

Pan African Resources

Up 17 times in 15 years

Pan African's EPS for H126 were 2.7% ahead of our prior forecasts on a headline basis and 27.0% ahead on a normalised basis (see Exhibit 2). Management reiterated guidance for FY26 at 275–292koz, albeit at a slightly higher AISC of US\$1,820–1,870/oz at ZAR17.00/US\$ (cf US\$1,525–1,575/oz at ZAR18.50/US\$ previously). It also declared a maiden interim dividend of ZAR0.12/share. As a result, we have raised our normalised HEPS forecast for FY26 by 11.6%, although we have lowered our FY27 estimate to reflect broadly static production in that year and higher capital expenditure.

Year end	Revenue (\$m)	PBT (\$m)	EPS (¢)	DPS (¢)	P/E (x)	Yield (%)
6/24	373.8	119.8	4.68	1.24	51.0	0.5
6/25	540.0	201.5	7.40	2.10	32.3	0.9
6/26e	1,255.0	732.6	24.77	8.10	9.6	3.4
6/27e	1,054.4	530.2	19.07	6.27	12.5	2.6

Note: PBT and EPS are normalised, excluding amortisation of acquired intangibles and exceptional items. FY23 and FY24 are 'as reported' and not restated or adjusted. Small discrepancies with Exhibit 14 may arise as a result of short-term fluctuations in forex rates.

Hail and farewell

After more than 15 years, this will be Edison's last note on Pan African for the foreseeable future. In our first note, PAF had a share price of 10.25p and a market capitalisation of £148m. We think this performance speaks for itself and we wish management and the company all the very best for the future.

Valuation: £2 continues to beckon

Based on its six principal producing assets, our core valuation of Pan African has moderated by 7.1% to 51.70c per share (cf 55.65c previously), based largely on lower production and higher capital expenditure guidance for FY27 (although note that the higher longer-term production from Tennant in particular that might be expected to attend higher FY27 capital expenditure may not be fully captured in our financial model) and the relentless rise of the rand. It rises by a further 37.99–43.01c to 89.69–94.71c (66.67–70.41p) if other assets, such as Egoli and the Soweto Cluster, are also taken into account. However, all these valuations are calculated at Edison's long-term (real) gold price of US\$1,866/oz, which increasingly appears to be a worst-case scenario. At the prevailing price of gold (US\$5,221/oz), our core valuation more than quadruples, to 237.56c (176.60p). Alternatively, if PAF's historical average price-to-normalised headline earnings per share (HEPS) ratio of 8.1x for the period FY10–25 is applied to our FY26 and FY27 forecasts, it implies values of 148.9p and 114.5p, respectively, or 205.3p in FY27 if the price of gold remains at current levels until June 2027. In the meantime, PAF remains cheaper than its principal medium-sized international gold mining peers on at least 52% of commonly used valuation measures if Edison forecasts are used or 46% if consensus forecasts are used. This same peer group implies a PAF share price of 237p in FY26 and one of 129p in FY27 (or 231p in FY27 if the current gold price prevails until June 2027), based on Edison's normalised HEPS estimates. This is validated by a terminal valuation of 186.94p in FY31 at Edison's long-term gold price of US\$1,866/oz, assuming 4.1% cash flow per share growth per year thereafter (which is the average real return of the gold price from 1967 to 2025). Note that this final figure rises towards £10/share at the current price of gold.

H126 results and updated
FY26 forecasts

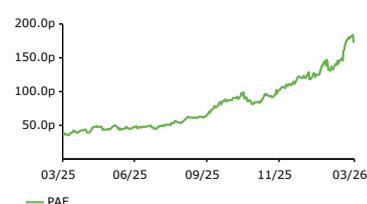
Metals and mining

4 March 2026

Price 179.00p
Market cap £4,201m

ZAR21.4678/£, ZAR15.9583/US\$, US\$1.3452/£
Net cash/(debt) at H126 \$(46.2)m
Shares in issue (effective 2,029.3m 2,333.7m
excluding treasury)
Code PAF
Primary exchange LSE
Secondary exchange JSE

Share price performance



%	1m	3m	12m
Abs	24.1	91.8	434.2
52-week high/low		179.4p	32.5p

Business description

Pan African Resources has five major producing precious metals assets in South Africa: Barberton (target output 80koz Au per year), the Barberton Tailings Retreatment Project or BTRP (15koz), Elikhulu (55koz), MTR/Mogale (50–60koz) and Evander (50koz, rising to >100koz with Egoli); and one in Australia, Tennant Creek (48–100koz).

Next events

Ex-dividend date	12 March
Dividend payment date	17 March
FY26 results	September 2026

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[Edison profile page](#)

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H126 results, guidance and forecasts

Pan African's production in H126 was exactly in line with both our expectations and prior guidance (provided in its [Operational update of 26 January](#)) with the single exception of the fact that 3,227oz of Evander's output was derived from surface sources, rather than underground (Exhibit 1). Financially, five out of seven operations (ie all except Barberton and Evander surface) recorded record adjusted EBITDA (see Exhibit 3), which contributed towards record group profitability (Exhibit 5) and a maiden ZAR0.12/share interim dividend. Guidance for FY26 was reiterated at 275–292koz, albeit at a higher all-in sustaining cost (AISC) of US\$1,820–1,870/oz at ZAR17.00/US\$ (cf US\$1,525–1,575/oz at ZAR18.50/US\$ previously).

Exhibit 1: Pan African production, H125–H226e

Operation	H125a	H225a	FY25a	H126e	H126a	Variance (%)	Variance (oz)	H226e	FY26e (prior)	FY26e (current)	Variance (%)	Variance (oz)	FY26 (guidance)
Barberton UG	31,142	37,407	68,549	32,774	32,774	0.0	0	35,839	69,000	68,614	(0.6)	(386)	69,000–72,000
BTRP	7,544	7,680	15,224	7,143	7,143	(0.0)	(0)	6,500	13,643	13,643	(0.0)	(0)	13,000–15,000
Barberton	38,686	45,087	83,773	39,917	39,917	0.0	0	42,339	82,643	82,257	(0.5)	(386)	82,000–87,000
Evander UG	11,551	15,197	26,748	21,640	18,413	(14.9)	(3,227)	26,860	48,500	45,273	(6.7)	(3,227)	46,000–50,000
Evander surface	0	1,081	1,081	0	3,227	N/A	3,227	0	0	3,227	N/A	3,227	0
Evander	11,551	16,278	27,829	21,640	21,640	(0.0)	(0)	26,860	48,500	48,500	(0.0)	(0)	46,000–50,000
Eilikhulu	25,725	26,881	52,606	29,450	29,450	(0.0)	(0)	24,750	54,200	54,200	(0.0)	(0)	49,000–51,000
MTR	8,743	22,063	30,806	21,729	21,729	(0.0)	(0)	28,750	50,479	50,479	(0.0)	(0)	52,000–54,000
Total (excl TCMG)	84,705	110,309	195,014	112,736	112,736	0.0	0	122,699	235,822	235,436	(0.2)	(386)	229,000–242,000
Tenant/Nobles	0	1,513	1,513	15,560	15,560	(0.0)	(0)	30,121	45,681	45,681	(0.0)	(0)	46,000–50,000
Total	84,705	111,822	196,527	128,296	128,296	0.0	0	152,821	281,503	281,117	(0.1)	(386)	275,000–292,000

Source: Edison Investment Research, Pan African Resources. Note: Totals may not add up owing to rounding. UG, underground, BTRP, Barberton Tailings Retreatment Project.

