

Pan African Resources PLC
(Incorporated and registered in England and Wales
under the Companies Act 1985 with registration
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)

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

(Key features are reported in United States dollar (US\$) or South African rand (ZAR), to the extent relevant.)

PROVISIONAL SUMMARISED AUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 2023 – SHORT FORM ANNOUNCEMENT

KEY FEATURES

Production

- Gold production of 175,209oz (2022: 205,688oz), in line with revised guidance
- Increased production outlook for the 2024 financial year – guidance of 178,000oz to 190,000oz

Safety

- As previously announced, a fatal accident occurred at Evander Mines in March 2023, following 1 million fatality-free shifts at the operation prior to the accident
- Improvement in overall safety rates compared to the previous financial year, with a total recordable injury frequency rate of 7.96 per million man hours for the year (2022: 8.95 per million man hours)
- Focused initiatives implemented to further enhance safety performance

Costs and cost outlook

- All-in sustaining costs (AISC^{APM}) for the current financial year of US\$1,327/oz, a sub-US\$ inflation increase of 3.3% (US\$1,284/oz for the financial year ended 30 June)
- AISC in line with revised guidance for 2023 of between US\$1,325/oz to US\$1,350/oz
- AISC of US\$1,152/oz (2022: US\$1,145/oz) for our lower-cost operations, comprising all operations, excluding Sheba Mine and Consort Mine, which account for more than 81% (2022: 87%) of annual production
 - Remedial measures implemented to reduce real AISC at high-cost operations (Sheba and Consort Mines)
- Renewable energy generation and water recycling, together with other initiatives to increase the Group's future gold production, are expected to contribute to a decline in future real AISC
- 2024 AISC guidance of US\$1,350/oz (assuming an exchange rate of US\$/ZAR:18.50)

Financial

- Net cash generated from operating activities of US\$100.1 million (2022: US\$110.0 million)
- Profit for the year of US\$60.7 million (2022: US\$75.0 million)
- Headline earnings^{APM} of US\$60.4 million (2022: US\$75.6 million)
- Earnings per share of US 3.19 cents per share (2022: US 3.90 cents per share) and headline earnings per share^{APM} of US 3.15 cents per share (2022: US 3.93 cents per share)
- Robust financial position at year-end, with net debt^{APM} of US\$22.0 million (2022: US\$13.0 million)
- Liquidity remains healthy, with access to immediately available cash and undrawn facilities of US\$84.7 million (2022: US\$69.4 million) at financial year-end. Post the current financial year, the Company also closed the dedicated Mogale Tailings Retreatment project (MTR project) senior debt facility of US\$70.3 million

Proposed dividend

- Sector-leading final dividend of ZA 18.00000 cents per share (or US 0.95592 cents per share at an exchange rate of US\$/ZAR:18.83) proposed for approval at the upcoming annual general meeting (AGM)

Growth projects

- The MTR project construction commenced in July 2023 with steady-state production expected by December 2024
- Evander Mines' 8 Shaft 24, 25 and 26 Level underground expansion project is on track
 - Refrigeration plant at 24 Level commissioned in phases to facilitate mining at depth
 - Development to access the 25 and 26 Level mining areas has commenced
 - Equipping of an existing underground ventilation shaft for rock hoisting capacity of up to 40,000tpm is planned to be completed during the third quarter of the 2024 financial year, improving efficiencies and eliminating the cumbersome and labour-intensive conveyor system

Environmental, social and governance (ESG) initiatives

- Established a renewable energy roadmap to decarbonisation – construction of Fairview Mine's solar facility commenced at Barberton Mines
- Commissioned Evander Mines' water recycling plant to reduce potable water requirements and lower costs

Sudan exploration

- Exploration activities resumed post the reporting period, following a detailed risk assessment of the in-country operating environment in the exploration area

CHIEF EXECUTIVE OFFICER'S STATEMENT

Cobus Loots, Pan African's chief executive officer, commented:

“Pan African delivered a resilient financial performance for the current financial year, with a much-improved rand gold price compensating for lower production from our underground operations.

