated gold content of more than 1.4Moz gold, as per the table below:

Mineral Resources as estimated by Minxcon (1 December 2020).*

Mineral Resource Classification	Tonnes	Au	Gold Content	
	Mt	g/t	Kg	koz

Measured	48.5	0.32	15,542	500
Indicated	34.9	0.33	11.449	368
Total Measured and Indicated	83.5	0.32	26,991	868
Inferred	59.5	0.28	16.855	542

*The reported Mineral Resources are compliant with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2016 edition (the SAMREC code). It is noted that the Measured and Indicated Mineral Resource contribution is represented solely by Blyvooruitzicht TSF No. 6 and Blyvooruitzicht TSF No. 7. Mineral Resources are reported inclusive of Mineral Reserves.

As part of the technical study to PFS level conducted by Minxcon in 2020, the following SAMREC code compliant Mineral Reserves has been declared. The Mineral Reserves constitutes only the Measured and Indicated Mineral Resources of both the Blyvooruitzicht TSF No. 6 and Blyvooruitzicht TSF No. 7.

Mineral Reserves as estimated by Minxcon (1 December 2020).

Mineral Reserve Classification	Tonnes	Au	Gold Content	
	Mt	g/t	Kg	koz
Probable	84.3	0.30	25,385	816

Following diagnostic leach results, Minxcon reported expected CIL gold recoveries of circa 54%. The technical study to PFS level demonstrated projected average gold production of 25-30koz/yr over a life of mine of 15 years (extendable to 25 years with inclusion of Inferred Mineral Resources), processing approximately 6Mt of tailings per annum during steady state production. As part of the work to be undertaken by Pan African, the Group will assess the potential for increasing the rate of processing and resultant annual gold production.

The proposed mining method for reclamation activities will be hydro-mining, as currently utilised at the Group's Elikhulu and BTRP operations.

Pan African Resources CEO, Cobus Loots commented: "Pan African is pleased to have secured the right to the Blyvoor tailings, which is one of the last remaining large-scale gold tailings resources available in South Africa. We look forward to progressing our studies on this opportunity in the year ahead, and we are hopeful that we can ultimately demonstrate a compelling project, for the benefit of all stakeholders. Pan African is poised to grow its tailings retreatment operations in the years ahead, adding additional long-life, high-margin production to our already attractive portfolio of assets".

2. Pan African's current tailings retreatment operations

The Group has a track record of successfully bringing tailings retreatment operations to fruition. Pan African has commissioned three safe and highly profitable gold tailings retreatment operations in the recent past, namely the BTRP, the ETRP and more recently the Group's flagship Elikhulu operation (combined with ETRP). These projects were all commissioned within budget and on schedule, and have generated compelling returns on the invested capital.

Pan African currently retreats approximately 1.3Mt of tailings per month through its technologically advanced metallurgical plants to recover gold from the historical TSFs in the Barberton and Evander regions. The hydro-mining of these historical environmental liabilities is economically robust and have the added benefit of restoring the environment for the betterment of local communities, with land reclaimed for alternative economic uses.

Modern tailings retreatment operations are highly automated, with a low labour complement. The Group produces approximately 70koz per annum of recovered gold from the Elikhulu and BTRP operations at an all-in sustaining cost (AISC) of less than US\$900/oz.

3. Details of the proposed Transaction

The salient terms of the Transaction are as follows:

- Pan African will be afforded a three-month period (commencing in January 2022) to conduct a fatal-flaw due diligence on Blyvoor Operations and its tailings resources (DD period).
- If Pan African elects to proceed with a definitive feasibility study (DFS), after the DD period, the Group will be afforded the right to conduct the DFS over the following nine months (to December 2022).

In December 2022, Pan African may, at its sole discretion and subject to fulfilment of suspensive conditions customary for a transaction of this nature, elect to conclude the Transaction and acquire all the issued share capital of Blyvoor Operations for a cash consideration of ZAR110m (c.US\$6.9m at current exchange rates), which will be funded from Pan African's internal cash resources.

4. Rationale for the proposed Transaction

One of Pan African's competitive advantages is its success in bringing tailings projects to fruition. The existing BTRP and Elikhulu operations bear testament to this, contributing materially to the Group's financial success.

Given the lower execution risk and the relatively short-term payback periods associated with tailings projects, these operations lend themselves to higher gearing levels, with commensurate levered equity returns.

5. Categorisation of proposed Transaction

The proposed Transaction is an uncategorised transaction and does not involve any related parties in terms of the JSE Listings Requirements or the AIM Rules for Companies and is therefore not subject to shareholder approval.

6. Current status of the Mintails transaction

During November 2020, the Group announced the conditional acquisition of Mintails SA Mogale Gold and Soweto Cluster (MSC) TSFs with combined Mineral Resources of 243Mt with an in-situ grade of 0.30g/t gold, for an estimated gold content of 2.36Moz of gold.

A PFS was completed on Mogale Gold's TSFs during July 2021. The MSC TSFs were excluded from the study's scope as their Mineral Resources requires additional technical and due diligence analysis, which will be addressed in forthcoming studies. The PFS results were disseminated with the Group's 2021 FY annual results. Average production of between 40-50koz/yr over an 11-year life of mine was foreseen.

Following the positive PFS findings, the Group is currently finalising a DFS, led by DRA Global (DRA), which is scheduled to be completed in Q1 of the 2022 calendar year. A concept study on the Soweto Cluster is also progressing under the auspices of DRA.

As previously reported, finalisation of the Mintails transaction was delayed by ongoing legal action, which could have seen Mintails revert to either business rescue or remain in provisional liquidation. Judgement on the legal action has now been received, and Mintails will remain in provisional liquidation. Pan African remains optimistic on the Mintails transaction's potential, and will now engage with the provisional liquidator on progressing the transaction, as well as continue with the finalisation of the DFS.

7. Production update for the first six months of the 2022 financial year

Pan African expects to produce circa 105,000oz (2021: 98,386oz) of gold during the first six months of the 2022 financial year, ending December 2021, representing a 6.7% production increase relative to the corresponding period.

Gold production per operation is expected as follows:

- Barberton Mines: ~50,000oz (2021: 52,354oz)
- Elikhulu: ~27,000oz (2021: 26,863oz)
- Evander Mines' 8 Shaft pillar operation and Evander's surface sources: ~28,000oz (2021: 19,169oz)

The Group is now well positioned to meet and exceed its full year production guidance of more than 195,000oz.

The Competent Person for Pan African, Mr Hendrik Pretorius, the Group Technical Services Manager, has reviewed and approved the information contained in this announcement. Mr Pretorius is a member of the South African Council for Natural Scientific Professions as well as a member in good standing of the Geological Society of South Africa. Additionally, Mr Daan van Heerden, Director of Minxcon, has independently reviewed and approved the information contained in this announcement where it relates to Blyvoor Operations.

Certain information communicated in this announcement was, prior to its publication, inside information for the purposes of Article 7 of Regulation 596/2014.

Rosebank

15 December 2021

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

www.panafricanresources.com

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