

PROVISIONAL SUMMARISED AUDITED RESULTS for the year ended 30 June 2020

KEY FEATURES

- ➔ The Group responded swiftly in implementing stringent policies and protocols to mitigate the impact of the COVID-19 pandemic on its employees and operations
- ⬆️ Gold production increased by **4.1%** to 179,457oz after final refinery adjustments (2019: 172,442oz), exceeding the revised full-year production guidance of 176,000oz
- ➔ Industry-leading safety performance, both in terms of lost-time injury and reportable injury frequency rates
- ⬆️ Revenue increased by **25.9%** to US\$273.7 million (2019: US\$217.4 million)
- ⬆️ Profit after taxation increased by **16.6%** to US\$44.3 million (2019: US\$38.0 million)
- ⬆️ Headline earnings increased by **93.0%** to US\$44.2 million (2019: US\$22.9 million)
- ⬆️ Headline earnings per share increased by **92.4%** to US 2.29 cents per share (2019: US 1.19 cents per share)
- ⬆️ Earnings per share increased by **16.8%** to US 2.30 cents per share (2019: US 1.97 cents per share)
- ⬆️ Net cash generated by operating activities increased by **42.7%** to US\$53.8 million (2019: US\$37.7 million)
- ⬇️ Net senior debt* decreased by **51.9%** to US\$62.0 million (2019: US\$129.0 million)
- ⬇️ Improved net debt to net adjusted EBITDA ratio of **0.7** (2019: 2.2)
- ➔ Low-cost operations (including Elikhulu, BTRP and Barberton Mines' Fairview Mine) achieved an AISC of **US\$826/oz** for the year ended 30 June 2020 (Reporting Period)
- ➔ The development of Evander Mines' Egoli project has commenced. The project's payback is estimated at less than five years from inception of construction, with funding provided on a non-dilutive basis by means of a dedicated debt facility
- ⬆️ Production guidance increased to **190,000oz** for the year ending 30 June 2021
- ➔ The board has proposed a record final dividend of **ZAR 312.9 million** or approximately **US\$18.7 million**, at prevailing exchange rates, subject to approval by shareholders at the annual general meeting (AGM)

* Net senior debt includes senior interest-bearing debt and the outstanding gold loan balance, net of available cash.

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CHIEF EXECUTIVE OFFICER'S STATEMENT

Over the past year, our Group's operations demonstrated their resilience, with gold production in excess of the revised guidance for the Reporting Period. This operational performance was achieved despite the impact of the COVID-19 pandemic and the resultant restrictions imposed to curb the spread of the virus – a testament to the robustness and operational flexibility of our diversified portfolio of assets.

Gold production from Elikhulu and the Barberton Tailings Retreatment Plant (BTRP), our low-cost surface retreatment operations, have contributed significantly to the profitability of the Group and demonstrated the benefit of multiple producing operations.

We are pleased to confirm that we remain firmly on track to deliver into our guided gold production of 190,000oz for the year ending 30 June 2021, a substantial increase compared to the revised production guidance of 176,000oz for the Reporting Period.

We successfully levered the Group's operational execution capability to bring Evander Mines' 8 Shaft pillar project and the Prince Consort (PC) Shaft's Level 42 development at Barberton Mines' New Consort Mine into steady-state production, and these operations are now an integral part of our strategy to further reduce costs and increase margins at our underground mines.

Our Group's safety performance during the Reporting Period is commendable and we will remain unrelenting in the pursuit of our ultimate goal of zero harm in the years ahead. We are deeply saddened by the fatality that occurred after the Reporting Period.

Pan African's earnings for the Reporting Period were adversely affected by COVID-19. This impact was however largely offset by the robust gold price and by our ability to expeditiously ramp up gold production, in line with government directives, post the initial hard lockdown period. Despite the impact of COVID-19, we are pleased to report increased earnings for the Group this year.

We reduced net debt during the Reporting Period by 41.2% to US\$76.4 million (2019: US\$129.9 million), which resulted in a significantly improved net debt to net adjusted EBITDA ratio of 0.7 (2019: 2.2).

Group all-in sustaining costs (AISC) of US\$1,147/oz includes realised hedge losses of US\$12.0 million. Excluding these realised losses, the Group's AISC decreased to US\$1,078/oz (2019: US\$988/oz), which is more reflective of the actual operational costs and in line with the Group's targeted AISC of US\$1,000/oz. The AISC for the Group's low-cost operations, comprising Elikhulu, BTRP and Barberton Mines' Fairview Mine, was US\$826/oz for the

Reporting Period. We believe the Group is well on track to produce at an AISC of below US\$1,000/oz for the 2021 financial year.

Our robust operational and financial performance over the past year, together with a positive outlook for the year ahead, has enabled the board to recommend a record dividend of ZAR312.9 million, or US 0.83582 cents per share, for approval by shareholders at the upcoming AGM.

The Group will continue to invest in our compelling organic growth projects, most notably the recently announced long-life Egoli project, which capitalises on the substantial existing shaft and plant infrastructure, and is also fully licenced and 'shovel-ready'. We are pleased to announce that following the successful completion of the feasibility study, the Group has obtained credit approval from Rand Merchant Bank for the full debt funding of the project's capital expenditure.

We have prioritised our environmental, social and governance initiatives, as evidenced by the level of rehabilitation spend for the Reporting Period, and board approval for the implementation of a number of significant and sustainable development projects. These include the 10MW renewable energy solar photovoltaic plant at Elikhulu and a large-scale agriculture project at Barberton Mines. The merits of a similar solar photovoltaic plant are also being considered for Barberton Mines, as well as new agriculture projects on rehabilitated land at Evander Mines.