We are confident that the measures we are implementing, specifically at Barberton Mines’ underground operations, will result in higher production in the future, with production guidance increased for the 2024 financial year. If the current rand gold price tailwinds persist, we can look forward to another robust financial performance from Pan African in the year ahead.

Our surface remining operations, the Elikhulu Tailings Retreatment Plant (Elikhulu) and the Barberton Tailings Retreatment Plant, performed in line with expectations during the past financial year, contributing significantly to the Group’s production, cash flows and profits. The consistent performance of these low-cost and, in the case of Elikhulu, long-life assets, demonstrates their importance in our portfolio and reinforces our decision to develop the MTR project.

Pan African has an outstanding track record in the development and operation of tailings retreatment operations. Full-scale construction of the MTR plant commenced on schedule in July this year, with commissioning anticipated within the next 18 months. The MTR project’s incremental production of approximately 50,000oz per year will contribute to almost 50% of the Group’s annual gold output being sourced from low-cost, safe, surface remining operations. In addition to being a compelling investment, large-scale tailings retreatment operations of this nature rehabilitate and restore the environment, while also providing much-needed employment and economic opportunities.

The development of Evander Mines’ 24 Level project is progressing well, with crews being redeployed to the 24 Level area as the 8 Shaft’s pillar mining nears completion. Improved mining flexibility, together with other initiatives being implemented to ensure that infrastructure availability is optimised, will ensure sustainable production from this long-life underground operation.

We are grateful that after year-end we managed to resume our gold exploration activities in Sudan. The decision to recommence operations was only made after a comprehensive risk assessment of the in-country operating environment in the exploration area, and we will continue to closely monitor the political situation.

Globally, gold producers have experienced severe cost inflation in recent years. Despite inflationary pressures on input costs with, specifically, reagents used in processing and electricity costs being subject to large increases, the financial results for the year benefited from Pan African’s culture of cost control. AISC increased by only 3.3% in US\$ to US\$1,327/oz, with the depreciation of the rand relative to the US\$ providing an offset to the higher rand unit costs.

We ended the financial year in a strong financial position with net debt of only US\$22.0 million, despite a substantial capital investment programme and the payment of an attractive dividend to shareholders in the past year. The fact that we are able to maintain this dividend in rand terms, while undertaking the MTR project’s construction, our largest capital project ever, is a testament to the quality of our portfolio.

Excellent progress was also made with our ESG initiatives, with an increased focus on renewable energy projects. In May 2023, construction of the Group’s second solar plant commenced at Barberton Mines. This plant, with a capacity of 8.75MW, will supply most of the daytime power requirements for the Fairview Mine. The Group has also signed a third-party power purchase agreement for the off-site provision of 40MW of wheeled power over a period of up to 15 years. Along with Evander Mines’ operating solar plant, these projects are expected to reduce our carbon emissions by up to 30% (by 2030), as well as deliver associated cost benefits, as the price of grid power continues to increase at above-inflation rates. Evander Mines’ water recycling plant is also expected to generate attractive cost savings as underground water can now be used as process water, reducing our reliance on municipal resources.

Reflecting on the past year, we wish to again express our condolences to the family, friends and co-workers of our colleague, Mr Sahlukaniso, who was fatally injured in a fall of ground accident at our Evander Mines' underground mine in March 2023. Pan African remains steadfast in its resolve to achieve a zero-harm working environment in the coming years.

In terms of the outlook for the year ahead, we will continue to balance safe, sustainable gold production, the successful delivery of our transformational growth projects, cash returns to shareholders and all our other initiatives to the benefit of our stakeholders. We are well positioned to exceed the production achieved in the current financial year, with estimated production of between 178,000oz and 190,000oz forecast for the 2024 financial year."

