

Pan African Resources PLC

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

Share code on AIM: PAF

Share code on JSE: PAN

ISIN: GB0004300496

ADR ticker code: PAFRY

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

(Key features are reported in United States (US) dollar (US\$) and South African rand (ZAR))

## **PROVISIONAL SUMMARISED AUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 2022 – SHORT FORM ANNOUNCEMENT**

### **HIGHLIGHTS**

- Excellent safety record maintained
- Record gold production, with production increasing by 1.9% to 205,688oz (2021: 201,777oz)
- All-in sustaining costs (AISC<sup>APM</sup>) for the financial year ended 30 June 2022 (current financial year) of US\$1,284/oz (US\$1,261/oz), a marginal increase of 1.8% when compared to the financial year ended 30 June 2021 (previous financial year)
- When higher cost operations are excluded, the AISC<sup>APM</sup> for 87% of the Group’s gold production was US\$1,145/oz
- Net cash from operating activities increased by 45.1% to US\$110.0 million (2021: US\$75.8 million)
- Profit after tax of US\$75.0 million (2021: US\$74.7 million) and headline earnings of US\$75.6 million (2021: US\$74.7 million)
- Earnings per share (EPS) increased to US 3.90 cents per share (2021: US 3.87 cents per share) and headline earnings per share (HEPS<sup>APM</sup>) increased to US 3.93 cents per share (2021: US 3.87 cents per share)
- Net debt reduced by 66.7% to US\$13.0 million (2021: US\$39.0 million)
- Final dividend of ZA 18.00000 cents per share or US 1.04046 cents per share at the prevailing exchange rate, proposed for approval at the upcoming Annual General Meeting (AGM)
- Evander Mines’ underground life-of-mine (LoM) extended to 14 years, with increased expected gold production and development capital internally funded
- Transaction to acquire Mintails tailings retreatment assets expected to be concluded by 30 September 2022
- First phase of share buy-back programme of US\$3.2 million (2021: US\$ 0 million) completed
- 9.9MW solar photovoltaic (PV) renewable energy plant at Evander fully commissioned
- First commercial harvest at Barberton’s Blueberry project in progress

### **CHIEF EXECUTIVE OFFICER’S STATEMENT**

#### **Overview**

*“Over the past year the Group has again made meaningful progress with our operational performance and growth projects. Our teams achieved record gold production of 205,688oz from what is now a better diversified portfolio of assets. The organic growth projects at the Evander Mines’ underground operations are on schedule to commence delivering within their anticipated production timeframes.*

*Importantly, the outstanding production performance was achieved without compromising our industry leading safety record, where we have moved closer to our goal of a zero-harm working environment.*

*A key focus for the year ahead will be the smaller underground operations at Barberton Mines, to ensure that these high-grade assets perform to their full potential.*

*We have further strengthened our statement of financial position relative to the previous financial year, notwithstanding the payment of a record dividend and incurring significant growth and sustaining capital expenditure. In proposing the final dividend for the current financial year, the board considered all capital allocation priorities, carefully balancing opportunities for increased production and diversification with returning cash to shareholders.*

### **Financial Performance**

*The Group's AISC increased marginally by 1.8% to US\$1,284/oz (2021: US\$1,261/oz). Group operations (excluding Consort and Sheba Mines), which account for 87% of the Group's total production, achieved an AISC of US\$1,145/oz, resulting in an AISC margin of 37.2% on the average gold price of US\$1,824/oz earned by the Group from these operations.*

*The Group has embarked on a number of initiatives to reduce its cost of production in real terms, with future cost savings expected from solar PV renewable energy projects. Savings at the commissioned Evander solar PV facility currently averages approximately US\$250 thousand a month during the winter months, following full commissioning in May 2022. Construction has commenced at Barberton Mines' 8MW solar PV plant, with completion expected during the fourth quarter of the 2023 calendar year. The Group plans to generate 30MW of solar PV renewable energy by 2024, with meaningful cost savings and a large reduction in carbon emissions.*

*The relatively high rand gold price, together with an excellent operational performance, has enabled the Group to significantly reduce Group net debt by 66.7% to US\$13.0 million (2021: US\$39.0 million).*

### **Health and safety and COVID-19**

*The health and safety of our employees remains our number one priority and we have again achieved an overall improvement in recordable injuries across the Group. All our operations achieved excellent safety rates during the current financial year. Improvements in safety protocols and operating procedures are ongoing, with the Group implementing innovative practices to continue to encourage safe behaviour.*

*Our COVID-19 precautions and safety measures remain in place and our vaccination drives and awareness programmes have resulted in over 80% of our employees being fully vaccinated, a far higher percentage than the country's overall vaccination rates.*

### **Operational overview**

*The Group's record gold production of 205,688oz (2021: 201,777oz) exceeded our revised production guidance of 200,000oz.*

*Barberton Mines retained its improved flexibility at the Fairview operation during the past year through accelerated underground development programmes at the high-grade MRC and Rossiter orebodies.*

*The BTRP produced 19,560oz (2021: 18,239oz) for the 2022 financial year at an AISC of US\$891/oz (2021: US\$946/oz). The BTRP's remaining LoM from current tailings sources is estimated at two years. Additional feed sources are being investigated, including the possible conversion of the BTRP to a hard rock operation with supplemented ore from Barberton Mines' Royal Sheba orebody, where extraction of a 10,000t bulk sample is currently in progress.*

