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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')
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Pan African Resources Funding Company Limited
Incorporated in the Republic of South Africa with limited liability
Registration number: 2012/021237/06
Alpha code: PARI
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Pan African acquires Tennant Consolidated Mining Group Pty Ltd in Australia and Sudanese exploration activities suspended
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TRANSACTION HIGHLIGHTS
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- All scrip acquisition of 92% of Tennant Consolidated Mining Group Pty Ltd (TCMG) by Pan African via a Share Acquisition Agreement (the `Transaction')
    - Pan African acquired an initial 8% of TCMG in March 2024 and following the Transaction, TCMG will be a wholly owned subsidiary
    - Consideration represents**Â**a total acquisition cost of US 54.2 million Â
        - Initial cash investment of US 3.4m during March 2024 for an 8% shareholding in TCMG
        - Issue of PAR shares (the New Ordinary Shares) to the value of US 50.8 million to acquire remaining shares and claims of existing shareholders
        - Consideration constitutes less than 6% of PAR's current issued share capital
- Payback of initial capital investment expected in less than 3 years at an average gold price of approximately US 2,600/oz, with base case financial model also demonstrating returns in line with Group's requirement of circa 20% per annum
- Low risk, near term, low cost production in a Tier 1 mining jurisdiction
        - Development capital fully funded
        - Commissioning expected during June 2025
        - Expected production of 50kozpa at AISC of ~US 1,300/oz for first three years of operation
- The Transaction is expected to be fully implemented during December 2024 under the Australian Corporations Act
- Large land package with significant exploration potential

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STRATEGIC RATIONALE
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- Complementary to Pan African's current portfolio of high-margin, long-life surface re-mining operations
- Opportunity to acquire near term, low-cost and low risk production growth from a Tier 1 mining jurisdiction (Australia's Northern Territory)
- Processing facility will be the largest to ever operate in the region, providing economies of scale
- Near-term production growth at TCMG's Nobles Gold Project, scheduled to commission in the second quarter of the 2025 calendar year with a target initial 8-year life-of-mine (LOM), inclusive of 5 years in current Mineral Reserves. Additional three years of production currently in the permitting process
- Access to an attractive asset portfolio in one of Australia's known highest grade mineral fields
    - A known geological endowment through historic gold production and current Mineral Resources of 8Moz Au and ~1.2Mt Cu
    - Walk-up brownfields and development drill targets at TCMG's 100% owned Warrego, Nobles and Juno assets
- Region under-explored, with less than 8% of holes drilled below 150m depth
- Significant land position, as TCMG controls 1,700km^2 through 100% owned assets as well as through the Emmerson Resources Limited (ASX: ERM) Joint Venture (ERM-JV), utilising a hub & spoke growth strategy to process multiple deposits
- Experienced corporate and project execution team in place to ensure successful project delivery
- Potential to significantly expand the Mineral Resource and Mineral Reserve base as well as the LOM beyond 15 years through two-staged gold and copper strategy, underpinned by an exploration target with up to an additional 800koz of gold alone
- Represents an increase in Group production by approximately 20% per annum in the next year

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KEY PROJECT METRICS
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- JORC 2012 compliant Feasibility Study completed, herein reported according to SAMREC 2016 compliance, highlighting Mineral Resources of 1.3 Moz Au (14.1Mt at 2.83g/t) and Mineral Reserves of 0.4 Moz Au (3.9Mt at 3.1g/t)
- Initial development capital of US 35.7 million fully funded with Australian debt facilities, including Australian Northern Territory Government funding
- Limited project execution risk, with processing plant construction more than 50% complete
    - Â Commissioning expected by June 2025 and first gold by July 2025
- Production over initial 3-years of the LOM mostly from surface stockpiles and tailings storage facilities at circa 50kozpa and with an AISC of approximately US 1,300/oz
- Financial model demonstrates free cashflow LOM US 420M assuming gold price US 2,600/oz
    - Project NPV US 129.7M and a real ungeared IRR of 144% on current Mineral Reserves alone

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For a presentation with further details on the project please visit the Company's website at: www.panafricanresources.com
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Cobus Loots, Pan African's CEO, commented: "*Pan African has in the past years successfully executed on our strategy of producing gold safely from low-cost operations and diversifying our portfolio to include both low-risk and low-cost surface and underground operations.*
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TCMG represents an opportunity to further expand and diversify our near-term low-cost production base and the next phase in the growth trajectory of the Group, in a Tier 1 mining jurisdiction.

