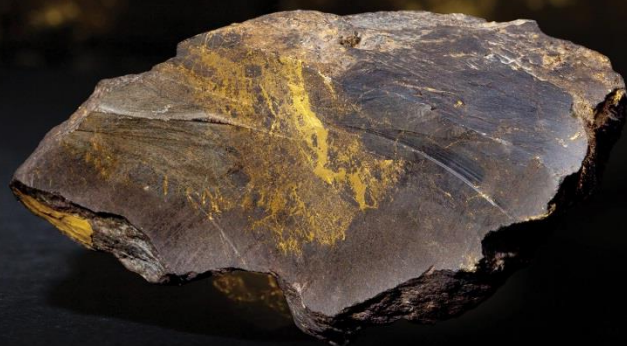




PAN AFRICAN  
RESOURCES  
PLC



# RESULTS PRESENTATION

for the year ended 30 June 2017

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THE AFRICAN-FOCUSED  
PRECIOUS METALS PRODUCER



# PRESENTATION SUMMARY



- Group overview and review of FY17
- Group safety performance
- Our long-life, low-cost tailings retreatment operations
- Our long-life underground mines
  - › Barberton Mines
  - › Evander Mines
- Financial results
- Growth – where to next?
- Key 2018 deliverables

# GROUP OVERVIEW AND REVIEW OF FY17



## Who we are

### AFRICAN MID-TIER PRECIOUS METALS PRODUCER

- Dual-listed on South Africa's JSE and London's AIM
- Market capitalisation of ZAR5.3 billion (USD410 million) on 30 June 2017
- Quality assets with a production capacity in excess of 250,000oz of gold per annum
- 34.4Moz Au resource base
- Empowerment ownership of approximately 26%
  - ESOPs and strategic BEE ownership in place

# GROUP OVERVIEW AND REVIEW OF FY17



## Summary of FY17 results

### Gold production impacted by a number of operational challenges

- 55-day underground suspension at Evander, lack of underground mining flexibility and community unrest at Barberton
- FY17 gold sold of 173,285oz (2016: 204,928oz)

### Unit cost of production adversely impacted by lower production

- FY17 AISC of USD1,177/oz (2016: USD870/oz)

### Action plans in place to materially improve operational performance

- FY18 guidance of 190,000oz of gold production at sub USD1,000/oz
- Evander infrastructure repairs and cost optimisation successfully implemented
- Refrigeration plant fully commissioned at Barberton's Fairview Mine, sub-vertical shaft project in progress
- Targeting AISC for the group of sub USD1,000/oz for FY18

**Successfully concluded value-accretive sale of Uitkomst colliery – share holder return of 107.5% over 15 months**

**Elikhulu project under construction – “game changer” for Pan African Resources**

**Maintained attractive dividend payout with robust statement of financial position**



**GROUP SAFETY**

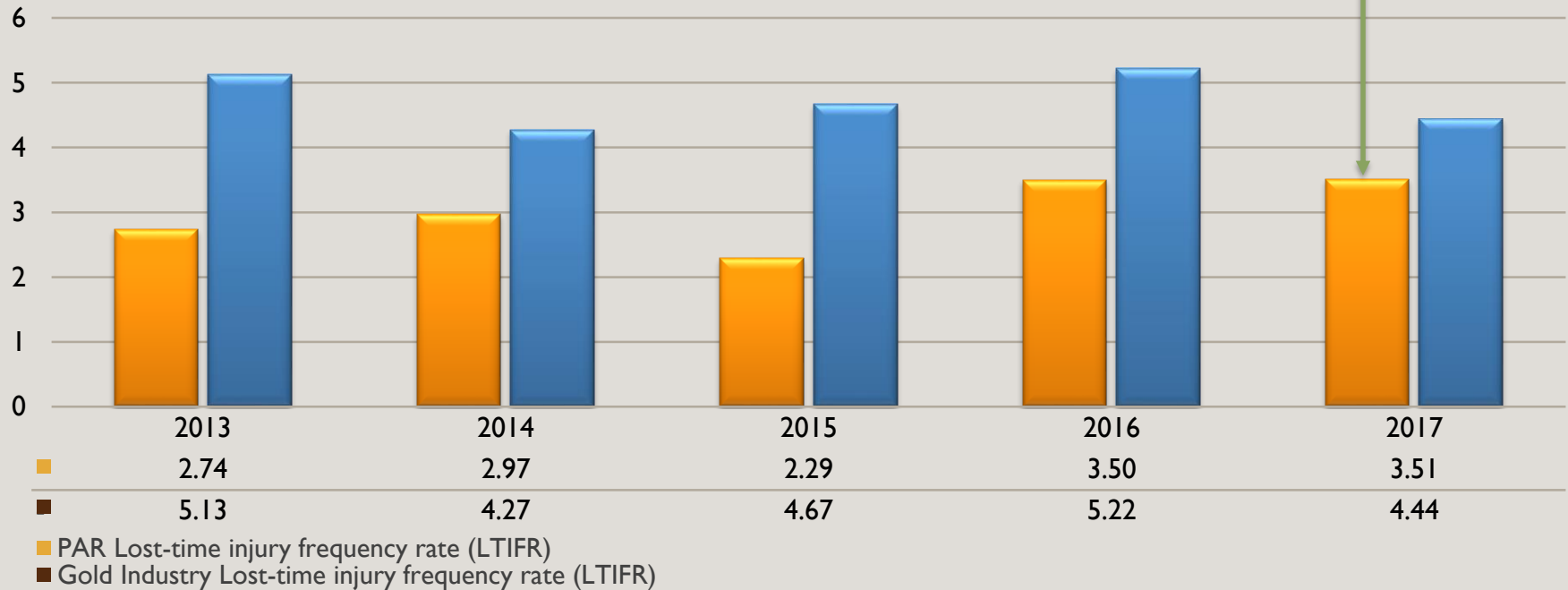


# GROUP SAFETY PERFORMANCE



## Accident rates compared to the South African gold mining industry

Per million man hours



Notwithstanding the fact that injury rates are well below industry average, we unfortunately suffered three fatalities during the financial year under review. This is contrary to our aim of zero harm to our employees.

## Key initiatives

- Appointed Safety Managers to the Management Committees of each operation
- Behaviour-based safety interventions at each operation
  - › Barberton Mines – approximately 1,700 employees addressed thus far
  - › Evander Mines – weekly visible felt leadership interventions – Plant, 7 Shaft and 8 Shaft night shift employees addressed thus far
- Continued external audits and benchmarking to industry best practice
- Ongoing infrastructure maintenance and upgrades

# GROUP SAFETY PERFORMANCE

## Safety intervention before shift goes underground





OUR LONG-LIFE, LOW-COST  
TAILINGS RETREATMENT  
OPERATIONS



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# OUR LONG-LIFE, LOW-COST TAILINGS RETREATMENT OPERATIONS



## Gold tailings retreatment operations

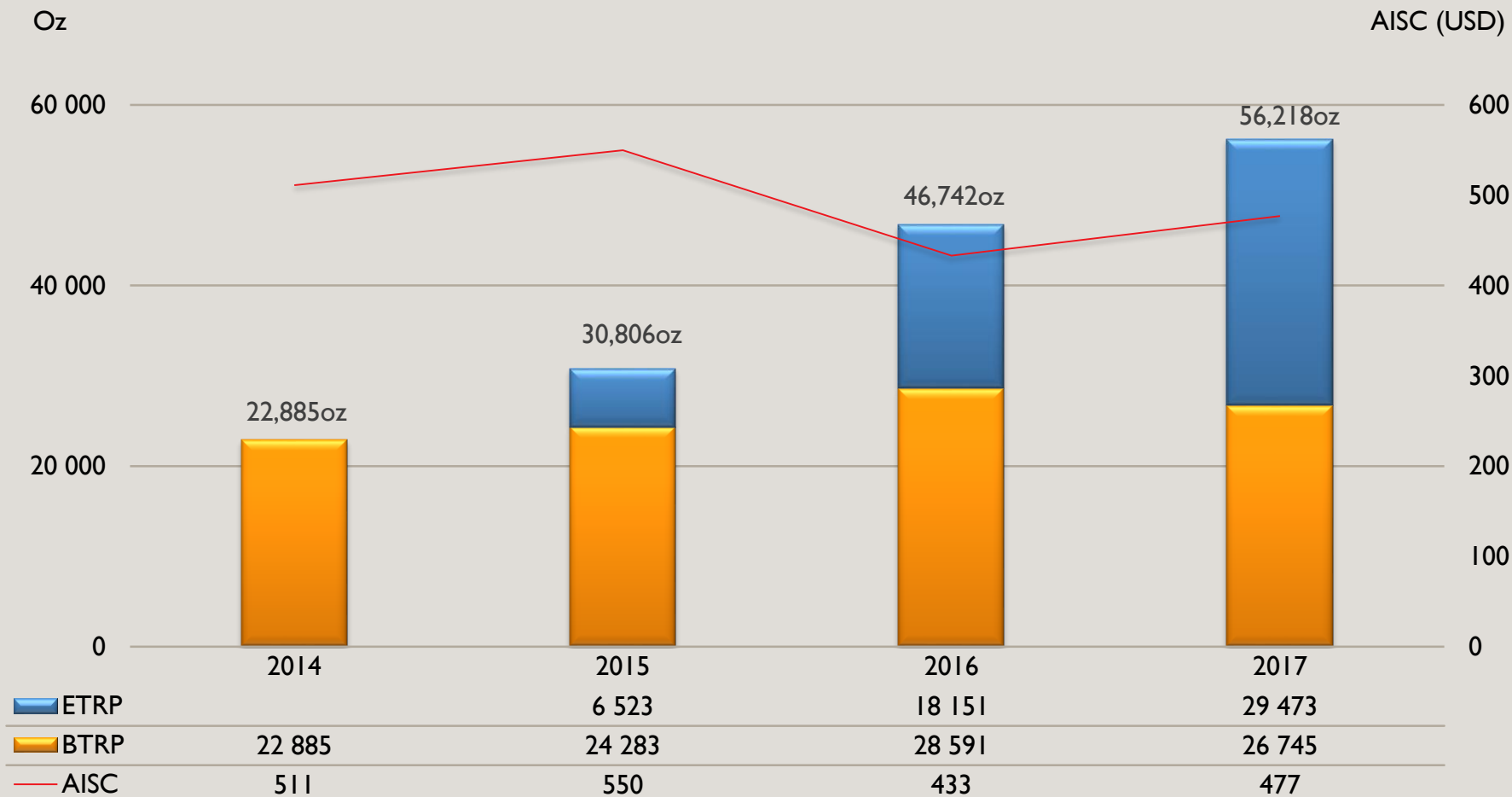
- Barberton Tailings Retreatment Plant
  - ~20,000oz p/a gold production, LOM of 14 years
  - AISC of USD392/oz
  - Initial capital outlay of ZAR325.7 million (~USD37 million) – paid back in 18 months
- Evander Tailings Retreatment Plant
  - ~15,000oz p/a gold production, LOM of 15 years
  - AISC of USD554/oz
  - Initial capital outlay of ZAR174.3 million (~USD15 million) – paid back in less than 3 years
- Elikhulu Tailings Retreatment Plant
  - ~56,000oz p/a gold production in first 8 years, LOM of 14 years
  - AISC forecasted at below USD550/oz
  - Forecast capital of ZAR1.74 billion (~USD125 million) – forecasting pay back of 4 years post commissioning

Going forward, our low risk tailings operations will comprise more than a third of the group's gold production

