

# PAN AFRICAN RESOURCES



Investor Presentation | July 2020

**mines** and **money**

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## OVERVIEW OF PRESENTATION

- Company information
- Overview of our operations
- H1 FY20 – Highlights and key focus areas
- Key features - Financial
- Environmental, Social and Governance (ESG)
- Impact of COVID-19
- Near-term organic growth projects
- Where to next – FY20 and beyond

## COMPANY INFORMATION

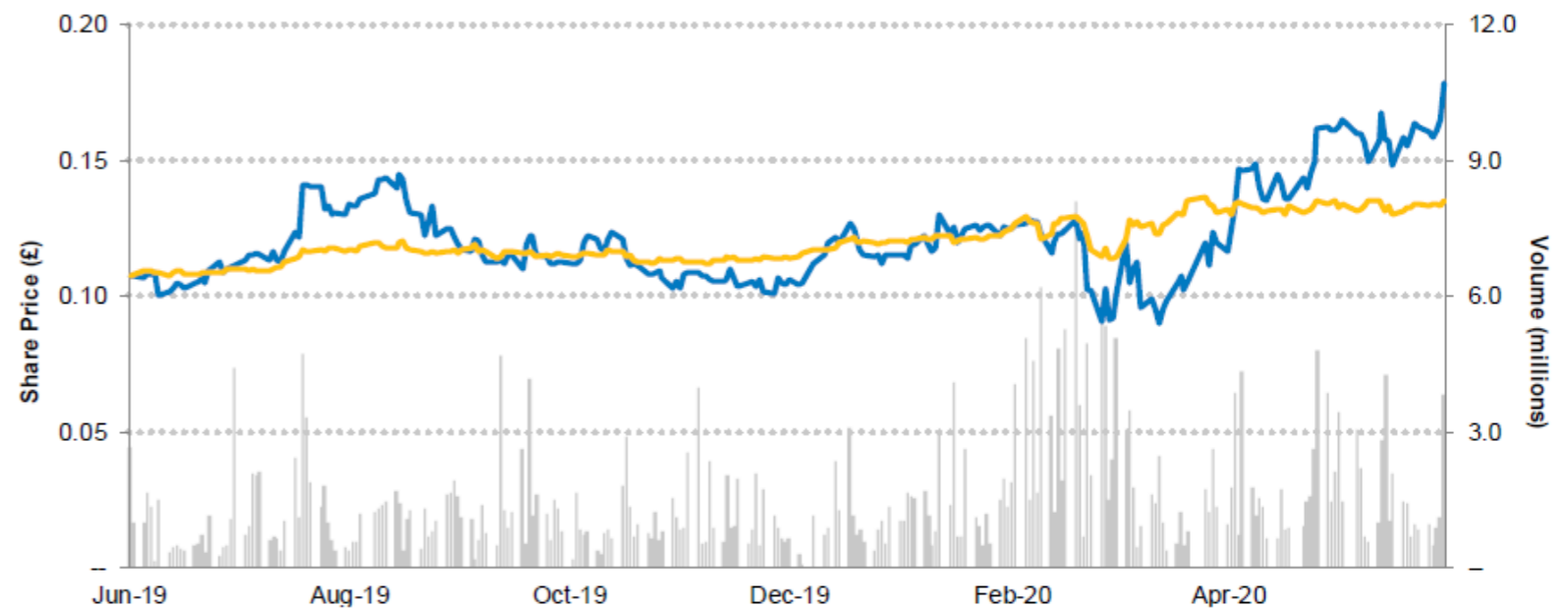
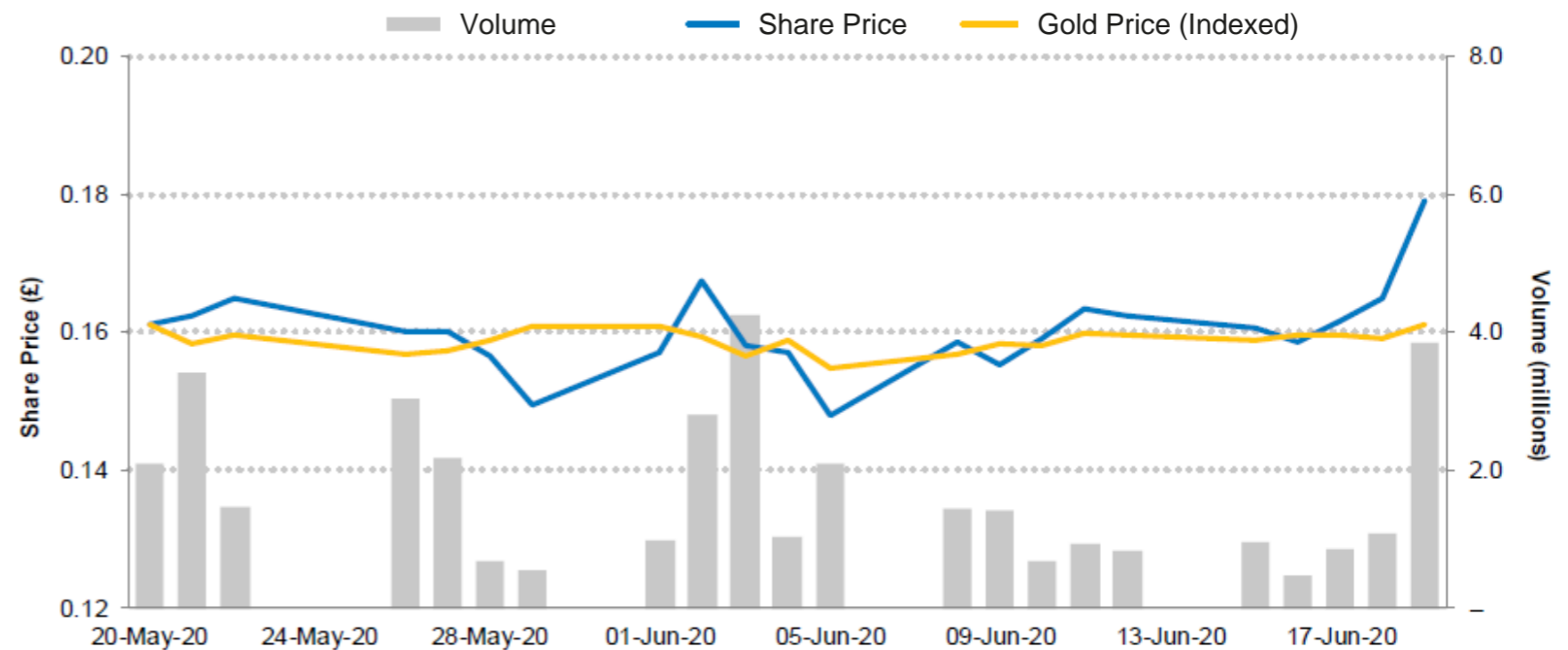
### Share price and market capitalisation as at 19 June 2020

