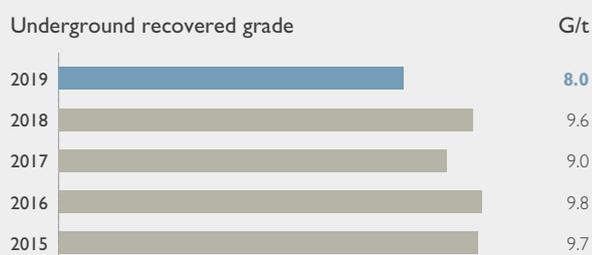
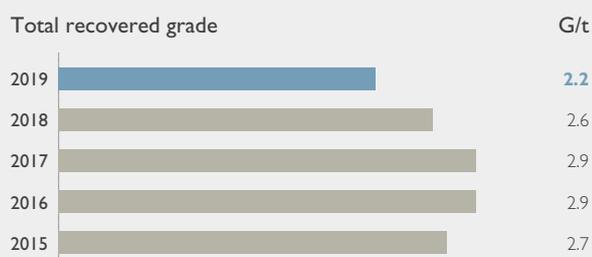
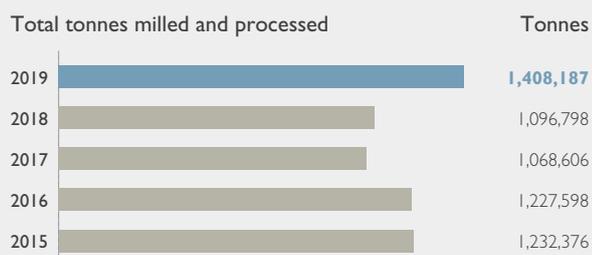
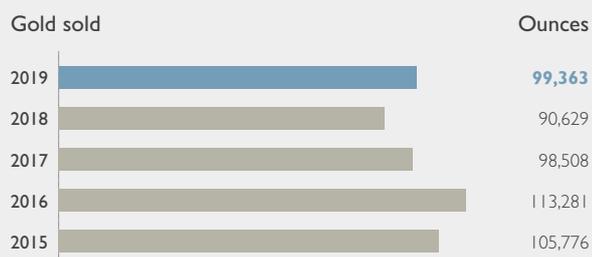


BARBERTON MINES



Jan Thirion
General manager



The establishment of a third high-grade platform in the Fairview I I-block is anticipated within the first quarter of the 2020 financial year, which is expected to further improve mining flexibility.

SALES AND PRODUCTION

Gold sales from the Barberton complex increased by 9.6% to 99,363oz (2018: 90,629oz).

- Underground and surface operations increased by 3.1% to 75,356oz (2018: 73,125oz)
- BTRP production increased by 37.2% to 24,007oz (2018: 17,504oz), due to an improved tonnage throughput and recoveries following the successful commissioning of the BTRP regrind mill in May 2018.

All-in sustaining costs per kilogramme increased by 5.4% to R491,605/kg (2018: R464,690/kg) and in USD per ounce terms, decreased by 4.1% to USD1.078/oz (2018: USD1.124/oz) following an increase in gold production.

- Barberton Mines' underground and surface operations all-in sustaining cost per kilogramme increased by 12.0% to R567,947/kg (2018: R507,130/kg) and in USD per ounce terms, increased by 1.5% to USD1,245/oz (2018: USD1,227oz)
- BTRP's all-in sustaining cost per kilogramme decreased by 12.3% to R251,973/kg (2018: R287,390/kg) and in USD per ounce terms, decreased by 20.5% to USD552/oz (2018: USD695/oz).

The establishment of a third high-grade platform in the Fairview I I-block is anticipated within the first quarter of the 2020 financial year, which is expected to further improve mining flexibility.

Fairview Mine saw an increase in free gold, and the group is installing a new gravity circuit at a cost of approximately R18 million (USD1.3 million) to improve Fairview Mines' free gold recovery and further enhance operational efficiencies. The expected pay-back on the project falls within two years, emphasising the added value the project will provide to Barberton Mines.

