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)

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

UNAUDITED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

KEY FEATURES

Production

- Gold production of 98,458oz (2022: 92,307oz), an increase of 6.7% relative to the six months ended 31 December 2022 (previous reporting period)
- The Group is well positioned to deliver into its 2024 financial year production guidance of between 180,000oz to 190,000oz of gold. Increased guidance may be considered in due course.

Safety

- Improvement in overall safety rates with a total recordable injury frequency rate of 6.13 per million man hours for the year (2022: 8.54 per million man hours)
- Group surface operations reported no recordable injuries for the six months ended 31 December 2023 (reporting period) (2022: 5.14 per million man hours)
- Barberton Mines achieved 4 million fatality-free shifts during November 2023.

Costs and cost outlook

- Production costs were well managed, despite inflationary pressures, resulting in a reduction in all-in sustaining costs (AISC) per ounce for the reporting period to US$1,287/oz (2022: US$1,291/oz)
- The Group's operations, which account for more than 85% of the Group's gold production, produced at an AISC per ounce of US$1,149/oz (2022: US$1,139/oz)
- The Group's tailings retreatment operations (Elikhulu Tailings Retreatment Plant (Elikhulu) and Barberton Tailings Retreatment Plant (BTRP)) produced at an AISC of US$894/oz (2022: US$887/oz)
- 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
- The AISC per ounce guidance range for the 2024 financial year reduced to between US$1,325/oz and US$1,350/oz (assuming an exchange rate of US$/ZAR:18.50).

Financial

- Net cash from operating activities increased by 134.5% to US$27.2 million (2022: US$11.6 million)
- Profit for the period increased by 46.7% to US$42.4 million (2022: US$28.9 million)
- Headline earnings increased by 46.4% to US$42.6 million (2022: US$29.1 million)
- Earnings per share and headline earnings per share increased by 46.1% to US 2.22 cents per share (2022: US 1.52 cents per share)

- Payment of a net dividend of US$18.3 million (2022: US$20.0 million) in December 2023, equating to a dividend yield of 5.9% (2022: 4.6%), at the last traded price on 30 June 2023
- Robust financial position at the end of the reporting period, with net debt of US$64.3 million (2022: US$53.7 million). The increase in net debt is primarily attributable to the capital expenditure of US$21.6 million incurred on the Mogale Tailings Retreatment project (MTR project)
- Liquidity remains healthy, with access to immediately available cash of US$31.3 million (2022: US$33.9 million) and undrawn facilities of US$86.4 million (2022: US$52.1 million) at the reporting period-end.

Growth projects

- MTR project
  - Steady-state production expected by December 2024
  - Capital expenditure in line with budget
  - Incremental annual production of approximately 50,000oz, at an expected AISC per ounce of approximately US$900/oz, over the 20-year life-of-mine (LoM) (including the Soweto Cluster tailings storage facilities)
- Evander Mines' 8 Shaft 24, 25 and 26 Level underground expansion project is on track
  - Construction of phase 2 of the refrigeration plant on 24 Level is currently at an advanced stage, with completion anticipated during the 2024 financial year, as 25 Level mining operations commence
  - Equipping of the existing 17 Level underground ventilation shaft, with a hoisting capacity of up to 40,000 tonnes per month, is also expected to be completed during the 2024 financial year, improving efficiencies and eliminating the majority of the existing cumbersome conveyor system
- Dewatering of Evander Mines' 7 Shaft Egoli project is ongoing and once dewatered to below 20 Level, reserve delineation drilling will commence during the first quarter of the 2025 financial year to further define the ore payshoot and its grade variability
- At Barberton Mines, the consolidated Royal Sheba and Western Cross projects (Sheba Fault project) are earmarked to provide sustainable ore feed for the BTRP once existing reserves are depleted. The BTRP's current Mineral Reserves are adequate to maintain production for another two years albeit with a declining profile. A regional drilling campaign has also been initiated to identify other suitable material for processing.

Environmental, social and governance initiatives

- Construction of Fairview Mine's 8.75MW solar plant is progressing with plant commissioning expected during June 2024
- Barberton Mines and Evander Mines handed over community Social and Labour Plan infrastructure development projects, including new classrooms and science and computer laboratories, that will benefit some 2,800 community learners annually
- Commenced environmental rehabilitation at the MTR project sites, which is already positively impacting the environment and local living conditions.