- AIM 17.90p
- 12 month change +69%
- Market Capitalisation US\$ 495 m
- Shares Outstanding 2,235 m
- Treasury Shares 306 m
- Shares in market 1,929 m

### Major shareholders

- Allan Gray IM (SA) 28%
- PAR Gold (SA) 14%
- Investec (SA) 6%
- Ruffer (UK) 5%
- PIC (SA) 5%

### SHARE PRICE PERFORMANCE (1 MONTH & 1 YEAR)

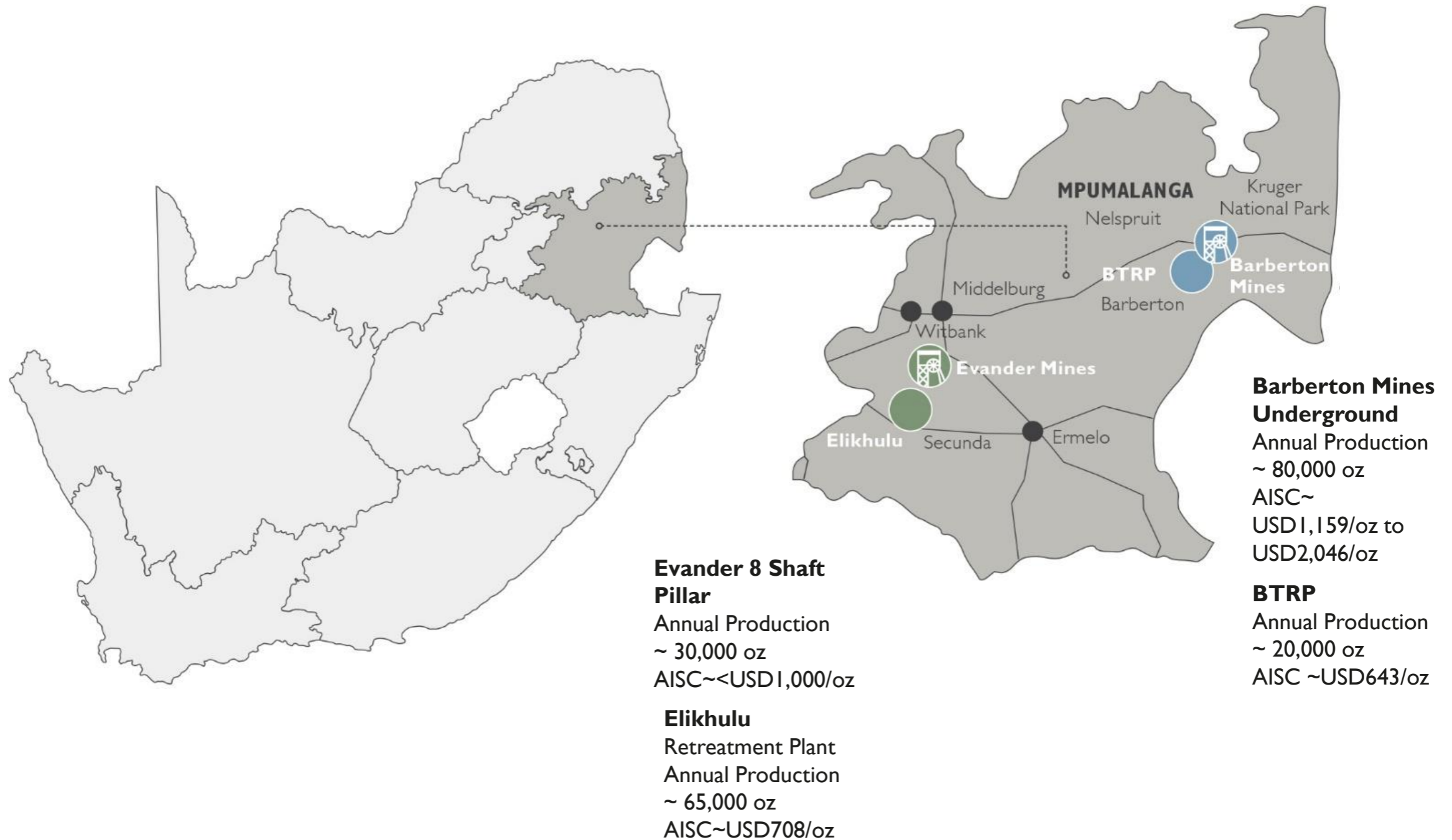


Source: BMO Capital Markets



## OVERVIEW OF OUR OPERATIONS

Pan African's business represents a unique combination of underground mining and surface re-mining