ROYAL SHEBA PROJECT UPDATE

Extensive feasibility work was completed on Barberton Mines' Royal Sheba project. Due to the group's disciplined capital allocation criteria and the capital cost estimates to develop this mine, Pan African Resources will not pursue the Royal Sheba project on a stand-alone basis. The existing Barberton Mines processing plant infrastructure can be upgraded to process ore from this orebody. The benefits of this approach are the ability to expedite the environmental licensing process, shorten the timeline to production, enhance returns from mining this orebody and negate the requirement for external capital funding. We look forward to updating the market on this project in the months ahead.

SUB-VERTICAL SHAFT UPDATE

Development of the top and bottom access for the sub-vertical shaft is progressing according to plan, with our focus in 2020 on the following:

- Completion of all preparatory development for the sub-vertical shaft
- Establishment of sufficient hoisting flexibility to cater for the additional tonnages when reaming of the shaft commences in the 2021 financial year:

Barberton Mines' goal is to reposition its underground operations as low-cost production by focusing on good quality, safe and sustainable ounces through optimisation of underground and plant infrastructure.

Evander Mines – 7 Shaft headgear >



COST OF PRODUCTION

Production costs increased by 3.3% to USD92.0 million (2018: USD89.1 million), mainly impacted by the following:

- ▶ Security costs increased significantly by 39.5% to USD5.3 million (2018: USD3.8 million)
- ▶ Salaries and wages increased by 0.2% to USD40.9 million (2018: USD40.8 million). In rand terms, salaries and wages increased by 10.5% to R579.7 million (2018: R524.7 million) following the three-year wage agreement reached during September 2018
- ▶ Electricity costs increased by 4.2% to USD10.0 million (2018: USD9.6 million) or by 15.0% to R142.5 million (2018: R123.9 million) in rand terms due to annual tariff increases.

CAPITAL EXPENDITURE

Total capital expenditure at Barberton Mines decreased by 1.2% to USD16.2 million (2018: USD16.4 million) comprising:

- ▶ Sustaining capital expenditure of USD9.9 million (2018: USD8.7 million)
- ▶ Expansion capital expenditure of USD6.3 million (2018: USD7.7 million).

The increase in capital expenditure in the current financial year was attributed to the Royal Sheba project which included exploration drilling and ongoing optimisation costs (R28.0 million or USD2.0 million) and investment in a gravity circuit for the Fairview plant (R12.6 million or USD0.9 million), as well as various surface and underground drilling and exploration projects. These projects, together with improvements to our underground ore handling and processing plant infrastructure, have the potential to boost Barberton Mines' production in the coming years.

CHALLENGES

Gold production was impacted by operational disruptions from community unrest which resulted in 20 lost production days. This was an improvement on the 58 days lost in the prior financial year owing to increased community engagement efforts.

Illegal mining negatively affects our gold production and the safety and security of our employees, which in turn impacts revenues and security costs. During the 2019 financial year, more than 2,500 suspected criminals were arrested at Barberton Mines for theft of gold-bearing material and other commodities. To better control and monitor this risk, the group appointed a risk and security executive and approved a new integrated security strategy with a multi-faceted approach, including the increased use of modern technology.

LOOKING AHEAD

Our focus remains on continuing to improve our safety performance, delivering quality ounces consistent with our production guidance of approximately 100,000oz per annum and advancing value-accretive growth opportunities.

We have a demonstrable record of replenishing our Mineral Resources through effective brownfield exploration and look to organic growth projects, such as the Royal Sheba project, to further enhance the sustainability of the group's operations.

Our primary focus areas for 2020 are:

- ▶ Reduction of underground unit costs
- ▶ Optimisation of Barberton Mines' infrastructure utilisation by advancing the Royal Sheba project, the Fairview sub-vertical shaft project and Project Dibanisa
- ▶ Investment in a gravity circuit at Fairview Mine to improve free gold recoveries.