*Elikhulu is one of the lowest-cost gold mining operations in Southern Africa, producing 52,220oz (2021: 51,459oz) at an AISC of US\$1,003/oz (2021: US\$846/oz), with a remaining operational life of 11 years. The plant processes approximately 1.2Mt of historical tailings per month from the three tailings storage facilities (TSFs) at Kinross, Leslie/Bracken and Winkelhaak. Reprocessing results in the residues being re-deposited to a single TSF site, reducing our environmental footprint.*

*At the end of the 2022 financial year, the Evander Mines' 8 Shaft pillar had a remaining life of approximately one year. Mining of the 8 Shaft pillar has been a great success, with simplified logistics, modern underground mining support and favourable working conditions.*

### **Growth projects overview**

*The Group constantly evaluates opportunities to bring its large reserve base to account with the work at Evander Mines' 8 Shaft being testament to these efforts. This operation has been given a new lease of life, transformed from a high-cost and marginal mine in a cash generative and long-life asset with the inclusion of 24, 25 and 26 Levels, which extends its LoM to 14 years.*

*Our work on the Mintails Mogale's assets has demonstrated a compelling project and we look forward to concluding the acquisition and progressing the development of this mine in the year ahead.*

### **Environmental, social and governance (ESG)**

*Our 'beyond compliance' approach to ESG continues, with our projects making a meaningful and positive difference for many of our stakeholders.*

*We achieved significant milestones during the year, including the commissioning of the 9.9MW solar PV renewable energy project at Elikhulu, the first of its scale in the South African mining industry. We have since completed a feasibility study for expanding this facility by a further 12MW, with the additional capacity allocated to our long-life underground projects. At Barberton Mines, site establishment has commenced on an 8MW solar PV renewable energy plant.*

*Commercial harvesting of blueberries is underway at the Barberton Blueberries project and employment of seasonal labour is ramping up, as planned. Workers from the surrounding communities now receive a steady income and the project is providing a much needed economic opportunity to communities surrounding our Barberton operations.*

*We are investigating other local economic development projects at Barberton, including initiatives that will preserve the biodiversity of the area while creating employment for local communities. Apart from our contribution to rhino conservation, we aim to further strengthen our collaborative approach to assist with the sustainability of the Barberton Mountainland area. In the current financial year approximately US\$1.7 million of our Barberton Mines' security spend also assisted in safeguarding parts of the nature reserve.*

### **Outlook for the 2023 financial year**

*The Group expects its production for the 2023 financial year to be in line with production achieved in the 2022 financial year. We are positioned for further growth as we move closer to commissioning our organic projects and seek to imminently conclude the Mintails transaction."*

## PROPOSED DIVIDEND FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

The board has proposed a final dividend of ZAR400.1 million for the 2022 financial year (approximately US\$23.1 million), equal to ZA 18.00000 cents per share or approximately US 1.04046 cents per share (0.90452 pence per share). A dividend of ZA 18.00000 cents per share or approximately US 1.13924 cents per share (or 0.84654 pence per share) was paid for the 2021 financial year. The dividend is subject to approval by shareholders at the AGM, which is to be convened for Thursday, 24 November 2022.

In light of the robust current financial year results, the board has applied its discretion and has proposed a dividend in line with the Company's dividend policy's guidelines.

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

Annual General Meeting	Thursday, 24 November 2022
Currency conversion date	Thursday, 24 November 2022
Currency conversion announcement released by 11:00 (SA time)	Friday, 25 November 2022
Last date to trade on the JSE	Tuesday, 29 November 2022
Last date to trade on the LSE	Wednesday, 30 November 2022
Ex-dividend date on the JSE	Wednesday, 30 November 2022
Ex-dividend date on the LSE	Thursday, 1 December 2022
Record date on the JSE and LSE	Friday, 2 December 2022
Payment date	Tuesday, 13 December 2022

The pound sterling (GBP) and US\$ proposed final dividend was calculated based on a total of 2,222,862,046 shares in issue and an illustrative exchange rate of US\$/ZAR:17.30 and GBP/ZAR: 19.90, respectively.

No transfers between the Johannesburg and London registers, between the commencement of trading on Wednesday, 30 November 2022 and close of business on Friday, 2 December 2022 will be permitted.

No shares may be dematerialised or rematerialised between Wednesday, 30 November 2022 and Friday, 2 December 2022, 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 2022.

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 *Carrying value of investments in subsidiaries and receivables from Group companies - 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-2022.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 2022, 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 and does not contain full or complete details.

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 has been released on SENS and is available for viewing via the JSE link at <https://senspdf.jse.co.za/documents/2022/jse/isse/pan/FYE2022.pdf> and via the Company's website at <https://www.panafricanresources.com/wp-content/uploads/Pan-African-Resources-year-end-results-SENS-announcement-2022.pdf>

Copies of the full announcement may also be requested by emailing [ExecPA@paf.co.za](mailto: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 and a secondary listing on the A2X markets.*

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

[www.panafricanresources.com](http://www.panafricanresources.com)

14 September 2022

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