

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 RESULTS FOR THE YEAR ENDED 30 JUNE 2021

Pan African is pleased to provide its shareholders with the final gold production figures and further operational information for the financial year ended 30 June 2021 (“Reporting Period”). This follows the detailed operational and growth projects update released by the Group in its 21 May 2021 announcement.

Despite the continuing challenges presented by COVID-19 during the financial year, which required the ongoing enforcement of strict operating protocols and preventative measures, Pan African has delivered an excellent operational performance, with key highlights for the Reporting Period including:

- Achievement of a 12.3% increase in gold production to 201,608oz, compared with 179,457oz in the prior year. Gold production was also 3.4% higher than the revised production guidance of approximately 195,000oz released in May 2021
- The Group maintained an industry leading safety performance, with improvements in both its lost time injury frequency rate (“LTIFR”) and reportable injury frequency rate (“RIFR”), when compared with the prior year. Additionally, Evander Gold Mines achieved a reduction in RIFR of ca.50% compared with the previous Reporting Period, despite the increased number of crews working underground
- Group net senior debt decreased by 45.5% to USD33.8 million (ZAR482.0 million), from USD62.0 million (ZAR1.1 billion) at 30 June 2020
- At Barberton Mines’ underground operations, the benefits of the increased mining footprints on the 256, 257, 258 and 358 platforms and the improved flexibility of having multiple platforms available resulted in the ca.25% increase in production for the year of ca. 85,000oz
- Evander 8 Shaft pillar production delivered in-line with expectations, producing ca.36,000oz for the Reporting Period, despite the operational difficulties experienced in the first half of the 2021 financial year
- Excellent progress has been achieved at our community projects, with the Cathyville Clinic in Barberton now fully operational
- At Barberton’s 15ha blueberry farm project, infrastructure has been established and planting completed. The first harvest of between 80,000-100,000 tons is expected to be ready for export by mid-2022
- Civil engineering works have commenced at Evander Mines’ 9.975 MW_{AC} solar photovoltaic (“PV”) plant site and major components procured. The National Energy Regulator of South Africa (NERSA) public hearing took place on 6 May 2021 and the generation licence is expected imminently. The project is on track for completion during the third calendar quarter of 2021, and will be one of the first utility scale solar PV facilities to be commissioned in the South African mining industry
- Following the recent announcement by the South African government, whereby private consumers have been granted approval to generate up to 100MW of electricity, the Group will also seek to expand its renewable energy capacity in the coming years

Pan African CEO Cobus Loots commented:

“We are very pleased with the Group’s operational performance over the last year, and the fact that our team managed to exceed the revised production guidance for this period.

Addressing the challenges posed by the COVID-19 pandemic remains a top priority, with ongoing enhancements to our operating protocols to mitigate the constantly evolving characteristics of the virus that has resulted in an increasing number of infections over multiple ‘waves’. We will continue to rigorously implement preventative and precautionary measures at our operations to maintain the relatively low infection rate to date, and ensure the health and well-being of our employees.

The Group’s improved safety performance is encouraging, and is primarily attributable to an unrelenting focus on safety at all operations, as well as the much improved safety performance at Evander’s 8 Shaft. We continue to strive to enhance safety through our management and staff’s combined efforts, in pursuit of our ultimate goal of “zero harm”.

We have now largely achieved the degearing of our balance sheet, and current debt levels are very manageable, enabling the Group to fund all its capital requirements from internally generated cashflows and existing facilities.

Our operational focus for the new year emphasises the further improvement of our safety performance and the continued optimisation of our operations. ESG remains a top priority for Pan African, with renewable energy projects, reduced emissions, land rehabilitation, biodiversity conservation and large-scale agri-project initiatives being our short to medium term initiatives.

We look forward to presenting our 2021 year-end financial results in September, and to provide further information on the impact of our initiatives and the value created for all our stakeholders.”

