ABOUT THIS REPORT

Pan African Resources uses the SAMREC Code (2016) which sets out the internationally recognised procedures and standards for reporting Mineral Resources and Mineral Reserves.

SCOPE OF REPORT

This version of the Pan African Resources Mineral Resources and Mineral Reserves Report 2017 (MR&MR) conforms to the standards determined by the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (the SAMREC Code, 2016 edition) and forms part of Pan African Resources’ Integrated Annual Report, including the annual financial statements for the year ended 30 June 2017. The entire suite of documents will be available on www.panafricanresources.com in due course, following publication of Pan African Resources’ annual financial statements including a full MR&MR.

The mineral resource is inclusive of the mineral reserve component, unless otherwise stated. Information in this report is presented by operation, mine or project. The tables and graphs used to illustrate developments across the operations of Pan African Resources, include:

- Mineral resource tables by commodity.
- Mineral reserve modifying factors.
- Mineral reserve tables by commodity.
- An annual comparison of the mineral resource and mineral reserve estimates.
- Development sampling results and mineral reserve projects.
- Appointed competent persons.

Matters on which detail is provided in this abridged version include regional geology, location, exploration drilling and organic mineral reserve projects. Note, rounding of numbers in this document may result in minor computational discrepancies.

REPORTING CODE

The guiding principle in the MR&MR is to ensure integrity, transparency and materiality in informing all stakeholders on the status of the group’s mineral asset base. Pan African Resources uses the SAMREC Code (2016) which sets out the internationally recognised procedures and standards for reporting Mineral Resources and Mineral Reserves in South Africa, developed by the South African Institute of Mining and Metallurgy as the recommended guideline for reserve and resource reporting for JSE-listed companies. Distinct effort has also been made to comply with AIM Rules for Mining and Oil and Gas Companies of the London Stock Exchange.
### OUR PURPOSE

To exploit mineral deposits in a way that creates value for our stakeholders and for the betterment of society in a sustainable manner.

### PAN AFRICAN RESOURCES’ REPORTING IN COMPLIANCE WITH THE SAMREC CODE

To meet the requirement of the SAMREC Code that the material reported as a Mineral Resource should have “reasonable and realistic prospects for eventual economic extraction”, Pan African Resources has determined an appropriate cut-off grade which has been applied to the quantified mineralised body. In determining the mineral resource cut-off grade, Pan African Resources uses a gold price of R600,000/kg. At our underground mines, the optimal cut-off is defined as the lowest grade at which an orebody can be mined such that the total profits, under a specified set of mining parameters, are maximised. The mineral resources optimiser tool that was accordingly developed in-house was applied to the mineral resource inventory.

The optimiser program requires the following inputs to convert the mineral resources to the mineral reserves:
- The database inventory of all mineral resource blocks.
- An assumed gold price – R550,000/kg.
- Planned production rates for each mine.
- Mine call factor (MCF).
- Plant recovery factors.
- Planned cash operating costs.

The mineral reserve represents that portion of the measured and indicated mineral resource above cut-off in the life of mine plan, and have been estimated after considering all modifying factors affecting extraction. A range of disciplines has been involved at each mine in the life of mine planning process including geology, surveying, planning, mining engineering, rock engineering, metallurgy, financial management, human resources management and environmental management.

The competent person for Pan African Resources, Mr Barry Naicker, the group mineral resource manager, signs off the MR&MR for the group. He is a member of the South African Council for Scientific Professions (400234/10). Mr Naicker has 16 years of experience in economic geology and mineral resource management. He is based at 1st Floor, The Firs, corner Cradock and Biermann Avenues, Rosebank 2196, Gauteng.

SRK Consulting Proprietary Limited has independently reviewed the Mineral Resources and Mineral Reserves of the Pan African Resources’ gold assets as at 30 June 2017 and signed off on the declared estimates.

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### GOLD

Relationship between exploration results, mineral resources and mineral reserves showing Pan African Resources attributable resources and reserves as at 30 June 2017.