Relative to our prior forecasts (Exhibit 2), the most obvious variances were:

- Costs of production were 8.7% less than our expectations in aggregate, resulting in a positive US\$26.0m variance in mining profit.
- However, this was offset by a US\$35.4m negative variance in 'other expenses', which related to share-based payment expenses and the costs associated with PAF's transfer to a Main Board listing in London. Both these expenses are somewhat 'exceptional' in nature, the first being highly variable and therefore difficult to forecast and the second being very much a 'one off', justifying our traditional treatment of adjusting 'other expenses' out of normalised HEPS.
- Including small negative variances for royalty costs and net finance income, the resulting US\$15.2m negative variance in pre-tax profits was more than offset by a positive US\$18.0m variance in taxation expenses to result in attributable profits that were US\$2.9m (or 2.0%) above our prior expectations.

Exhibit 2, below, summarises PAF's H126 results, relative to both our prior expectations and prior year results (as reported, rather than adjusted).

Exhibit 2: Pan African P&L statement by half year, H123-H126

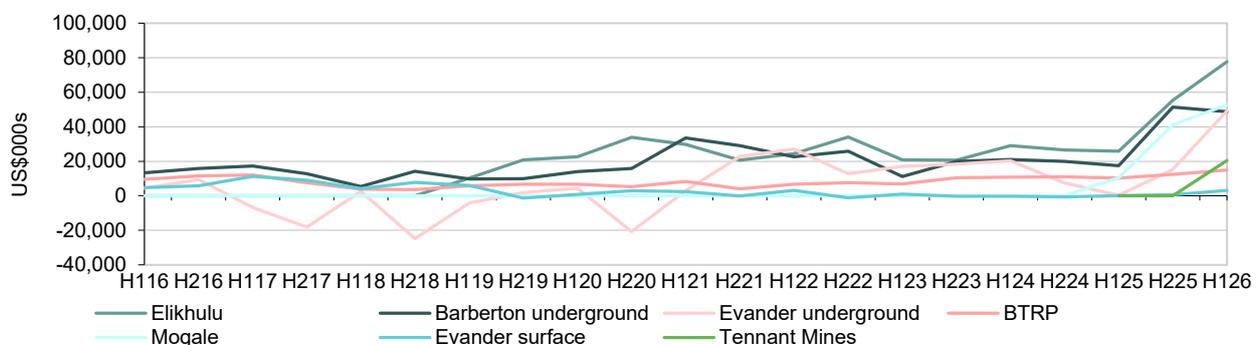
US\$000s*	H123	H223	H124	H224	H125	H225	FY25	H126e	H126a	Variance (%)	Variance (units)
Revenue	156,489	165,117	193,947	179,849	189,334	350,699	540,033	483,338	487,062	0.8	3,724
Cost of production	(99,282)	(99,508)	(110,292)	(110,891)	(120,634)	(160,193)	(280,827)	(216,854)	(197,925)	-8.7	18,929
Depreciation	(11,122)	(9,277)	(10,768)	(10,476)	(14,744)	(18,616)	(33,360)	(28,055)	(24,684)	-12.0	3,371
Mining profit	46,085	56,332	72,887	58,482	53,956	171,890	225,846	238,429	264,453	10.9	26,024
Other income/(expenses)	(3,610)	(3,737)	(7,231)	(3,144)	(9,655)	(20,300)	(29,955)	(846)	(36,264)	4,187.6	(35,418)
Loss in associate etc	0	0	0	0	0	0	0	0	0	N/A	0
Loss on disposals	0	0	0	0	0	0	0	0	(335)	N/A	(335)
Exceptional items	0	0	0	0	22,244	2,821	25,065	0	0	N/A	0
Royalty costs	(468)	(495)	(1,242)	(445)	(1,402)	(3,704)	(5,106)	(5,780)	(8,166)	41.3	(2,386)
Net income before finance	42,007	52,100	64,414	54,893	65,143	150,707	215,850	231,803	219,688	-5.2	(12,115)
Finance income	456	683	760	1,124	968	888	1,856	1,810	1,810	N/A	N/A
Finance costs	(3,464)	(6,228)	(5,594)	(6,190)	(10,053)	(11,020)	(21,073)	(11,565)	(11,565)	N/A	N/A
Net finance income	(3,008)	(5,545)	(4,834)	(5,066)	(9,085)	(10,132)	(19,217)	(6,673)	(9,755)	46.2	(3,082)
Profit before taxation	38,999	46,555	59,580	49,827	56,058	140,575	196,633	225,130	209,933	-6.8	(15,197)
Taxation	(10,063)	(14,754)	(17,223)	(13,358)	(11,443)	(44,585)	(56,028)	(80,103)	(62,091)	-22.5	18,012
Effective tax rate (%)	25.8	31.7	28.9	26.8	20.4	31.7	28.5	35.6	29.6	-16.9	(6.0)
PAT (continuing ops)	28,936	31,801	42,357	36,469	44,615	95,990	140,605	145,027	147,842	1.9	2,815
Minority interest	(136)	(266)	(224)	(328)	(820)	(172)	(992)	0	(125)	N/A	(125)
Ditto (%)	(0.5)	(0.8)	(0.5)	(0.9)	(1.8)	(0.2)	(0.7)	0.0	(0.1)	N/A	(0.1)
Attributable profit	29,072	32,067	42,581	36,797	45,435	96,162	141,597	145,027	147,967	2.0	2,940
											0
Headline earnings	29,072	31,392	42,581	36,903	23,191	93,341	116,532	145,027	148,793	2.6	3,766
Est normalised headline earnings	32,682	35,129	49,812	40,047	32,846	113,641	146,487	145,872	185,057	26.9	39,185
EPS (c)	1.52	1.67	2.22	1.92	2.35	4.74	7.16	7.15	7.30	2.1	0.15
HEPS** (c)	1.52	1.63	2.22	1.93	1.20	4.60	5.89	7.15	7.34	2.7	0.19
Normalised HEPS (c)	1.71	1.83	2.60	2.09	1.70	5.60	7.40	7.19	9.13	27.0	1.94

Source: Pan African Resources, Edison Investment Research. Note: FY23 and FY24 'as reported' basis. *Unless otherwise indicated. **HEPS, headline earnings per share (South African accounting convention).

Operationally, production at MTR/Mogale was approximately 10% lower than expected by management, as a result of mined grades and recoveries that were adversely affected by the intersection of an anomalous low-grade lens of low-recovery calcine material that reduced both mining grade and recoveries.

