

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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Share code on JSE: PAN
ISIN: GB0004300496
ADR code: PAFRY
("Pan African" or "the Company" or "the Group")

Pan African Resources Funding Company Limited
Incorporated in the Republic of South Africa with limited liability
Registration number: 2012/021237/06
Alpha code: PARI

OPERATIONAL UPDATE FOR THE HALF YEAR ENDED DECEMBER 2023 (H1 FY2024)

Pan African is pleased to provide its shareholders and noteholders with a production update for the half year ended 31 December 2023 (Reporting Period) and information on progress being made with the construction of the processing plant at the Mogale Tailings Retreatment project (MTR Project).

KEY FEATURES

- Improvement in overall Group safety performance
- Gold price received of US\$1,961/oz (2022: US\$1,725/oz), an increase of 13,7% relative to the six months ended 31 December 2022 (Previous Reporting Period)
- Excellent operational results, with gold production of 98,458oz (2022: 92,307oz), an increase of 6.7% relative to the Previous Reporting Period
- Production costs were well managed despite inflationary pressures, with Group all-in sustaining costs (AISC) expected to be approximately US\$1,300/oz at an average exchange rate of US\$/ZAR18.69, below the FY2024 guidance of US\$1,350/oz (at an assumed exchange rate of US\$/ZAR18.50)
- MTR Project construction on time and within budget, with commissioning expected in the latter half of the 2024 calendar year
- Commissioning of further renewable energy generating capacity is on schedule.

SAFETY AND GROUP GOLD PRODUCTION FOR SIX MONTHS ENDING DECEMBER 2023

- The Group continues to implement initiatives in pursuit of its 'Zero Harm' goal
 - Group safety rates remain industry leading:
 - Total recordable injury frequency rate (TIFR) declined to 6.13 per million man hours (FY2022: 8.54), a notable improvement
 - Operations performed in line, or better than expected, with production forecast for the Reporting Period, as follows:
 - Barberton Mines underground: 36,779oz* (2022: 32,022oz). The implementation of continuous operations at Barberton Mines contributed to increases in mined tonnages and grades, when compared to the Previous Reporting Period
 - Evander Mines underground: 21,307oz (2022: 19,173oz). The ramping up of mining operations at Evander Mines' 24 Level underground operations contributed to the increased gold production, successfully replacing the depletion of the 8 Shaft pillar ore resources, consistent with the mine plan
 - Elikhulu tailings retreatment: 28,106oz (2022: 25,830oz), with operations benefitting from improved metallurgical recoveries
 - Barberton tailings retreatment plant (BTRP): 9,864oz (2022: 10,012oz)*
 - Evander Mines' surface sources: 2,401oz (2022: 5,270oz).
- * Surface sources from Fairview Mine included in BTRP production

PRODUCTION GUIDANCE

- Production guidance for the full 2024 year is maintained at between 180,000oz to 190,000oz (FY2023: 175,209oz). However, given the excellent production performance in the Reporting Period, revised guidance may be considered in due course. Production for FY2025 is expected to be significantly higher, following commissioning of the MTR project, which will add approximately 50,000oz/yr to Group production, increasing annual output by some 25%.

FINANCIAL RESULTS

- The Group's AISC for the Reporting Period is expected to be approximately US\$1,300/oz, at an average exchange rate of US\$/ZAR18.69
 - The AISC reduction resulted from excellent cost control, improved gold production, as well as the weaker US\$/ZAR exchange rate that prevailed during the Reporting Period
- Group net senior debt increased to US\$60.0 million (June 2023: US\$18.9 million), primarily as a result of the capital expenditure of US\$23.2 million incurred on the MTR Project and the dividend of US\$22.1 million paid to shareholders in December 2023.

MTR PROJECT

- As previously communicated, significant progress has been made with the construction of the MTR Project's processing plant, with commissioning being on track for the latter half of the 2024 calendar year and steady state production expected by December 2024:
 - Construction is progressing on time and capital expenditure is in line with the project's budget
 - Construction highlights include completion of the laying of foundations for the nine CIL tanks and the tower crane's construction.