We are acutely conscious of the ongoing impact of the COVID-19 pandemic and will continue to implement stringent preventative and precautionary measures to limit incidences of infection among our employees and in our host communities, and minimise the potential adverse impact of the pandemic on the Group's operations.

In the year ahead, aligned to our strategy of delivering safe, sustainable and high-margin gold production, we will continue to direct our focus on creating shareholder value by optimising our operations, further de-gearing our statement of financial position and increasing dividend distributions. Furthermore, we will also continue investing in our host communities to improve the living conditions of these critical stakeholders.

My sincere thanks and gratitude to all of the management and employees of Pan African for their contribution to the Group through this difficult time and for ensuring the sustainability of our operations, now and into the future.

Cobus Loots *Chief executive officer*

PROPOSED DIVIDEND FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

The board has proposed a final dividend of ZAR312.9 million for the 2020 financial year (approximately US\$18.7 million), equal to ZA 14.00000 cents per share or approximately US 0.83582 cents per share (0.65451 pence per share). The dividend is subject to approval by shareholders at the AGM, which is convened for Thursday, 26 November 2020.

In light of the robust results for the Reporting Period and the favourable financial prospects for the operations in the 2021 financial year, the board has applied its discretion and has proposed a dividend in excess of the Company's dividend policy's guidelines, which provide for a 40% payout ratio of net cash generated from operating activities.

Assuming shareholders approve the final dividend, the following salient dates would apply:

Annual general meeting	Thursday, 26 November 2020
Currency conversion date	Thursday, 26 November 2020
Currency conversion announcement released by 11:00 (SA time)	Friday, 27 November 2020
Last date to trade on the JSE	Tuesday, 1 December 2020
Last date to trade on the LSE	Wednesday, 2 December 2020
Ex-dividend date on the JSE	Wednesday, 2 December 2020
Ex-dividend date on the LSE	Thursday, 3 December 2020
Record date on the JSE and LSE	Friday, 4 December 2020
Payment date	Tuesday, 15 December 2020

The pound sterling (GBP) and US\$ proposed final dividend was calculated based on a total of 2,234,687,537 shares in issue and an illustrative exchange rate of US\$/ZAR:16.75 and GBP/ZAR:21.39, respectively. Shareholders on the London register should note that a revised exchange rate will be communicated before approval at the AGM.

No transfers between the Johannesburg and London registers, between the commencement of trading on Wednesday, 2 December 2020 and close of business on Friday, 4 December 2020 will be permitted.

No shares may be dematerialised or rematerialised between Wednesday, 2 December 2020 and Friday, 4 December 2020, both days inclusive.

The South African dividends taxation rate is 20% per ordinary share for shareholders who are liable to pay dividends taxation, resulting in a net dividend of ZA 11.20000 cents per share for these shareholders. Foreign investors may qualify for a lower dividend taxation rate, subject to completing a dividend taxation declaration and submitting it to Computershare Investor Services Proprietary Limited or Link Asset Services, who manage the South African and UK registers, respectively. The Company's South African income taxation reference number is 9154588173. The proposed dividend will be paid out of the Company's retained earnings, without drawing on any other capital reserves.

AUDIT OPINION

The Group's external auditor, PricewaterhouseCoopers LLP (PwC), have issued their opinion on the consolidated annual financial statements for the year ended 30 June 2020. There have been two key audit matters identified by PwC which relate to the *Impairment assessments of goodwill, intangible assets and property, plant and equipment and mineral rights – Group*, and the *Impact of COVID-19 – Group and Parent Company*. Further details on these key audit matters can be found in the full auditor's report which is available on the Company's website <https://www.panafricanresources.com/wp-content/uploads/Pan-African-Resources-integrated-annual-report-2020.pdf>. The audit of the consolidated annual financial statements was conducted in accordance with the International Standards on Auditing. PwC has expressed an unmodified opinion on the consolidated annual financial statements. A copy of the audited annual financial statements and the audit report is available for inspection at the issuer's registered office. Any reference to future financial performance included in this provisional summarised audited results announcement has not been reviewed or reported on by the Group's external auditor.

DIRECTORS' RESPONSIBILITY

The information in this announcement has been extracted from the provisional summarised audited results for the year ended 30 June 2020, but this short-form announcement itself has not been reviewed by the Company's auditors. The provisional summarised audited results have been prepared under the supervision of the Financial Director, Deon Louw. This short-form announcement is the responsibility of the directors of Pan African and is only a summary of the information contained in the full announcement.

Any investment decisions should be based on the full announcement and the Group's detailed operational and financial summaries.

AVAILABILITY OF FULL ANNOUNCEMENT

The full announcement is accessible via the JSE link at <https://senspdf.jse.co.za/documents/2020/jse/isse/pan/FYE2020.pdf> and via the Company's website at <https://www.panafricanresources.com/wp-content/uploads/Pan-African-Resources-year-end-results-SENS-announcement-2020.pdf>.

Copies of the full announcement may also be requested by emailing ExecPA@paf.co.za

The Company has a dual primary listing on the JSE in South Africa and the AIM market of the London Stock Exchange (AIM) as well as a sponsored level 1 ADR programme in the USA through the Bank of New York Mellon.

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

Johannesburg
16 September 2020

JSE Sponsor:
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