

2020

INTERIM RESULTS

PAN AFRICAN
RESOURCES



RESULTS PRESENTATION FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

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Statements in this report that address exploration activities, mining potential and future plans and objectives of Pan African Resources are forward-looking statements and forward-looking information that involve various risks, assumptions and uncertainties and are not statements of fact.

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OVERVIEW OF PRESENTATION

- Overview of our operations
- H1 FY20 – Highlights
 - > Operational and financial performance
 - > Group safety
 - > Environmental, Social and Governance (ESG)
- Key focus areas
- H1 FY20 cash flow generation and debt redemption
- Investing in our future
- Near-term organic growth projects
- Where to next – FY20 and beyond

“Our strategy for Pan African is simple but powerful: Position ourselves as a sustainable, safe, high-margin and long-life gold producer. We are proud to say the first six months of the year has us taking significant steps towards realising this strategy”

COBUS LOOTS
Chief executive officer





Overview of our operations

OVERVIEW OF OUR OPERATIONS

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



OVERVIEW OF OUR OPERATIONS

Group Summary

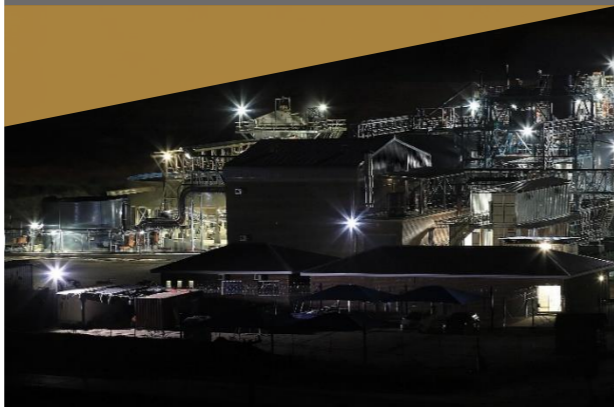
BARBERTON MINES

- The birthplace of BIOX[®] and our cornerstone operation, together with Elikhulu
- High margin, high grade gold producer
- Excellent safety record
- ~ 80,000oz p/a production
- Life of mine – 20 years
- Imminent initiatives to reduce AISC at higher cost operations



BTRP

- 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
- 20,000oz p/a production
- AISC of USD643/oz
- Life of project – 9 years (3 years at current rate of production)
- Work ongoing to ensure production run-rate is maintained



ELIKHULU

- The 'Big One' in Zulu
- Elikhulu was built within budget and commissioned ahead of schedule
- The USD120m project is one of the lowest cost operations in Africa
- Processing 1.2mt of historic tailings per month
- 65,000oz p/a production
- AISC of USD708/oz (with scope to reduce further)
- Technologically advanced automated plant, minimal labour required
- Life of project – 12 years



EVANDER 8 SHAFT PILLAR

- Maximising the value of our own asset portfolio - the 8 Shaft pillar project is set to reach steady-state production around March 2020
- ~30,000oz p/a production
- Minimal capital outlay ~ USD 5 million
- Forecasting sub 12-month payback period and AISC below USD1,000/oz
- Life of mine - 3 years



HI FY20 – Highlights

H1 FY20 – HIGHLIGHTS

Operational and financial performance

Production

- Gold produced by the Group increased by **14.7%** to 92,941oz (2018: 81,014oz)
- Elikhulu production increased by **91.6%** to 29,301oz (2018: 15,292oz)
- Evander 8 Shaft Pillar project on track to achieve steady-state production during Q4 of FY20

