

PROVISIONAL SUMMARISED AUDITED RESULTS for the year ended 30 June 2021 – short form announcement

HIGHLIGHTS*

- 12.4% increase in Group gold production to 201,777oz
- 36.0% increase in mining profit to US\$128.0 million
- 14.0% improvement in all-in sustaining cost (AISC) margin to 30.9%
- 68.3% increase in earnings per share (EPS) to US 3.87 cents per share and 69.0% increase in headline earnings per share (HEPS)
- Record profit after tax of US\$74.7 million
- 28.5% increase in final proposed dividend of ZAR402.2 million (or US\$28.3million at the prevailing exchange rate)
- 45.6% decrease in net senior debt to US\$33.7 million (2020: US\$62.0 million)

* Compared to the prior corresponding period.

CHIEF EXECUTIVE OFFICER'S STATEMENT

Overview

"We are, once again, pleased to report major positive strides in Pan African's operational and financial performance, despite the challenges of the ongoing COVID-19 pandemic. The operational flexibility afforded by our multiple producing assets has enabled the Group to improve margins, achieve record profits and realise our second-highest annual gold production. We are also proposing our highest-ever dividend for approval at the upcoming annual general meeting (AGM).

Financial performance

Our excellent financial performance has improved HEPS by 69.0% and enabled a 45.6% reduction in Group net senior debt. We remain on track with our forecast degearing, while continuing to invest in our assets and increasing dividends to shareholders.

Above-inflation increases in electricity tariffs and the marginal strengthening of the South African rand have resulted in Group AISC increasing by 9.9% to US\$1,261/oz (2020: US\$1,147). Included in the current financial year, AISC is a realised hedge loss of US\$7.2 million which, if excluded, reduces the Group's AISC to US\$1,226/oz. The Group's low-cost operations (Barberton Mines' underground, Elikhulu and the Barberton Tailings Retreatment Plant), which account for more than 75% of the Group's total production, achieved an AISC of US\$1,151/oz, resulting in an AISC margin of 37.0% on the average gold price of US\$1,826/oz earned by the Group from these operations.

Health and safety and COVID-19

The health and safety of our employees remains our overriding priority and we have again achieved an overall reduction in recordable injuries across the Group. Especially commendable was the safety performance at Evander Mines, where safety rates improved despite an increase in the number of underground crews deployed. The ongoing and targeted safety campaigns and incentives to encourage and reward safe practices support our ultimate goal of achieving zero harm. The Group has prioritised the challenges posed by the COVID-19 pandemic, with enhancements to our operating protocols that are targeted at mitigating the constantly evolving characteristics of the virus. As we manage the impacts of the pandemic, our operations have partnered with nearby healthcare facilities to support the national roll-out of COVID-19 vaccines.

Operational and growth projects overview

Operationally, the Group has performed exceptionally well, particularly at our underground operations, as a result of the development initiatives and innovations implemented over the past years.

The availability, for the first time, of four high-grade mining platforms and expanded footprints in the mining areas at Fairview Mine have contributed to an increase of 29.4% in annual production from Barberton Mines' underground operations. Ramp up of production at Evander Mines' 8 Shaft pillar operation highlights the potential of this high-grade underground orebody, with production now in line with mining plans. The AISC at the 8 Shaft pillar decreased substantially to US\$995/oz in the second half of the financial year after we resolved the production difficulties experienced in the first half of the financial year. The sub-US\$1,000/oz AISC achieved in the second half of the current financial year is indicative of the expected mining cost for the remainder of the 8 Shaft pillar's life-of-mine (LoM).

The renewal of Barberton Mines' mining rights by the Department of Mineral Resources and Energy for a further 30 years endorses our technical work and the long-term LoM plans submitted for these Mineral Resources.

Earlier this year, we announced the reassessment of our organic growth opportunities and resultant reprioritisation of capital expenditure. This gave rise to a reschedule of the Egoli project's development timelines, as well as a re-evaluation of existing underground mining opportunities at Evander Mines' 8 Shaft 24, 25 and 26 Levels, post cessation of mining at the 8 Shaft pillar. Independent reviews have confirmed

that no fatal flaws exist in the Group's internal technical and economic studies, which indicate compelling recovered grades and gold production from these areas. Mining at the Egoli project and 25 and 26 Levels will now be phased in, following the cessation of underground operations at 24 Level. The capital expenditure on these projects will be funded from internal sources, subject to the current gold price environment prevailing.

At Barberton Mines, steady progress has been made with underground development at Project Dibanisa, which connects Sheba Mine to Fairview Mine at the top of the Main Reef Complex Shaft. The extraction of a 10,000t bulk sample is also currently in progress at the Royal Sheba project. These projects are expected to improve Barberton Mines' production profile in the coming years, and together with other initiatives, reduce the operation's AISC.