# OUR LONG-LIFE, LOW-COST TAILINGS RETREATMENT OPERATIONS

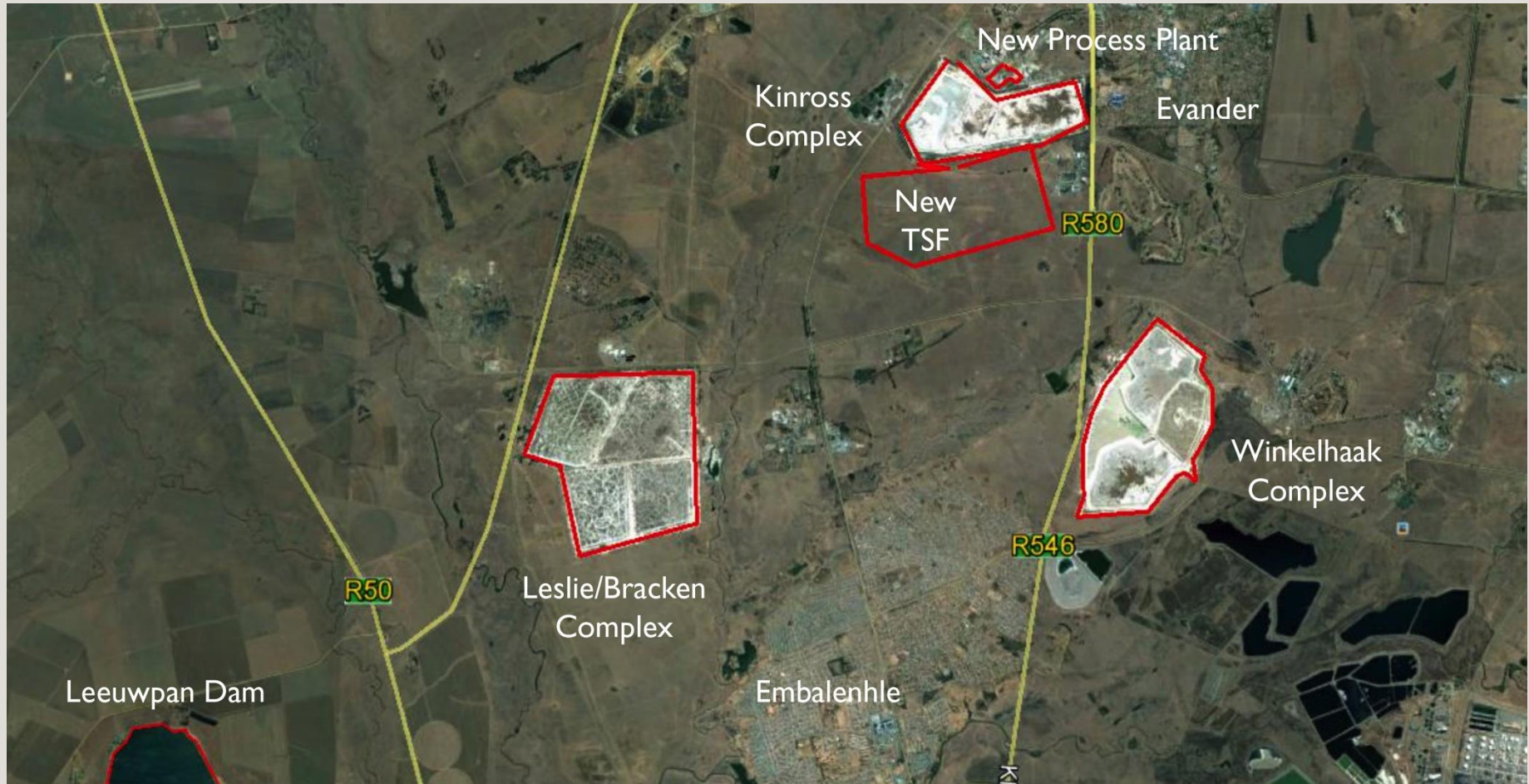


## Gold surface sources production – financial years



# OUR LONG-LIFE, LOW-COST TAILINGS RETREATMENT OPERATIONS

## Elikhulu Project



# OUR LONG-LIFE, LOW-COST TAILINGS RETREATMENT OPERATIONS



## Elikhulu project timeline - on schedule and on budget

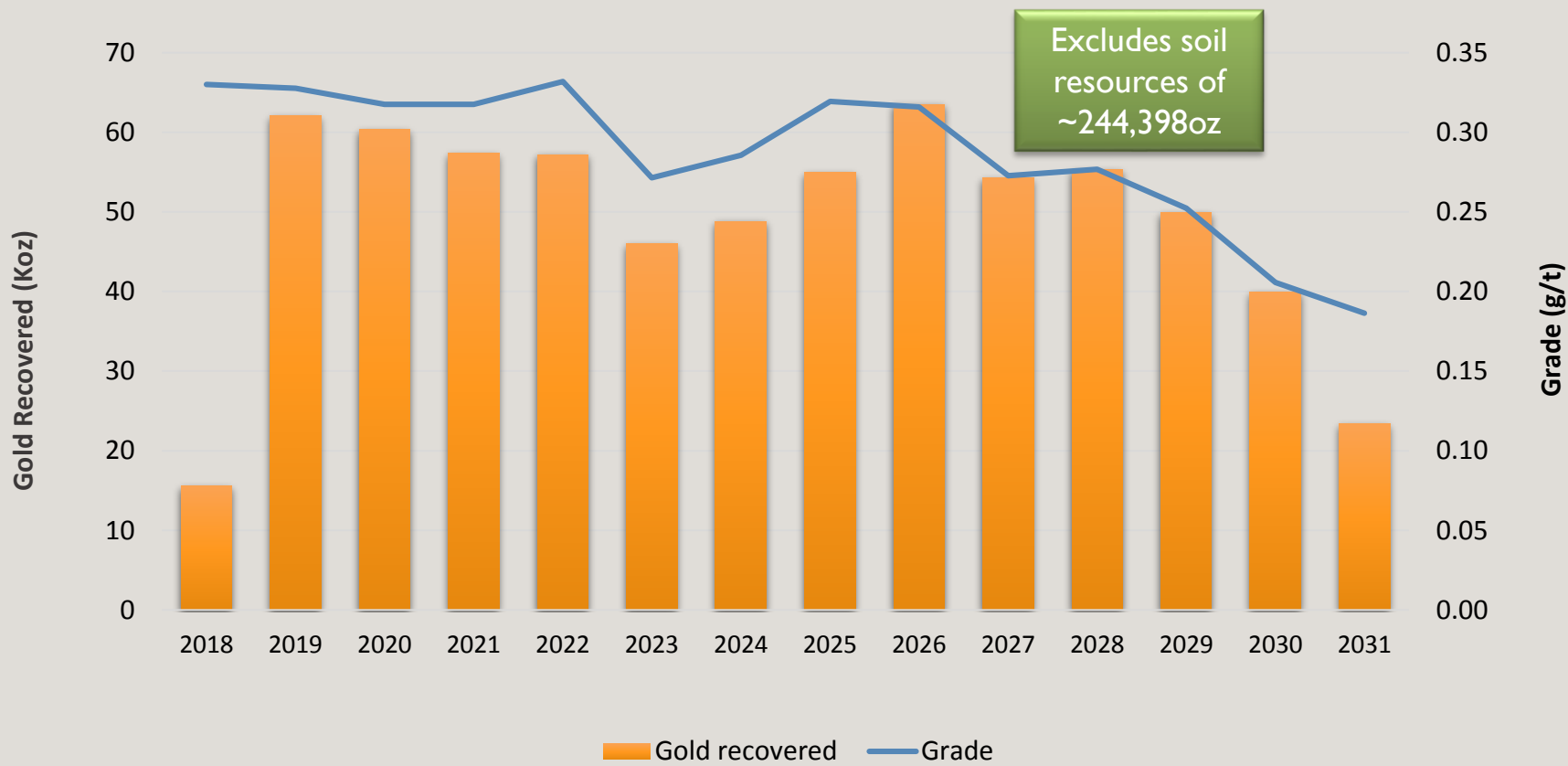
	Date	Status
• Detail engineering starts	Quarter 4 2016	✓
• Procurement starts	Quarter 2 2017	✓
• Environmental and Social Impact Assessment approval	Quarter 3 2017	✓
• Issue of Integrated Water Usage Licence	Quarter 3 2017	✓
• Construction start	Quarter 3 2017	✓
• Construction complete	Quarter 3 2018	
• Process plant cold commissioning complete	Quarter 4 2018	
• Process plant hot commissioning complete	Quarter 4 2018	
• Commercial production achieved	Quarter 4 2018	
• Phase 2 hydraulic mining – Leslie TSF begins	Quarter 4 2021	
• Phase 3 hydraulic mining – Winkelhaak TSF begins	Quarter 3 2026	

**Note:** The above timeline refers to calendar years

# OUR LONG-LIFE, LOW-COST TAILINGS RETREATMENT OPERATIONS



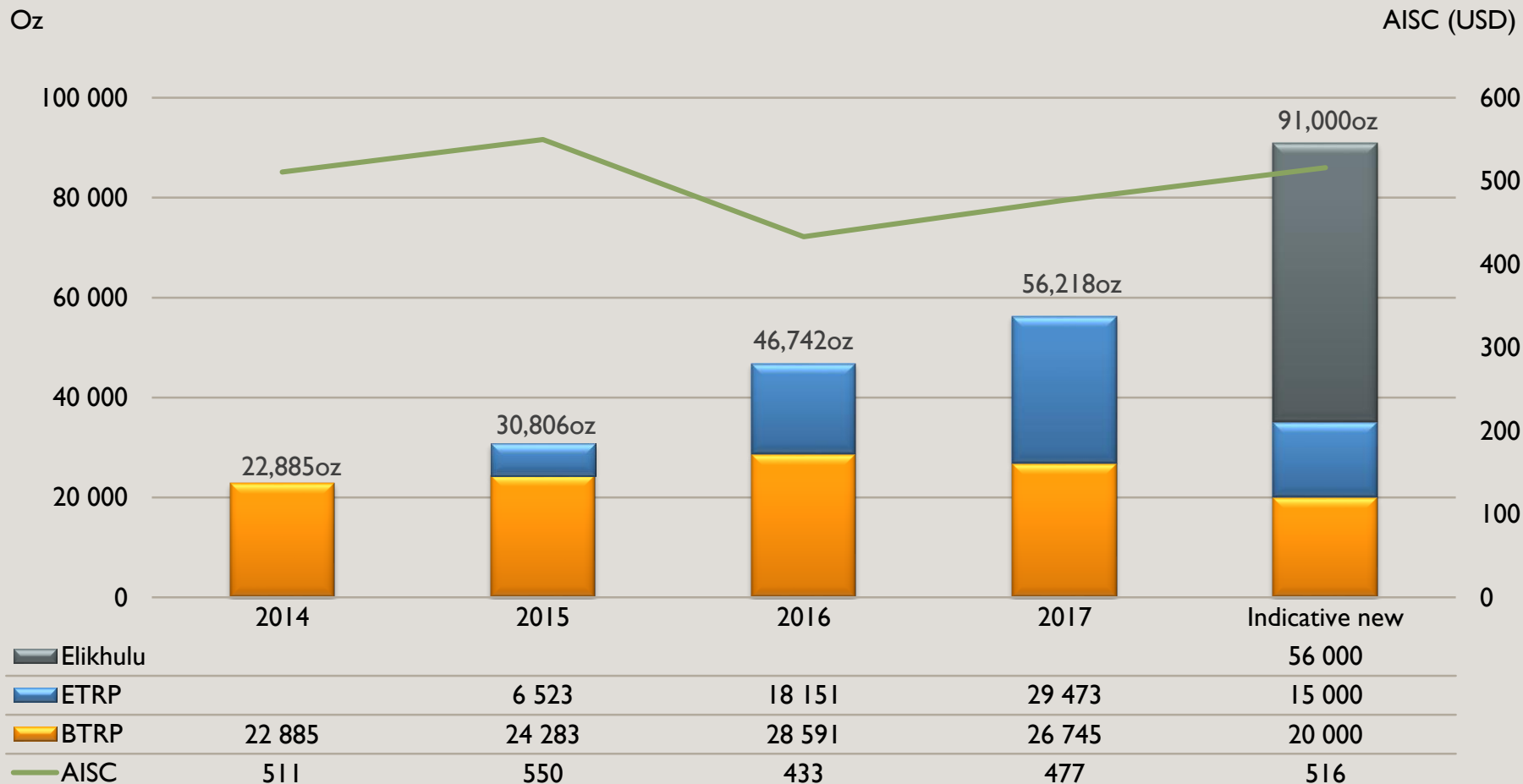
## Elikhulu production profile – calendar years