Elsewhere, the ramp-up of tonnes at Evander associated with the start of major mining activities at 25 & 26 Level was delayed, with mill throughput at almost exactly the level of H225, albeit this was achieved at a materially higher grade and a lower unit cost (see Exhibit 4).

Nevertheless, both achieved record adjusted EBITDA, along with the BTRP, Elikhulu and Tennant/Nobles, in both US dollar and rand terms:

Exhibit 3: Pan African adjusted EBITDA, by producing asset, H116–H126 (US\$000s)


Source: Edison Investment Research, Pan African Resources

Notably good unit production costs in local currency per tonne processed terms were recorded at Barberton, BTRP and Tennant/Nobles (relative to our prior forecasts), despite above inflation increases in the prices of reagents, annual salary increases and a 12.7% regulatory increase in the electricity tariff (albeit mitigated by PAF's solar initiatives). Production at Tennant/Nobles in H226 is also anticipated to increase to c 30,000oz as higher-grade ore from open pits replaces lower-grade feed from the Crown Pillar Stockpile.

As a result, we have adjusted our H226 operational performance expectations to those shown in Exhibit 4, below. In general, our production expectations have remained almost unchanged. However, we have revised our cost

assumptions as well as our estimate of the gold price for the remainder of the financial year to June to US\$5,221/oz (cf US\$5,000/oz previously). At the same time, we have also adjusted our foreign exchange rates to reflect the continuing strength of the rand against both the US dollar and sterling:

- from ZAR21.9007/£ to ZAR21.4678/£ (-2.0%),
- from ZAR16.0266/US\$ to ZAR15.9583/US\$ (-0.4%), and
- from US\$1.3664/£ to US\$1.3452/£ (-1.6%).

Exhibit 4: PAF mines' operating statistics and forecasts, H126–H226e

	Barberton			Elikhulu			Evander			BTRP			Mogale			Nobles			Totals		
	H126e	H126a	H226e	H126e	H126a	H226e															
Total tons milled (t)	164,804	171,768	185,227	7,200,000	6,596,388	7,200,000	88,212	59,075	95,027	377,396	432,044	377,396	4,896,665	5,885,196	6,000,000	422,015	366,823	422,015	13,149,091	13,591,354	14,279,664
Head grade (g/t)	6.69	6.18	6.51	0.33	0.34	0.31	7.71	9.89	8.79	1.24	1.32	1.13	0.28	0.27	0.29	1.22	1.33	2.36	0.50	0.49	0.52
Contained gold (oz)	35,435	34,140	38,749	77,137	71,829	70,714	21,859	18,789	26,860	15,101	18,315	13,742	44,585	51,736	56,769	16,553	15,717	32,044	210,670	214,193	238,879
Recovery (%)	92.5	96.0	92.5	38.2	41.0	35.0	99.0	98.0	100.0	47.3	39.0	47.3	48.7	42.0	50.6	94.0	99.0	94.0	60.9	59.9	64.0
Production (oz)	32,774	32,774	35,839	29,450	29,450	24,750	21,640	18,413	26,860	7,143	7,143	6,500	21,729	21,729	28,750	15,560	15,560	30,121	128,296	128,296	152,821
Production – other (oz)																					
Total production (oz)	32,774	32,774	35,839	29,450	29,450	24,750	21,640	18,413	26,860	7,143	7,143	6,500	21,729	21,729	28,750	15,560	15,560	30,121	128,296	128,296	152,821
Recovered grade (g/t)	6.19	5.93	6.02	0.13	0.14	0.11	7.63	9.69	8.79	0.59	0.51	0.54	0.14	0.11	0.15	1.15	1.32	2.22	0.30	0.29	0.33
Gold sold (oz)	32,774	30,364	35,839	29,450	29,783	24,750	21,640	18,839	26,860	7,143	7,021	6,500	21,729	22,805	28,750	15,560	15,200	30,121	128,296	127,296	152,821
Average spot price (US\$/oz)	3,802	3,779	5,112	3,802	3,798	5,112	3,802	3,889	5,112	3,802	3,812	5,112	3,802	3,812	5,112	3,802	3,830	5,112	3,802	3,812	5,112
Average spot price (ZAR/kg)	2,123,655	2,110,498	2,632,487	2,123,655	2,121,012	2,632,487	2,123,655	2,171,666	2,632,487	2,123,655	2,128,892	2,632,487	2,123,655	2,129,107	2,632,487	2,123,655	2,139,295	2,632,487	2,123,655	2,129,147	2,632,487
Total cash cost (US\$/oz)	2,163	2,038	2,121	1,007	1,016	1,447	2,142	1,544	1,649	1,280	1,298	1,349	1,124	1,339	1,175	2,339	1,992	1,208	1,690	1,574	1,538
Total cash cost (ZAR/kg)	1,207,931	1,138,315	1,092,162	562,654	567,420	745,248	1,196,424	862,380	849,300	715,218	724,948	694,679	627,677	747,938	604,829	1,306,509	1,112,657	622,224	944,116	878,980	792,078
Total cash cost (US\$/t)	430.06	360.21	410.36	4.12	4.54	4.97	525.47	481.22	466.18	24.24	21.09	23.23	4.99	4.94	5.63	86.24	82.54	86.24	16.49	14.74	16.46
Total cash cost (ZAR/t)	7,471.54	6,258.00	6,572.75	71.58	79.68	79.68	9,128.96	8,554.00	7,466.67	421.04	366.40	372.14	86.63	90.14	90.14	1,498.30	1,434.01	1,381.34	286.52	256.06	263.66
Implied revenue (US\$000)	124,607	114,746	183,212	111,969	113,116	126,523	82,275	73,265	137,310	27,158	26,764	33,228	82,614	86,933	146,971	59,159	58,216	153,982	487,781	485,301	781,226
Implied revenue (ZAR000)	2,164,805	1,993,193	2,934,476	1,945,247	1,964,794	2,026,502	1,429,377	1,272,496	2,199,266	471,813	464,899	532,213	1,435,255	1,510,195	2,354,017	1,027,777	1,011,392	2,466,302	8,474,275	8,429,968	12,512,776
Implied revenue (E000)	93,032	85,669	136,172	83,596	84,453	94,038	61,427	54,700	102,055	20,276	19,982	24,697	61,680	64,904	109,236	44,168	43,464	114,447	364,179	362,327	580,646
Implied cash costs (US\$000)	70,876	61,873	76,011	29,666	29,917	35,818	46,352	28,428	44,299	9,146	9,112	8,769	24,418	29,096	33,768	36,396	30,278	36,396	216,854	197,884	235,060
Implied cash costs (ZAR000)	1,231,337	1,074,924	1,217,451	515,385	525,600	573,696	805,282	505,328	709,533	188,900	158,300	140,444	424,210	530,500	540,849	632,306	526,030	582,944	3,767,421	3,480,161	3,764,916
Implied cash costs (E000)	52,915	46,194	56,494	22,148	22,587	26,621	34,606	21,716	32,925	6,829	6,803	6,517	18,230	22,798	25,097	27,173	22,606	27,051	161,901	149,556	174,705

Source: Pan African Resources, Edison Investment Research. Note: Excludes Evander surface operations; ZAR figures for Tennant/Nobles reflect currency conversion only.