<table>
<thead>
<tr>
<th>RESOURCES</th>
<th>RESERVES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total 34.4Moz Au</td>
<td>Total 11.2Moz Au</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Inferred</th>
<th>Probable</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.1Moz Au</td>
<td>10.2Moz Au</td>
</tr>
<tr>
<td>Indicated</td>
<td>Proved</td>
</tr>
<tr>
<td>20.4Moz Au</td>
<td>1.0Moz Au</td>
</tr>
<tr>
<td>Measured</td>
<td></td>
</tr>
<tr>
<td>1.9Moz Au</td>
<td></td>
</tr>
</tbody>
</table>

---

### PGEs

Relationship between exploration results, mineral resources and mineral reserves showing Pan African Resources’ attributable resources and reserves as at 30 June 2017.

<table>
<thead>
<tr>
<th>RESOURCES</th>
<th>RESERVES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total 0.6Moz PGEs 4E</td>
<td>Total 0.2Moz PGEs 4E</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Inferred</th>
<th>Probable</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.2Moz PGEs 4E</td>
<td>0.2Moz PGEs 4E</td>
</tr>
<tr>
<td>Indicated</td>
<td>Proved</td>
</tr>
<tr>
<td>0.4Moz PGEs 4E</td>
<td></td>
</tr>
<tr>
<td>Measured</td>
<td></td>
</tr>
<tr>
<td>1.0Moz Au</td>
<td></td>
</tr>
</tbody>
</table>

---

The company has divested its coal business. The sale of Uitkomst Colliery and Pan African Coal Holdings was finalised on 30 June 2017 and thus no coal resources and reserves are reported in the current year.
INVESTMENT CASE

Pan African Resources is a mid-tier African-focused precious metals producer.

The key enablers of our strategy are:

PEOPLE
Fostering relationships through action, integrity and honesty

Committed to sustainability
• Focused on achieving zero harm
• Operational transformation trusts are actively involved in local economic development (LED) projects
• Legacy of environmentally responsible mining with all rehabilitation liabilities being fully funded
• Strong transparent relationships with labour, government and communities
• People focused ethos with a largely stable workforce

Disciplined approach to capital management
• Management team that continues to drive shareholder value through circumspect capital allocation
• Limited gearing with strong statement of financial position
• Investments must provide attractive shareholder return

ACTION
Leadership, planning and control

Preferred gold investment
• Profitable production growth from long-life assets
• Long-life quality gold mining operations Barberton Mines 20 years’ life of mine and Evander Mines – 15 years’ life of mine
• Significant resource and reserve base, with a focus on bringing these ounces to account in the form of cash flows and earnings
• Capacity to grow generically and acquisitively
• Strong track record of replenishing mineral reserves by targeting exploration and development to increase the life of mine
• Gold mining assets provide a safe-haven investment in volatile markets

RESULTS
Delivering on all our targets without compromise | Maximising sustainable gold | Positive impact on earnings

Proven business model, committed to low-cost production and successful organic growth with value-accretive transactions
• Culture of delivery – Barberton Mines’ Barberton Tailings Retreatment Plant (BTRP) and Evander Mines’ Tailings Retreatment Plant (ETRP)
• Quality assets delivering strong cash flows and robust returns
• Approval of the Elikhulu Project’s construction
• Improved sustainability at our operations
• Total mineral resources: gold of 34.4 Moz and an attractive project development pipeline
• On 31 July 2017 Pan African entered into an agreement to dispose of Phoenix Platinum Mining Proprietary Limited (Phoenix Platinum) to Sylvania Platinum Limited (Sylvania) for R89 million
• Uitkomst Colliery – conclusion of the sale to Coal of Africa Limited (CoAL), which resulted in a 107.5% shareholder return over a 15-month period

Delivering consistent and increasing returns
• Attractive dividend yield with a track record of sector-leading dividends
• Robust profitability and cash flow generation
• Cash flow generative assets enable consistent dividend payout
• Project delivery and requisite shareholder returns: BTRP payback within 18 months, ETRP payback within three years

Cash flow generative and dividend paying
• Dividend policy linked to cash generation and a track record of sector-leading dividend payments
• A five-year historical average dividend yield in excess of 5%
• Low level of gearing with a strong statement of financial position
• Access to a revolving credit facility (RCF) of R1 billion and a R1 billion term facility for the Elikhulu Tailings Retreatment Plant (Elikhulu)

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OUR VISION
To continue to build a precious metals business in Africa by remaining focused on our four strategic pillars.