## OVERVIEW OF OUR OPERATIONS

### Group Summary

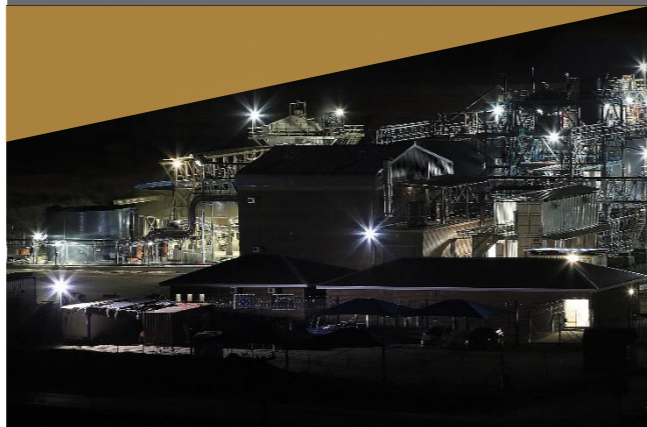
#### BARBERTON MINES

- The birthplace of BIOX<sup>®</sup> and our flagship operation, together with Elikhulu
- High margin, high grade gold producer
- Excellent safety record – achieved 3 million fatality free shifts in June 2020
- Life of mine – 20 years
- Initiatives to reduce AISC at higher cost operations in place



#### BTRP

- Successfully commissioned in 2013
- Designed to treat 100,000 tonnes per month
- BTRP adds low cost and low risk ounces to our production profile
- Turns environmental rehabilitation liabilities into profits
- Land repurposed for agri-projects to reduce carbon footprint and sustain communities
- Life of mine – 9 years (3 years at current rate of production)
- Work ongoing to ensure production run-rate is maintained



#### ELIKHULU

- Elikhulu was constructed within budget and commissioned ahead of schedule in 2018
- The USD120m plant is one of the lowest cost operations in Africa
- Processing 1.2mt of historic tailings per month
- Technologically advanced automated plant, minimal labour required
- Life of mine – 12 years
- Solar plant approved to further reduce costs



#### EVANDER 8 SHAFT PILLAR

- Maximising the value of our own asset portfolio - the 8 Shaft pillar project to be at steady-state production at end June 2020 after COVID-19 lockdown restrictions
- Initial capital outlay ~ USD 5m
- Forecasting sub 12-month payback period
- Life of mine - 3 years
- Mining expertise to be redeployed at adjacent Egoli project (mining FS complete)