Taking all of these factors into account, we have revised our HEPS forecasts for the group for FY26 up by 3.8% and our normalised HEPS forecast by 11.6%, as shown in Exhibit 5, below.

Exhibit 5: PAF P&L statement by half year, H123-H226e

US\$000s*	H123	H223	H124	H224	H125	H225	FY25	H126e	H126a	Variance (%)	Variance (units)	H226e (previous)	H226e (current)	FY26e (current)	FY26e (previous)
Revenue	156,489	165,117	193,947	179,849	189,334	350,699	540,033	483,338	487,062	0.8	3,724	751,382	774,109	1,254,990	1,234,720
Cost of production	(99,282)	(99,508)	(110,292)	(110,891)	(120,634)	(160,193)	(280,827)	(216,854)	(197,925)	-8.7	18,929	(230,820)	(235,060)	(432,985)	(447,674)
Depreciation	(11,122)	(9,277)	(10,768)	(10,476)	(14,744)	(18,616)	(33,360)	(28,055)	(24,684)	-12.0	3,371	(41,293)	(34,400)	(59,084)	(69,349)
Mining profit	46,085	56,332	72,887	58,482	53,956	171,890	225,846	238,429	264,453	10.9	26,024	479,268	504,649	762,921	717,697
Other income/(expenses)	(3,610)	(3,737)	(7,231)	(3,144)	(9,655)	(20,300)	(29,955)	(846)	(36,264)	4,187.6	(35,418)	(846)	(841)	(37,105)	(1,692)
Loss in associate etc	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loss on disposals	0	0	0	0	0	0	0	0	(335)	N/A	(335)	0	0	(335)	0
Exceptional items	0	0	0	0	22,244	2,821	25,065	0	0	N/A	0	0	0	0	0
Royalty costs	(468)	(495)	(1,242)	(445)	(1,402)	(3,704)	(5,106)	(5,780)	(8,166)	41.3	(2,386)	(8,985)	(9,377)	(17,543)	(14,764)
Net income before finance	42,007	52,100	64,414	54,893	65,143	150,707	215,850	231,803	219,688	-5.2	(12,115)	469,438	494,432	707,938	701,241
Finance income	456	683	760	1,124	968	888	1,856	1,810	1,810	N/A	N/A	0	0	0	0
Finance costs	(3,464)	(6,228)	(5,594)	(6,190)	(10,053)	(11,020)	(21,073)	0	(11,565)	N/A	N/A	0	0	0	0
Net finance income	(3,008)	(5,545)	(4,834)	(5,066)	(9,085)	(10,132)	(19,217)	(6,673)	(9,755)	46.2	(3,082)	(3,382)	(2,995)	(12,750)	(10,056)
Profit before taxation	38,999	46,555	59,580	49,827	56,058	140,575	196,633	225,130	209,933	-6.8	(15,197)	466,055	491,437	695,188	691,185
Taxation	(10,063)	(14,754)	(17,223)	(13,358)	(11,443)	(44,585)	(56,028)	(80,103)	(62,091)	-22.5	18,012	(162,480)	(167,949)	(230,040)	(242,583)
Effective tax rate (%)	25.8	31.7	28.9	26.8	20.4	31.7	28.5	35.6	29.6	-16.9	(6.0)	34.9	34.2	33.1	35.1
PAT (continuing ops)	28,936	31,801	42,357	36,469	44,615	95,990	140,605	145,027	147,842	1.9	2,815	303,576	323,489	465,149	448,602
Minority interest	(136)	(266)	(224)	(328)	(820)	(172)	(992)	0	(125)	N/A	(125)	0	0	(125)	0
Ditto (%)	(0.5)	(0.8)	(0.5)	(0.9)	(1.8)	(0.2)	(0.7)	0.0	(0.1)	N/A	(0.1)	0.0	0.0	(0.0)	0.0
Attributable profit	29,072	32,067	42,581	36,797	45,435	96,162	141,597	145,027	147,967	2.0	2,940	303,576	323,489	465,274	448,602
											0				
Headline earnings	29,072	31,392	42,581	36,903	23,191	93,341	116,532	145,027	148,793	2.6	3,766	303,576	323,489	465,609	448,602
Est normalised headline earnings	32,682	35,129	49,812	40,047	32,846	113,641	146,487	145,872	185,057	26.9	39,185	304,421	324,330	502,714	450,294
EPS (c)	1.52	1.67	2.22	1.92	2.35	4.74	7.16	7.15	7.30	2.1	0.15	14.96	15.94	22.93	22.11
HEPS** (c)	1.52	1.63	2.22	1.93	1.20	4.60	5.89	7.15	7.34	2.7	0.19	14.96	15.94	22.94	22.11
Normalised HEPS (c)	1.71	1.83	2.60	2.09	1.70	5.60	7.40	7.19	9.13	27.0	1.94	15.00	15.98	24.77	22.19

Source: Edison Investment Research, Pan African Resources. Note: *Unless otherwise indicated. **HEPS, headline earnings per share (South African reporting standard).

A comparison between Edison and consensus forecasts for FY26 is provided in Exhibit 6:

Exhibit 6: Pan African FY26 consensus EPS forecasts cf Edison (US cents per share)

	FY26
Edison forecasts	24.77
Mean consensus	21.50
High consensus	24.00
Low consensus	15.00

Source: LSEG Data & Analytics, Edison Investment Research. Note: As at 27 February 2026.

Medium- and longer-term group production

In addition to its H126 results, Pan African also provided production guidance for FY27. Readers are directed to [Pan African's results announcement](#) for the details of this guidance. In summary however:

- At **Barberton**, an upgrade to the number 3 Shaft winder at Fairview was completed at the beginning of H126, which will mitigate unplanned interruptions in future production from the lower levels of the mine, resulting in improved output. Other initiatives to improve production at Fairview include:
 - Mining of multiple platforms on the MRC (Main Reef Complex) orebody to improve mining flexibility (NB operations are currently active on the high grade 260 to 262 Platforms, which supplied the bulk of the high-grade (>20g/t) ore in H126).
 - Development into the 263 Platform in the MRC orebody is expected during the current quarter.
 - Simultaneously, additional development on 50 Level to access the up-dip extent of the Rossiter orebody is in progress.
- Feed from the Winkelhaak tailings storage facility (TSF) will be blended with feed from Leslie/Bracken from FY27, further increasing flexibility and production consistency at **Elikhulu**. As the resources at Leslie/Bracken are depleted, this infrastructure will then be sequentially repurposed to Winkelhaak, which will ultimately supply 100% of the plant's feed. Drilling of additional sonic holes and the construction of re-mining infrastructure at the Winkelhaak TSF commenced in H126 and represents the last significant capital to be spent at Elikhulu for its remaining nine-year life.
- At **Evander**, the B raise line on 24 Level at 8 Shaft (which is in the high-grade core of the Kimberley Reef orebody) has now been established. Other initiatives include:
 - Accelerated development of the 24 & 25 Level mining areas, where the A raise line's cross-cut has now intersected the reef and where the high-grade portion extends further to the east.