HIGHLIGHTS
In the context of achieving our vision, the MR&MR report encompasses our four strategic pillars as below:

Mineral Reserves
- Gold up 12% 11.2Moz
- PGEs 0.2Moz
- Elikhulu 1.7Moz

Mineral Resources
- Gold 34.4Moz down 1.4%
- PGEs 0.6Moz
- Elikhulu resource declared at 2.0Moz

Organic growth projects
- Barberton Mines - Fairview sub-vertical shaft project - MRC orebody
- Royal Sheba orebody
- Evander Mines - 2010 Pay Channel surface drilling - Elikhulu soil resource

Brownfield projects
- Barberton Mines - New Consort Bullion orebody - Sheba ZK orebody extension
- Evander Mines - Rolspuit - Evander 9 Shaft A Block - Evander South

Life of mine
- Barberton Mines 20 years
- Evander Mines 15 years
- Phoenix Platinum 7 years
- BTRP 14 years
- ETRP 15 years
- Elikhulu 14 years

High grade/low cost producer
- Barberton Mines 9.8g/t
- Evander Mines 6.0g/t
- Phoenix Platinum 2.4g/t

Mineral tenure
- Longevity in operations
- Organised labour
- Stakeholder engagement
- Communities

Profitable

Sustainable

Stakeholders

Growth
Pan African Resources has an exceptional mineral asset base with attractive organic growth opportunities, in both established projects and brownfield exploration prospects.

**OUR GROUP STRATEGY**

Pan African Resources has an exceptional mineral asset base with attractive organic growth opportunities, in both established projects and brownfield exploration prospects.

**OUR STRATEGY**

Our growth strategy is executed by identifying and exploiting mining opportunities that create stakeholder value by driving growth in our mineral reserve and resource base, production, earnings and cash flows in a margin-accretive manner; and by capturing the full precious metals value chain by focusing on:

- Low cost base.
- Growth in mineral reserve base and profitable production.
- Positive impact on earnings, in a sustainable manner.
- Maximising recovered grade and production tonnes.
- High margins.

We encourage an entrepreneurial culture that fosters consistent value-accrual for stakeholders by first identifying and then executing opportunities within our business and operations. This culture further contributes to sourcing new investments, thereby bolstering our portfolio of mining assets.

The group is profitable and cash generative at the current gold price, with the ability to fund all on-mine sustaining capital expenditure internally and meet its other funding and growth commitments.

**VALUE CREATION**

The group strategy is based on global best practice in mineral resource management (MRM) to aggressively explore and develop projects that will become next generation long-term business units.

The evolution of a project from initial testing to commissioning can take 12 to 18 months or longer, and involves a series of study stages to reach investment approval and implementation. The graph below demonstrates the group’s mineral assets within the value chain and how value is released through projects such as the BTRP, ETRP and Elikhulu.

![Graph demonstrating the group's mineral assets within the value chain](image-url)
The mineral resources and mineral reserves underpin the enterprise value of Pan African Resources, and the group’s position on its mineral resources and mineral reserves is presented below.

**GOLD**

**Group Mineral Resources**
The total mineral resources for the group decreased from 34.9 million ounces (Moz) in June 2016 to 34.4Moz in June 2017 – a gross annual decrease of 0.5Moz, or 1.4%.

<table>
<thead>
<tr>
<th>Category</th>
<th>T onnes million</th>
<th>Grade g/t</th>
<th>T onnes</th>
<th>Moz</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mineral Resources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measured</td>
<td>5.3</td>
<td>10.94</td>
<td>57.6</td>
<td>1.9</td>
</tr>
<tr>
<td>Indicated</td>
<td>262.2</td>
<td>2.43</td>
<td>636.2</td>
<td>20.4</td>
</tr>
<tr>
<td>Inferred</td>
<td>70.4</td>
<td>5.35</td>
<td>376.5</td>
<td>12.1</td>
</tr>
<tr>
<td><strong>Pan African Resources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>337.9</td>
<td>3.17</td>
<td>1 070.3</td>
<td>34.4</td>
</tr>
</tbody>
</table>

**Group Mineral Reserves**
Pan African Resources’ mineral reserves increased from 10.0Moz in June 2016 to 11.2Moz in June 2017 – a gross annual increase of 1.2Moz, or 12.0%.