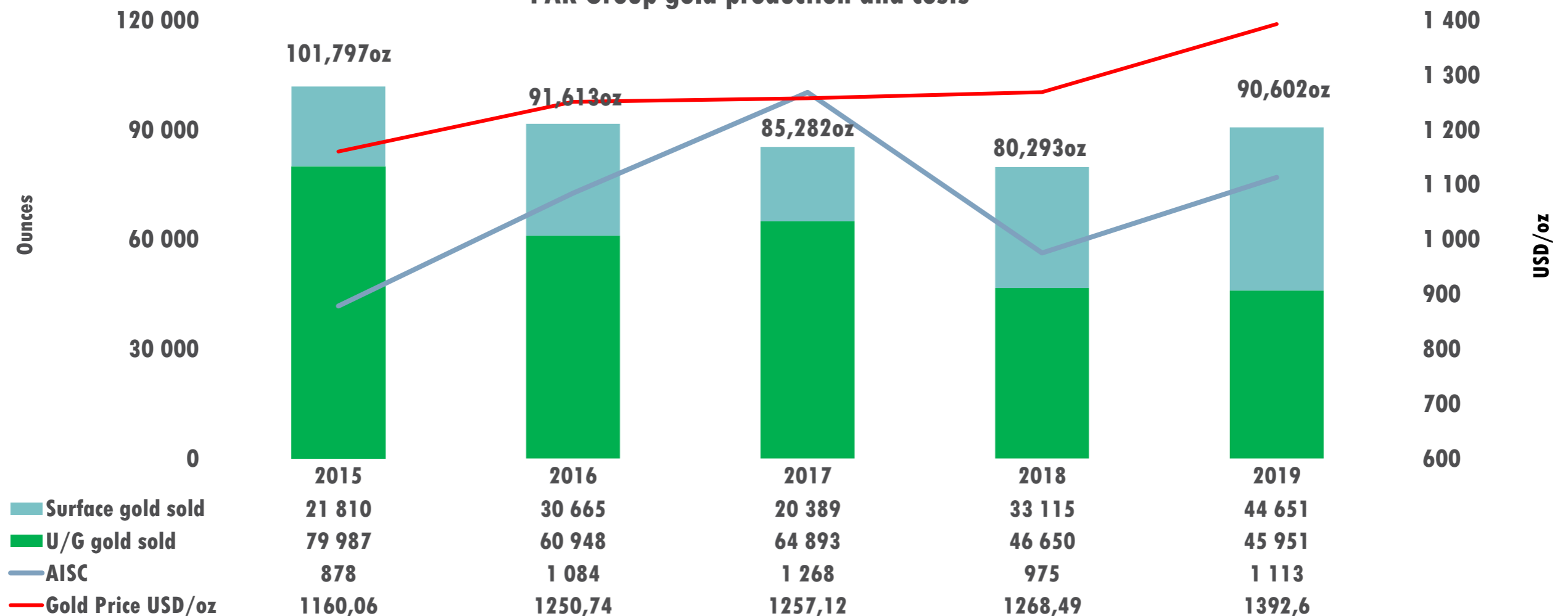


## OVERVIEW OF OUR OPERATIONS

### Group production – solid performance and on track to meet guidance

- Gold sold increased by 13.6% to 90,602oz (2018: 79,765oz)
- Group AISC of ZAR526,150/kg (2018: ZAR444,946/kg), or USD1,113/oz (2018: USD975/oz)
- Low risk, high-margin tailings business has increased to 49.3% of group production

PAR Group gold production and costs

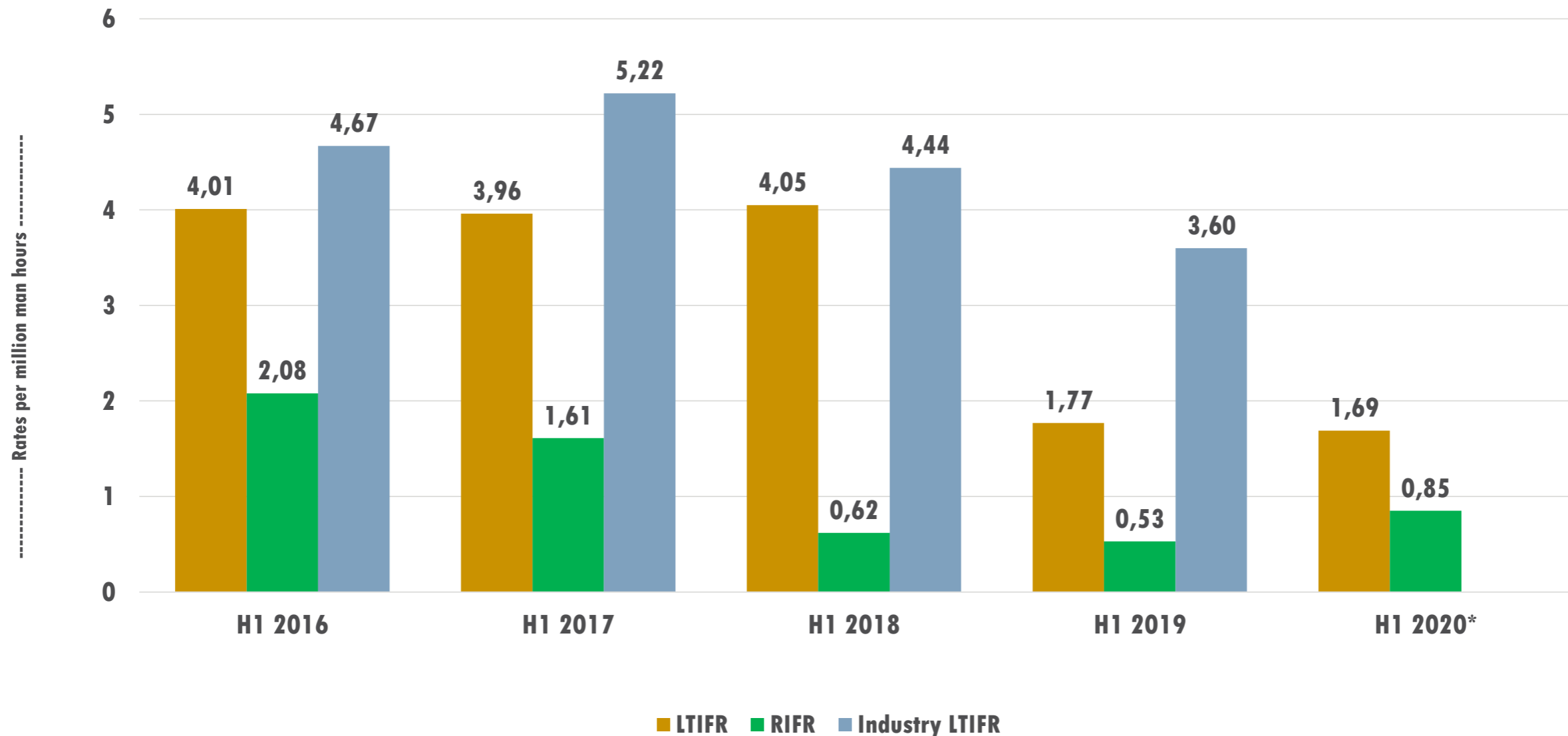


## H1 FY20 – HIGHLIGHTS AND KEY FOCUS AREAS

### Group safety

*“Notwithstanding the fact that injury rates are well below industry average, we continuously strive to improve our safety performance and achieve our aim of zero harm to our employees” – Cobus Loots, CEO*