PROPOSED DIVIDEND FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

The board has proposed a final dividend of ZAR400.1 million for the 2023 financial year (approximately US\$21.2 million), equal to ZA 18.00000 cents per share or approximately US 0.95592 cents per share (0.75219 pence per share). A dividend of ZA 18.00000 cents per share or approximately US 1.05820 cents per share (or 0.86915 pence per share) was paid for the 2022 financial year. The dividend is subject to approval by shareholders at the AGM, which is to be convened on Thursday, 23 November 2023.

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

Annual general meeting	Thursday, 23 November 2023
Currency conversion date	Thursday, 23 November 2023
Currency conversion announcement released by 11:00 (SA time)	Friday, 24 November 2023
Last date to trade on the JSE	Tuesday, 28 November 2023
Last date to trade on the LSE	Wednesday, 29 November 2023
Ex-dividend date on the JSE	Wednesday, 29 November 2023
Ex-dividend date on the LSE	Thursday, 30 November 2023
Record date on the JSE and LSE	Friday, 1 December 2023
Payment date	Tuesday, 12 December 2023

The British pound (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:18.83 and GBP/ZAR:23.93, respectively.

No transfers between the Johannesburg and London registers, between the commencement of trading on Wednesday, 29 November 2023 and close of business on Friday, 1 December 2023 will be permitted.

No shares may be dematerialised or rematerialised between Wednesday, 29 November 2023 and Friday, 1 December 2023, both days inclusive.

The South African dividend taxation rate is 20% per ordinary share for shareholders who are liable to pay dividend 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), has issued their opinion on the consolidated annual financial statements for the year ended 30 June 2023.

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 2023, 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 THE ANNUAL FINANCIAL STATEMENTS AND PROVISIONAL SUMMARISED AUDITED RESULTS

The annual financial statements (together with PwC's audit opinion thereon) have been released on SENS and are available for viewing via the JSE Limited (JSE) link at <https://senspdf.jse.co.za/documents/2023/jse/isse/pan/FYE2023.pdf> and via the Company's website at <https://www.panafricanresources.com/wp-content/uploads/Pan-African-Resources-integrated-annual-report-2023.pdf>.

The provisional summarised audited results for the year ended 30 June 2023 can be viewed via the Company's website at <https://www.panafricanresources.com/wp-content/uploads/Pan-African-Resources-year-end-results-SENS-announcement-2023.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 Alternative Investments Market (AIM) of the London Stock Exchange (LSE) 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 Market.

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

www.panafricanresources.com

Rosebank

13 September 2023

Corporate information	
Corporate office The Firs Building 2nd Floor, Office 204 Corner Cradock and Biermann Avenues Rosebank, Johannesburg South Africa Office: + 27 (0) 11 243 2900 info@paf.co.za	Registered office 2nd Floor 107 Cheapside London EC2V 6DN United Kingdom Office: + 44 (0) 20 7796 8644 info@paf.co.za
Chief executive officer Cobus Loots Office: + 27 (0) 11 243 2900	Financial director and debt officer Deon Louw Office: + 27 (0) 11 243 2900
Head investor relations Hethen Hira Tel: + 27 (0) 11 243 2900 Email: hhira@paf.co.za	Website: www.panafricanresources.com
Company secretary Jane Kirton St James's Corporate Services Limited Office: + 44 (0) 20 7796 8644	Nominated adviser and joint broker Ross Allister/David McKeown Peel Hunt LLP Office: +44 (0) 20 7418 8900
JSE sponsor Ciska Kloppers Questco Corporate Advisory Proprietary Limited Office: + 27 (0) 11 011 9200	Joint broker Thomas Rider/Nick Macann BMO Capital Markets Limited Office: +44 (0) 20 7236 1010
	Joint broker

Matthew Armitt/Jennifer Lee

Joh. Berenberg, Gossler & Co KG

Office: +44 (0) 20 3207 7800