Environmental, social and governance

Our focus on environmental, social and governance (ESG) initiatives has intensified over the past years, with good progress on all fronts in pursuit of a 'beyond compliance' ESG approach, through collaboration and partnerships with specialists in community, conservation and sustainability initiatives. This year, Pan African will publish its first environmental, social and governance report, where details of our initiatives and ESG approach are reported in line with global ESG reporting standards.

Progress at the Blueberries project in Barberton has received widespread attention from the media and from other stakeholders. Approximately 96,000 plants have been delivered to site as part of phase 1, from which first production is expected by June 2022. Social benefits of this project in the surrounding communities are already evident with the creation of employment and increased trading opportunities for local small businesses. Also in Barberton, we have partnered with the Barberton Nature Reserve and conservation agencies to protect and preserve the biodiversity and natural resources of the region, including funding the care of orphaned rhinos.

At Evander Mines, the construction of the 9.975MW solar photovoltaic renewable energy plant is advancing on schedule for commissioning by November 2021. A feasibility study on an extension of this facility to an estimated capacity of 26MW has also commenced, where the additional 16MW will be utilised by Evander Mines' underground operations. A feasibility study for a 10MW solar photovoltaic renewable energy plant at Barberton Mines is also being conducted. These renewable energy initiatives will contribute to meaningful reductions in greenhouse gas emissions for the Group. At Evander Mines, a bankable feasibility study on a reverse osmosis water retreatment plant that will produce potable water for daily consumption from recycled underground mine water was completed, with substantial anticipated cost savings and a positive environmental impact. We expect to complete the construction of this plant within the next financial year.

Outlook for the 2022 financial year

The Group remains on track to produce a minimum of 195,000oz of gold for the financial year ending 30 June 2022, which is in line with existing planned production profiles, until the growth projects currently being progressed are brought into production.

The Pan African board has approved the initiation of a share buy-back programme (buy-back programme). The buy-back programme will be executed in accordance with the Company's general authority to make on-market purchases which was approved by shareholders at the Company's AGM on 26 November 2020. The Company will make further announcements in due course.

We are committed to continuing to create value for our stakeholders with an increased focus on ESG through our 'beyond compliance' philosophy, while maintaining our track record as a sustainable, safe, high-margin and long-life gold producer with excellent growth potential through exploration, organic growth and acquisition initiatives."

Cobus Loots *Chief executive officer*

PROPOSED DIVIDEND FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

The board has proposed a final dividend of ZAR402.2 million for the 2021 financial year (approximately US\$28.3 million), equal to ZA 18.00000 cents per share or approximately US 1.26671 cents per share (0.91556 pence per share). The dividend is subject to approval by shareholders at the AGM, which is to be convened for Thursday, 25 November 2021.

In light of the robust current financial year results and the favourable financial prospects for the next financial year, the board has applied its discretion and has proposed a dividend in excess of the Company's dividend policy 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, 25 November 2021
Currency conversion date	Thursday, 25 November 2021
Currency conversion announcement released by 11:00 (SA time)	Friday, 26 November 2021
Last date to trade on the JSE	Tuesday, 30 November 2021
Last date to trade on the LSE	Wednesday, 1 December 2021
Ex-dividend date on the JSE	Wednesday, 1 December 2021
Ex-dividend date on the LSE	Thursday, 2 December 2021
Record date on the JSE and LSE	Friday, 3 December 2021
Payment date	Tuesday, 14 December 2021

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:14.21 and GBP/ZAR:19.66, respectively.

No transfers between the Johannesburg and London registers, between the commencement of trading on Wednesday, 1 December 2021 and close of business on Friday, 3 December 2021 will be permitted.

No shares may be dematerialised or rematerialised between Wednesday, 1 December 2021 and Friday, 3 December 2021, 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 14.40000 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 2021.

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-2021.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 2021, but this short-form announcement itself has not been prepared 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 THE FULL ANNOUNCEMENT

The full announcement has been released on SENS and is available for viewing via the JSE link at <https://senspdf.jse.co.za/documents/2021/jse/isse/pan/FYE2021.pdf> and via the Company's website at <https://www.panafricanresources.com/wp-content/uploads/Pan-African-Resources-year-end-results-SENS-announcement-2021.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 Limited (JSE) in South Africa and the Alternative Investment Market (AIM) market of the London Stock Exchange (LSE) as well as a sponsored Level 1 American Depository Receipt (ADR) programme in the US through the Bank of New York Mellon.

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

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