# OUR LONG-LIFE, LOW-COST TAILINGS RETREATMENT OPERATIONS



## Gold surface sources production – looking forward

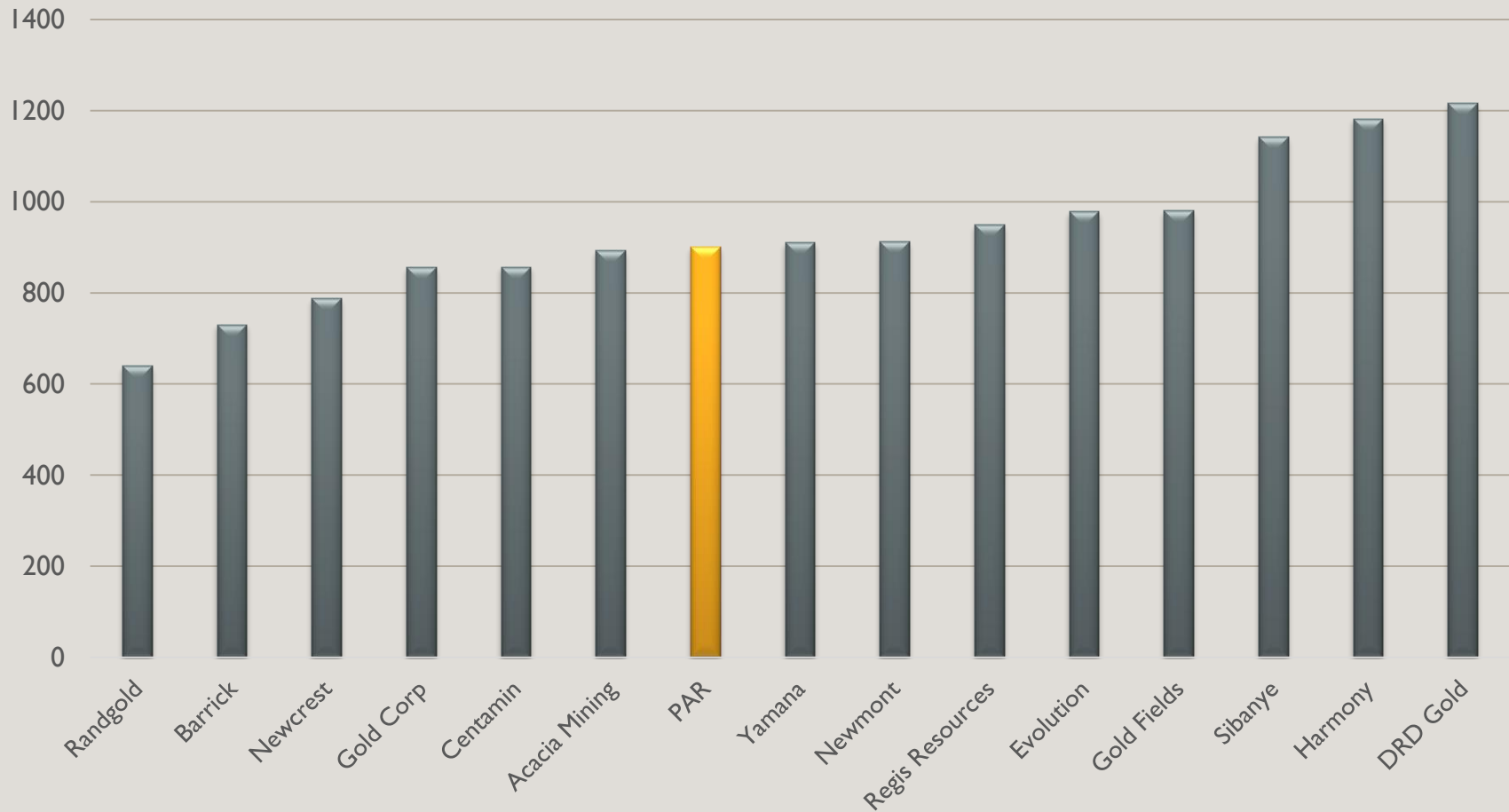


\*Indicative surface source production going forward with Elikhulu at steady-state production

# OUR LONG-LIFE, LOW-COST TAILINGS RETREATMENT OPERATIONS



## Possible all-in sustaining cost comparison – USD/oz including Elikhulu



**Source:** As per the latest Annual or Interim results published by each company – whichever is the latest published figure

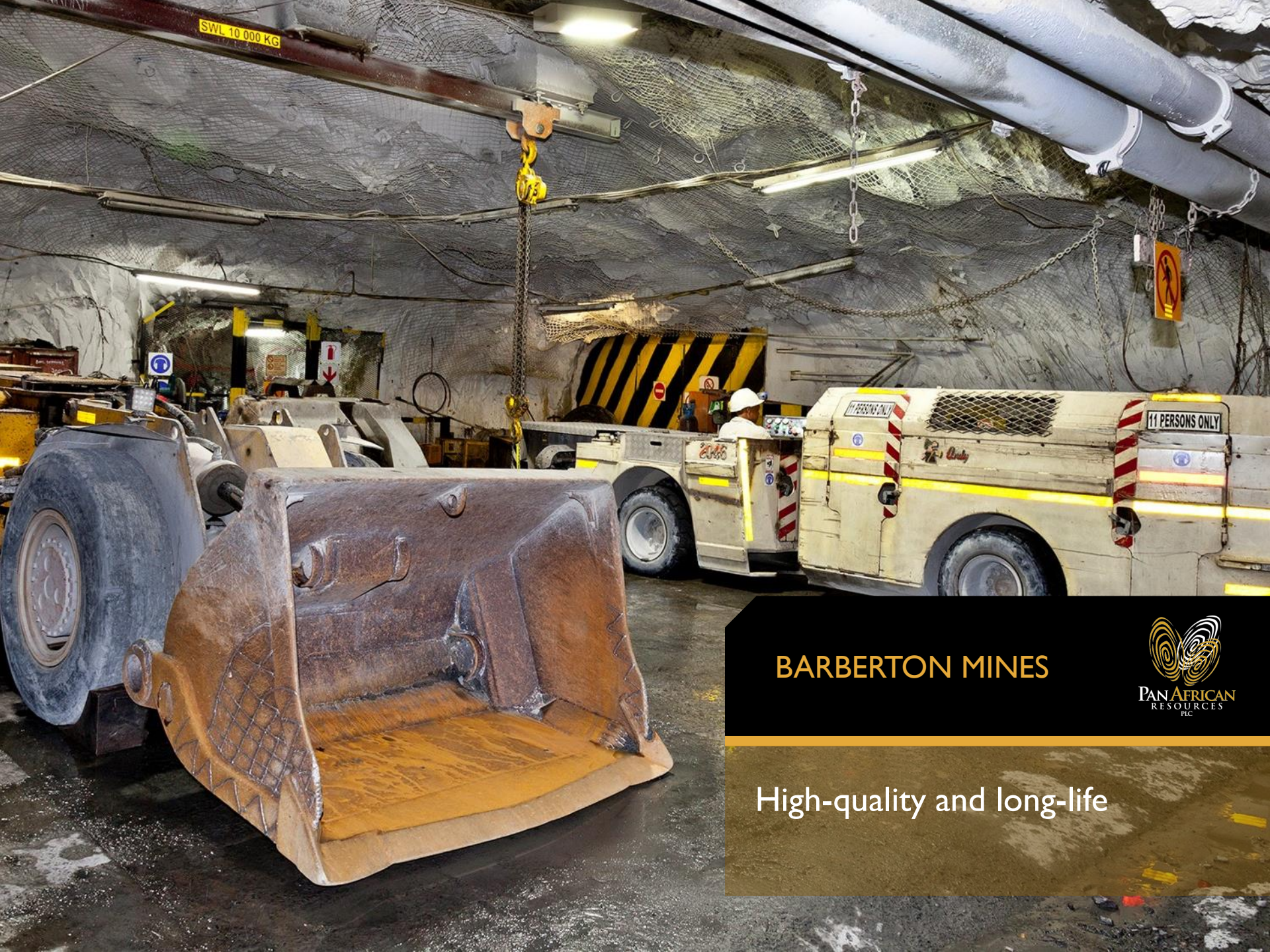
**Assumptions used on PAR AISC:** current assets forecast gold production of 190,000oz at USD1,000/oz , Elikhulu forecast production of 56,000oz at USD550/oz



LONG-LIFE  
UNDERGROUND  
MINES



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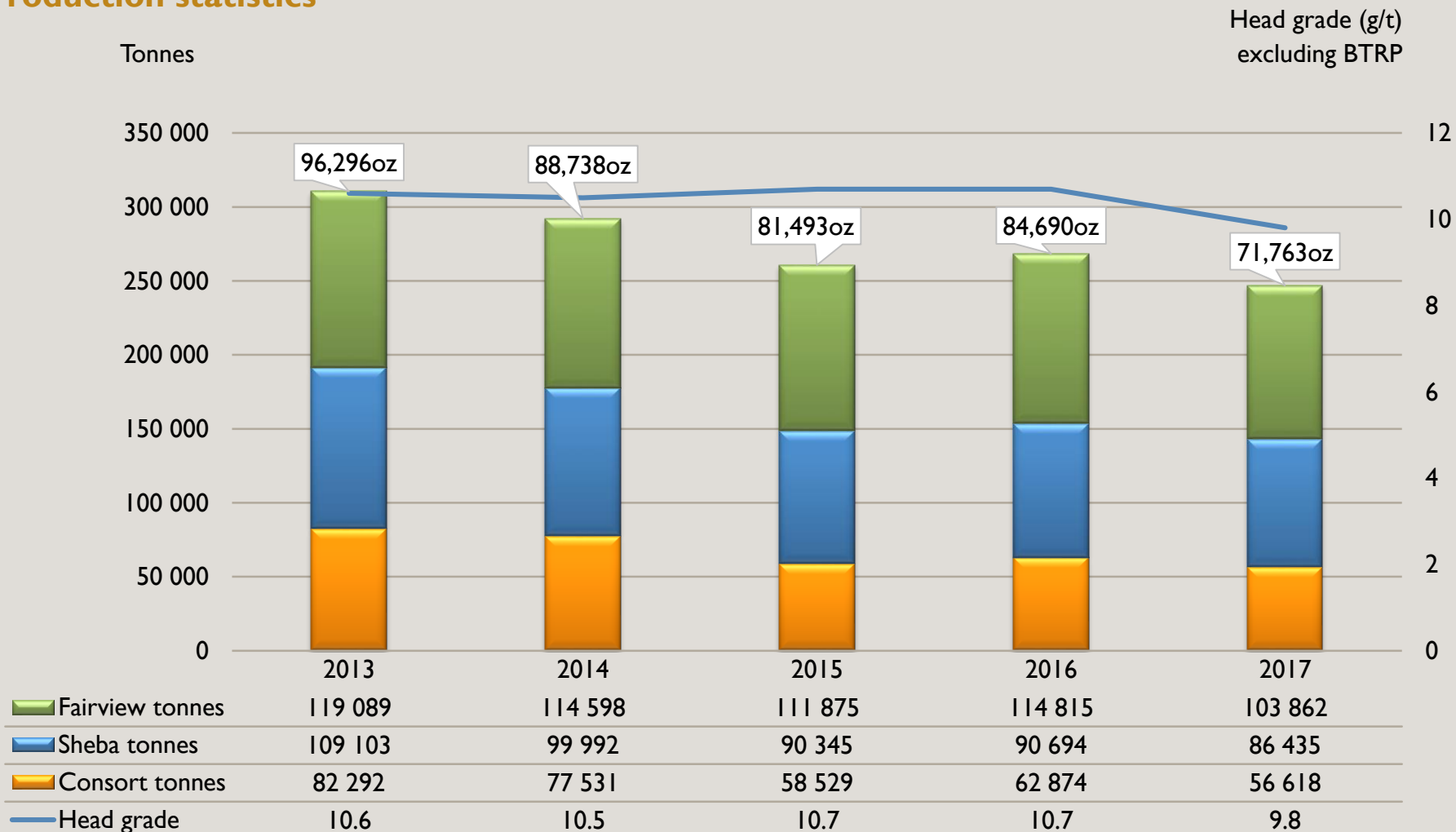


BARBERTON MINES



High-quality and long-life

## Production statistics



## Fairview Mine sub-vertical shaft – project detail and outcomes

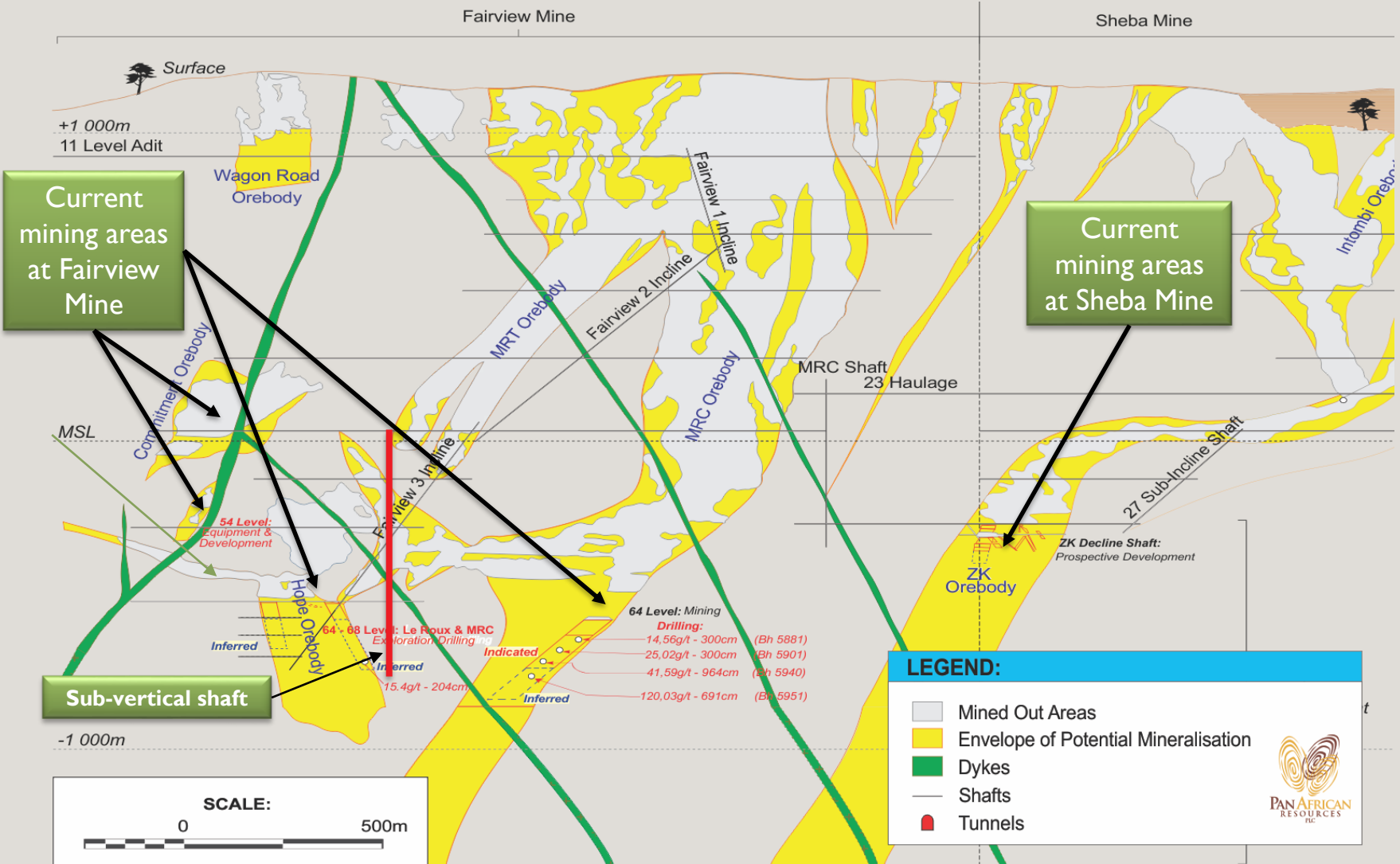
### Detail:

- Excavate a 4.1m diameter, 638m sub-vertical shaft from 42 to 64 level by means of a raise borer
- Equip sub-vertical shaft to hoist men and material, thus, freeing up additional hoisting time and reducing time to face
- Develop exploration drives towards the ZK orebody on approximately 58 and 62 level elevations

### Outcomes:

- 3 Shaft rock-hoisting capacity will be substantially increased
- Increased flexibility in the MRC orebody enabling increased output from Fairview Mine
- Ability to access and mine the down-dip extension of the ZK orebody
- Enabling additional exploration to be done

## Longitudinal projection through Fairview



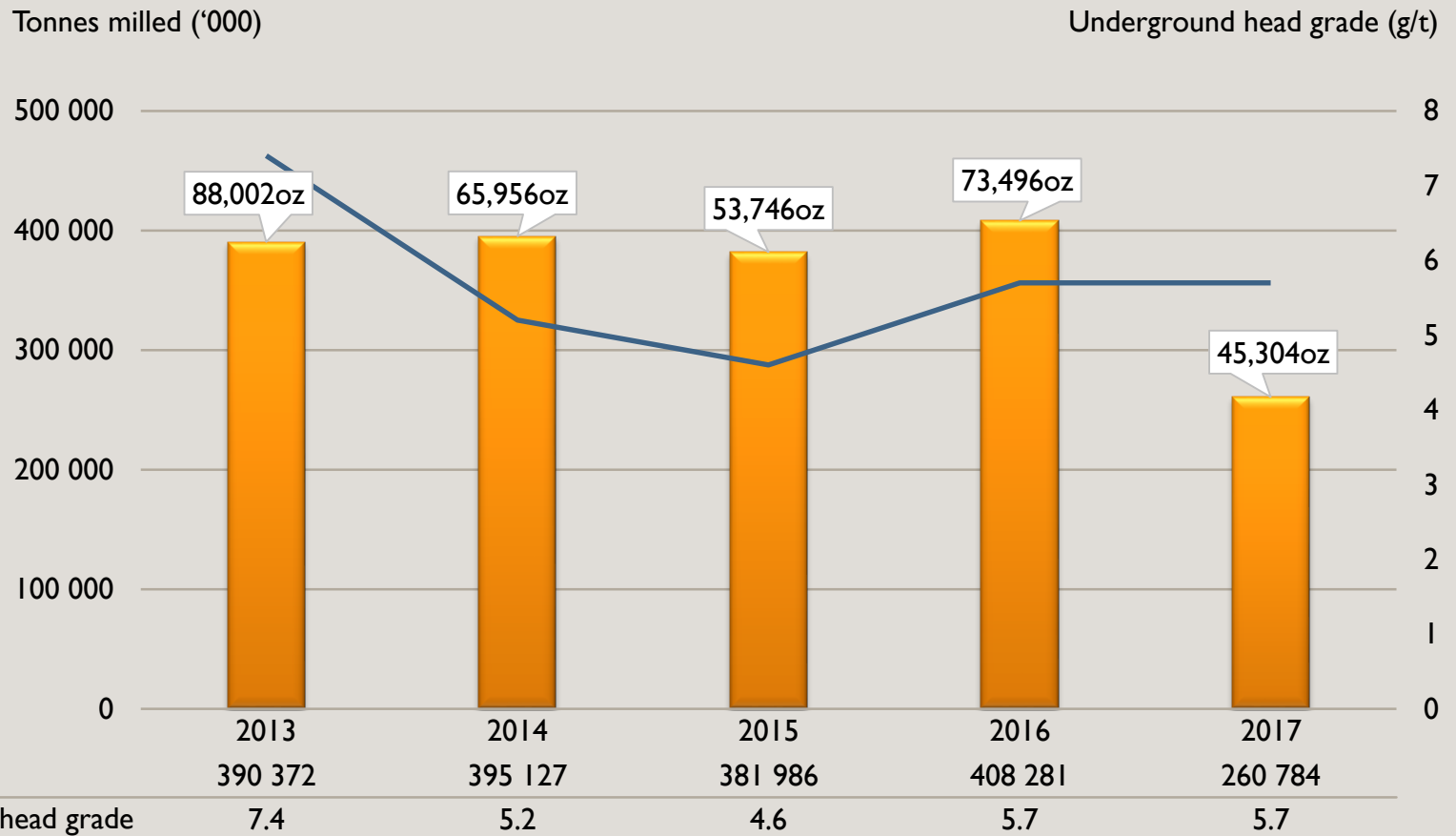


EVANDER MINES



World-class orebody

## Production statistics



## Production sustainability

### Engineering work successfully performed during 55-day operational suspension

- Replaced redundant shaft steelwork in 7A Shaft (guides and buntons) ✓
- Removed redundant pipes in 7A Shaft ✓
- Replaced a 300m section of the 7 Shaft pump column and column support ✓
- Replaced the 3 stage pump column at 8 Shaft. ✓
- Repaired ore transferring points on the decline conveyors ✓
- Refurbished loading levels on 7A Shaft and 8 Shaft ✓
- Vacuuming of spillage and repairs to shaft bottoms ✓

## Production sustainability

### Mining and cost optimisation initiatives

- Appointed experienced mining professionals capable of executing clean mining program
- MCF improvement
- Stope width reduction
- Old gold project
- Blast frequency improvement

### Cost curtailment

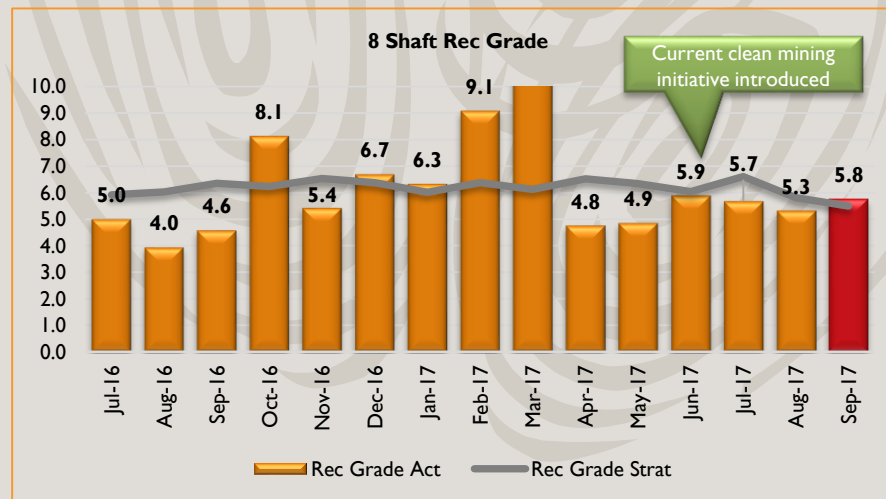
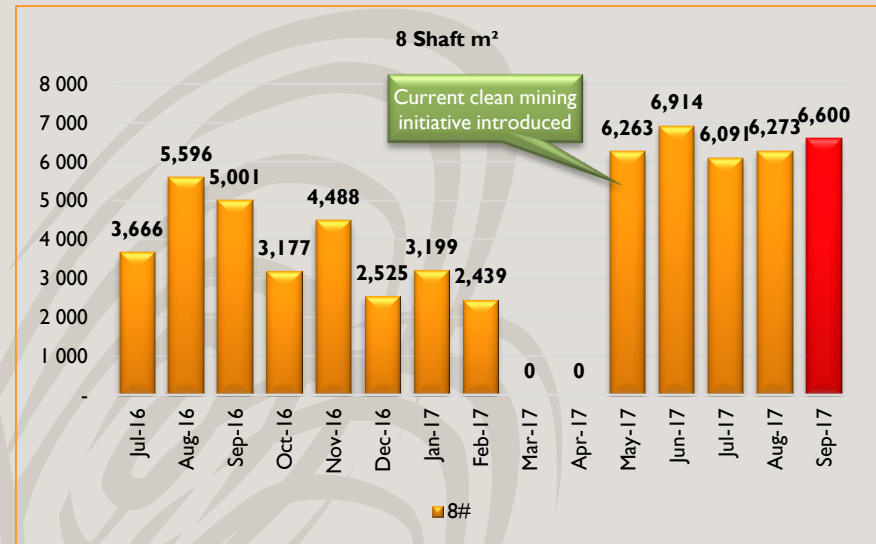
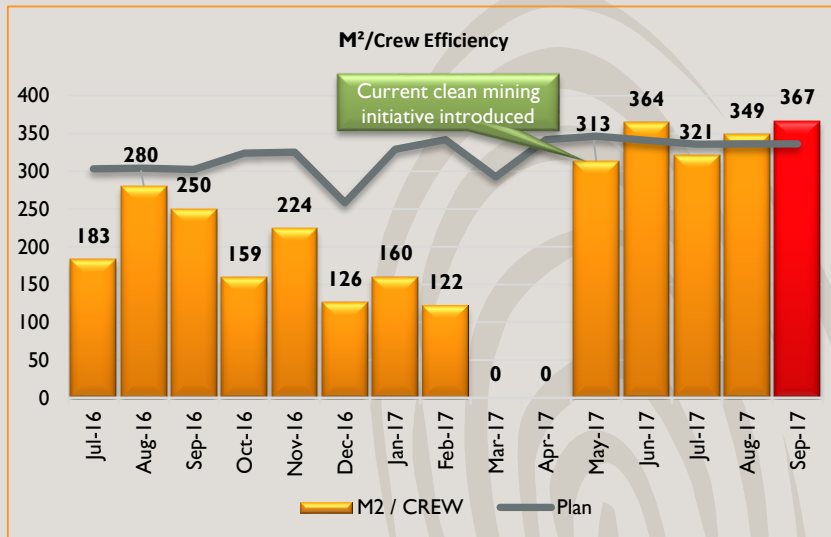
- Right-sizing programme:
  - › Monthly payroll cost reduction of ZAR9.5 million
  - › Reduction of 628 employees, retrenchment cost totalled ZAR39.8 million
  - › Reduction of 147 contractors
- Power supply
  - › Electricity usage reduction initiatives investigated and implemented
  - › Investigating alternative power supply sources

## Production sustainability

### Engineering work post 55-day stoppage

- **7A Shaft**
  - › Commission spillage skip arrangement in 7A Shaft bottom (Completed) ✓
  - › Strip out 1,933m of rail (used when shaft was sunk) (471m Completed)
  - › Replacement of all less critical buntons – 31 January 2018
  - › Replacement of shaft bottom steel work – 2 April 2018
  - › Replacement of station king posts – 31 January 2018
- **7 Shaft**
  - › Stripped out redundant pipe from surface to shaft bottom - 5,043m (Completed) ✓
  - › Replacement of all red (critical) buntons (21 out of 202 buntons complete) – 31 March 2018
  - › Remainder of all yellow buntons – 31 January 2019
- **8 Shaft**
  - › Install new 6” service water cascade column and commission (1,160m) (Completed) ✓
  - › Install new 10” dewatering column from MPS to 929 and commission – 7 January 2018
  - › Install new 10” dewatering column from 929 to surface and commission – 31 January 2019

## Production stability – Mining optimisation results



## Accelerated Development Plan

- Critical development fast tracked by deployment of mechanised drill rig and multi-blast operations to ensure sustainable production and grade profile
- Planned development of 350m per month on average







