

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.)

SUMMARISED AUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 2024 – SHORT FORM ANNOUNCEMENT

KEY FEATURES

Production

- Group gold production increased by 6.2% to 186,039oz (2023: 175,209oz), in line with guidance
- Operational enhancements and optimisation initiatives resulted in significant improvements at Barberton Mines' underground and Elikhulu Tailings Retreatment Plant's (Elikhulu) surface operations, resulting in annual increases of:
 - Gold production from Fairview and Sheba Mines increased by 13.5% to 65,580oz (2023: 57,778oz)
 - Elikhulu's gold production increased by 8.4% to 54,812oz (2023: 50,573oz)

Safety

Significant improvement in the Group's industry-leading safety statistics across all operations

Costs and cost outlook

- All-in sustaining costs (AISC^{APM}) for the current reporting period of US 1,354/oz (2023: restated US 1,309/oz) at an average exchange rate of US \$/ZAR: 18.71, marginally above guidance of between US 1,325/oz to US 1,350/oz, with the delay in commissioning Evander Mines' subvertical hoisting shaft negatively impacting unit costs
- AISC of US 1,170/oz (2023: restated US 1,132/oz) for our lower-cost operations, which account for more than 84% (2023: 81%) of annual production
- 2025 AISC guidance of between US 1,350/oz and US 1,400/oz (assuming an exchange rate of US \$/ZAR:18.50), with the Mogale Tailings Retreatment project's (MTR project) low-cost production offsetting inflationary pressures

Near-term growth projects

Surface remining operations

The MTR project's commissioning is in progress, with steady-state production expected by latest December 2024. This US 135.1 million project is expected to be delivered under budget and ahead of schedule. The Barberton Tailings Retreatment Plant's (BTRP) life-of-mine has been extended to seven years (previously two years), following a successful internal project to reassess feedstock sources, further enhancing the Group's high-margin, long-life surface remining operations.

Underground operations

- Evander Mines' 8 Shaft 24 and 25 Level underground expansion project is now scheduled to be completed by the end of September 2024, following delays in the equipping of the ventilation shaft for hoisting
 - Equipping the 17 to 24 Level subvertical hoisting shaft will significantly increase efficiencies by reducing reliance on the current cumbersome conveyor belt infrastructure for ore transport
 - 24 Level's refrigeration plant will be commissioned in phases to facilitate mining at depth
 - 25 Level mining area access development has commenced

Production guidance

- 2025 financial year production guidance of 215,000oz to 225,000oz, with the expected increase in production largely attributable to the contribution from the Group's new MTR project, but potentially impacted by:
 - The delay in the commissioning of Evander Mines' subvertical shaft, scheduled to be completed during September 2024, could impact guidance by approximately 5,000oz
 - Evander Mines' underground vamping operations and earlier production from the MTR project may offset the impact of the above-mentioned delay

Financial

- Revenue increased by 16.8% to US 373.8 million (2023: restated US 319.9 million)
- Profit for the year increased by 30.2% to US 78.8 million (2023: restated US 60.5 million)
- Headline earnings^{APM} increased by 32.1% to US 79.5 million (2023: restated US 60.2 million)
- Earnings per share increased by 32.1% to US 4.14 cents per share (2023: restated US 3.18 cents per share) and headline earnings per share^{APM} increased by 32.2% to US 4.15 cents per share (2023: restated US 3.14 cents per share)
- Net cash generated from operating activities declined by US 9.3million to US 90.8 million (2023: US 100.1 million)
- Net debt^{APM} increased to US 106.4 million, mainly as a result of the construction of the MTR project (2023: US 22.0 million)
- Available cash and undrawn debt facilities at year-end of US 95.0 million (2023: US 84.7 million).

Proposed dividend

- Sector-leading final dividend of ZA 22.00000 cents per share (or US 1.20946 cents per share at an exchange rate of US

Environmental, social and governance (ESG) initiatives

- The Group continues to lead the way on renewable energy initiatives and establishing a roadmap to decarbonisation
- Construction of Fairview Mine's solar facility completed at Barberton Mines in June 2024 and hot-commissioned in July 2024
- Renewed power purchase agreement with Sturdee Energy, subject to certain suspensive conditions, with ground clearing for construction having commenced
- Evander Mines' 3ML/day water recycling plant capacity to be doubled in the next two years
- Rehabilitation at the MTR project's Mogale and Soweto sites is in progress.

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CHIEF EXECUTIVE OFFICER'S STATEMENT

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

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I am extremely pleased to report on Pan African's achievements and outstanding financial results for the past year. Furthermore, the Group is now poised to deliver on our next phase of value-accretive production growth at the MTR project, a testament to Pan African's ability to continue to create value for all its stakeholders.