<table>
<thead>
<tr>
<th>Category</th>
<th>T onnes million</th>
<th>Grade g/t</th>
<th>T onnes</th>
<th>Moz</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mineral Reserves</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proved</td>
<td>4.1</td>
<td>7.19</td>
<td>29.8</td>
<td>1.0</td>
</tr>
<tr>
<td>Probable</td>
<td>227.7</td>
<td>1.40</td>
<td>317.9</td>
<td>10.2</td>
</tr>
<tr>
<td><strong>Pan African Reserves</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>231.8</td>
<td>1.50</td>
<td>347.7</td>
<td>11.2</td>
</tr>
</tbody>
</table>

The increase can primarily be attributed to the conversion of the Elikhulu Project Mineral Resources to Mineral Reserves.

**PGEs**

**Group Mineral Resources**
The group’s total mineral resource PGEs did not change materially for the year under review.

<table>
<thead>
<tr>
<th>Category</th>
<th>T onnes million</th>
<th>Grade g/t</th>
<th>T onnes</th>
<th>Moz</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mineral Resources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measured</td>
<td>2.3</td>
<td>2.32</td>
<td>5.4</td>
<td>0.2</td>
</tr>
<tr>
<td>Indicated</td>
<td>3.4</td>
<td>3.67</td>
<td>12.5</td>
<td>0.4</td>
</tr>
<tr>
<td><strong>Pan African Resources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>5.7</td>
<td>3.12</td>
<td>17.9</td>
<td>0.6</td>
</tr>
</tbody>
</table>

**Group Mineral Reserves**
Pan African Resources’ mineral reserves PGEs did not change materially for the year under review.

<table>
<thead>
<tr>
<th>Category</th>
<th>T onnes million</th>
<th>Grade g/t</th>
<th>T onnes</th>
<th>Moz</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mineral Reserves</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proved</td>
<td>2.3</td>
<td>2.32</td>
<td>5.4</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Pan African Reserves</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2.3</td>
<td>2.32</td>
<td>5.4</td>
<td>0.2</td>
</tr>
</tbody>
</table>
Pan African Resources is a mid-tier African-focused precious metals producer with a production capacity in excess of 200,000oz gold and 10,000 PGEs per annum.

The group’s assets at the end of the financial year include:

**BARBERTON MINES**
three gold mines and the BTRP in Mpumalanga

**EVANDER MINES**
a gold mine in Mpumalanga, ETRP and several brownfield projects

**PHOENIX PLATINUM**
the CTRP in the North West province
## Barberton Mines

- **Location**: Located in a greenstone belt; this is a low-cost, high grade operation comprising three underground mines: Fairview, Sheba and New Consort, and a tailings retreatment plant (BTRP).
- **Life of mine**: 20 years
- **Production (tonnes milled)**: 246,915
- **Produced (oz/annum)**: 71,763
- **Capacity (oz/annum)**: 95,000
- **Tonnage (capacity per annum)**: 300,000
- **Sustainable capital per annum**: R1.28 million
- **Acquired**: 74% from Metorex 2007 and then remaining 26% from Shanduka Resources in 2009
- **Resources**: 9.6Mt @ 10.30g/t (3.2Moz)
- **Reserves**: 4.7Mt @ 8.37g/t (1.3Moz)
- **Head grade**: 9.80g/t
- **Cash cost**: USD953/oz
- **Mining Charter rating**: 3

## Barberton Tailings Retreatment Plant (BTRP)

- **Location**: Located at Barberton Mines; the R325.7 million gold tailings retreatment plant commenced construction in April 2012, was completed on schedule and within budget, and achieved its inaugural gold pour in June 2013.
- **Life of mine**: 14 years
- **Production (tonnes milled)**: 821,691
- **Produced (oz/annum)**: 26,745
- **Capacity (oz/annum)**: 30,000
- **Tonnage (capacity per annum)**: 1.2 million
- **Sustainable capital per annum**: R4.0 million
- **Developed**: Steady-state production commenced in 2013
- **Resources**: 21.4Mt @ 1.30g/t (0.9Moz)
- **Reserves**: 13.3Mt @ 1.51g/t (0.6Moz)
- **Head grade**: 2.30g/t
- **Cash cost**: USD378/oz
- **Mining Charter rating**: 3