**Barberton Mines achieved 3 million fatality free shifts during June 2020**



*\*Industry rates not available yet*



## H1 FY20 – HIGHLIGHTS AND KEY FOCUS AREAS

### Reducing group all-in sustaining cost

Total operations				Group excl. Consort and Evander U/G
Total underground	Total Tailings/ surface	Group Total		
All-in sustaining cost per (ZAR/kg)	684,342	363,352	526,150	460,924
All-in sustaining cost ( USD/oz)	1,448	769	1,113	975

Low cost operations				Total lower cost operations
Fairview Mine	BTRP	Elikhulu		
All-in sustaining cost per (ZAR/kg)	547,979	303,952	334,471	402,486
All-in sustaining cost ( USD/oz)	1,159	643	708	852

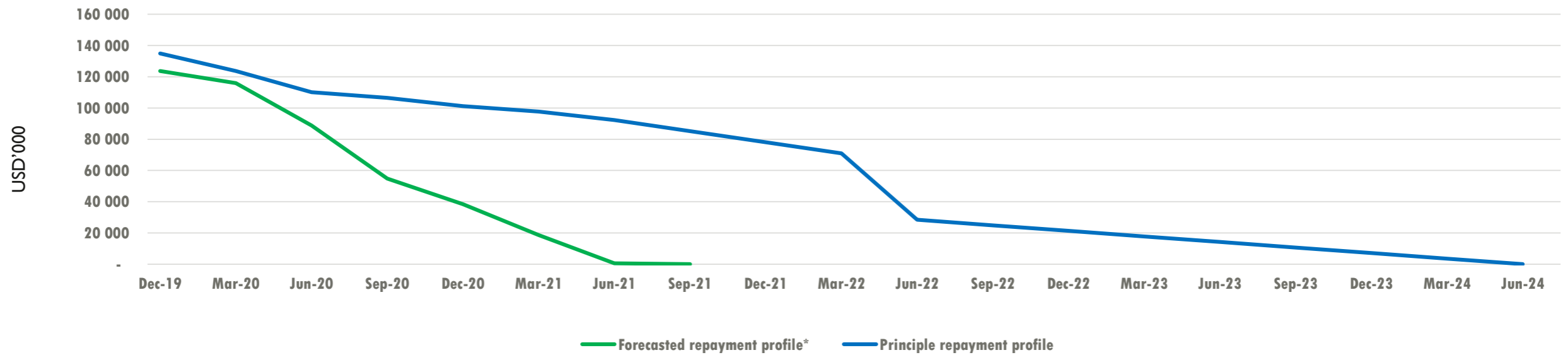
Higher cost operations					
	Evander underground	Consort Mine	Sheba Mine	Evander surface sources	Total higher cost operations
All-in sustaining cost per (ZAR/kg)	834,922	967,141	692,092	675,549	778,569
All-in sustaining cost ( USD/oz)	1,767	2,046	1,464	1,429	1,647