## FINANCIAL RESULTS



Deon Louw,  
Financial Director

# ZAR GOLD PRICE HEDGE FOR WEAKER CURRENCY

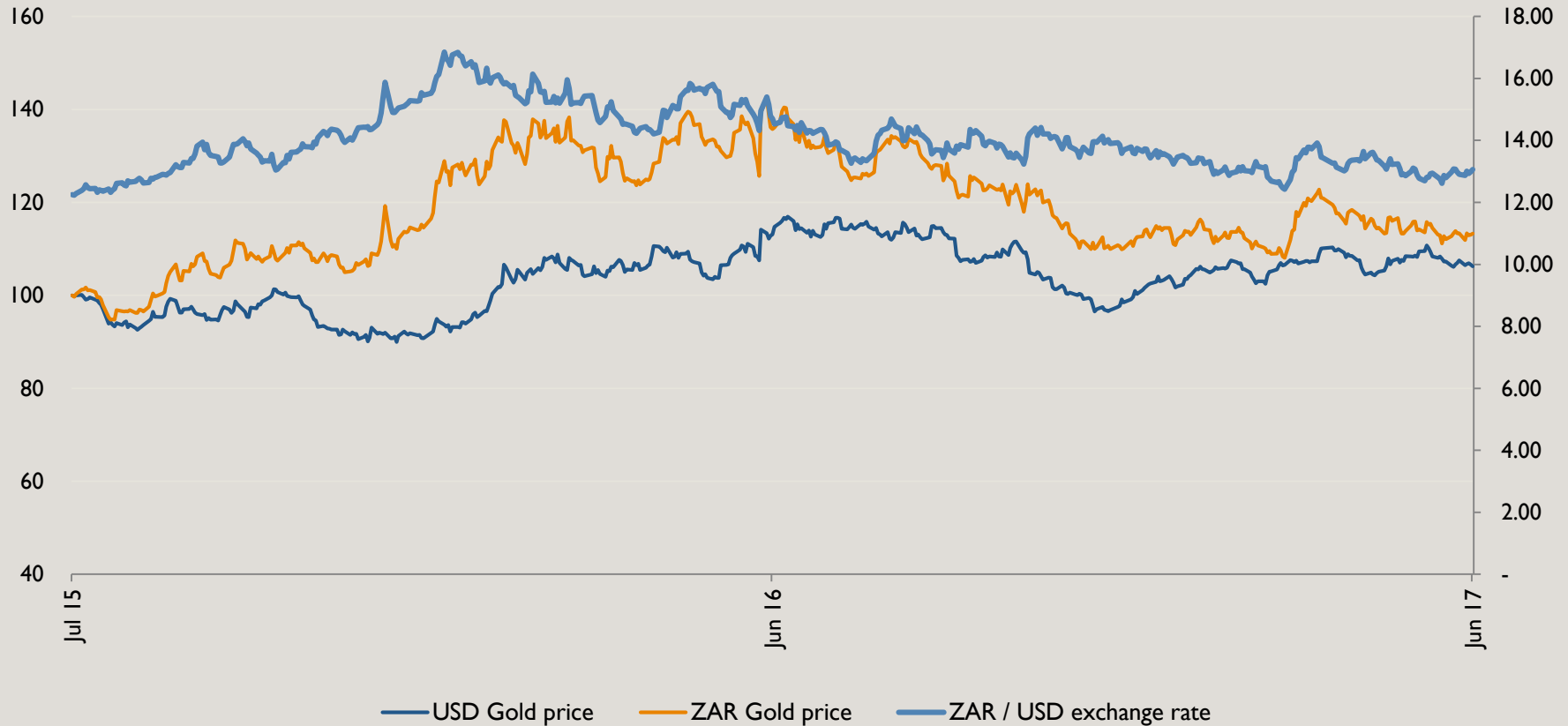


## USD vs ZAR gold price – 2 years ended 30 June 2017

Relative performance rebased to 100 (USD and ZAR gold)

USD/ZAR Gold price

Exchange rate



## Summarised consolidated results

		For the year ended 30 June 2017		For the year ended 30 June 2016	
		ZAR	GBP	ZAR	GBP
Revenue	(million)	2,925.3	169.6	3,460.1	161.3
Cost of production	(million)	(2,343.1)	(135.8)	(2,176.0)	(101.4)
Mining profit	(million)	401.2	23.3	1,069.8	49.9
Adjusted EBITDA	(million)	524.6	30.4	963.5	44.9
Profit after tax	(million)	309.9	17.9	547.0	25.5
Headlines earnings	(million)	315.6	18.3	547.1	25.5
EPS	(cents/pence)	19.81	1.14	30.20	1.41
HEPS	(cents/pence)	20.17	1.17	30.20	1.41
Proposed dividend	(cents/pence)	8.27856*	0.48697*	15.44	0.88
Net debt	(million)	67.6	4.0	339.6	17.2
Number of shares**	(million)	1,564.3	1,564.3	1,811.4	1,811.4

\* Approximate figures at ZAR17.00 exchange rate – dividend to be approved at the AGM

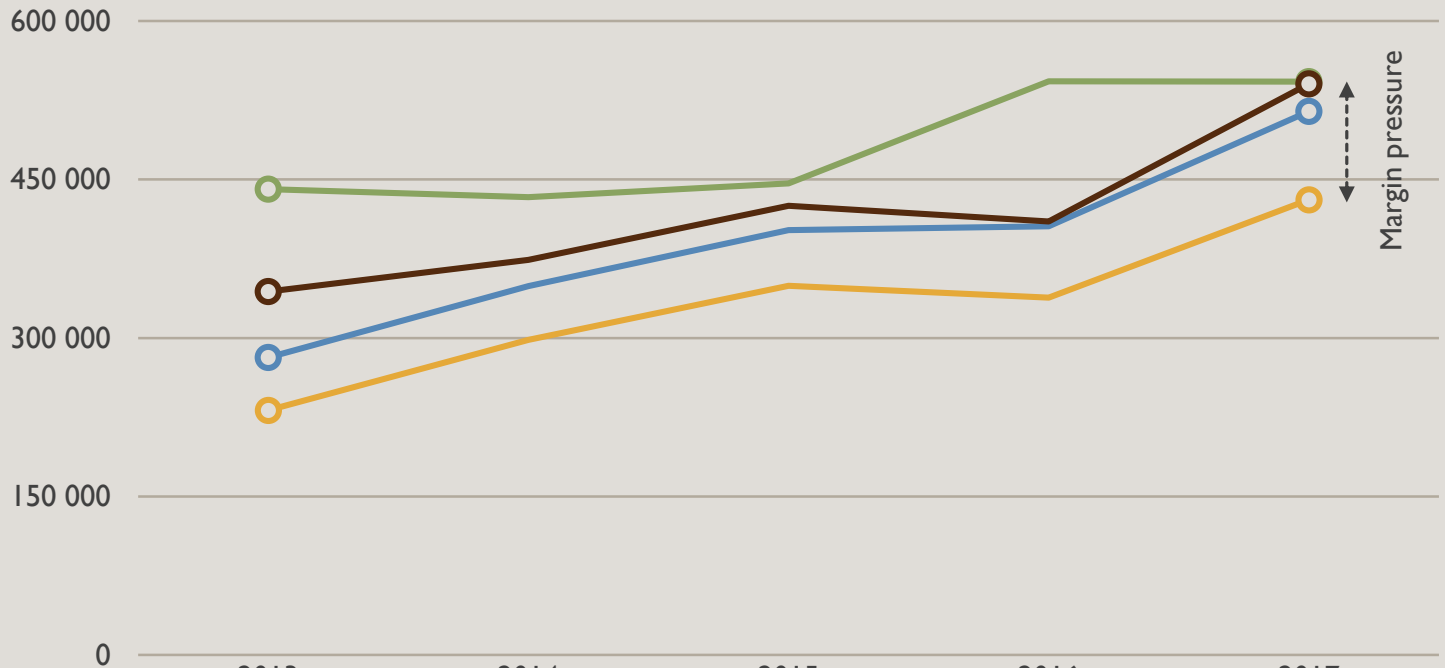
\*\* Weighted average number of shares in issue

# FINANCIAL SUMMARY – GROUP RESULTS



## Costs as defined by World Gold Council

ZAR/kg



- Average gold price received
- Cash cost
- All-in sustaining costs
- All-in costs

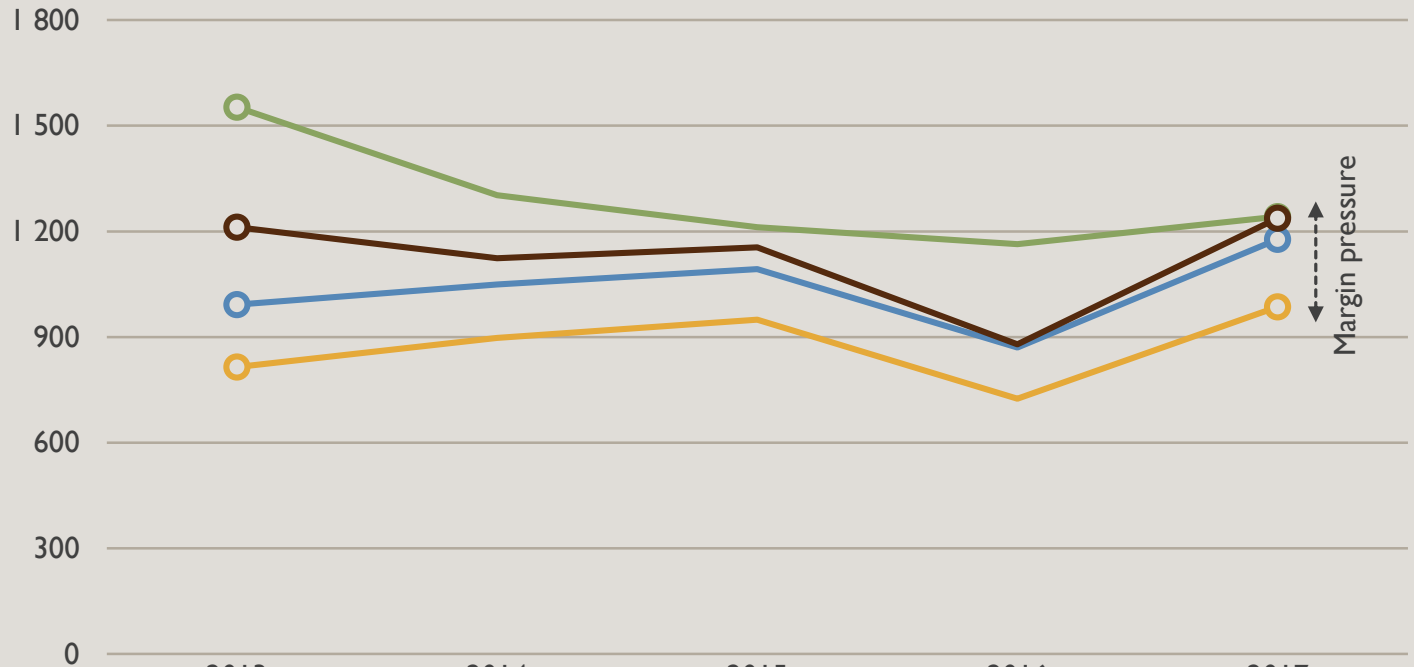
	2013	2014	2015	2016	2017
Average gold price received	440 824	433 437	446 274	542 850	542 773
Cash cost	231 439	298 345	349 410	338 242	430 863
All-in sustaining costs	281 551	349 008	402 221	405 847	514 435
All-in costs	343 949	374 015	425 084	410 206	540 693

# FINANCIAL SUMMARY – GROUP RESULTS



## Costs as defined by World Gold Council

USD/oz



- Average gold price received
- Cash cost
- All-in sustaining costs
- All-in costs

	2013	2014	2015	2016	2017
Average gold price received	1 553	1 303	1 212	1 164	1 242
Cash cost	815	897	949	725	986
All-in sustaining costs	992	1 049	1 093	870	1 177
All-in costs	1 212	1 124	1 155	879	1 237

# FINANCIAL SUMMARY – GROUP RESULTS



Allocation of cash flows	ZAR	GBP
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income before taxes from continuing operations	396,043,585	23,006,495
Net movement in non-cash flow items and discontinued operations	62,711,628	3,597,356
Operating profit before working capital changes	458,755,213	26,603,851
- Changes in working capital	57,638,606	3,341,368
Cash generated from operations	516,393,819	29,945,219
- Net finance costs and taxes paid	(177,346,187)	(10,144,489)
Net cash from operating activities	339,047,632	19,800,730
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(613,082,137)	(35,540,994)
Net movement in other investing activities	10,407,843	570,117
Net proceeds on disposal of Uitkomst	111,702,967	6,586,262
Net cash from / (used in) investing activities	(490,971,327)	(28,384,616)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Share issue increase	671,964,222	39,379,618
Net proceeds from loan finance	(178,938,857)	(10,903,005)
Dividend paid	(232,591,804)	(13,290,429)
Net cash from / (used in) financing activities	260,433,561	15,186,184
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	108,509,866	6,602,297
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	52,593,979	2,658,947
CASH AND CASH EQUIVALENTS ATTRIBUTABLE TO DISCONTINUED OPS	(880,283)	(51,903)
Effect of foreign exchange rate changes		237,801
<b>CASH AND CASH EQUIVALENTS END OF YEAR</b>	<b>160,223,562</b>	<b>9,447,144</b>