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The Group has been assessing the TCMG portfolio for almost a year, and we are confident that this acquisition complements our strategy of focusing on safe, low-cost gold mining opportunities, with the potential to further grow our business by developing projects that meet our stringent investment criteria."

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1. INFORMATION ON TRANSACTION

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Pan African is pleased to announce that the Company has concluded a share acquisition agreement (the `Agreement') with Tembo Capital Holdings UK Limited (`Tembo'), Transasia Private Capital Security Agent Ltd (`Transasia'), Catalpa Management Proprietary Limited (`Catalpa') and Tennant Resources Proprietary Limited (`Tennant') (together the `Sellers') to acquire 100% of TCMG. In terms of the Agreement Pan African will acquire the remaining 92% shareholding in TCMG, resulting in TCMG becoming a wholly owned subsidiary of the Group. The acquisition was structured as follows:

- Initial cash investment (subscription for new shares) of US 3.4m during March 2024
- Issue of PAR shares for US 50.8 million to acquire shares and claims of existing shareholders,Â to be settled by 18 December 2024

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The total acquisition cost comprise the following:

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Â	US *
Initial investment (Equity)	Â Â Â Â Â Â Â Â 3,350,000
Shareholder loan	Â Â Â Â Â Â 11,676,995
Equity acquisition	Â Â Â Â Â Â 39,091,385
Total	Â Â Â Â Â Â 54,118,380

*Converted at an exchange rate of A /US : 0.67

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The consideration payable in shares will be funded through either the issue of new equity (pending approval from shareholders at the Annual General Meeting (AGM), scheduled for 21 November 2024, authorising directors to issue new equity and the disapplication of pre-emptive rights) or through the treasury shares held by PAR Gold (Pty) Ltd.

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The New Ordinary Shares will be issued at a price equal to the 30 day volume weighted average price of Pan African ordinary shares listed on the AIM market of the London Stock Exchange (Pan African Shares) converted into AUD using the AUD / GBP foreign exchange rate of the Reserve Bank of Australia as at the close of trade on the business day immediately preceding the date the New Ordinary Shares are issued and/or transferred.

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If at any time between 4 November 2024 and 17 December 2024, there is a fluctuation in the 30 day volume weighted average price of Pan African ordinary shares listed on the AIM market of the London Stock Exchange of more than 20%, with 4 November 2024 being the reference date, then any one or more of the Parties shall be entitled to terminate the transaction with immediate effect upon delivery of written notice to the other Parties.

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The Agreement contains warranties, undertakings and terms which are standard for a transaction of this nature.

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A further announcement in relation to the consideration, including details of any issue of new equity, will be made in due course.

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2. BACKGROUND OF THE TENNANT CREEK GOLD FIELD

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Tennant Creek is a town located in the Northern Territory of Australia. It is the seventh largest town in the Northern Territory, approximately 1,000 kilometres south of the capital Darwin, and 500 kilometres north of Alice Springs.

The Tennant Creek Gold Field (TCGF) was discovered in the early 1930s and was mined until the early 2000s when the gold price reached lows of ~A 500/oz, resulting in the termination of mining activities in this region. The TCGF was one of the highest-grade gold-producing fields in Australia, with production over the period yielding 156t of gold (5.5Moz), 348,000t of copper, 59.2t (1.9Moz) of silver, and 21,600t of Bismuth. Following 30 years of mining at the Nobles underground mine, the crown pillar collapsed in 1967 due to erosional degradation of the iron oxide lithologies. The broken material was excavated from the failure zone and stockpiled on the Crown Pillar Stockpile (`CPS'), with some of this material being treated while the new plant was being constructed during 1967 and 1968. From this point, Nobles was mined as an open pit mine, with the remainder of the CPS never being treated. It was Australia's largest open pit gold mine until 1985.