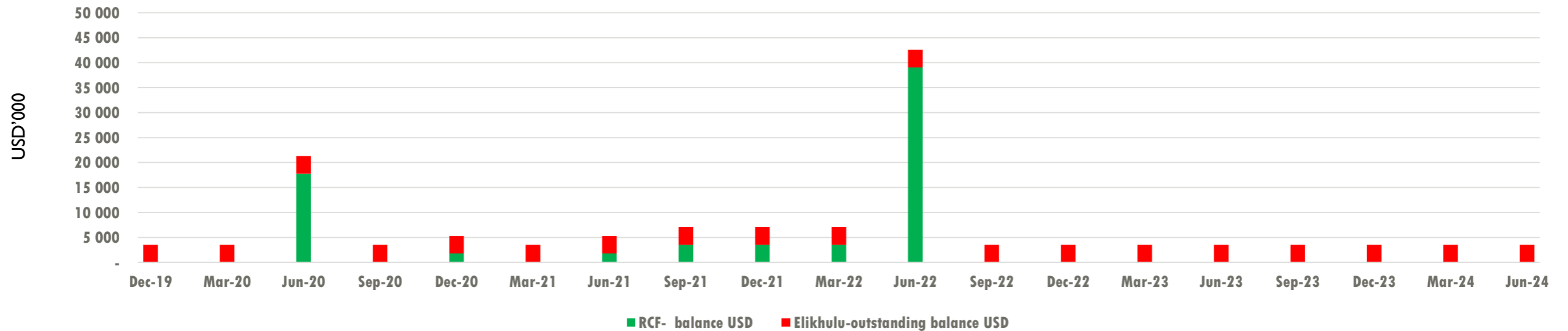
# KEY FEATURES – FINANCIAL

## GROUP CASH FLOW GENERATION AND DEBT REDEMPTION

### Illustrative de-gearing – assuming forecast assumptions are achieved



### Senior debt repayment profile



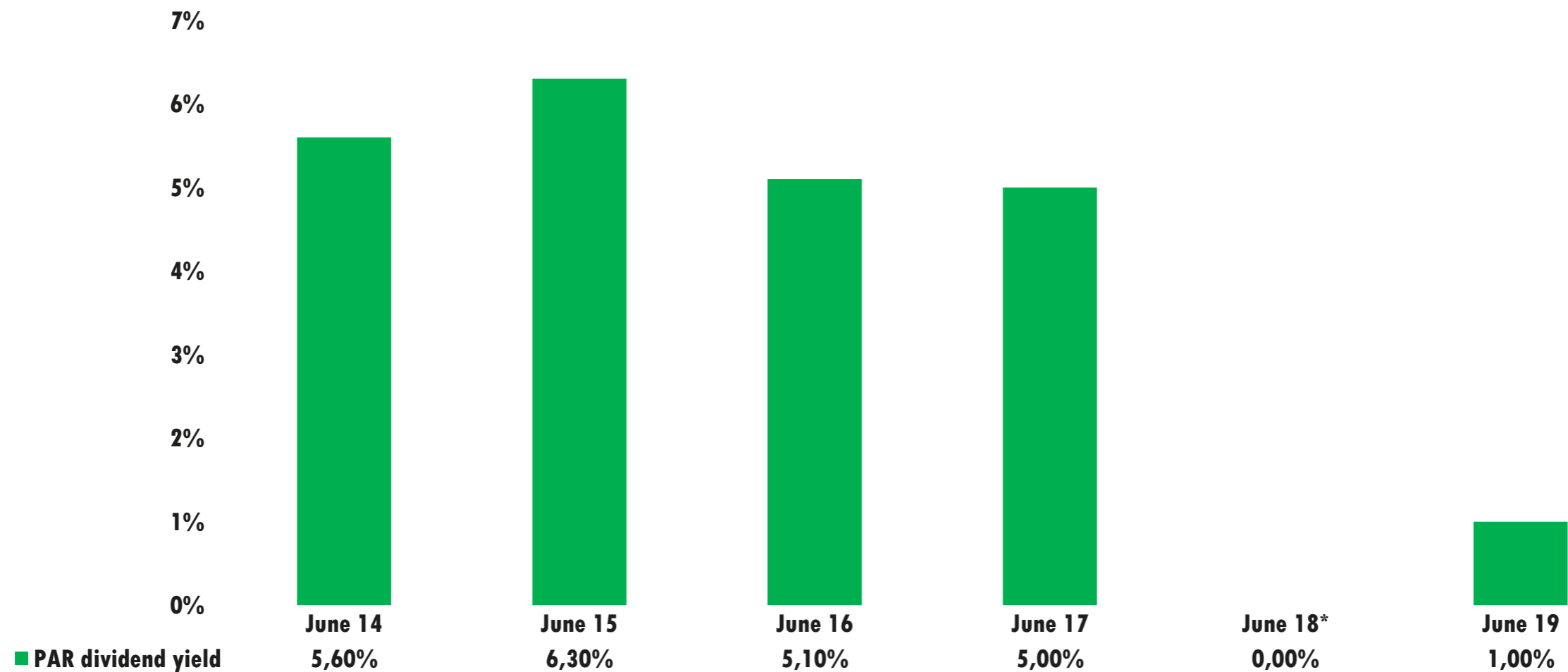
**\*Assumptions:**

- R730,000/kg gold price up to 30 June 2020 with a 5% annual escalation from 1 July 2020
- Guided ounces
- H1 FY20 actual costs with anticipated cost increases
- Converted ZAR to USD at a rate of 1USD:14.08ZAR