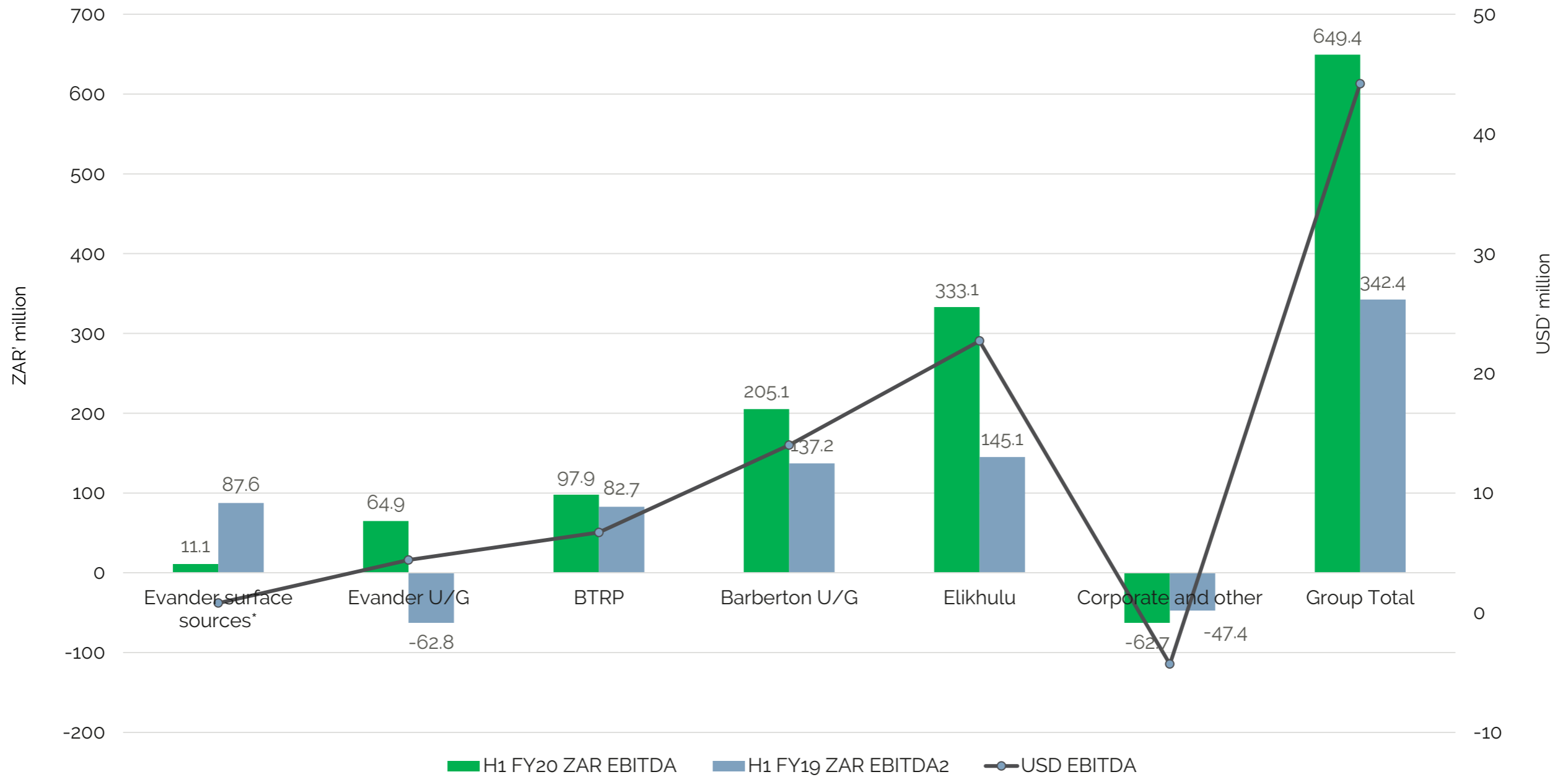
Financial

- Group profit after taxation increased by **125.8%** to USD21.9 million (2018: USD9.7 million)
- Group adjusted EBITDA increased significantly by **83.4%** to USD44.2 million (2018: USD24.1 million)
- Earnings per share more than doubled to **USD1.14** cents per share (2018: USD0.50 cents per share)
- The Group all-in sustaining cost per kilogramme increased by **14.2%** to USD1,113/oz (2018: USD975/oz)
- The Group net debt decreased to **USD123.7 million** (2018: USD131.1 million)
- Dividends reinstated ~ **USD3.4 million**