The mineral deposits in the TCGF are well studied and understood through historical mining as well as current exploration. These deposits form part of the hematite and magnetite end members of an Iron Oxide Copper Gold (IOCG) mineralisation style. The ore bodies tend to express as cone-like, blanket-like breccia sheets within granitic margins, or as long ribbon-like breccia or massive iron oxide deposits within faults or shear zones. Continuity of these deposits is proven with strike lengths more than 50m, widths of 2m-24m or more and down-dip extents of hundreds of meters. Typically, these deposits are enriched in copper, gold, cobalt, silver, uranium and bismuth.

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Apart from brownfields exploration, the TCGF is also very prospective for greenfield discoveries such as the Mauretania and Marathon deposits on the Emmerson Resources exploration joint venture (ERM-JV) ground (a joint venture agreement between TCMG and Emmerson Resources is in place) and the Bluebird deposit of Tennant Minerals (Pty) Ltd (ASX: TMS), both listed on the Australian stock exchange.

In 2022, realising the consolidation opportunity present in the area, TCMG acquired 100% of the tenements around the historic highest grade and largest producers of the region, namely, Nobles, Warrego, and Juno, with the intent to expedite exploration and increase the conversion of Mineral Resources to Mineral Reserves. The processing plant currently being constructed will be the only functioning gold processing plant in the region at present, and will be the largest facility ever operated in the TCGF.

The remaining CPS on surface will form the basis of the production for the first year.

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3. NOBLES GOLD PROJECT FEASIBILITY STUDY OVERVIEW AND CONSTRUCTION PROGRESS

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Feasibility Study summary

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TCMG's Feasibility Study (Nobles Gold Project Feasibility Study 2024) is based on the processing of material through a carbon in leach (CIL) gold plant which was purchased from the Great Australian Mine (`GAM') in Cloncurry. This plant has been dismantled and is being reconstructed at Nobles, located in Tennant Creek, over a 13-month period by EPC contractors, COMO Engineers. Commissioning of the reconstructed plant is expected by June 2025. The processing of surface material in the form of the CPS, the Nobles North tailings and Nobles North Waste Rock Dump will form the initial base ore feed following the commissioning of this plant. Pan African expects first gold in July 2025. The plant is rated for a throughput of 840,000 tonnes per annum and a gold recovery of 94%.

The base ore sources are in proximity to the plant's location and are deemed low risk production ounces. The Nobles Complex pits, Eldorado (pit and underground), Juno, Chariot and Golden Forty underground mines will complete the modelled initial 5-year LOM based on Mineral Reserves alone. An additional three years of production is targeted through near-term walk-up targets including Mauretania and White Devil.

The estimated capital cost for commissioning is US 35.7 million and is fully funded through two debt facilities, consisting of US 6.7 million from the Northern Territory of Australia and US 31.5 million from Keyview Investment Management.

Mineral Resource and Ore Reserve estimation

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Mineral Resources

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The kriged Mineral Resource Estimates (MRE) were depleted for historical mining using the existing open pit and underground development and stope void surveyed wireframes. The MRE has been classified as Indicated and Inferred Mineral Resources in accordance with the guidelines of The Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2012) and signed off by a Competent Person, Steve Rose. Steve is an independent consultant retained by TCMG, and he manages the exploration and geological departments for the company. Furthermore, Snowden Optiro (Snowden) has reviewed the MRE's of the TCMG deposits, with no fatal flaw being identified. The Mineral Resources and Mineral Reserves remain unchanged if reported according to the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (the SAMREC Code, 2016).

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TCMG Mineral Resources as signed off by Steve Rose (2024)

TCMG ResourcesÂ as at 30 June 2024	**Category**	**Tonnes**	**Contained gold**		
			Grade	**Tonnes (Gold)**	**Moz**
		million	**g/t**		
Mineral Resources	Measured	0.0	0.00	0.0	0.00
	Indicated	10.6	3.06	32.5	1.04
	Inferred	3.5	2.14	7.5	0.24
	Total[1]	**14.1**	**2.83**	**40.02**	**1.29**

[1]Any discrepancies in totals are due to rounding.

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Mineral Resources have been classified based on confidence in geological and grade continuity using the drilling density, geological model confidence, modelled grade continuity and conditional bias measures (kriging efficiency) and discounted due to the lack in operational reconciliation data. The classification is robust with a potential for further optimisation and extension of geological ore zones.