## Evander Mines

- **Location**: Located in the Witwatersrand basin; current operations comprise No 8 Shaft, several potential development projects – Poplar, Evander South, Rolaprunt and Elikhulu (a surface tailings retreatment project), the Kinross metallurgical processing plant and tailings storage facility.
- **Life of mine**: 15 years
- **Production (tonnes milled)**: 260,784
- **Produced (oz/annum)**: 45,304
- **Capacity (oz/annum)**: 95,000
- **Tonnage (capacity per annum)**: 480,000
- **Sustainable capital per annum**: R198.4 million
- **Acquired**: 100% from Harmony in March 2013
- **Resources**: 90.6Mt @ 9.70g/t (28.2Moz)
- **Reserves**: 28.4Mt @ 8.26g/t (7.6Moz)
- **Head grade**: 6.0g/t (includes development waste tonnes)
- **Cash cost**: USD1,679/oz
- **Mining Charter rating**: 3

## Evander Tailings Retreatment Plant (ETRP)

- **Location**: A tailings retreatment project which will exploit historically generated gold tailings deposited in the Kinross tailings storage facility and surface sources.
- **Life of mine**: 15 years
- **Production (tonnes milled)**: 2,321,723
- **Produced (oz/annum)**: 29,473
- **Capacity (oz/annum)**: 30,000
- **Tonnage (capacity per annum)**: 2.4 million
- **Sustainable capital per annum**: R2.0 million
- **Developed**: Steady-state production commenced in 2015
- **Resources**: 36.3Mt @ 0.29g/t (0.3Moz)
- **Reserves**: 36.3Mt @ 0.29g/t (0.3Moz)
- **Head grade**: Tailings: 0.3g/t
- **Cash cost**: USD554/oz
- **Mining Charter rating**: 3

## Elikhulu Project

- **Location**: A tailings retreatment project which will exploit historically generated gold tailings deposited in the Kinross, Leslie/Braken and Winkelhaak tailings storage facility.
- **Life of mine**: 14 years
- **Production (tonnes milled)**: 12,000,000
- **Produced (oz/annum)**: 56,000 to 45,000
- **Capacity (oz/annum)**: 56,000
- **Tonnage (capacity per annum)**: 12,000,000
- **Project capital**: R1.7 billion
- **Developed**: Steady-state production commenced in 2018/19
- **Resources**: 179.1Mt @ 0.29g/t (1.7Moz)
- **Reserves**: 148.9Mt @ 0.29g/t (1.4Moz)
- **Head grade**: Tailings: 0.29g/t
- **Cash cost**: USD550/oz
- **Mining Charter rating**: 3

## Phoenix Platinum

- **Location**: Phoenix Platinum is a tailings plant which extracts platinum group metals from chrome tailings.
- **Life of mine**: 7 years
- **Production (tonnes milled)**: 283,067
- **Produced (oz/annum)**: 8,709
- **Capacity (oz/annum)**: 12,000
- **Tonnage (capacity per annum)**: 360,000
- **Sustainable capital per annum**: R3.4 million
- **Developed**: Steady-state production commenced in 2012
- **Resources**: 5.7Mt @ 3.12g/t (0.6Moz)
- **Reserves**: 2.3Mt @ 2.32g/t (1.7Moz)
- **Head grade**: 2.4g/t
- **Cash cost**: USD673/oz
- **Mining Charter rating**: 3

* Figures in table based on definitive feasibility study (November 2016).
GROUP ORGANIC GROWTH

The operations’ robust life of mine plans support the group business plans. Current exploration drilling as well as activities to access and develop our orebodies were aggressively maintained during the year. The strategy of converting mineral resources to mineral reserves was progressed by moving organic projects further up the mining value chain towards feasibility or production. The tables below reflect the progress of near-mine growth projects that have contributed ounces to the mineral resources for the year.

EXPLORING THE OREBODY: EXPLORATION DRILLING

<table>
<thead>
<tr>
<th>Operation</th>
<th>Total metres</th>
<th>Number of boreholes</th>
<th>Average channel width cm</th>
<th>Number of intersections above cut-off</th>
<th>Average grade g/t</th>
<th>Total expenditure R’million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barberton Mines</td>
<td>8,793</td>
<td>106</td>
<td>136</td>
<td>34</td>
<td>17</td>
<td>4.7</td>
</tr>
<tr>
<td>Evander Mines</td>
<td>783</td>
<td>14</td>
<td>31</td>
<td>6</td>
<td>28</td>
<td>1.4</td>
</tr>
</tbody>
</table>