## Disciplined capital allocation decisions

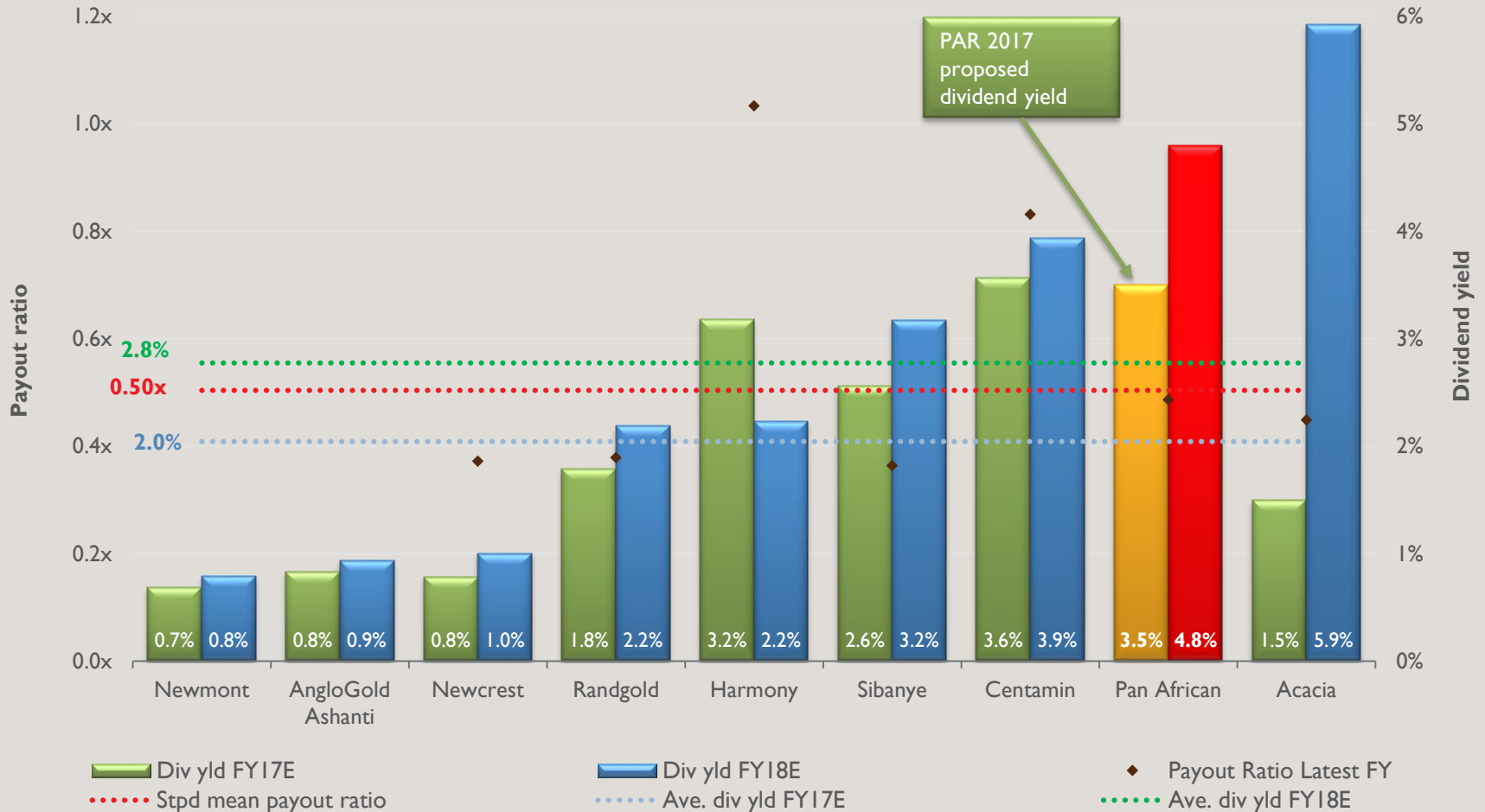
Project	Investment capital/ purchase price (ZARm)	Forecast payback period
Phoenix CTRP	308.9*	Forecasting 10 years payback on current PGM basket prices
BTRP	325.7	Paid back in 18 months
ETRP	174.3	Paid back in less than 3 years
Uitkomst Colliery	148.0	Disposed of Uitkomst for a profit of R91.3 million
Shanduka Gold transaction	546.7	Materially value accretive to shareholders – 17% increase in EPS
Elikhulu Tailings Project	175.5	Forecasting capital spend of R1.74 billion – Forecasting 4 years payback

\* Recorded ZAR125 million impairment for Phoenix during FY2013 and ZAR101 million during FY2017

# FINANCIAL SUMMARY – GROUP RESULTS



## PAR proposed dividend yield versus estimated dividend yield of our peers



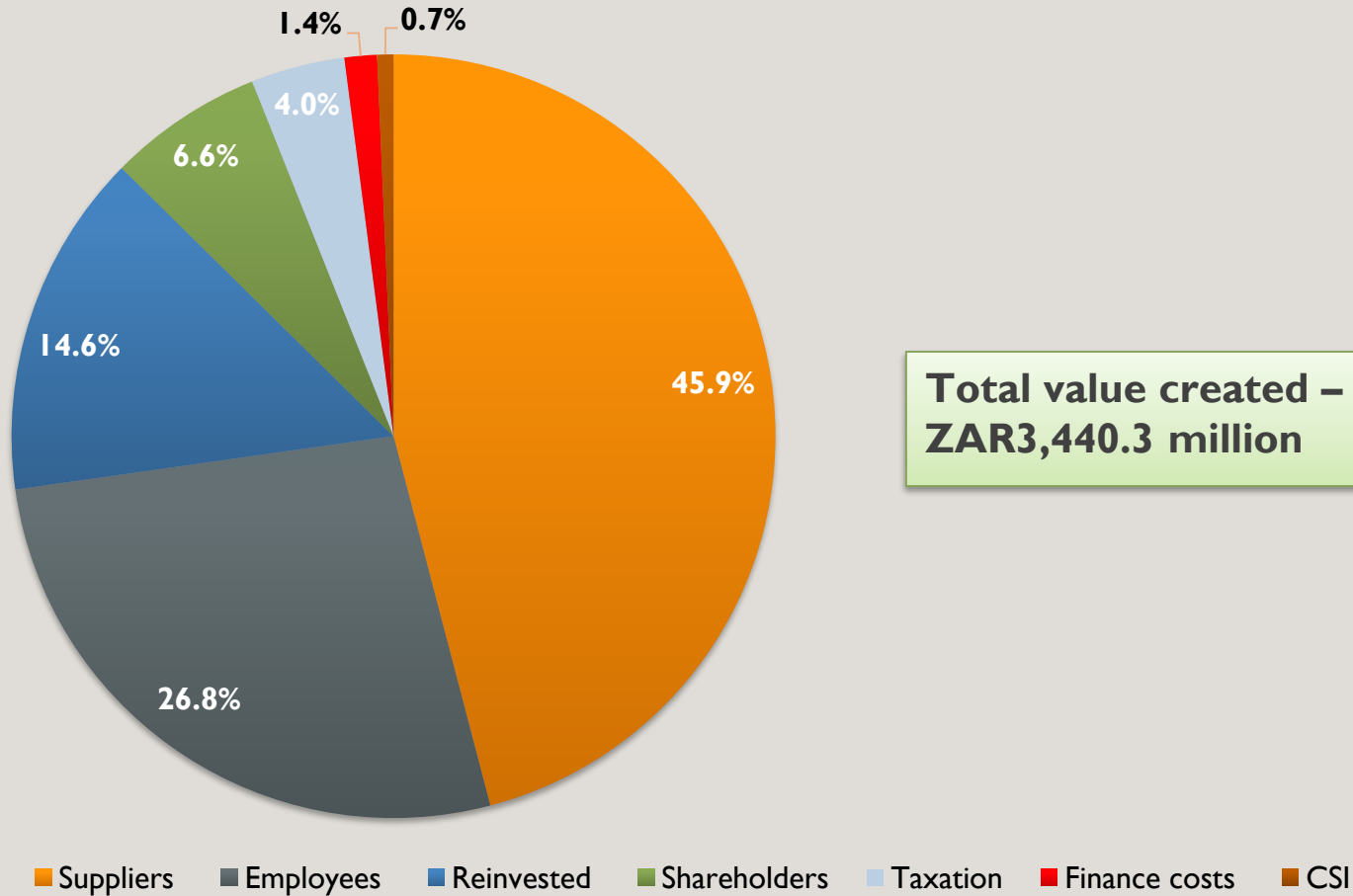
Source: Factset, based on broker consensus, Peel Hunt

Note: Pan African Resources 2017 dividend based on actual number and the JSE share price as at 15 September 2017

# FINANCIAL SUMMARY – GROUP RESULTS



## Value creation and distribution



GROWTH – WHERE TO  
NEXT?



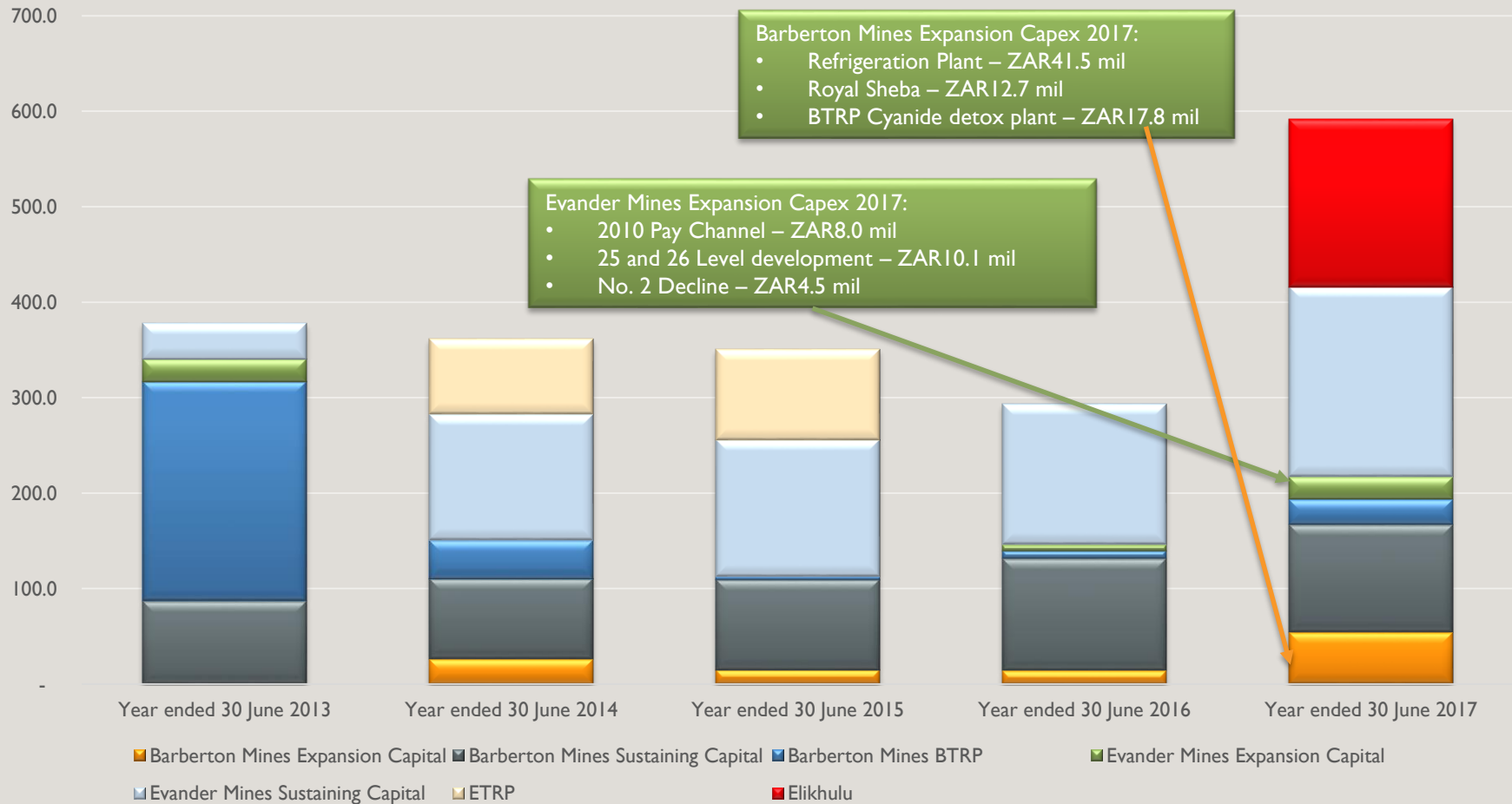
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# INVESTING IN THE FUTURE



