

Pan African Resources PLC
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("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

PAN AFRICAN ANNOUNCES SIGNIFICANT PROGRESS ON ITS RENEWABLE ENERGY DEVELOPMENTS

Pan African is pleased to update shareholders on developments at the Group's 8.75MW_{AC} (10.465 MW_P) Barberton Mines Fairview solar facility and the conclusion of a Power Purchase Agreement (PPA) with Sturdee Energy (Pty) Ltd (Sturdee Energy) comprising a 40MW wheeled renewable energy solution.

Highlights

Barberton Mines Fairview solar facility

- Engineering, procurement and construction (EPC) agreement entered into with JUWI Renewable Energies (JUWI), a leading solar, wind and hybrid project developer for the construction of an 8.75MW_{AC} solar photovoltaic (PV) renewable energy facility (Fairview solar facility) at Barberton Mines Fairview operation. The plant is expected to provide:
 - cost savings of approximately ZAR26 million (US\$1.4 million at a prevailing exchange rate of approximately US\$/ZAR: 18.00) in year one with an average of R40 million per year (US\$2.2 million) per year over the life of the plant
 - a reduction in CO₂ emissions of approximately 22,000t/year

Sturdee Energy Power Purchase Agreement

- A PPA has been entered into for a 40MW wheeled renewable energy solution, with the generation capacity available to any of the Group's operations

Other initiatives

- Pan African has also made significant progress in implementing its renewable energy strategy, which aims to achieve long-term sustainability by securing a stable energy supply, reducing CO₂ emissions and realising all-in sustaining cost (AISC) savings through large scale renewable energy projects. The Group's ongoing projects include:
 - A feasibility study being progressed to expand Evander Mines 10MW solar PV renewable energy facility by at least an additional 12MW to secure additional capacity for Evander Mines long-life 24, 25 and 26 Level projects
 - A feasibility study has also commenced on a solar PV renewable energy facility for the Mogale Tailings Retreatment Plant
- Following the successful implementation of these projects, and based on preliminary feasibility studies, Pan African will generate approximately 28% of its power requirements through renewable energy, with a cumulative estimated reduction of 137,000t in CO₂ emissions annually and projected annual cost savings of up to ZAR154 million (US\$8.6 million) for the Group, at current estimated Eskom tariffs and projected future price increases.

In May 2022, Pan African was the first South African mining company to successfully commission a utility-scale, grid-tied solar PV plant with Evander Mines 10MW_{AC} (12MW_P) solar PV renewable energy facility (Evander solar facility). The EPC works for the project were also completed by JUWI.

Fairview Solar PV renewable energy facility

In early 2020, Pan African commenced studies for the development of the 8.75MW_{AC} Fairview solar facility at its Barberton operations. This facility is now fully permitted, including its water use licence, environmental approvals and its registration with the National Energy Regulator of South Africa (NERSA).

To accelerate the site work at the Fairview solar facility, an early works phase was undertaken by JUWI and is nearing completion. This phase included various activities such as the facility design and conducting specialist studies that are essential for completing the detailed design and cost estimation for the subsequent EPC work.

The Fairview solar facility's plant is expected to generate approximately ZAR2.2 million in monthly cost savings in year one. Assuming an estimated annual tariff increase rate, by Eskom, of 10% per year, a payback period of approximately 8 years is estimated. Based on preliminary studies, Fairview's solar facility will reduce the Group's carbon emissions by some 22,000t of CO₂ per annum. The solar facility is expected to have an economic life in excess of 25 years, which is sufficient for the mine's current 20-year life of mine, based on current Mineral Reserve estimates.

JUWI is one of the world's leading renewable energy companies specialising in the development, EPC, operation and maintenance of private and public utility scale solar and wind energy projects. JUWI has successfully installed over 400 MW of renewable power facilities in South Africa (5.5 GW globally) and has developed wind and solar sites across South Africa. Additionally, JUWI is listed in the top 10 solar EPC contractors globally and is the leading renewable energy specialist for mining companies. JUWI was also the EPC provider during the construction of Pan African's Evander solar facility.

The construction of Fairview's solar facility will be financed on a ring-fenced debt basis similar to the Evander solar facility. Financing Proposals have been obtained from a number of interested parties and are expected to be finalised and available by June 2023.

Sturdee Energy Power Purchase Agreement

Pan African has also entered into a PPA with Sturdee Energy for a wheeled renewable energy solution of 40MW from its Bela-Bela Project (Bela) solar PV facility in Limpopo to any of the Group's operations.

The initial PPA term is for 10 years, with the option to extend it for another 5 years. The indicative tariffs over the extended 15-year period will be significantly lower than that expected from Eskom. The Bela solar PV facility is expected to provide approximately 112,399 MWh of renewable energy per annum to Pan African, resulting in an estimated ZAR646 million NPV₁₀ savings over a 10-year period and ZAR884 million over a 15-year period.

There may also be further tariff savings if this 40MW Bela project is scaled up to its permitted 75MW of solar power. The resultant economies of scale associated with the construction of such a larger project should result in an even lower tariff for Pan African.

The Bela solar PV facility has already obtained the key permits required for construction. This includes environmental approvals, water use license, and rezoning approvals. The facility will be connected to the Eskom grid via a 132 kV line in the area of Bela Bela.

The PPA is subject to standard terms and conditions typical for agreements of this nature and will become effective following the construction of the Bela solar PV facility, estimated to take place during the 2025 calendar year. The Bela project will be funded by third party financial institutions with no upfront contribution from Pan African.

Sturdee Energy is an African independent power producer with a track record of developing, owning and operating over 600MW of renewable energy projects in South Africa. Its vision is to deliver economic growth and socio-economic development to Africa through the production of reliable renewable energy. Further, Sturdee Energy's focus is delivering renewable energy to corporate and industrial customers on short and long term power purchase agreements through onsite or wheeled power.

Pan African's renewable energy roadmap to decarbonisation

Pan African has embarked on a renewable energy strategy that includes:

- The construction of its 10MW_{AC} Evander solar PV facility, the first utility-scale, grid-tied solar PV plant to be commissioned in South Africa
- The construction of an 8.75 MW_{AC} solar PV facility at Fairview Mines
- The entering into of the 40MW_{AC} Sturdee Energy PPA for the provision of wheeled power over a period of up to 15 years
- The development and construction of a second solar PV facility with a minimum output of 12MW_{AC} at Evander Mines
- The construction of a solar PV facility at its Mogale operations.

Cobus Loots, Chief Executive Officer of Pan African Resources, commented:

"Our solar PV renewable energy initiatives are key components in progressing Pan African's renewable energy strategy and in achieving our sustainability targets. In addition to measurably reducing the Group's carbon emissions, these projects will assist in stabilising the electricity supply to our operations, while also realising commensurate cost savings that will assist in reducing our overall AISC per ounce of production in the longer term."

Certain information communicated in this announcement was, prior to its publication, inside information for the purposes of Article 7 of Regulation 596/2014.

Rosebank

15 May 2023

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

www.panafricanresources.com

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