ACCESSING THE OREBODY: ON-REEF DEVELOPMENT

<table>
<thead>
<tr>
<th>Operation</th>
<th>Total on-reef development metres</th>
<th>Average grade g/t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barberton Mines</td>
<td>2,533</td>
<td>6.20</td>
</tr>
<tr>
<td>Evander Mines</td>
<td>245</td>
<td>28.86</td>
</tr>
</tbody>
</table>

DEVELOPING THE OREBODY: CAPITAL ORE RESERVE PROJECTS – BARBERTON MINES

<table>
<thead>
<tr>
<th>Project</th>
<th>2017 metres</th>
<th>2016 metres</th>
<th>2015 metres</th>
<th>Potential resource target oz</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sheba – pillar development</td>
<td>450</td>
<td>540</td>
<td>824</td>
<td>10,101</td>
</tr>
<tr>
<td>Sheba – Edwin Bray to Thomas and Joe’s Luck area</td>
<td>8</td>
<td>27</td>
<td>5</td>
<td>18,701</td>
</tr>
<tr>
<td>Fairview – 11 Level Royal Reef</td>
<td>–</td>
<td>Equipping</td>
<td>Equipping</td>
<td>826</td>
</tr>
<tr>
<td>Fairview – 1# one reserve opening</td>
<td>71</td>
<td>131</td>
<td>84</td>
<td>13,958</td>
</tr>
<tr>
<td>Fairview – No 3 Shaft deepening</td>
<td>171</td>
<td>64</td>
<td>26</td>
<td>22,943</td>
</tr>
<tr>
<td>Fairview – (64 – 68) Level</td>
<td>451</td>
<td>581</td>
<td>447</td>
<td>851,562</td>
</tr>
<tr>
<td>New Consort – (33 – 45) PC</td>
<td>265</td>
<td>387</td>
<td>258</td>
<td>10,000</td>
</tr>
<tr>
<td>New Consort – MMR pillar development</td>
<td>8</td>
<td>–</td>
<td>–</td>
<td>66,309</td>
</tr>
<tr>
<td>New Consort – No 3 Shaft</td>
<td>–</td>
<td>17</td>
<td>327</td>
<td>5,969</td>
</tr>
<tr>
<td>Royal Sheba</td>
<td>143</td>
<td>189</td>
<td>165</td>
<td>309,180</td>
</tr>
<tr>
<td>Sheba Western Cross</td>
<td>4</td>
<td>133</td>
<td>295</td>
<td>25,143</td>
</tr>
</tbody>
</table>

CAPITAL ORE RESERVE PROJECTS: EVANDER MINES

<table>
<thead>
<tr>
<th>Project</th>
<th>2017 metres</th>
<th>2016 metres</th>
<th>2015 metres</th>
<th>Potential resource target oz</th>
</tr>
</thead>
<tbody>
<tr>
<td>No 2 Decline 24 – 25 Level</td>
<td>73</td>
<td>356</td>
<td>904</td>
<td>1,200,000</td>
</tr>
<tr>
<td>25 A block ventilation</td>
<td>222</td>
<td>87</td>
<td>10</td>
<td></td>
</tr>
</tbody>
</table>
ELIKHULU PROJECT

The Elikhulu Project entails establishing facilities and infrastructure at Evander Gold Mining Proprietary Limited, owned and operated by Pan African Resources, to retreat gold plant tailings at a rate of one million tonnes per month. This is in addition to the existing production from the ETRP which will continue to operate independently of the Elikhulu Project for the next 15 years. Three existing tailings storage facilities will be reclaimed, in the following order: Kinross, Leslie and Winkelhaak. The three tailings facilities will, post their processing, be consolidated into a single enlarged Kinross facility, thus reducing Evander Mines’ environmental footprint and associated environmental impact.

The project is expected to yield approximately 56,000oz of gold per annum for the initial eight years of production (while treating the Kinross and Leslie tailings storage facilities), and then approximately 45,000oz a year for the project’s remaining six years from processing the Winkelhaak tailings storage facility. These production figures exclude an inferred resource of 244,398 ounces of gold delineated in the soil material beneath the existing tailings dumps.