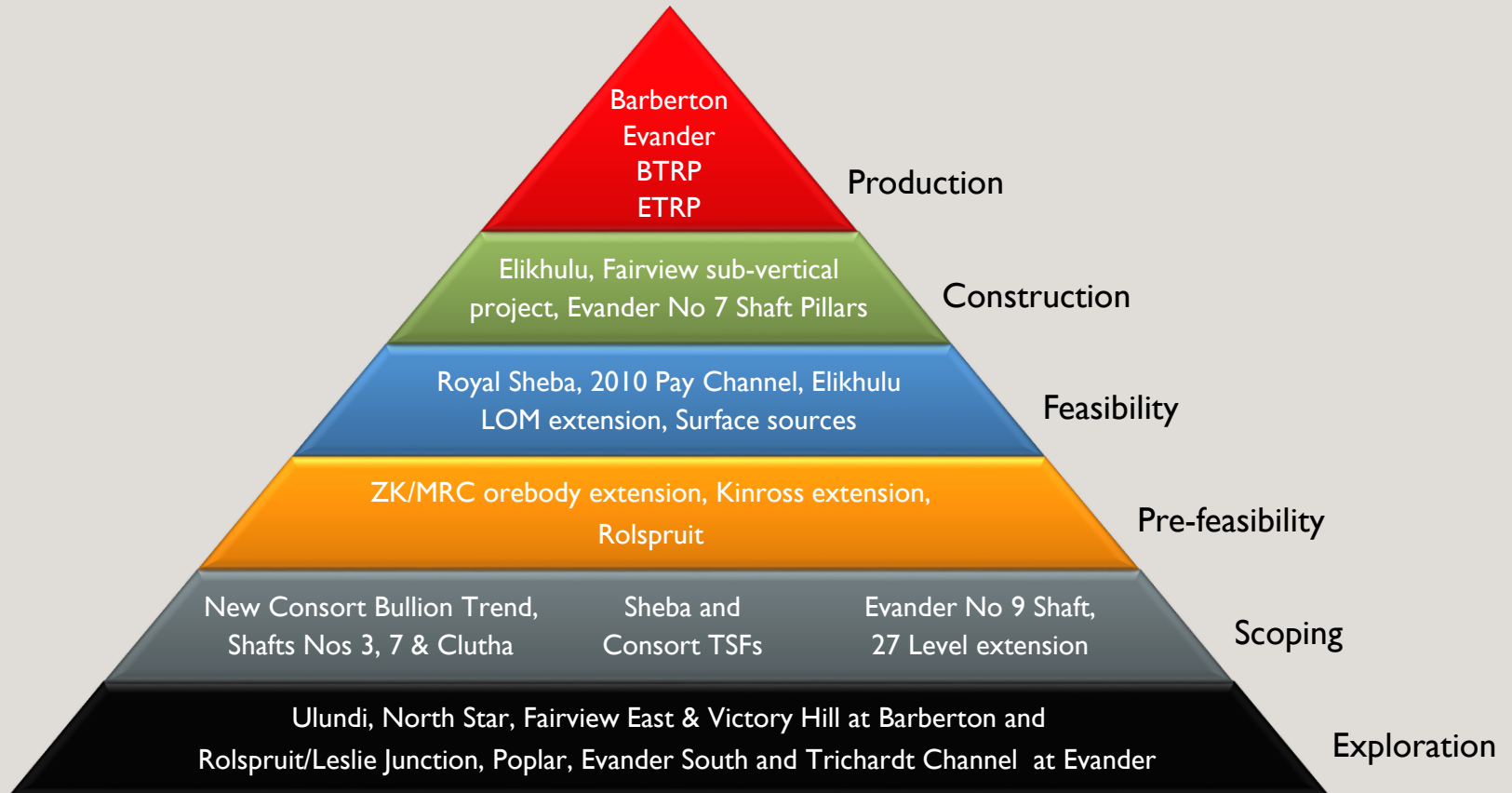
## Gold capital spend

ZAR' million



## Growth portfolio

Strong track record of delivery

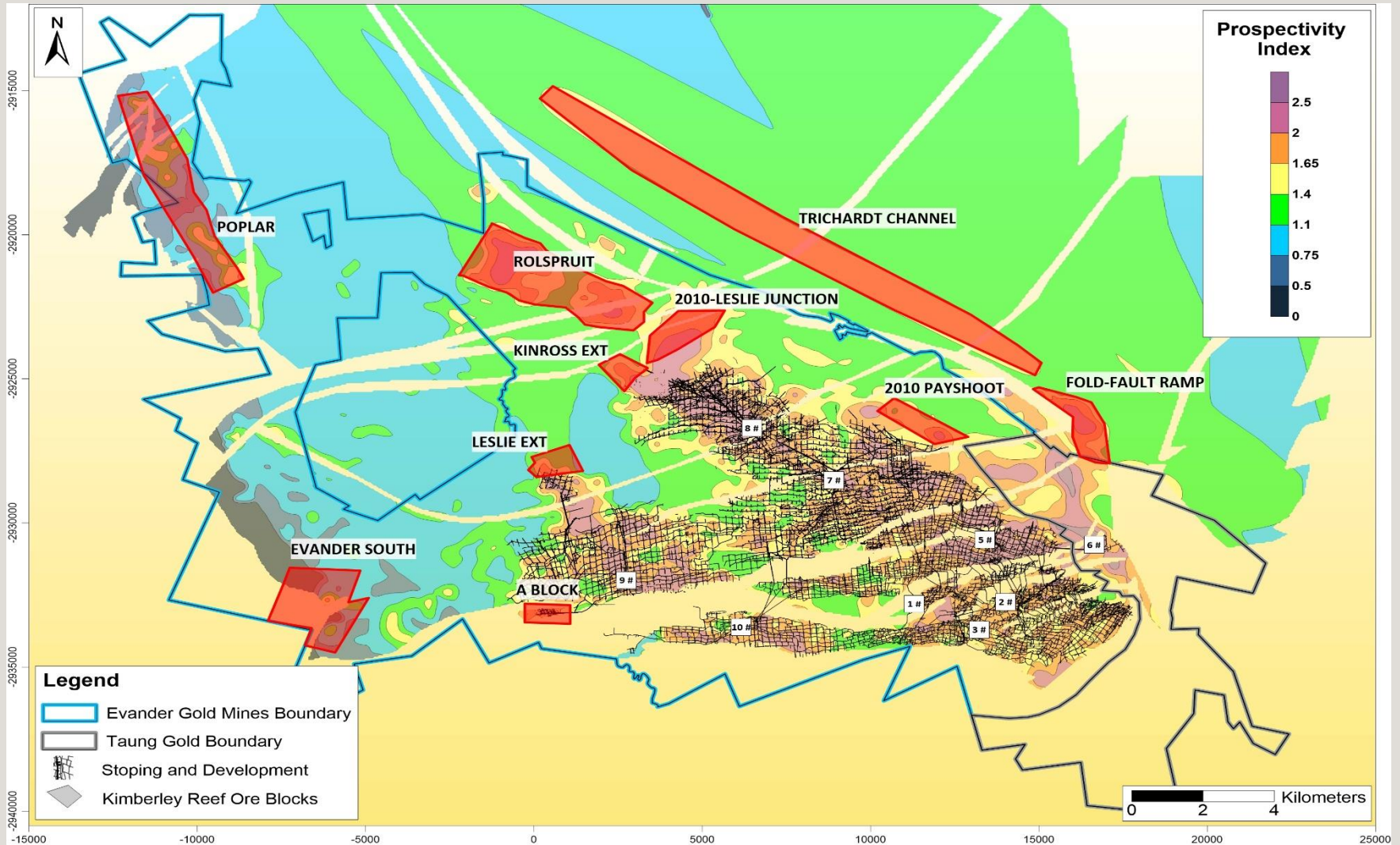


### Barberton Mines exploration – near mine targets

- **Fairview mine**
  - Infill drilling to maintain LOM of 20 years
  - Down-dip extension of MRC orebody to 72 level and beyond
  - Targeting inferred resources (0.3Moz) of the MRC (BH 5951 at 125.80g/t over 680cm )
  - Drilling targeting hanging wall orebodies located in the Moodies Formation e.g. Rositier at 25g/t
- **Sheba mine**
  - Infill drilling to maintain free gold production (300kg/annum) on the ZK orebody and down-dip extensions
  - Increasing resource definition drilling on the Royal Sheba orebody
- **New Consort mine**
  - Resource definition along the Bullion Trend
  - Drilling for extensions on the No. 3 Shaft orebody
- **Exploration – Greenfield targets**
  - Ulundi, North Star, Fairview East & Victory Hill

# GROWTH – WHERE TO NEXT?

## Other growth projects – Evander



## Evander 7 Shaft revival

- 7 Shaft vamping and pillar mining
- No. 3 decline dewatering project and subsequent vamping and pillar mining
- 2010 Pay Channel
  - Pay Channel is adjacent to 7 Shaft infrastructure and will not require new vertical shaft or plant infrastructure
  - Access to 2010 Pay Channel will be gained from No. 3 decline - already developed from 15 to 21 level
  - Dewatering and refurbishing of No.3 decline required from 18 level downwards
  - Access development required to 2010 Pay Channel from 18 level downwards
  - Capital estimation currently underway

### 7 Shaft: No. 3 decline and 2010 Pay Channel resources

Category	Tonnes million	Grade g/t	Contained gold	
			Tonnes	Moz
Measured	0.45	8.94	4.0	0.13
Indicated	0.70	7.11	5.0	0.16
Inferred	4.13	8.93	36.9	1.19
<b>Total</b>	<b>5.28</b>	<b>8.69</b>	<b>45.9</b>	<b>1.48</b>

# GROWTH – WHERE TO NEXT?

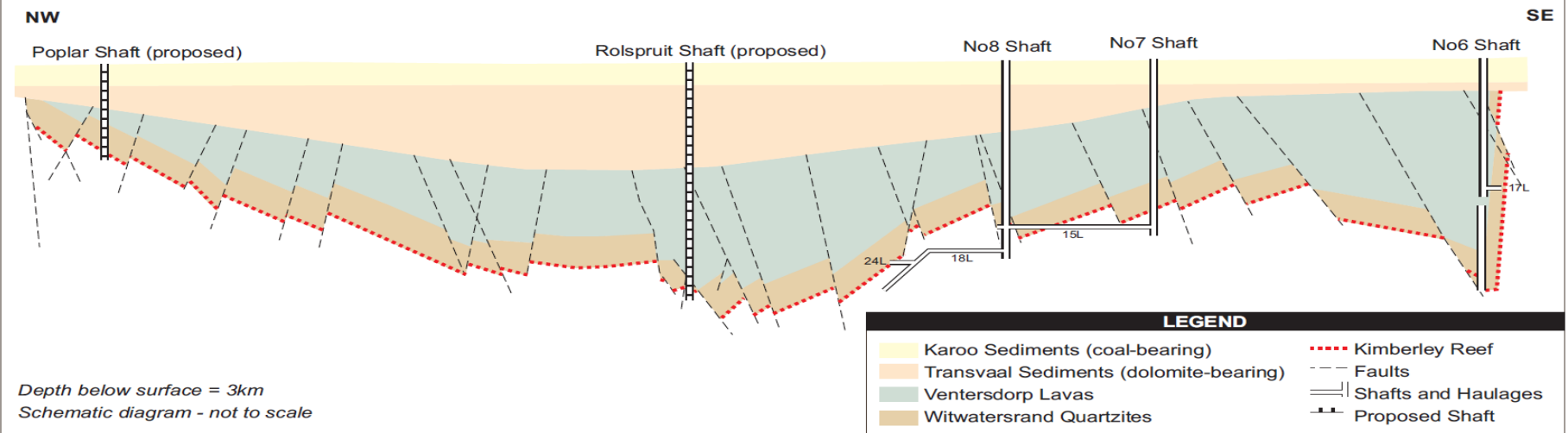


## Evander - Rolspruit

Evaluating options to access Rolspruit orebody by utilising current infrastructure

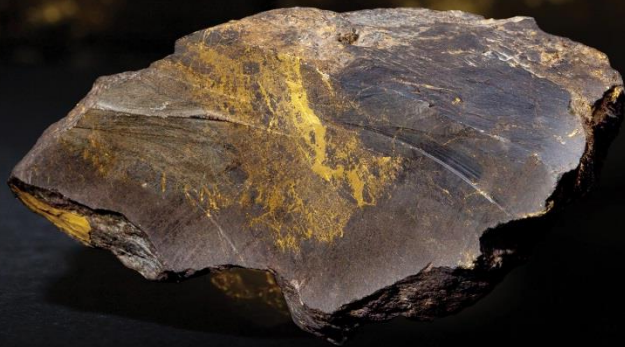
As a t 30 June 2017	Category	Tonnes million	Grade g/t	Contained gold	
				Tonnes	Moz
Mineral reserves	Proved				
	Probable	23.4	8.60	201.2	6.46
<b>Rolspruit</b>	<b>Total</b>	<b>23.4</b>	<b>8.60</b>	<b>201.2</b>	<b>6.46</b>