OUR OPERATIONS

Adjusted EBITDA generation



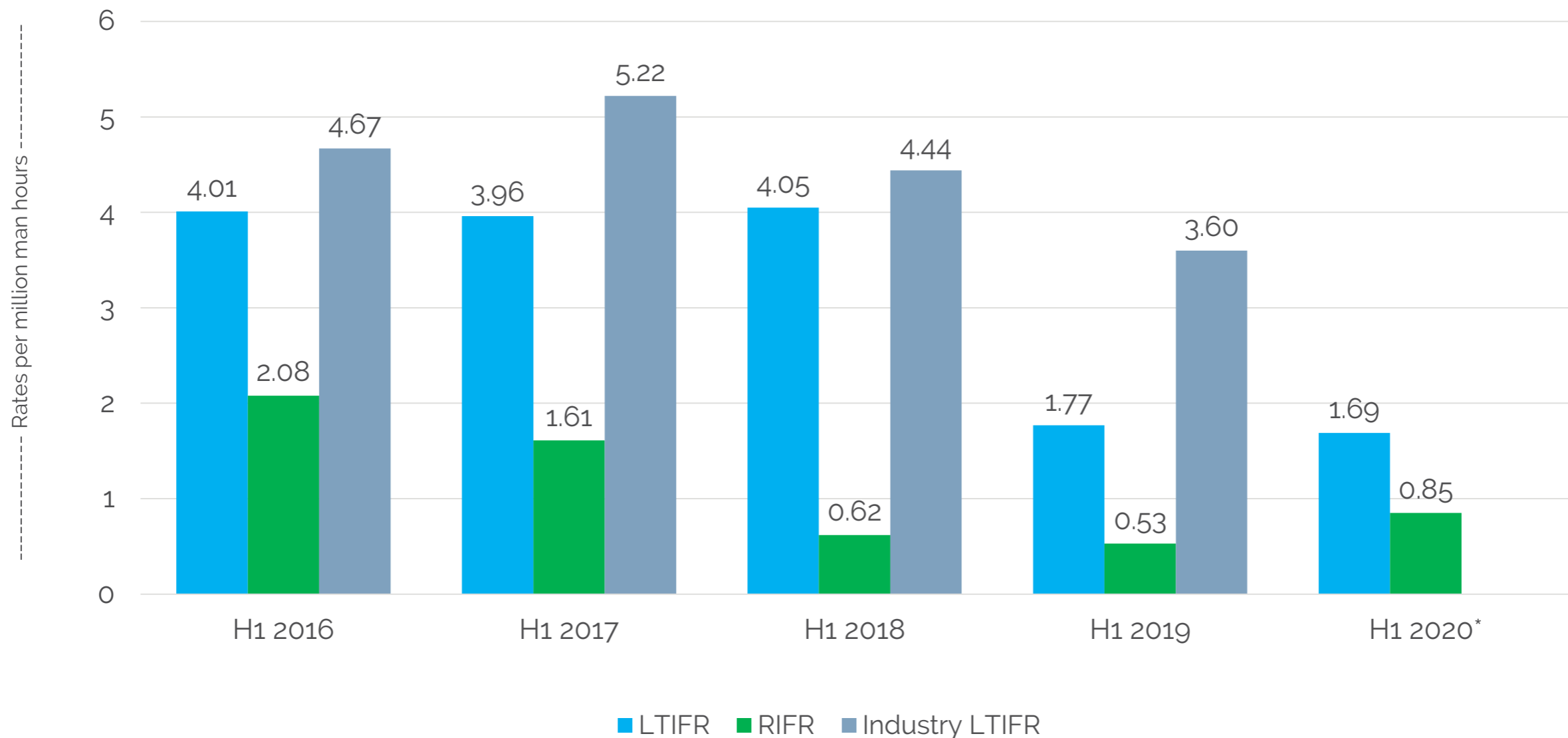
*Includes ETRP



H1 FY20 – HIGHLIGHTS

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



*Industry rates not available yet



H1 FY20 – HIGHLIGHTS

Environmental, Social and Governance compliance (ESG)

Pan African Resources is committed to doing business, as prescribed by the group's values and code of ethics.