### Mineral resource estimate

<table>
<thead>
<tr>
<th>Resource category</th>
<th>Tailings storage facility</th>
<th>Tonnes million</th>
<th>Grade g/t</th>
<th>Contained gold Moz</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicated</td>
<td>Kinross</td>
<td>51.03</td>
<td>0.31</td>
<td>0.51</td>
</tr>
<tr>
<td></td>
<td>Winkelhaak</td>
<td>72.47</td>
<td>0.24</td>
<td>0.56</td>
</tr>
<tr>
<td></td>
<td>Leslie</td>
<td>70.07</td>
<td>0.32</td>
<td>0.71</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>193.57</strong></td>
<td><strong>0.29</strong></td>
<td><strong>1.79</strong></td>
</tr>
<tr>
<td>Inferred (soil)</td>
<td>Kinross</td>
<td>9.23</td>
<td>0.33</td>
<td>0.10</td>
</tr>
<tr>
<td></td>
<td>Winkelhaak</td>
<td>8.02</td>
<td>0.27</td>
<td>0.07</td>
</tr>
<tr>
<td></td>
<td>Leslie</td>
<td>4.57</td>
<td>0.45</td>
<td>0.08</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>21.83</strong></td>
<td><strong>0.33</strong></td>
<td><strong>0.24</strong></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td><strong>215.40</strong></td>
<td><strong>0.29</strong></td>
<td><strong>2.03</strong></td>
</tr>
</tbody>
</table>

Total mineral resource* 215.40 Moz

### Mineral reserve estimate

<table>
<thead>
<tr>
<th>Reserve category</th>
<th>Tailings storage facility</th>
<th>Tonnes million</th>
<th>Grade g/t</th>
<th>Contained gold Moz</th>
</tr>
</thead>
<tbody>
<tr>
<td>Probable</td>
<td>Kinross</td>
<td>45.2</td>
<td>0.31</td>
<td>0.4</td>
</tr>
<tr>
<td></td>
<td>Leslie</td>
<td>70.1</td>
<td>0.32</td>
<td>0.7</td>
</tr>
<tr>
<td></td>
<td>Winkelhaak</td>
<td>70.0</td>
<td>0.24</td>
<td>0.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>185.3</strong></td>
<td><strong>0.29</strong></td>
<td><strong>1.7</strong></td>
</tr>
</tbody>
</table>

Total mineral reserve* 185.3 Moz

* Inclusive of ETRP.

The mineral reserve estimate is a probable 185.3Mt, comprised of the Kinross (45.2Mt), Leslie (70.1Mt) and Winkelhaak (70Mt) tailings storage facilities at Evander Mines. The combined 185.3Mt will provide feed material to the existing ETRP at 200,000 tonnes per month, and to the new project process plant at a rate of one million tonnes per month (of which 40,000 tonnes per month will be from run of mine tailings).

The combined mineral reserve contains an estimated 1.7Moz, of which an estimated 688,000oz will be recovered over the life of the project. This estimate excludes the inferred resource 244,398oz of gold leached and contained in the soil beneath the existing tailings dumps, which could potentially increase the project life.

The mineral reserve estimate assumes a non-selective mining method whereby the whole of the mineral deposit is mined in a predetermined sequence. The mining method allows for 100% extraction of the targeted mineral deposit. Hydraulic mining has been selected as the mining method as it is a proven technology cost effective and technically and operationally well understood.

The overall average gold recovery over the life of the project is forecast at 47.8%. Using modelled recoveries, the gold dissolution value estimated for Kinross is 51.4%, Leslie 48.3% and Winkelhaak 53.8%.

The Elikhulu Project is progressing according to plan with project completion and first gold expected in the last quarter of the 2018 calendar year.
BARBERTON MINES SUB-VERTICAL SHAFT PROJECT
AT FAIRVIEW MINE

The Fairview mining operation is currently restricted by the hoisting capacity of its No 3 Decline, which is used to access workings below 42 Level. This decline is currently used to transport employees and material, and for rock hoisting. The 11-Block, or MRC, orebody has an average grade of 31.3 g/t and current life of mine of 20 years. With no intervention, future mining at depth will result in increased travelling distance, reduce employee face time and cause a lack of capacity to ensure both ore replacement and exploration development.

Pan African Resources, with the assistance of DRA Projects SA Proprietary Limited (DRA), has completed a feasibility study on the construction of a raise-bored, sub-vertical shaft from Fairview’s 42 Level to 64 Level, with the potential of continuing the vertical shaft to 68 Level in future. This sub-vertical shaft will be used to transport employees and material to the working areas, which will allow the No 3 Decline to be used exclusively for rock hoisting, increasing overall capacity and production from this mining area.