- Access to 25 Level being achieved through an on-reef decline layout from 24 Level footwall infrastructure.
 - Commencement of construction of the underground workshop on 24 Level, with mechanised development towards 25 Level progressing from existing cross-cuts on 24 Level, as well as from the main development.
 - Planning of hybrid mining below 24 Level, comprising conventional stoping and mechanised on-reef development.
- At **Tennant**, major capital projects that were originally scheduled for later in the operation's life cycle have been accelerated with the aim of improving its overall production profile to 100koz per year over the next three years, as follows:

Exhibit 7: Tennant updated production (koz), AISC (US\$/oz) and capex (US\$m)

	Production (koz)	AISC (US\$/oz)	Expansion capex (US\$m)	Sustaining capex (US\$m)
FY27	50–54	1,800–2,000	100.0	7.0
FY28	68–73	1,700–1,850	66.5	13.6
FY29	90–100	1,600–1,750	10.5	27.8

Source: Pan African Resources

Overall therefore, guidance for production in FY27 is 270–302koz, broken down as follows:

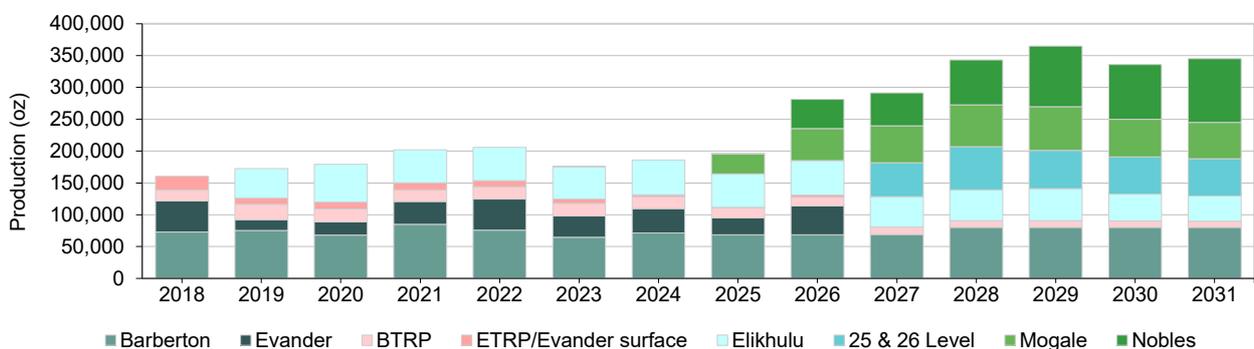
Exhibit 8: Pan African group FY27 production guidance (koz)

	Production (koz)
Elikhulu	50–52
MTR	55–60
BTRP	10–12
Tennant	50–54
Barberton	65–70
Evander	50–54
Total	270–302

Source: Pan African Resources

Edison's detailed forecast for FY27 is 291.6koz, which is 10.6% below our previous (pre-guidance) forecast of 326.1koz. However, we would then expect output to expand to 347.3koz ($\pm 5.1\%$) with increases at Barberton (to its steady-state level), Evander (as the 24 & 25 Level project hits its stride), MTR (as mine sequencing develops in its favour) and Tennant/Nobles (in line with management's updated production profile):

Exhibit 9: Estimated Pan African group gold production profile, FY18–31e



Source: Edison Investment Research, Pan African Resources

A feasibility study to process PAF's Soweto Cluster TSF as a standalone operation was successfully completed in H126, the results of which were announced on 27 November 2025 (see our note [Bringing Soweto to the fore](#), published on 17 December 2025). A definitive feasibility study (DFS) for a plant with expected annual gold production of 30–35koz over 15 years is expected to be completed by June. Additional expansion projects to those already considered include:

- Ongoing exploration on the group's wholly owned mining leases at Nobles, Juno and Warrego has confirmed extensions to the known mineralised zones. Fast-tracking the wholly owned Warrego gold and copper project in particular is targeting first production in 2029/30. The subject of a recent feasibility study, the Warrego project should increase PAF's Australian group production to c 100,000oz gold and 10,000–15,000t copper per year over more than 10 years at a capital cost of US\$40–45m. Regional gold and copper deposits owned by third parties could supply additional supplementary feed and a feasibility study to this end is currently in progress.

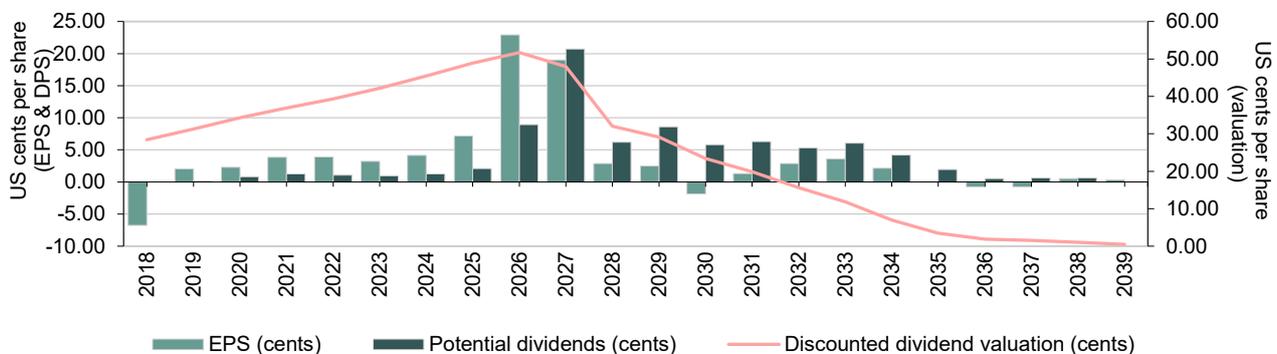
- A further Australian group project is White Devil, where a recent scoping study, commissioned by joint venture partner Emmerson Resources, was reported to have delivered ‘encouraging results’, confirming an updated mineral resource of 4.6Mt at 4.2g/t gold, for 611,000oz contained gold, of which 87% is in the indicated category and therefore eligible for upgrade into reserves.
- Fast-tracking the Royal Sheba project, where management plans to convert the BTRP plant to process hard rock feedstock from the Sheba Fault project (comprising the Western Cross and Royal Sheba orebodies), which has an estimated mine life of nine years, with both orebodies open at depth. Contract mining specialists have already been shortlisted and processing of Royal Sheba ore at the BTRP is expected to commence this calendar year. The development of the Royal Sheba project requires a relatively minimal upfront capital investment of c US\$11m in its first year, with the project expected to be self-funding thereafter.
- A feasibility study is being conducted into the installation of a flotation section at the BTRP, which has the potential to deliver an additional 7,500oz of gold production over the next three years.
- At Evander Mines, the Poplar project, containing mineral resources of 28.7Mt at 6.99g/t for 6.46Moz gold, is located within the approved Evander Mines mining right. The Kimberley Reef at Poplar has been intersected from as little as 500m below surface and dips moderately to a maximum depth of around 1,200m. The group has commenced an updated pre-feasibility study at Poplar to determine the optimal access and extraction methods for a 100,000oz per year shallow underground mine, which will form the basis of a later full feasibility study.