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We find ourselves in a very favourable gold price environment, with the metal appreciating by more than 20% in US terms in the past year, and generally positive sentiment on its near-term prospects. However, we also recognise that, although fortuitous, the commodity price tailwinds may not last indefinitely. We therefore have to use this opportunity to ensure our business model remains robust, and continue to position our assets for long-term sustainability.

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The fact that gold equities continue to underperform the gold price, reflects investor concerns pertaining to capital allocation and sustainable value creation in the sector. Certainly, the recent escalations in AISC globally (now around US 1,400/oz on average) suggest that producer margins and profits are being eroded by cost pressures and by a general underinvestment in capital expenditure and mining development over many years.

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Pan African can demonstrate a track record of sector-leading returns and dividends to shareholders, despite occasional challenging operating conditions and the age of our underground operations (Barberton Mines has been producing for almost 140 years). Our enviable record is reflective of the quality of and optionality inherent in our portfolio, and also of management's unrelenting focus on disciplined capital allocation and cost control.

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With the additional production from the MTR project, our Group will be firmly positioned as a mid-tier producer, with production growing by approximately 25% and a commensurate reduction in the Group's unit costs of production - a feat that larger gold miners may find difficult to emulate, given the scale of their operations.

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This year marks the 10th time that I am reporting in my capacity as chief executive officer and, in reflecting on the past and where the Group is now, I believe that Pan African has attractive prospects and is well-positioned to continue "Mining for a Future".

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THE LAST DECADE AND THE WORLD IN WHICH WE NOW OPERATE

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Economically and politically, the world has been tumultuous and volatile during this time. Economically, it had to deal with challenging financial cycles and the impact of COVID-19. The pandemic and subsequent escalating geopolitical conflicts, especially in Ukraine and the Middle East, have threatened lives and economies, while the impact of climate change affects the planet and its inhabitants.

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The South African economy faced the consequences of power curtailment, state capture and low levels of investor confidence. Social upheaval reached a boiling point during the riots of July 2021, the worst and most disruptive incident of violence that South Africa experienced since the end of Apartheid. The global status quo is one of bi-polarity fragile financial systems, ever-increasing sovereign debt levels, as well as concerns about the next economic downturn.

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GOLD REAFFIRMING ITS STATUS AS A SAFE-HAVEN ASSET

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Gold has regained its safe-haven status amid ongoing higher-than-expected worldwide inflation and anxiety over geopolitics, elections and monetary policy - all predictable reasons for the value of gold to appreciate. Gold has historically been considered an inflation hedge, however cooling inflation and the expected reduction in worldwide interest rates should also support gold's investment case.

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The perceived "weaponisation" of the US, following the outbreak of war in Ukraine, appears to have expedited moves by central banks in many countries to accumulate gold reserves in support of their respective economies and currencies. Gold has demonstrated its ability to act as a strong hedge against uncertainty and as a currency to preserve real purchasing power. Gold has a track-record of millennia in this regard, an attribute that sets it apart from speculative cryptocurrency alternatives, such as Bitcoin.

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We believe that investing in a gold equity such as Pan African has several advantages to a direct gold holding.Â The Company provides its shareholders with a cash return in the form of dividends, increased leverage to the gold price, substantial near-term production growth and a number of internal growth opportunities, evidenced by our project pipeline.

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A DECADE AS CHIEF EXECUTIVE OFFICER

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In the early 2010s, Pan African was a single-asset company, holding only the Barberton Mines underground operations.

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Over the past 10 years, the Group has successfully diversified into a long-life, high-margin operator, with multiple assets, improved flexibility and reduced volatility.Â We have also increased profitable production and investor returns. Shareholders have received returns through both compound capital growth of more than 10% per year over the past few years and an increasing annual dividend. Pan African has regularly featured in the Top 10 of the JSE's Top 100 performing companies over the past few years. More recently in 2024, it has been the best-performing gold stock on the JSE year to date, with the share price increasing by over 80% since the beginning of the Â calendar year and 100% year-on-year. The AIM recorded a similar performance, where the share is also trading at all-time high levels.Â

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Value-adding projects completed by the Group's incumbent management team and board during the last ten years include:

â€¢ Securing, funding, construction and operation of transformative surfaces assets

- BTRP
- Evander Tailings Retreatment Plant
- Elikhulu
- The MTR project

â€¢ Evander Mines's underground restructuring

- 8 Shaft pillar mining
- Level 24 to 26 development

â€¢ Group renewable energy initiatives

- Evander Mines's solar plant
- Barberton Mines's solar plant

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While South African gold mining is often seen as a sunset industry, we believe that the country still presents attractive opportunities. In 2022, we acquired Mineral Resources from Mogale Gold Proprietary Limited and Mintails SA Soweto Cluster Proprietary Limited (MSC) for US 1.12/oz, and then applied our extensive surface tailings expertise to bring this project to account. We have also accumulated considerable underground mining expertise, which we are applying to exploit at Barberton Mines's and Evander Mines's underground assets.