We recognise that we are an integral part of the societies in which we operate, and are therefore obligated morally and legally, to act in accordance with what is good for our societies, the environment and the organisation.

Our employees, regulators and investors increasingly expect us to ensure that our business activities deliver sustainably whilst positively impacting on society, the economy and the environment.



H1 FY20 – HIGHLIGHTS

Highlights in the current reporting period include:

STARTED
CONSTRUCTION OF
CATHYVILLE CLINIC AT
EMJINDINI EXTENSION
13 WITHIN THE
BARBERTON MINES
COMMUNITY



DONATED 4 MOBILE
LIBRARIES TO SCHOOLS
SURROUNDING
EVANDER MINES



INVESTED USD0.8
MILLION IN SKILLS AND
DEVELOPMENT
TRAINING



INVESTED USD0.04
MILLION ON BURSARIES

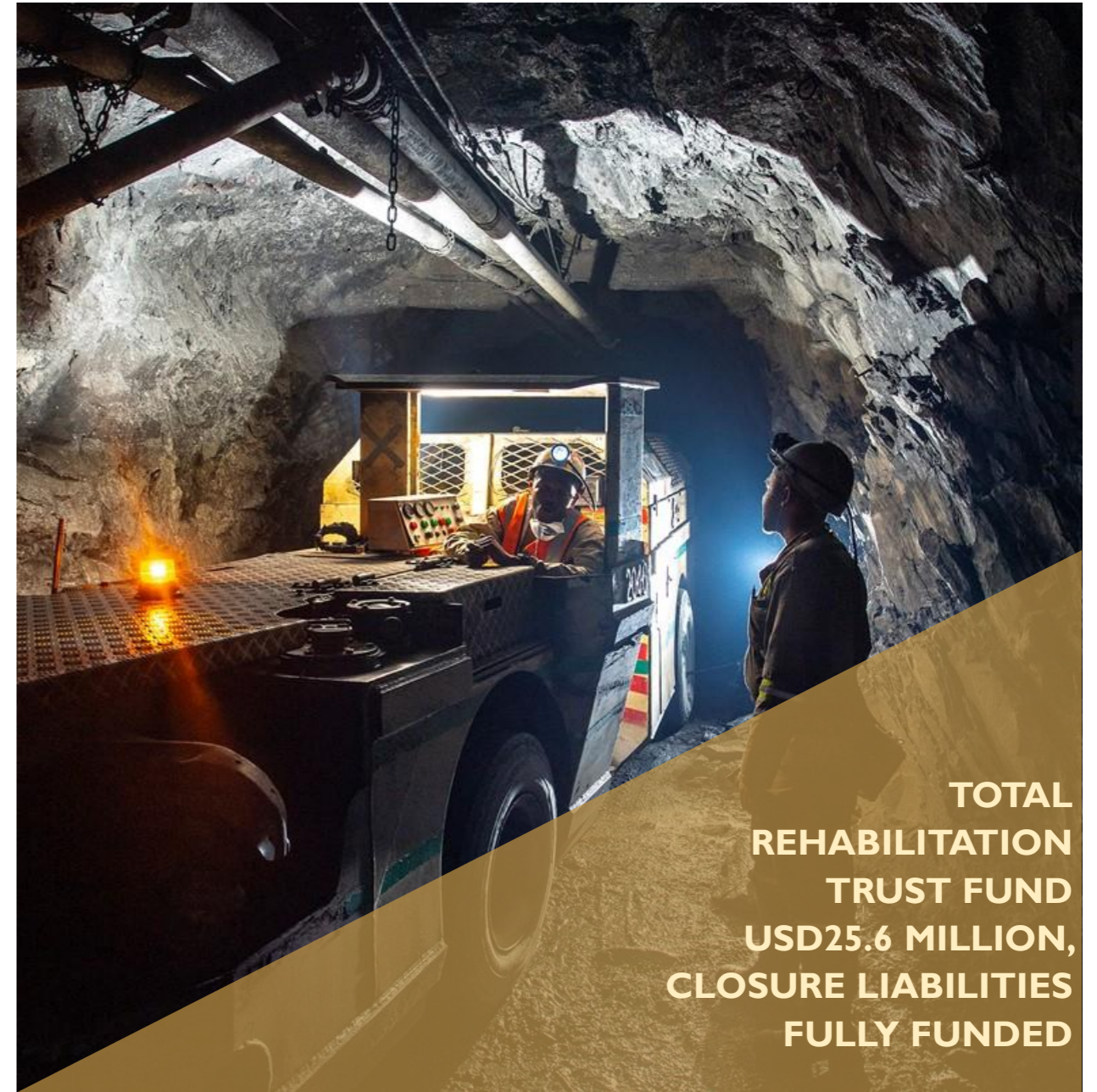


H1 FY20 – HIGHLIGHTS

Highlights in the current reporting period include:



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



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



Key focus areas

KEY FOCUS AREAS

- Delivering into group production guidance
- Reducing all-in sustaining cost across all operations
 - > Evander 8 Shaft Pillar project
 - > Consort Mine
 - > Sheba Mine
- Continue to operate successfully in South Africa
- Reduce debt levels and increase dividends