Updated (absolute) valuation

Valuation

In addition to production guidance, PAF also provided updated capital expenditure guidance for FY26 and FY27. While guidance for FY26 was 20.9% (or US\$41.4m) lower than we had previously forecast, at US\$156.3m, guidance for FY27 was materially higher, at US\$266.5m (albeit this should still be more than two times covered by operational cash flows). With the caveat that this higher capital expenditure is likely to be attended by higher production beyond FY31 that is not fully captured in our financial model (and therefore represents ‘upside risk’), based on the present value of the estimated potential dividend stream payable to shareholders over the life of its mining operations (applying a 10% discount rate to US dollar dividends), our absolute valuation of PAF (based on its existing six producing assets in FY26) is 51.70c (cf 55.65c previously).

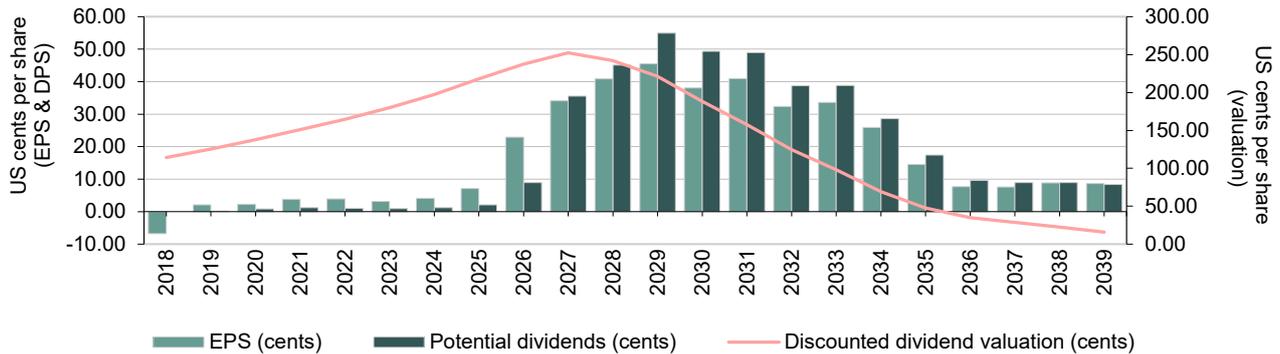
Exhibit 10: PAF estimated life of operations’ diluted EPS and (maximum potential*) DPS



Source: Pan African Resources, Edison Investment Research. Note: *From FY29. Excludes discretionary exploration investment.

As noted previously, however, this valuation is conducted at Edison’s relatively conservative long-term gold price assumption of a US\$1,866/oz (real) for CY30 and beyond. At the current gold price of US\$5,221/oz, all other things being equal, our valuation more than quadruples to 237.56c (176.60p):

Exhibit 11: PAF estimated life of operations' diluted EPS and (maximum potential) DPS at US\$5,221/oz Au



Source: Pan African Resources, Edison Investment Research. Note: Excludes discretionary exploration investment.

Even so, including its other growth projects and assets, our updated total valuation of PAF as a whole rises to 89.69–94.71c per share (66.67–70.41p).

Exhibit 12: PAF group absolute valuation summary

Project	Current valuation	Previous valuation
	USc/share	USc/share
Existing producing assets	51.70	55.65
Royal Sheba*	6.23	5.12
Other*	10.74	8.83
Sub-total	68.68	69.61
EGM underground resource	0.22–5.24	0.22–5.24
Sub-total	68.90–73.92	69.83–74.85
Egoli	19.09	19.10
Soweto cluster	1.70	1.72
Total	89.69-94.71	90.65-95.67

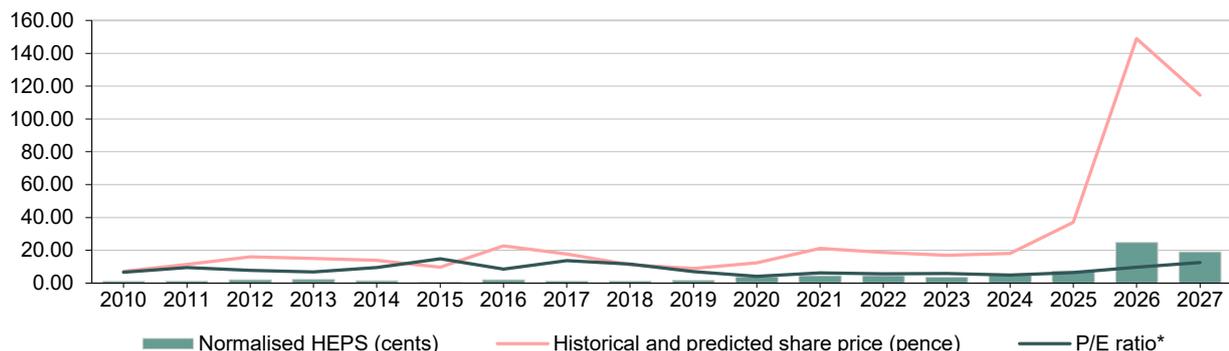
Source: Edison Investment Research. Note: *Resource-based valuations. Numbers may not add up owing to rounding.

Historical relative and current peer group valuation

Historical relative valuation

Exhibit 13 below depicts PAF's average share price in each of the financial years from FY10 to FY25 and compares this with HEPS in the same year. For FY26 and FY27, the predicted share price is shown, given our forecast normalised HEPS for those years (as per the paragraph below Exhibit 13). As is apparent from the chart, PAF's price to normalised HEPS ratios of 9.7x for FY26, in particular, remains towards the middle of its recent historical range of 4.1–14.8x for the period FY10–25:

Exhibit 13: PAF historical price to normalised HEPS ratio, FY10–26e**



Source: Edison Investment Research. Note: *Completed historical years calculated with respect to average share price within the year shown and normalised HEPS; zero normalisation assumed before 2016. **HEPS shown in pence prior to 2018 and US cents thereafter.

If PAF's average year one price to normalised EPS ratio of 8.1x for the period FY10–25 is applied to our updated normalised earnings forecasts, it implies a share price for PAF of 148.9p in FY26 followed by one of 114.5p in FY27 (as shown Exhibit 13). Stated alternatively, PAF's current share price of 179p, at prevailing foreign exchange rates, appears to be discounting FY26 and/or FY27 normalised HEPS of 29.80c per share (cf our forecasts of 24.77c and 19.07c, respectively). However, readers should note that, should the current price of gold prevail until June 2027, our FY27 normalised HEPS forecast increases to 34.18c, in which case our corresponding share price increases to 205.3p.