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Mineral Reserves

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The Mineral Reserves, as contained in the TCMG Feasibility Study (2024), comprises historically created surface stockpiles, waste rock dumps and tailings storage facilities, open pit and underground deposits. Daniel Donald is the Competent Person for underground operations and Craig Mann for open pit and surface deposits. Both are employed by Entech Mining Pty (Ltd) (Entech). Entech has been engaged by TCMG to prepare the documentation on which the Ore Reserve Report is based, for the period ended 27/09/2024. Daniel and Craig have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activities being undertaken.

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An integrated schedule was compiled by Entech which specifies that the surface stockpile material is supplemented from open pit operations, commencing soon after the commissioning of the plant and will form the feed to the processing plant over the initial 15-month period. Additionally, underground mines are being developed to deliver ore to the plant from month 16 onwards. Mining costs for the open pit and underground operations, as used in the Feasibility Study, was compiled by Entech and obtained through a request for quotes to major Australian mining contractors.

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TCMG Mineral Reserves as signed off by Entech (2024)

TCMG ReservesÂ as at 30 June 2024	**Category**	**Tonnes**	**Contained gold**		
			Grade	**Tonnes (Gold)**	**Moz**
		million	**g/t**		
Mineral Reserves	Proved	0.0	0.00	0.0	0.00
	Probable	3.9	3.10	12.1	0.39
	Total[1]	**3.9**	**3.10**	**12.1**	**0.39**

[1]Any discrepancies in totals are due to rounding.

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Potential Further Growth

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The Warrego orebody represents future upside with potential extraction and sale of a copper and gold concentrate, as it contains high-grade copper associated with the gold mineralisation. Tailings from the copper flotation plant can be processed for gold recovery in the Nobles CIL plant. TCMG is in the process of finalising a Prefeasibility Study on the copper-gold circuit for processing of the Warrego ore.

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The geological prospectivity across the TCMG tenements and the ERM-JV is deemed to be high. The deposits are contained within the hematite and

magnetite end members of the IOCG deposits and can be successfully identified and explored with up-to-date geomagnetic survey technology.
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The competent person for Pan African, Hendrik Pretorius, the Executive: technical services and new business, has signed off on the estimated Mineral Resources and Mineral Reserves reported in this announcement. Hendrik is a member of the South African Council for Natural Scientific Professions (SACNASP No. 400051/11 - Management Enterprise Building, Mark Shuttleworth Street, Innovation Hub, Pretoria, South Africa), as well as a fellow in good standing of the Geological Society of South Africa (GSSA No. 965978 - CSIR Mining Precinct, corner Rustenburg and Carlow Roads, Melville, South Africa). Hendrik has 21 years' experience in economic geology, mineral resource management and mining (surface miningÂ and shallow to ultra-deep underground mining). He is based at The Firs Building, 2nd Floor, Office 204, corner Cradock and Biermann Avenues, Rosebank, Johannesburg, South Africa. He holds a BSc (Hons) degree in Geology from the University of Johannesburg as well as a Graduate Diploma in Mining Engineering (GDE) from the University of the Witwatersrand. Hendrik has reviewed and approved the information contained in this document as it pertains to estimated Mineral Resources and Mineral Reserves and confirms that the information is compliant with the SAMREC Code and, where applicable, the relevant requirements of section 12 of the JSE Listings Requirements and Table 1 of the SAMREC Code and may be published in the form and context in which it appears.
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4. PROJECT EXECUTION PLAN

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Dismantling of the GAM CIL plant in Cloncurry, as well as early works at the Nobles plant site in Tennant Creek, commenced during March 2024. As of September 2024, the dismantling work packages in Cloncurry have been completed and all equipment transported to the Nobles plant site. At the end of September 2024, the plant construction progress was on schedule at more than 50% complete.
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Commissioning of the plant and the dry-stack tailings storage facility is expected during June 2025, with first gold expected in July 2025. The ore feed to the plant during the initial 5-year LOM is composed of the following sources which will be sourced for the following periods after the plant commissioning date:
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Source	Month (Start)	Month (End)
Crown Pillar Stockpile	1	29
Smaller open pit areas (Rising Sun, Nobles, Weabers Find, Black Snake and Eldorado)	4	13
Eldorado Underground	16	25
Juno Underground	17	53
Golden Forty Underground	30	57
Chariot Underground	39	66
Nobles North Tailings	29	39