FIGURE 10: THE IDEALISED CROSS-SECTION OF THE EVANDER BASIN





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FOCUS FOR 2018

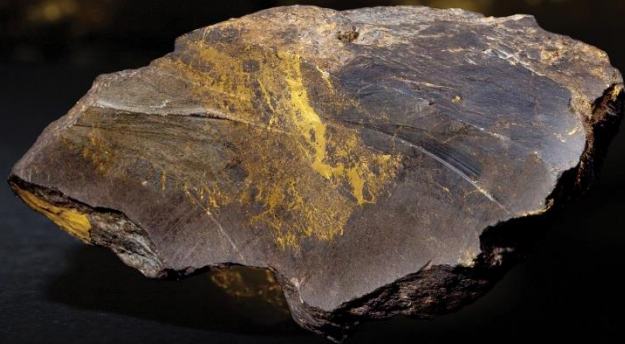
## 2018 KEY DELIVERABLES



- Continuing to improve our safety performance, regulatory compliance and stakeholder engagement across all operations
- Achieving gold production guidance of 190,000oz plus, with resultant reduction in AISC to sub USD1,000/oz
- Delivering Elikhulu on time and on budget
- Growth – Evander Mines 7 Shaft and Barberton Mines sub-vertical shaft
- Continue to seek value-accretive acquisition opportunities



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THANK YOU

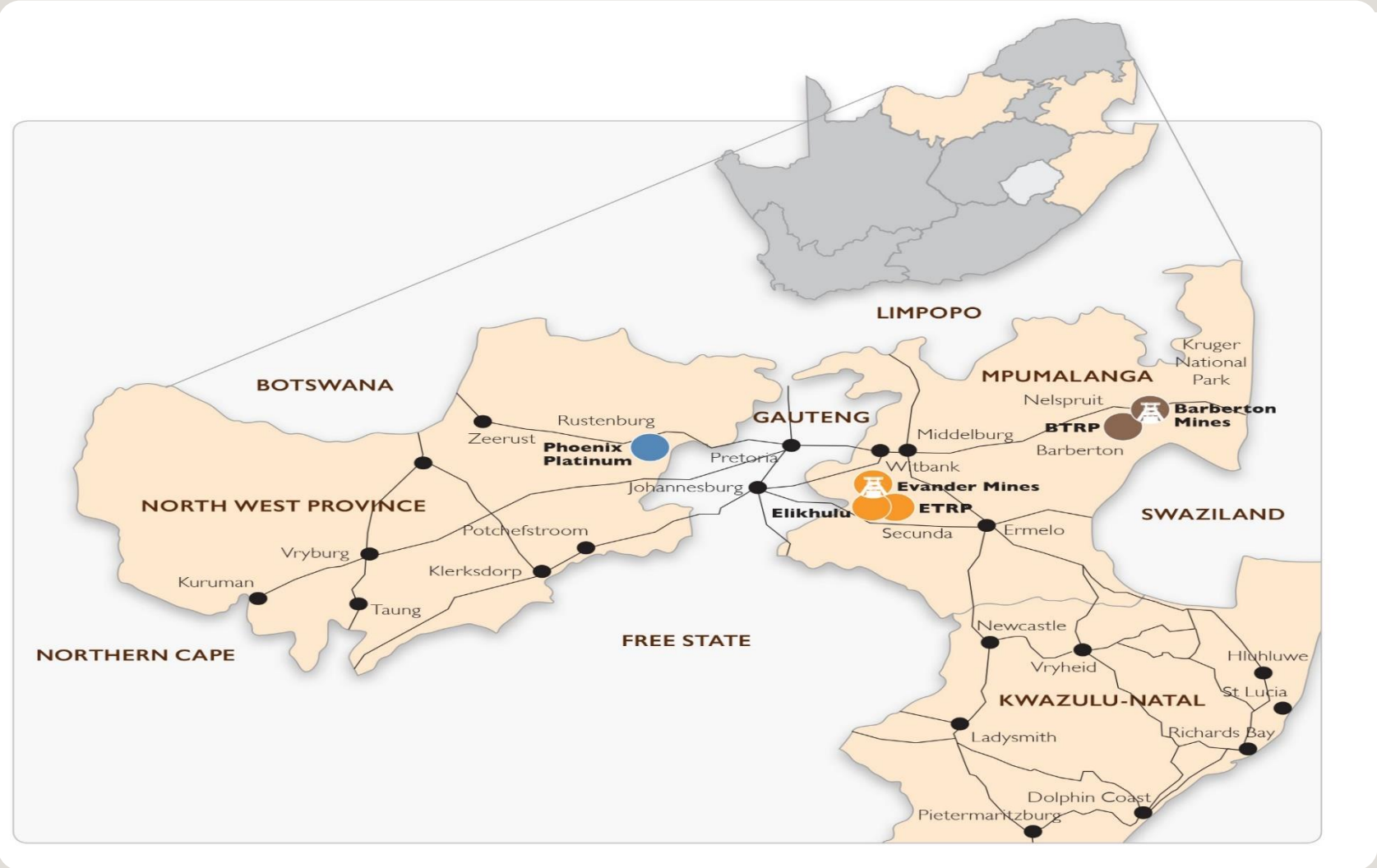


## APPENDIX

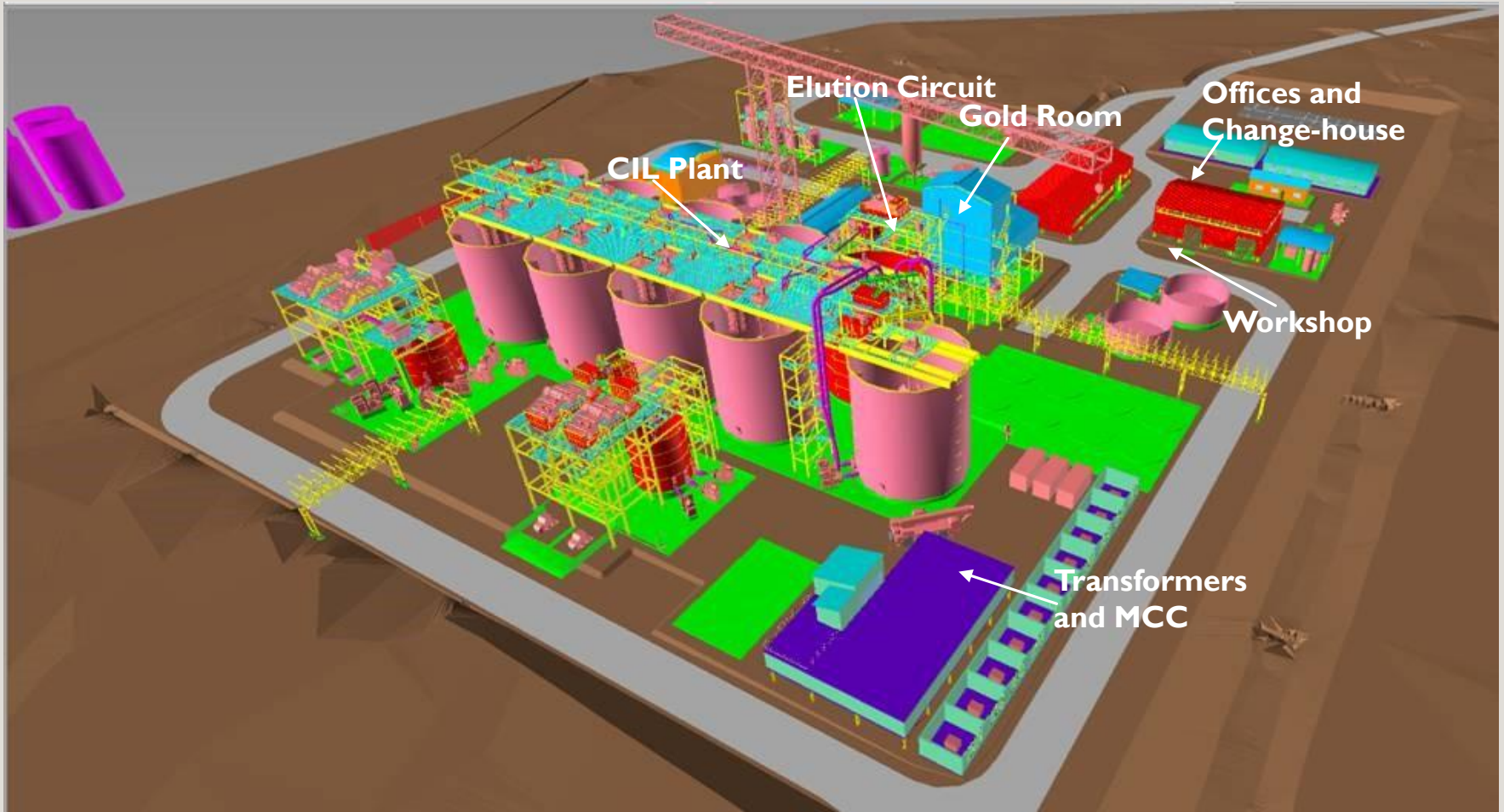


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# GEOGRAPHICAL MAP



# ELIKHULU PLANT DESIGN



# ELIKHULU – CURRENT STATUS



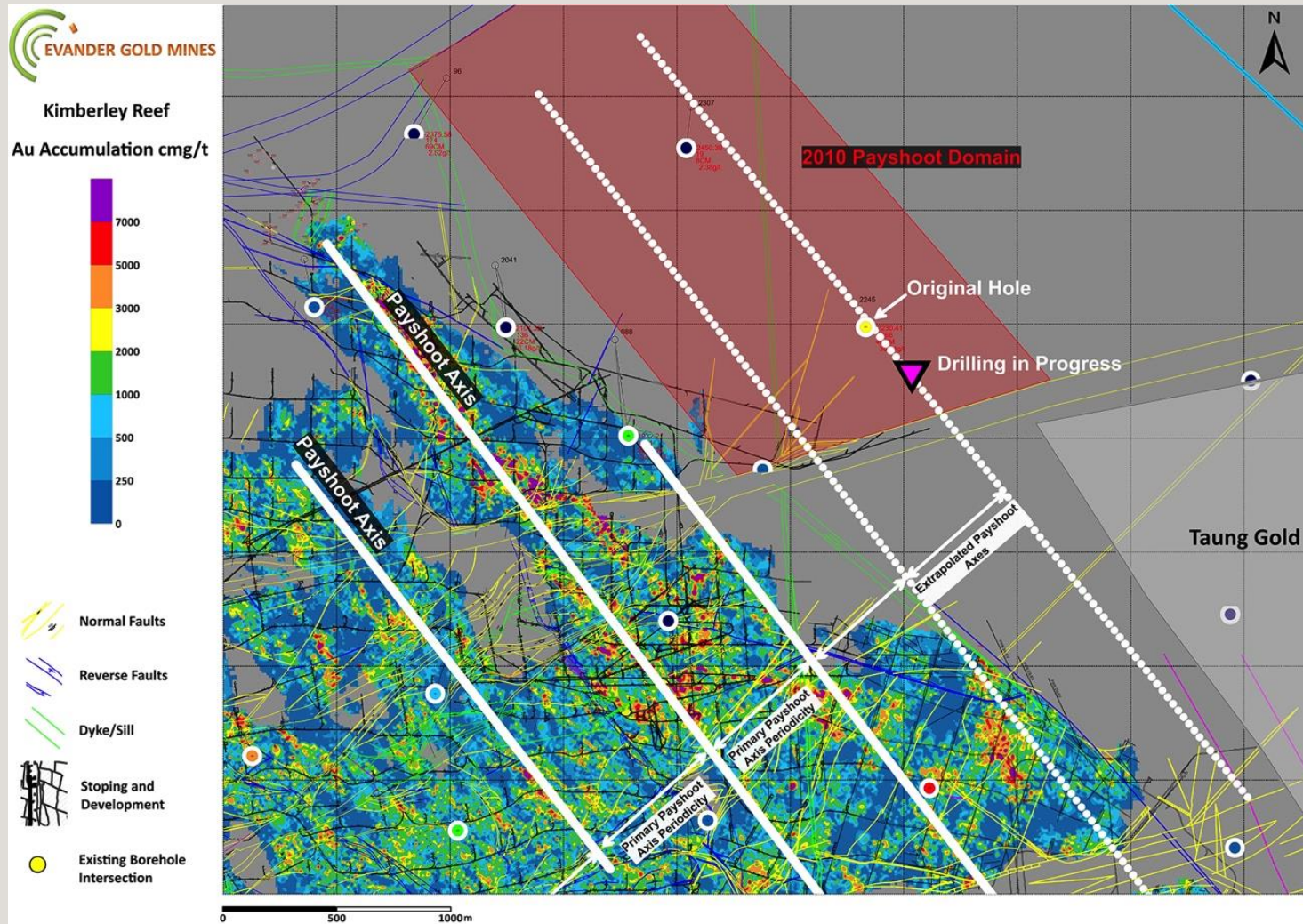
Crane base

1<sup>st</sup> CIL tank base

Pre-oxidisation tank base



## Evander 2010 Pay Channel



## PAN share price relative to market – 5 years ended 30 June 2017

Relative performance rebased to 100