Sudan exploration

- On-the-ground exploration activities included geological mapping and sampling and target generation for planned drilling activities, with drilling expected to commence during the last quarter of the 2024 financial year.

This announcement contains inside information.

CHIEF EXECUTIVE OFFICER'S STATEMENT

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

"Pan African delivered an excellent safety, production and financial performance for the reporting period, which positions the Group well to deliver on our production and cost guidance for the full financial year. We are deeply saddened by the fatality that occurred at Elikhulu after the reporting period, as outlined in the subsequent events section further in the announcement.

Despite inflationary pressures, the Group managed to curtail AISC, with unit costs benefiting from increased gold production, the Group's cost-conscious culture and the weaker US$/ZAR exchange rate.

The higher US$ gold price, improved production and cost and capital discipline contributed to the much-improved cash generation of US$27.2 million, an increase of more than 130% when compared to the previous reporting period. This cash flow generation has resulted in the Group's robust financial position, even after taking into account the MTR project's capital expenditure and the net dividend of US$18.3 million paid to shareholders in December 2023.

The Group's surface remining operations performed exceptionally well, with their sub US$900/oz AISC contributing significantly to Group production, cash flows and profits. The BTRP benefited from operational enhancements and the optimisation of the carbon-in-leach process, which reduced AISC by over 10% to US$650/oz, making it one of the world's lowest-cost gold producers. Our long-life MTR project, once commissioned later this calendar year, will also add meaningfully to the Group's surface production portfolio and its valuation. With the MTR project's incremental production of approximately 50,000oz per year, almost 50% of the Group's annual gold production will be sourced from low-cost, long life surface remining operations.

In addition to being a compelling investment proposition, large-scale tailings retreatment operations provide much-needed economic stimulus and employment in defunct mining regions with challenging socio-economic conditions. Our 'beyond compliance' community development strategy, in collaboration with other critical role players, has a tangible and meaningful positive impact in the areas where we operate.

The introduction of continuous operations at Barberton Mines' Fairview and Sheba Mines has made a positive impact on production and further improvements will become evident once optimisation of the underground infrastructure is fully implemented. While Consort Mine has experienced geotechnical challenges, we believe that the contractor operating model is appropriate for the scale of this operation going forward. We are excited by the initial exploration results from drilling programmes being undertaken, using the latest geological software to unlock the seemingly unlimited potential of Barberton's orebodies, which have been continuously mined for almost 140 years.

The development of Evander Mines' 24, 25 and 26 Level project is progressing well, with ramped-up mining operations at 24 Level already contributing to the replacement of ounces as mining from the 8 Shaft's pillar nears completion. The significant capital expenditure already spent on this project to improve and optimise the infrastructure will enable consistent and sustainable production of an average of 65,000oz annually from this operation in the long term, and allow it to maintain its status as one of the lowest-cost underground gold mines in Southern Africa.

Following the recommencement of our gold exploration activities in Sudan, steady progress has been made by our in-country team, with the mapping and sampling activities of shallow orebodies for the prioritisation of initial drill targets.

In the short term, our priority is to deliver into the production guidance for the 2024 financial year and commission the MTR project on schedule and within budget, which will elevate Pan African into the next tier of global gold producers.

We are well positioned to deliver on our operational and strategic objectives for the 2024 financial year, and if the current gold price tailwinds persist, shareholders can look forward to a continuation of the reporting period's excellent financial performance for the full financial year."

DIRECTORS' RESPONSIBILITY

The information in this announcement has been extracted from the unaudited interim financial results for the six months ended 31 December 2023. The short-form announcement has not been reviewed by the Company's auditors. The unaudited interim financial 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 which was released on SENS on 14 February 2024.

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 is accessible via the JSE link at https://senspdf.jse.co.za/documents/2024/jse/isse/pan/INT2023.pdf

and via the Company's website at https://www.panafricanresources.com/wp-content/uploads/Pan-African-Resources-interim-results-SENS-announcement-2024.pdf

Copies of the full announcement may also be requested by emailing ExecPA@paf.co.za and electronically via the sponsor (sponsor@questco.co.za) at no charge during business hours.

The Company has a dual primary listing on the JSE Limited in South Africa and the Alternative Investment Market of the London Stock Exchange, a secondary listing on the A2X Market as well as a sponsored Level 1 American Depository Receipt programme in the United States of America through the Bank of New York Mellon.

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

Rosebank

14 February 2024

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