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The initial LOM detailed above excludes further open pit potential currently being permitted or optimised.
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Labour onboarding to operate the processing plant is currently in progress. Mobilisation of the relevant mining contractors are planned in advance of start of mining for the different deposits.
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Exploration drilling will be conducted throughout the LOM to extend the life of the different operations and will focus on brownfields and greenfields exploration.
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Permitting and approval, including a cultural heritage management plan, indigenous land access permits and sacred site clearance certification for the initial four years of production has been obtained. Permitting of additional Mineral Resources, not yet converted to Mineral Reserves, will be conducted during the LOM and in such a manner as to not impact the overall production output. Mine rehabilitation on closure is planned sequentially to mining depletion. The rehabilitation and closure provision of US 1.9 million has been approved by the Northern Territory government.
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The Prefeasibility Study on the Warrego copper and gold deposit is scheduled to be completed during Q2 FY2025 and will inform further studies and a possible execution strategy.
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5. PROJECT FINANCIAL ANALYSIS

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The financial metrics for the Nobles Project based on the Mineral Reserve production profile is as follows:
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Description	Values
LOM (months, years)	66, 5.5
Tonnes processed (Mt)	4.4
Au produced (Koz)	390.4
Gold price (US /oz)	2,214.0
Working cost (US /oz)	1,191
Margin (US /oz)	1,023
Capital cost (US 'm)	171.2
FCF (excl. capital cost) (US 'm)	329
NPV (15% real) (US 'm)	79.3
Real Project IRR (%)	108.2
Project payback date	31 October 2025
Real shareholder IRR (%)	27.1

*Conversion rate of US /AU : 0.67
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Pan African has approved lines in place to hedge approximately 75% of the TCMG production for the first two years of production to secure the return on its initial investment, should the Group deem this necessary. Indicative pricing at a spot gold price of A 3,947/oz* (US 2,644/oz) for a zero-cost collar structure is a floor price of A 3,600/oz* (US 2,412/oz) and a cap price of A 4,800/oz* (US 3,216/oz).
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6. CATEGORISATION OF THE TRANSACTION AND OTHER REGULATORY DISCLOSURE

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The initial investment was an uncategorised transaction and did not involve any related parties in terms of the JSE Listings Requirements or the AIM

Rules for Companies and is therefore not subject to shareholder approval.Â
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This Transaction constitutes a category 2 transaction in terms of the JSE Listings Requirements. It is not classified as a material transaction in terms of the AIM Rules for Companies and does not involve any related parties and are not subject to Pan African shareholder approval.
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For the purposes of Schedule Four of the AIM Rules, TCMG reported a net loss of AUD 1,6 million for the financial year ended 30 June 2023.
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The value of the net assets of TCMG as at 30 June 2023 for the financial year ended 30 June 2023 are AU 44.8 million. The financial information of TCMG has been extracted from the audited financial report for the year ended 30 June 2023, which were prepared in terms of the International Financial Reporting Standards.
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Tembo and Transasia are private equity funds. The ultimate beneficial owners of Catalpa are Peter Robert Main, Karina Gaye Main, Martin John Costello, Kate Hensler, Samuel James Morton, Steve Murdoch, Andrew Alexander Fantela, Rohan Erwin, Neil Thomas O'Loughlin and the ultimate beneficial owner of Tennant is Alexander Stanislas Bajada. Â Â
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7. SUDANESE EXPLORATION ACTIVITIES SUSPENDED

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Given the ongoing political unrest prevailing in Sudan, the decision has been taken to suspend exploration activities in Sudan's Red Sea state. All of the Group's assets will be safeguarded and a notice of Force Majeure has been issued to the Sudanese Mineral Resources Company in order to maintain the validity of the exploration concessions. Â

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The information contained within this announcement is deemed by the Company to constitute insideÂ information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 as it forms part ofÂ UKÂ Domestic Law by virtue of theÂ European UnionÂ (Withdrawal) Act 2018. Upon the publication of this announcement viaÂ Regulatory Information ServiceÂ ('RIS'), thisÂ insideÂ information is now considered to be in the public domain.
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Johannesburg
5 November 2024
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For further information on Pan African please visit the Company's website at:
www.panafricanresources.com

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