GROUP ANNUAL PRODUCTION

Final Group gold production for FY21 increased by 12.3% to 201,608oz (2020: 179,457oz), exceeding the revised production guidance of approximately 195,000oz referred to in the 21 May 2021 announcement. The gold production split per operation is as follows:

	Year ended 30 June 2021*	Year ended 30 June 2020
Production ounce profile:		
Barberton Mines – Underground	84,819	68,129
Elikhulu	51,473	59,616
Barberton Tailings Retreatment Plant (BTRP)	18,235	20,135
Evander Mines – Underground	35,959	20,670
Evander Mines – Surface tolling	11,121	10,907
Total ounces produced:	201,608	179,457

* Values subject to final refinery adjustments

Barberton Mines’ underground operations performed very well during the Reporting Period. This was mainly attributable to the increased flexibility achieved at Fairview Mines’ high-grade Main Reef Complex (MRC) and Rossiter orebodies, with four large platforms (256, 257, 258 and 358 platforms) currently being available for mining in the MRC orebody and three within the Rossiter orebody. Fairview Mine produced 49,607oz during the FY21 production year (FY20: 38,531oz).

At New Consort Mines' PC Shaft, the mining of the high-grade free milling gold intersection at the 42 Level target block has contributed to a vastly improved operational performance. Development is currently underway to access additional target blocks within the same area. Production from New Consort contributed 15,806oz to the FY21 production (FY20: 8,614oz).

Mining of the Thomas orebody at Sheba Mine has assisted Sheba's production profile for FY21, however the focus is now on accessing high-grade cross fractures within the Zwartkoppie (ZK) orebody on the newly accessed 37 Level. Sheba Mine's production reduced slightly for the Reporting Period at 19,493oz (FY20: 20,985oz).

The Elikhulu tailings retreatment operation processed the tonnes and head grade as per the mining plan. Unexpected concentrations of carbonaceous material in the lower benches of the Kinross dam negatively impacted gold recoveries, with lower recoveries in H2, while remedial work on the Elikhulu TSF's lower compartment also restricted tonnage throughputs, resulting in lower gold production in the Reporting Period. This remedial work is complete and Elikhulu is expected to produce ca.55,000oz of gold in FY22, with improved tonnage throughput and higher recoveries from the planned re-mining area.

Production from the BTRP continues according to plan from the currently available surface sources. In the coming years, production at the BTRP is expected to be supplemented with ore from Barberton's Royal Sheba orebody. Progress with the development of the Royal Sheba project will be provided in the following months.

Following initial difficulties experienced at Evander's 8 Shaft (as previously reported in the Company's H1 FY21 results), the remedial work on the shaft barrel was completed, and pillar mining ramped up as per the mine plan. Evander 8 Shaft and surface sources produced 23,352oz in H2, an improvement of 12,607oz from H1.

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 from 0.80 per million man hours for the year ended 30 June 2020 to 0.63 per million man hours for the year ended 30 June 2021;
- The Group's LTIFR also improved from 1.70 per million man hours in for the year ended 30 June 2020 to 1.41 per million man hours for the year ended 30 June 2021; and
- Evander's underground operations achieved significant safety improvements during the past six months, despite the increased number of crews deployed underground.

Pan African will endeavour to further improve its commendable safety performance in the coming years.

COVID-19 UPDATE

The Group remains vigilant in its efforts to prevent and mitigate the impact of the COVID-19 virus on its people and operations, and continually updates its operating procedures and protocols based on the latest available information. The infection rate remains low relative to the number of employees in the Group, with some 257 positive cases recorded since the start of the pandemic. Seventeen cases are currently active, with a 93% recovery rate achieved to date.

STATEMENT OF FINANCIAL POSITION

The Group materially reduced its net senior debt, with a decline of 45.5% to USD33.8 million (ZAR482.0 million at an exchange rate of ZAR/USD:14.28) from USD62.0 million (ZAR1.1 billion at an exchange rate of ZAR/USD:17.33) at 30 June 2020. In USD terms, this represents a reduction in net senior debt of 43.6% relative to the debt levels at 31 December 2020 of USD59.9 million (ZAR880.5 million at an exchange rate of ZAR/USD:14.78).

OPERATIONAL AND GROWTH PROJECTS UPDATE

A detailed update on the Group's operations and projects was provided in the announcement released on 21 May 2021. Further information on the Group's growth projects will be provided in due course.

PRODUCTION GUIDANCE FOR FY22

The Group expects to maintain its production guidance of approximately 195,000oz for the 2022 financial year, materially in line with the actual production of 201,608oz achieved in the 2021 financial year.

Rosebank

13 July 2021

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

www.panafricanresources.com

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