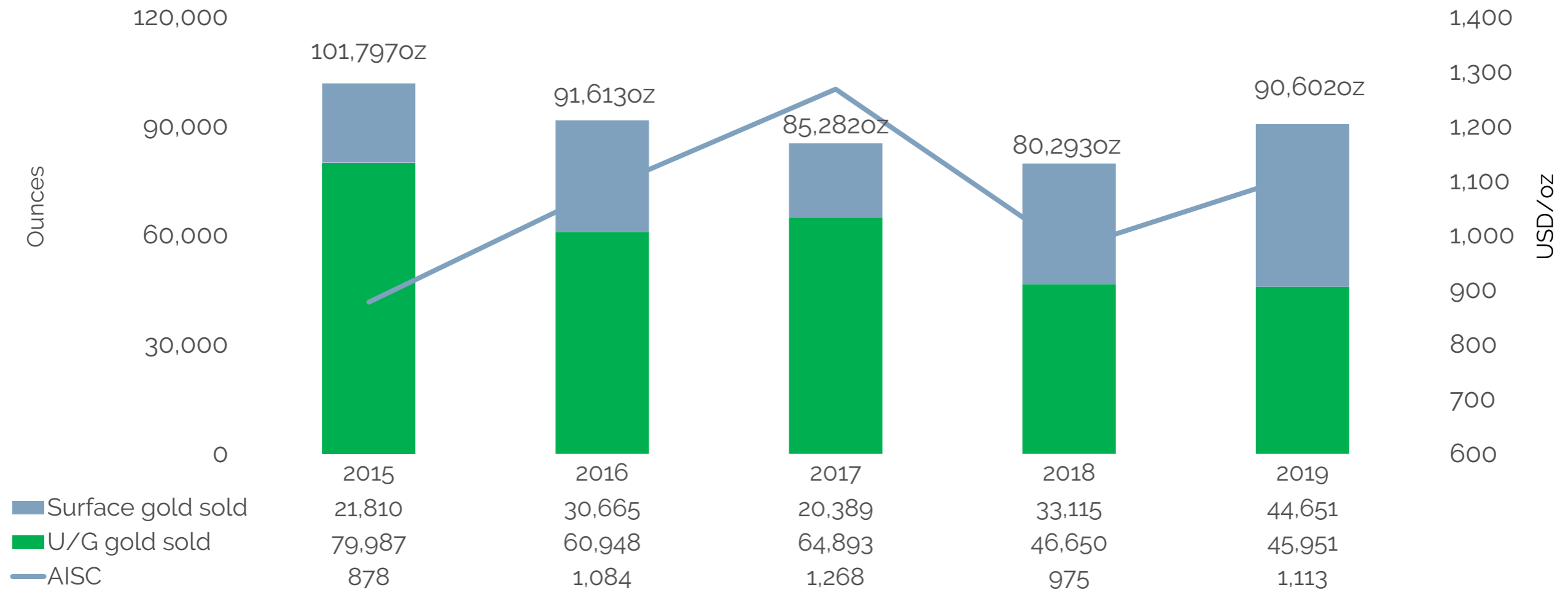


KEY FOCUS AREAS

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



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

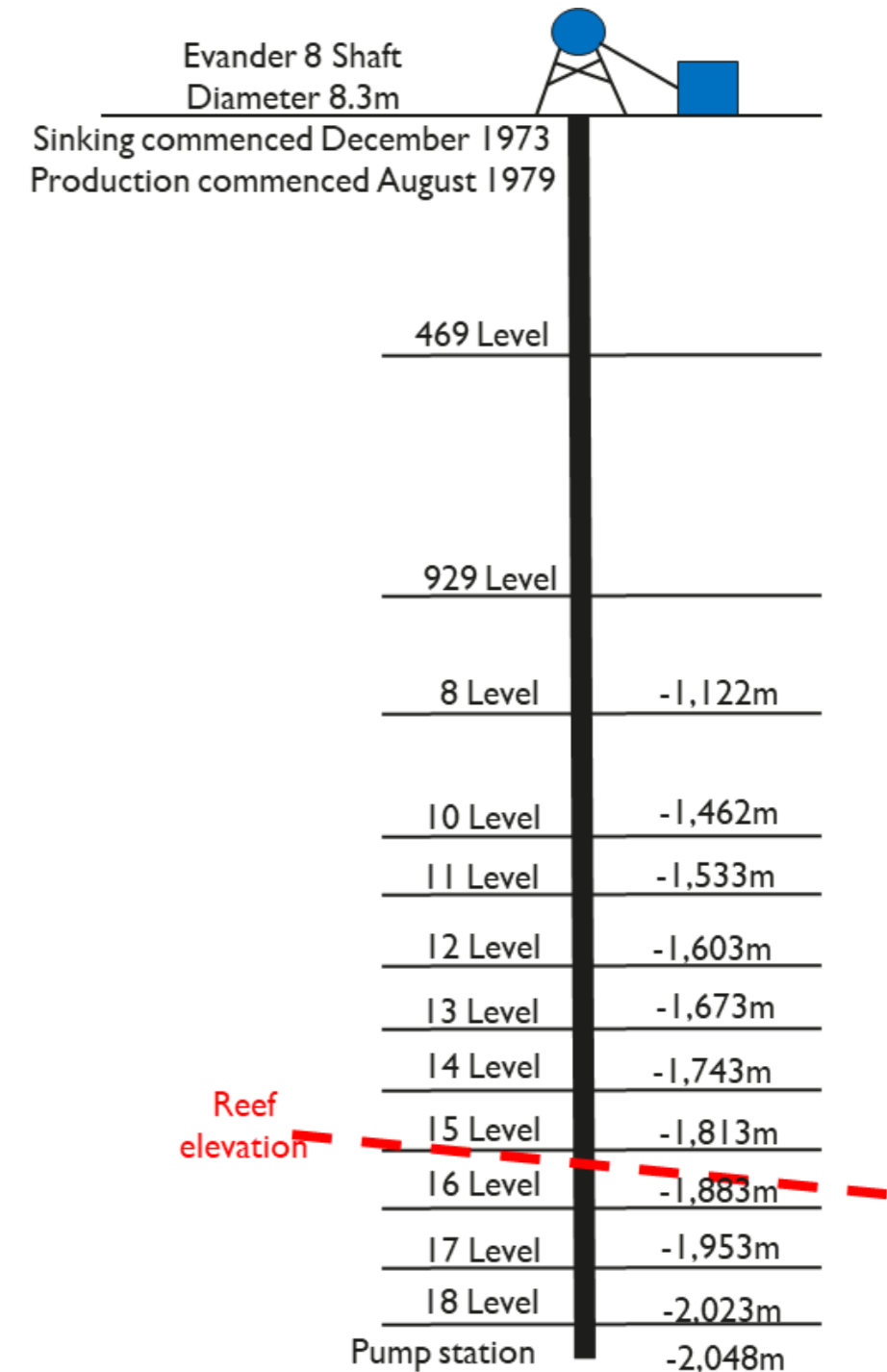
Higher cost operations					
	Evander underground	Consort Mine	Sheba Mine	Evander surface sources	Total higher cost operations
All-in sustaining cost per (ZAR/kg)	834,922	967,141	692,092	675,549	778,569
All-in sustaining cost (USD/oz)	1,767	2,046	1,464	1,429	1,647