Relative peer group valuation

In the meantime, it may be seen that PAF remains cheap relative to its listed international gold mining peers on 52% of comparable common valuation measures (43 out of 82 individual measures in the table below) if Edison forecasts are used or 46% (38 out of 82 measures) if consensus forecasts are used. However, it is cheap on at least 70% of measures (58 out of 82 measures) if the spot price of gold prevails until June 2027.

Exhibit 14: Comparative valuation of PAF with international peers

	P/E (x)		EV/EBITDA (x)		Yield (%)	
	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2
Regis Resources	9.3	7.5	4.5	3.9	3.0	3.8
Wesdome Gold Mines	12.2	7.5	6.4	4.3	0.0	0.0
Orla Mining	25.9	13.5	12.9	7.0	N/A	N/A
Westgold Resources	10.7	7.9	5.2	4.1	1.4	2.1
Allied Gold	24.2	6.8	9.4	3.4	0.0	0.0
Aris Mining	20.8	10.4	12.1	5.7	0.0	0.0
Aura Minerals	10.1	7.9	6.8	5.6	3.2	4.1
SSR Mining	8.1	6.4	4.8	4.3	0.0	0.0
K92	13.1	21.1	13.5	8.9	0.0	0.0
Resolute Mining	6.8	7.3	3.3	3.5	0.0	0.0
Fortuna Mining	8.7	9.1	4.3	4.7	0.0	0.0
Catalyst Metals	10.1	6.9	5.2	3.6	0.0	0.0
Pantoro Gold	10.4	7.4	5.5	4.2	0.0	0.0
Ora Banda Mining	9.9	8.0	5.2	4.3	0.0	0.0
Average	12.9	9.1	7.1	4.8	0.6	0.8
Pan African Resources (Edison)	9.7	12.6	6.3	7.9	3.4	2.6
Pan African Resources (Edison at spot gold)	9.7	7.0	6.3	4.6	3.4	5.4
Pan African Resources (consensus)	11.1	8.9	6.8	6.0	2.6	3.9

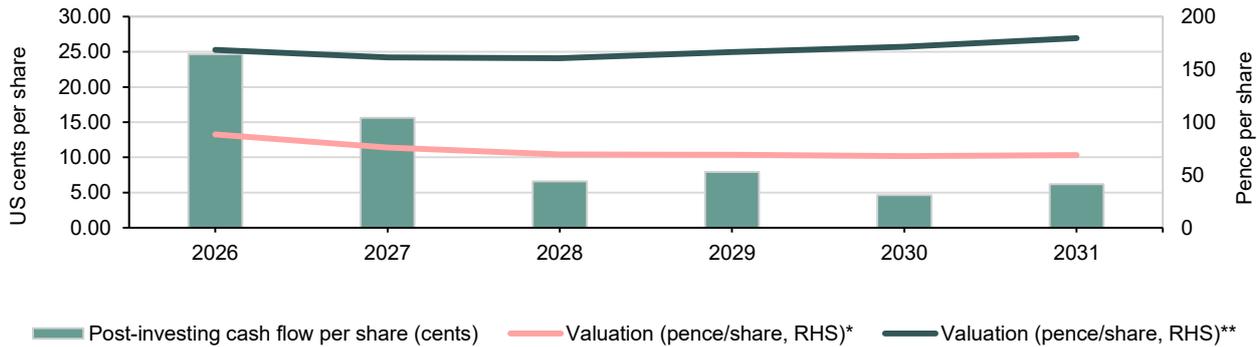
Source: Edison Investment Research, LSEG Data & Analytics. Note: Consensus and peers priced as at 28 February 2026.

Applying PAF's peers' average year one P/E ratio of 12.9x to our normalised HEPS forecast of 24.77c per share for FY26 implies a share price for the company of 237p at prevailing foreign exchange rates. Applying its peers' average year two P/E ratio of 9.1x to our normalised HEPS forecast of 19.07c per share for FY27 implies a share price of 129p (at Edison's gold price) or 231p (at the spot price of gold).

Valuing blue-sky upside

Pan African is a multi-asset company that has shown a willingness and ability to grow production both organically and by acquiring assets in order to maximise shareholder returns. As a result, rather than our customary method of discounting maximum potential dividends over the life of operations back to FY25, in the case of Pan African, we can alternatively discount forecast cash flows back over five years to the start of FY25 and then apply an ex-growth terminal multiple to forecast cash flows in that year (FY30) based on the appropriate discount rate.

In this case, our estimate of PAF's pre-financing terminal cash flow in FY30 is 6.18c/share (at a real gold price of US\$1,866/oz in current money terms) compared to 5.78c/share previously. Applying a (real) discount rate of 6.66% (calculated from a nominal expected equity return of 9% and long-term inflation expectations of 2.1944%, as defined by the US 30-year break-even inflation rate; source: Bloomberg, 27 February) to this estimate of cash flows, our valuation of the company is 88.39p/share in FY26 assuming zero long-term cash flow per share growth beyond FY31.

Exhibit 15: PAF cash flow and terminal multiple valuation, FY26–31


Source: Edison Investment Research. Note: *Assumes 0.0% real cash flow per share growth rate post-FY31. **Assumes 4.1% pa real cash flow per share growth rate post-FY31.

At this point (FY31), production is anticipated to be in the order of 345.3koz. If PAF is able to maintain this level of cash flows per share via organic investment, its valuation will flatten out at 68.95p/share in real terms on an ex-growth basis. However, the gold price alone should afford an additional 4.1% growth per year in real terms (the compound average annual real appreciation rate in its price from 1967 to 2025), in which case, PAF's terminal valuation almost trebles to 186.94p/share and its current valuation almost doubles to 168.53p/share.

Financials

PAF reported net debt of US\$46.2m on its balance sheet as at end-December 2025 (cf US\$150.5m at end-June 2025 and US\$228.5m at end-December 2024, which was the recent peak) and indicated that, at current rates, it would be extinguished by the end of February this year. Beyond that, we forecast that PAF will continue to generate cash from operations comfortably above US\$100m per year (and potentially around US\$600m per year depending on the gold price etc).