UPDATE ON THE ORGANIC GROWTH PROJECTS

- Progress at Evander Gold Mine's 24 to 26 Level underground expansion project remains on track, with the following notable achievements:
 - Construction of Phase 2 of the refrigeration plant on 24 Level at Evander Mines' 8 Shaft is currently at an advanced stage, with completion anticipated during the 2024 financial year, as 25 Level mining operations commence
 - Development to access 25 and 26 Level mining areas has commenced
 - Equipping of the existing 17 Level underground ventilation shaft, with a hoisting capacity of up to 40,000 tpm, is expected to be completed during FY2024, improving efficiencies and eliminating the existing cumbersome conveyor system
- Dewatering of Evander's 7 Shaft Egoli project is ongoing. Once dewatered to below 20 Level, reserve delineation drilling will commence to further define the ore payshoot and its grade variability.

ESG UPDATES

- Construction of Fairview Mine's 8.75MW solar energy plant is progressing according to plan, with commissioning expected during June 2024
- Community social and labour plan projects:
 - Barberton Mines completed the construction and refurbishment of two local schools, benefitting over 1,600 learners
 - Evander Mines constructed and fully equipped science and computer laboratories at two local schools, benefitting over 1,200 learners
- MTR Project:
 - Community engagement structures and social initiatives have commenced with host communities and small local businesses

- Environmental rehabilitation is ongoing, including cleanup of historical spillages and removal of derelict pipelines, eradication of alien vegetation and wetlands remediation, which positively impacts local living conditions.

Cobus Loots, Pan African’s CEO commented:

“We are pleased with the Group’s excellent safety, production and cost performance for the Reporting Period which positions us well to deliver on our guidance for the full financial year. Commissioning of the world-class processing plant at the MTR Project towards the end of this calendar year will further increase the Group’s production with approximately 50,000 oz per year of high margin ounces.

The commissioning of Barberton’s solar PV plant will contribute to further cost savings in the next financial year, adding to the benefits already being realised from Evander’s PV solar plant. We are also excited by the positive and tangible impact the Group’s ESG projects have made on improving relationships with our host communities and contributing to the sustainability of these areas.”

INTERIM RESULTS PRESENTATION, OPERATIONAL AND GROWTH PROJECTS UPDATE

A detailed update on the Group’s operations and capital projects will be included in the Company’s interim results presentation, scheduled for release on 14 February 2024.

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

22 January 2024

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

www.panafricanresources.com

Corporate information	
Corporate Office	Registered Office
The Firs Office Building	107 Cheapside
2nd Floor, Office 204	Second Floor
Cnr. Cradock and Biermann Avenues	London
Rosebank, Johannesburg	EC2V 6DN
South Africa	United Kingdom
Office: + 27 (0)11 243 2900	Office: + 44 (0)20 7796 8644
info@paf.co.za	

<p>Chief Executive Officer</p> <p>Cobus Loots</p> <p>Office: + 27 (0)11 243 2900</p>	<p>Financial Director</p> <p>Deon Louw</p> <p>Office: + 27 (0)11 243 2900</p>
<p>Head: Investor Relations</p> <p>Hethen Hira</p> <p>Tel: + 27 (0)11 243 2900</p> <p>E-mail: hhira@paf.co.za</p>	<p>Website: www.panafricanresources.com</p>
<p>Company Secretary</p> <p>Jane Kirton</p> <p>St James's Corporate Services Limited</p> <p>Office: + 44 (0)20 7796 8644</p>	<p>Nominated Adviser and Joint Broker</p> <p>Ross Allister/Bhavesh Patel</p> <p>Peel Hunt LLP</p> <p>Office: +44 (0)20 7418 8900</p>
<p>JSE Sponsor</p> <p>Ciska Kloppers</p> <p>Questco Corporate Advisory Proprietary Limited</p> <p>Office: + 27 (0)11 011 9200</p>	<p>Joint Broker</p> <p>Thomas Rider/Nick Macann</p> <p>BMO Capital Markets Limited</p> <p>Office: +44 (0)20 7236 1010</p>
	<p>Joint Broker</p> <p>Matthew Armitt/Jennifer Lee</p> <p>Joh. Berenberg, Gossler & Co KG (Berenberg)</p> <p>Office: +44 (0)20 3207 7800</p>