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Pan African is proud of our demonstrated record of delivering large projects on time and within budget, in an industry where this is lacking at times.

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The gold price is at an all-time high, and this trend is expected to continue in the foreseeable future. Pan African has over 30Moz of SAMREC-compliant gold resources within its mining rights, secured in Barberton and Evander to 2051 and 2038, respectively. The Group's unique value proposition of surface and underground mining, high-margin long-life production, blend of financial strength, growth potential, gold resource base, dividend track record and unwavering dedication to ESG principles, makes it a compelling choice for investors seeking to achieve sustainable returns while making a meaningful positive impact on all stakeholders.

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THIS YEAR'S FINANCIAL RESULTS

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Pan African has delivered an outstanding set of operational and financial results for the 2024 financial year. Notably, revenue increased by 16.8%, supported by a 4.9% increase in gold sales to 184,885oz (2023: restated 176,216oz) and an 11.3% increase in the average US gold price received during this period. The increased production and revenue demonstrate that steps taken to improve operational efficiencies are yielding positive results.

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The Group has made significant progress in advancing its growth projects, with the development of Evander Mines's 24 to 25 Level project and the commissioning of the MTR project being prioritised.

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Total capital expenditure for the year amounted to US 172.4 million (2023: US 113.0 million), which resulted in an increase in net debt to US 106.4 million, relative to net debt of US 22.0 million in the previous financial year.

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AISC has increased marginally to US 1,354/oz (2023: restated US 1,309oz), resulting in an AISC margin of 32.8% (2023: 27.7%) earned

on the average 2024 financial year gold price of US 2,015/oz (2023: US 1,811/oz).

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Cash holdings declined to US 26.3 million (2023: US 34.8 million) due to project-specific capital expenditure, while net cash from operating activities declined to US 90.7 million (2023: US 100.1 million) as a result of the payment of increased income tax and finance costs.

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Liquidity remains healthy, with access to immediately available cash and undrawn facilities at financial year-end of US 95.0 million (2023: US 84.7 million).

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These outstanding results are largely attributable to Pan African's culture of strict capital allocation discipline and circumspect investment decisions.

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PROPOSED DIVIDEND FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

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The board has proposed a final dividend of ZAR489 million for the 2024 financial year (approximately US 26.8 million), equal to ZA 22.00000 cents per share or approximately US1.20946 cents per share (0.95611 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 2023 financial year. The dividend is subject to approval by shareholders at the AGM, which is to be convened for Thursday, 21 November 2024.

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

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Annual general meeting	Thursday, 21 November 2024
Currency conversion date	Thursday, 21 November 2024
Currency conversion announcement released by 11:00 (SA time)	Friday, 22 November 2024
Last date to trade on the JSE	Tuesday, 26 November 2024
Last date to trade on the LSE	Wednesday, 27 November 2024
Ex-dividend date on the JSE	Wednesday, 27 November 2024
Ex-dividend date on the LSE	Thursday, 28 November 2024
Record date on the JSE and LSE	Friday, 29 November 2024
Payment date	Tuesday, 10 December 2024

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The British Pound (GBP) and US proposed final dividend were calculated based on a total of 2,222,862,046 shares in issue and an illustrative exchange rate of US /ZAR:18.19 and GBP/ZAR: 23.01, respectively.

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No transfers between the Johannesburg and London registers, between the commencement of trading on Wednesday, 27 November 2024 and close of business on Friday, 29 November 2024 will be permitted.

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No shares may be dematerialised or rematerialised between Wednesday, 27 November 2024 and Friday, 29 November 2024, both days inclusive.

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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 17.60000 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.

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AUDIT OPINION

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The Group's external auditor, PricewaterhouseCoopers LLP (PwC), has issued their opinion on the consolidated annual financial statements for the year ended 30 June 2024.

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 summarised audited results announcement has not been reviewed or reported on by the Group's external auditor.

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DIRECTORS' RESPONSIBILITY

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The information in this announcement has been extracted from the summarised audited results for the year ended 30 June 2024, but this short-form announcement itself has not been reviewed by the Company's auditors. The 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.

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Any investment decisions should be based on the full announcement and the Group's detailed operational and financial summaries.

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