## KEY FEATURES – FINANCIAL GROUP CASH FLOW GENERATION AND DEBT REDEMPTION

### Historic dividend yield – dividends reinstated

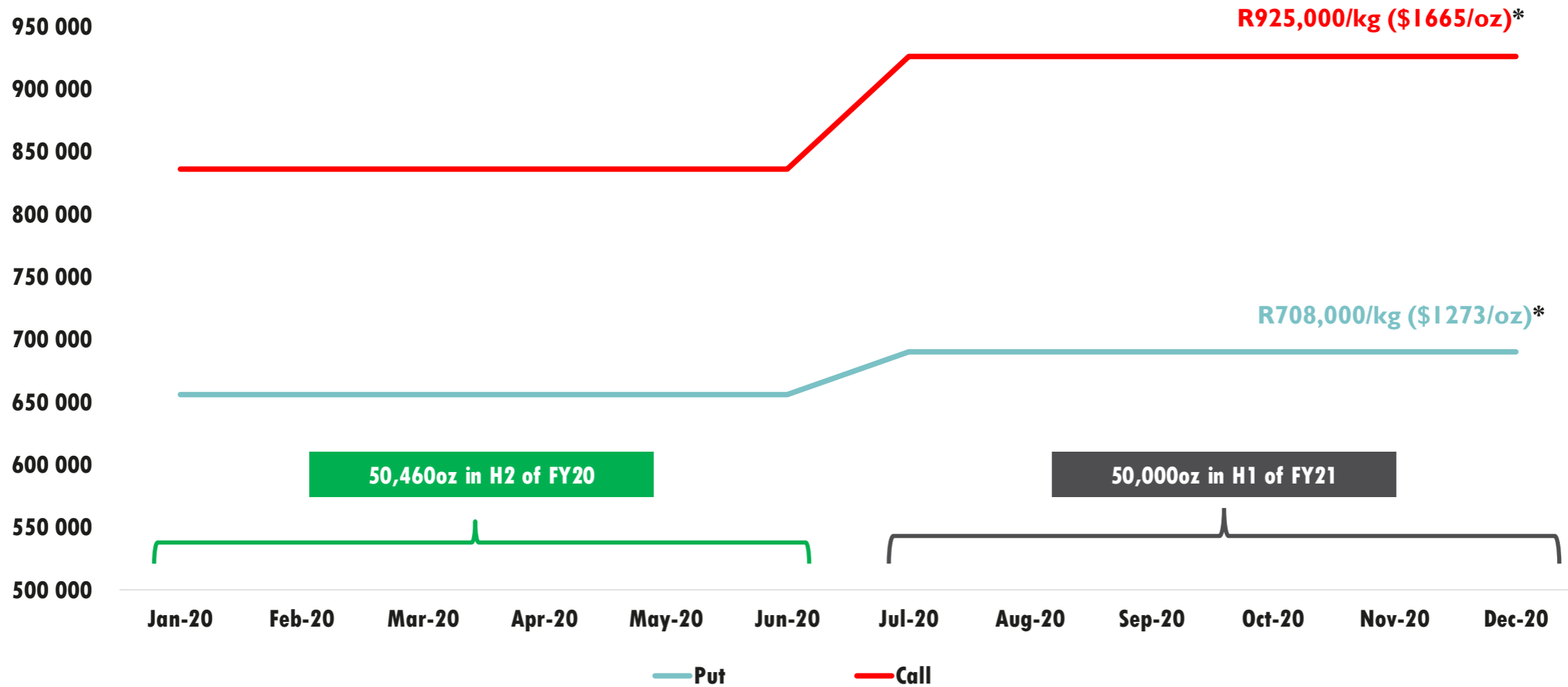


\* Dividend suspended due to cessation of large-scale deep level underground mining at Evander 8 Shaft and construction of the Elikhulu Tailings Retreatment Plant



# KEY FEATURES – FINANCIAL GROUP CASH FLOW GENERATION AND DEBT REDEMPTION


## Hedging summary – zero cost collars



\*\$/ZAR: 17,30

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)


### H1 FY20 ESG Highlights



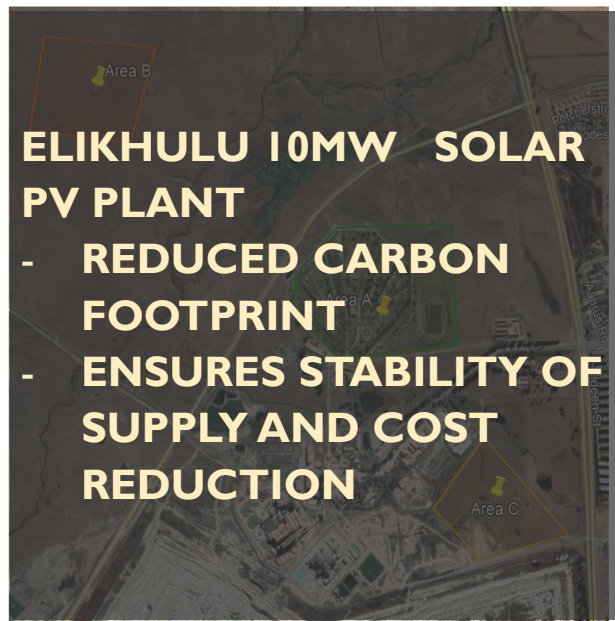
**COMMENCED CONSTRUCTION OF HEALTHCARE INFRASTRUCTURE PROJECT - BARBERTON MINES COMMUNITY - TO BE COMPLETED IN 2021**



**DONATED 4 MOBILE LIBRARIES TO SCHOOLS SURROUNDING EVANDER MINES**




**SPENT USD0.9 MILLION ON REHABILITATION OF OLD SHAFTS AND INFRASTRUCTURE**




**ELIKHULU 10MW SOLAR PV PLANT**


- REDUCED CARBON FOOTPRINT
- ENSURES STABILITY OF SUPPLY AND COST REDUCTION




**INVESTED USD0.8 MILLION IN SKILLS AND DEVELOPMENT TRAINING OF EMPLOYEES**



**INVESTED USD0.04 MILLION ON BURSARIES 7 BURSARY STUDENTS FROM LOCAL COMMUNITIES IN SKILLED EMPLOYMENT AT BARBERTON**



**TOTAL REHABILITATION TRUST FUND USD25.6 MILLION, CLOSURE LIABILITIES FULLY FUNDED**



**BARBERTON BLUEBERRIES**

- EMPLOYMENT FOR LOCAL COMMUNITIES
- OPTIMISE USE OF LAND AND WATER RESOURCES

## COVID-19 COMPLIANCE MEASURES AND RELIEF PROGRAMMES

### Operational prevention measures and Community and Employee Relief initiatives

**PROACTIVELY  
MANAGING THE RISKS  
ASSOCIATED WITH THE  
PANDEMIC**



**BARBERTON  
OPERATIONS:  
FOOD AND HYGIENE  
HAMPERS TO FAMILIES  
IN HOST COMMUNITIES,  
PROVISION OF WATER  
TANKERS**