DRA has reviewed the technical and commercial aspects of the project and the supporting feasibility study has yielded very positive results. The estimated capital expenditure for the project, including contingencies, is approximately R105 million, to be incurred over a two-year period. The productivity improvements for Fairview are estimated to yield an additional 7,000 oz of gold per annum, which can be optimised further to more than 10,000 oz per annum.
The 2010 Pay Channel resource is adjacent to the No 7 Shaft infrastructure and extends from the boundary of Taung Gold International Limited’s No 6 Shaft project and mining rights. As previously reported, Evander Mines embarked on an exploration programme to drill a further exploration borehole from surface, to increase geological confidence in the 2010 Pay Channel orebody, for which resources are summarised in the table below:

### 7 Shaft: No 3 Decline and 2010 Pay Channel resources

<table>
<thead>
<tr>
<th>Category</th>
<th>T onnes million</th>
<th>Grade g/t</th>
<th>T onnes</th>
<th>Moz</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measured</td>
<td>0.45</td>
<td>8.94</td>
<td>4.0</td>
<td>0.13</td>
</tr>
<tr>
<td>Indicated</td>
<td>0.70</td>
<td>7.11</td>
<td>5.0</td>
<td>0.16</td>
</tr>
<tr>
<td>Inferred</td>
<td>4.13</td>
<td>8.93</td>
<td>36.9</td>
<td>1.19</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5.28</strong></td>
<td><strong>8.69</strong></td>
<td><strong>45.9</strong></td>
<td><strong>1.48</strong></td>
</tr>
</tbody>
</table>

On 6 July 2017, the exploration borehole successfully intersected the Kimberley reef at a depth of approximately two kilometres, highlighting a reef intersection with a 6cm width at 36.8g/t. Additional drilling deflections are currently being drilled to further delineate the orebody. The previous borehole into the 2010 Pay Channel yielded a reef intersection with a 49cm width at 36.04g/t.

### 2010 Pay Channel exploration borehole results

<table>
<thead>
<tr>
<th>Borehole</th>
<th>Depth m</th>
<th>Core width cm</th>
<th>g/t</th>
<th>cmg/t</th>
</tr>
</thead>
<tbody>
<tr>
<td>2245</td>
<td>2,059.3</td>
<td>49.0</td>
<td>36.0</td>
<td>1,766</td>
</tr>
<tr>
<td>EGM PAR 1</td>
<td>2,014.6</td>
<td>5.7</td>
<td>36.8</td>
<td>210</td>
</tr>
<tr>
<td>EGM PAR 1-Deflection 1</td>
<td>2,014.9</td>
<td>5.7</td>
<td>33.2</td>
<td>189</td>
</tr>
<tr>
<td>EGM PAR 1-Deflection 2</td>
<td>2,014.8</td>
<td>4.8</td>
<td>144.7</td>
<td>694</td>
</tr>
</tbody>
</table>

Harmony Gold Mining Company Limited previously developed the No 7 Shaft mine workings towards the 2010 Pay Channel. However due to financial constraints and a reassessment of capital expenditure priorities, it halted all development on the Evander Mines’ shafts (other than No 8 Shaft) in 2009. This resulted in the controlled flooding of the development ends and No 7 Shaft’s No 3 Decline, from 22 Level up to 18 Level. Following the dewatering, only standard footwall and on-reef development would need to be completed, with the associated engineering infrastructure, before mining can commence.

The 2010 Pay Channel is approximately 4.5 kilometres in tramming distance from No 7 Shaft, which is currently used by Evander Mines for hoisting to the Kinross metallurgical plant. This compares favourably with the No 8 Shaft mining areas, which is approximately 12 kilometres in tramming distances from No 7 Shaft.

The Pan African Resources’ project team has commenced a feasibility study related to the 7 Shaft No 3 Decline and 2010 Pay Channel resource, which will address the following critical issues:

- Collation of geological data from the drill-hole intersection and deflections.
- The cost and timing of dewatering and re-equipment of the No 7 Shaft No 3 Decline from 18 Level to 22 Level.
- The development cost and timing to access the 2010 Pay Channel.
- The economic viability of the project.

The 2010 Pay Channel can potentially increase Evander Mines’ underground gold production materially at a relatively low capital cost, using Evander Mines’ established shaft and metallurgical facilities. The feasibility study for the project is expected to be completed during the first quarter of 2018.