Exhibit 16: Pan African components of net debt (US\$m)

US\$m	FY20	H121	FY21	H122	FY22	H123	FY23	H124	FY24	H125	FY25	H126
Long-term debt to financial institutions			28.0	48.2								
Short-term debt to financial institutions			30.7	0.3								
Total debt to financial institutions	89.2	87.8	58.7	48.5	26.2	75.0	53.4	89.8	127.8	230.0	190.0	128.8
Cash	33.5	28.0	35.1	35.2	27.0	33.9	34.8	31.3	26.3	17.2	49.5	92.6
Net debt to financial institutions	55.7	59.8	23.6	13.3	(0.8)	41.1	18.6	58.5	101.5	212.8	140.5	36.2
RedInk Rentals loan facility			9.9	8.9	8.4	7.5	-	-	-	-	-	-
Other	6.6	0.3	0.2	1.7	1.7	1.3	0.3	1.6	1.3	1.1	1.0	2.7
Net senior debt	62.3	60.1	33.7	23.9	9.3	49.9	18.9	60.1	102.8	213.9	141.5	38.9
Lease liabilities	14.1	5.0	5.3	4.5	4.4	4.3	3.5	3.3	3.0	3.3	3.9	5.8
Other	0.0	0.0	0.0	(0.2)	(0.7)	(0.5)	(0.4)	0.9	0.7	11.3	5.1	1.6
Total net debt	76.4	65.2	39.0	28.2	13.0	53.7	22.0	64.3	106.4	228.5	150.5	46.2
Change	N/A	(11.2)	(26.2)	(10.8)	(15.2)	(40.7)	(31.7)	42.3	42.1	122.1	(78.0)	(104.3)

Source: Pan African Resources. Note: Totals may not add up owing to rounding. *Including restricted cash.

Unsurprisingly, the group remains very comfortably within its senior debt covenants:

Exhibit 17: Pan African group debt covenants

Measurement	Constraint	H119	FY19	H120	FY20	H121	FY21	H122	FY22	H123	FY23	H124	FY24	H125	FY25	H126
Net debt:equity	Must be less than 1:1	0.9	0.7	0.6	0.4	0.3	0.1	0.1	0.0	0.2	0.1	0.2	0.3	0.5	0.2	0.04
Net debt:adjusted EBITDA	Must be less than 2:1	3.2	2.2	1.6	0.7	0.5	0.3	0.2	0.1	0.5	0.2	0.5	0.8	1.6	0.5	0.1
Interest cover ratio	Must be greater than 4x	3.6	4.1	5.8	10.1	17.7	23.0	29.0	34.1	26.9	18.4	16.7	12.2	7.2	10.7	22.4
Debt service cover ratio	Must be greater than 1.3:1	2.9	1.4	3.0	3.4	3.3	3.0	3.0	7.3	8.5	7.5	4.6	3.8	2.3	8.3	7.8

Source: Pan African Resources

Exhibit 18: Financial summary

Year end 30 June	US\$'000s					
	2022	2023	2024	2025	2026e	2027e
	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS						
Revenue	376,371	321,606	373,796	540,033	1,254,990	1,054,422
Cost of sales	(226,445)	(198,790)	(221,183)	(280,827)	(432,985)	(413,138)
Gross profit	149,926	122,816	152,613	259,206	822,005	641,284
EBITDA	147,830	121,853	150,926	254,100	804,462	634,224
Operating profit (before amort. and excepts.)	121,402	101,454	129,682	220,740	745,378	525,503
Intangible amortisation	0	0	0	0	0	0
Exceptionals	(10,295)	(7,347)	(10,375)	(4,890)	(37,440)	(1,684)
Other	0	0	0	0	0	0
Operating profit	111,107	94,107	119,307	215,850	707,938	523,820
Net interest	(4,231)	(8,553)	(9,900)	(19,217)	(12,750)	4,701
Profit Before Tax (norm)	117,171	92,901	119,782	201,523	732,629	530,205
Profit before tax (FRS 3)	106,876	85,554	109,407	196,633	695,188	528,521
Tax	(31,924)	(24,817)	(30,581)	(56,028)	(230,040)	(143,314)
Profit after tax (norm)	85,247	68,084	89,201	145,495	502,589	386,891
Profit after tax (FRS 3)	74,952	60,737	78,826	140,605	465,149	385,207
Average Number of Shares Outstanding (m)	1,926	1,917	1,917	1,979	2,029	2,029
EPS - normalised (c)	4.44	3.54	4.68	7.40	24.77	19.07
EPS - FRS 3 (c)	3.90	3.19	4.14	7.16	22.93	18.98
Dividend per share (c)	1.04	0.95	1.24	2.10	8.10	6.27
Gross margin (%)	39.8	38.2	40.8	48.0	65.5	60.8
EBITDA margin (%)	39.3	37.9	40.4	47.1	64.1	60.1
Operating margin (before GW and except.) (%)	32.3	31.5	34.7	40.9	59.4	49.8
BALANCE SHEET						
Fixed assets	401,139	439,676	712,919	899,052	1,003,461	1,133,502
Intangible assets	44,210	44,429	56,908	48,904	51,237	53,573
Tangible assets	355,802	395,247	656,011	850,148	952,224	1,079,929
Investments	1,127	0	0	0	0	0
Current assets	55,953	61,263	70,540	103,915	468,210	570,643
Stocks	9,977	9,567	16,431	38,887	42,218	35,163
Debtors	17,546	15,182	17,990	15,496	53,784	44,796
Cash	26,993	34,771	35,997	49,532	372,208	490,684
Current liabilities	(68,989)	(77,386)	(89,203)	(175,871)	(390,832)	(399,520)
Creditors	(57,117)	(65,884)	(83,683)	(88,486)	(390,832)	(399,520)
Short-term borrowings	(1,872)	(11,502)	(5,520)	(87,385)	0	0
Long-term liabilities	(103,494)	(128,957)	(294,100)	(281,970)	(234,510)	(200,329)
Long-term borrowings	(37,086)	(45,334)	(170,222)	(106,249)	(58,789)	(24,608)
Other long-term liabilities	(66,406)	(83,623)	(123,878)	(175,721)	(175,721)	(175,721)
Net assets	294,609	294,596	400,156	545,126	846,329	1,104,296
CASH FLOW						
Operating Cash Flow	142,879	132,941	134,310	223,184	740,879	644,559
Net Interest	(2,794)	(5,121)	(9,731)	(19,615)	(12,750)	4,701
Tax	(8,520)	(7,722)	(15,476)	(25,034)	(64,722)	(93,562)
Capex	(81,951)	(109,952)	(169,521)	(159,540)	(163,493)	(238,762)
Acquisitions/disposals	563	(2,779)	9,806	24	0	0
Financing	(3,222)	0	0	0	0	0
Dividends	(21,559)	(19,975)	(18,302)	(23,675)	(42,392)	(164,281)
Net cash flow	25,396	(12,608)	(68,914)	(4,656)	457,522	152,656
Opening net debt/(cash)	23,553	11,967	22,065	139,745	144,102	(313,420)
Exchange rate movements	(4,401)	(4,481)	1,160	734	0	0
Other	(9,409)	6,991	(49,926)	(435)	(0)	0
Closing net debt/(cash)	11,967	22,065	139,745	144,102	(313,420)	(466,076)

Source: Company sources, Edison Investment Research. Note: FY24 balance sheet 'pro forma' and income statement and cash flow statement 'as reported'. FY23 and FY24 'as reported' and not restated (restatement deemed immaterial by Edison).

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