**FINANCIAL IMPACT:  
COST OF  
IMPLEMENTING  
COMPLIANCE MEASURES  
TO DATE: R3,0M  
COMMUNITY  
INITIATIVES:  
R5,5M**



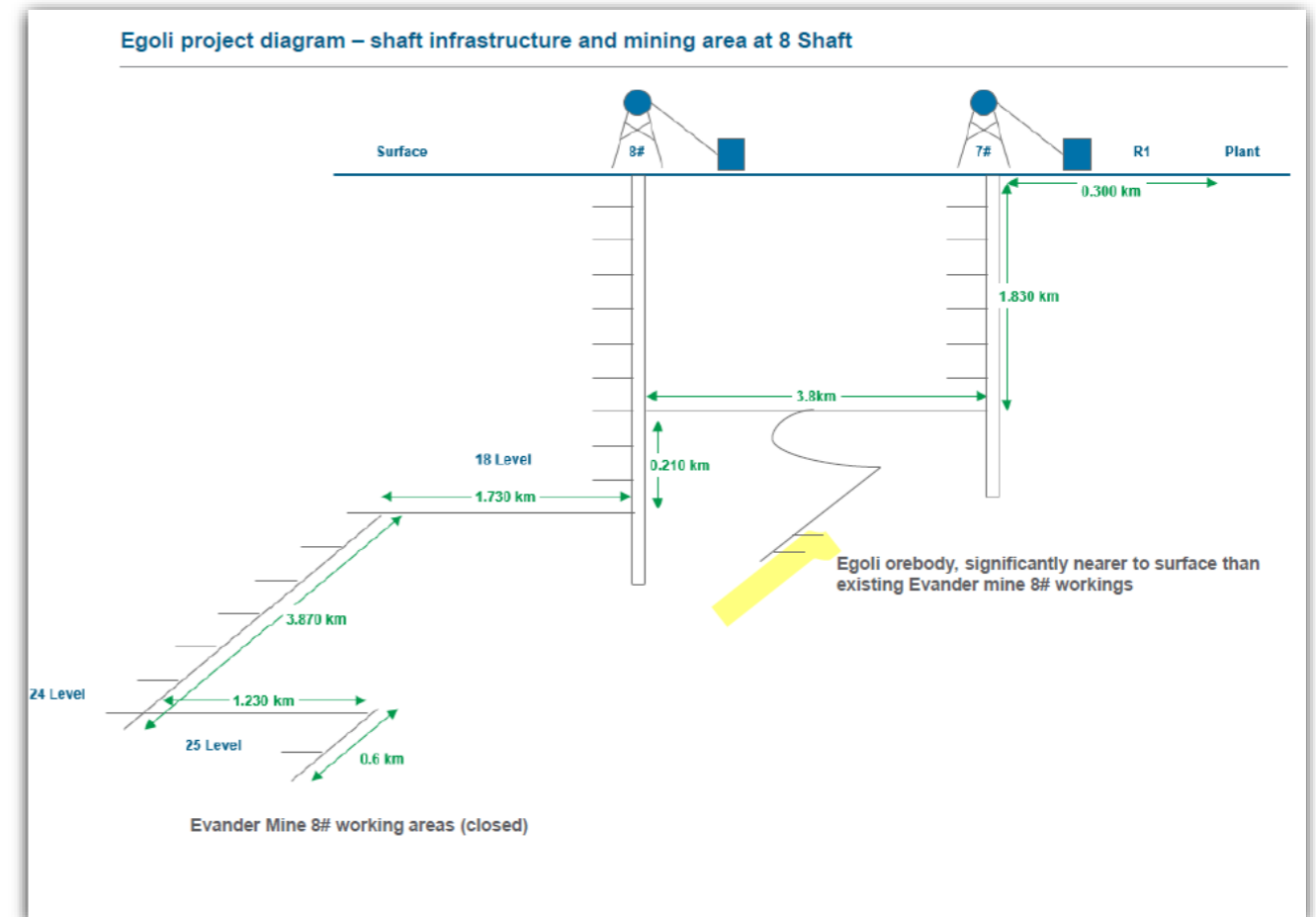
**EVANDER OPERATIONS:  
FOOD AND HYGIENE  
HAMPERS TO FAMILIES  
IN HOST COMMUNITIES**



## NEAR-TERM ORGANIC GROWTH

### Evander's Egoli Project

- The Egoli project is an orebody within 3km tramming distance from 7 Shaft
  - > 7 Shaft is currently operational and used to hoist ROM material to the Kinross metallurgical plant
- Historical development at 7 Shaft has made ready access to the orebody possible within a relatively short timeframe coupled with low execution risk
- Following dewatering, standard footwall development, further deepening of the decline and on-reef development and associated engineering is required before mining can commence
- The Project has more than one-million ounces of contained gold in Measured and Indicated Resource categories that can be extracted at approximately 90Koz per annum
- Optimised mining feasibility completed at end of 2019
- 3rd party independent review of DFS completed
- Financing options being evaluated, indicative term-sheet received from financing institution
- Significant Inferred Resource upside potential



Egoli Mineral Resources @ 30 June 2019				
	Tonnes (Mt)	Grade (g/t)	Gold (t)	Gold (Koz)
Measured	0.44	8.60	3.80	123
Indicated	2.94	9.85	28.93	930
Inferred	6.26	9.68	60.58	1,948
<b>Total</b>	<b>9.64</b>	<b>9.69</b>	<b>93.33</b>	<b>3,001</b>

Egoli Mineral Reserves @ 30 November 2019				
	Tonnes (Mt)	Grade (g/t)	Gold (t)	Gold (Koz)
Proven	0.45	5.90	2.64	0.08
Probable	2.99	6.72	20.08	0.65
<b>Total</b>	<b>3.44</b>	<b>6.61</b>	<b>22.72</b>	<b>0.73</b>

## WHERE TO NEXT – FY20 AND BEYOND

- Continue to produce safely and sustainably into FY2020 group production guidance
- Increase gold production in FY2021
- Reduce group all-in sustaining costs
- Deleverage balance sheet and increase dividends
- Focus on organic growth and asset optimisation



**Thank You**

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