

Pan African Resources plc

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Pan African on track to produce between 177,000 and 181,000 ounces of gold this year

Pan African Resources PLC (LON:PAF) listed on AIM more than 15 years ago with a small gold project in Mozambique.

The company then went on an aggressive acquisition spree in South Africa, transforming itself into an established mid-tier miner with production from two major projects, Evander and the Barberton Mines, regularly amounting to upwards of 160,000 ounces per year.

Total production for the six months to 31 December 2017 amounted to 85,282 ounces, and the company is guiding for full year production of between 177,000 and 181,000 ounces.

Barberton Mines on track to produce 50,000 ounces of gold in the second half of 2018

Production from Barberton is expected to increase by 23% during the second half of 2018, as the company moves on from issues relating to the underground grade which hampered development in the first half.

First half production was also hit by industrial action and disruption from pressure groups, as well as a technical issue with the ore at the Barberton Tailings Retreatment project.

All those issues have now been addressed.

Evander returns to profitability

After remedial action was taken to address critical shaft infrastructure, Evander has returned to profitability, and production has risen by 5.4%. Gold sold rose to 32,734 ounces during the first half of the current year. However, at this stage, Pan African is being cautious about setting precise production guidance for this mine.

Gold production from Evander Mines will be dependent on the outcome of the labour consultation process and the review of the 8-shaft operations. As it stands, Pan African is prioritising lower cost, high margin ounces in the current weak rand gold price environment. A reduction in non-paying gold production will therefore benefit group margins and sustainable cash flows.

Expansion projects underway

Construction of the Elikhulu tailings retreatment plant remains ahead of schedule, with first gold production expected in August 2018. A feasibility study has confirmed the viability of processing tailings from the Evander Retreatment plant.

Meanwhile, the company has booked a 100% increase in resources at Barberton's Royal Sheba Project to 720,000 ounces, and a re-assessment of the feasibility of Evander Mine's Egoli project is in progress.

Objective is to deliver low-cost high margin, sustainable gold, says chief executive

Price: 7.31p

Market Cap: £131.46M

1 Year Share Price Graph



Share Information

Code: PAF

Listing: AIM

| 52 week | High | Low |
|---------|--------|------|
| | 15.75p | 6.5p |

Sector: General Mining - Gold

Website: www.panafricanresources.com

Company Synopsis:

Pan African and its subsidiaries are a South African based precious metals mining group which produces in excess of 200,000oz of gold and 8,000oz of PGM's per annum. The Company's strategic focus is on the exploitation of high grade ore-bodies that yield high margins with a relatively low cost base.

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"The past 12 months have been a watershed period, during which we reassessed the sustainability of all our operations and dealt with the issues causing operational disruptions," said chief executive Coobus Loots.

"While we still have some work to do, we are confident our operations are being positioned to deliver into our objective of mining relatively low-cost, high-margin and sustainable gold ounces. In light of the prevailing low ZAR gold price, the group is reviewing its cost base and the strategic merits of our portfolio. We expect to deliver improved production results and cost savings in the next reporting period."

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