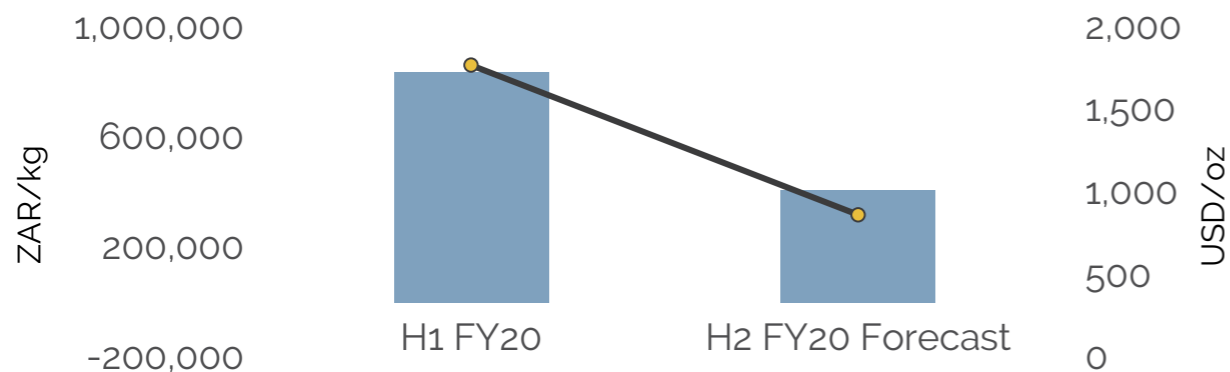
KEY FOCUS AREAS – REDUCING COSTS AT OUR OPERATIONS

Evander 8 Shaft Pillar project

- Pillar access development completed, secondary development and ledging operations ongoing
- Build up to 9 stoping crews by Q4 FY 20
- Pillar to be mined at a rate of 11.5ktpm during steady state
- **Estimated ongoing AISC of sub USD1,000oz**
- Estimated production of >30Koz per annum for 3 years



AISC for Evander Underground (ZAR/kg USD/oz)



AREAS OF FOCUS – REDUCING COSTS AT OUR OPERATIONS

Consort operations – LOM of 6 years

Extraction of Prince Consort ('PC') Shaft pillar

- PC Shaft pillar - Mineral Resource of 48,820t @ 25.54g/t for 40Koz
- Development to PC Shaft pillar on track for completion during April 2020
- Forecast production of ~3,900oz to 7,800oz per annum from PC shaft pillar at steady-state
- Life of project forecasted at 3 years
- **Targeting all-in sustaining cost of ~USD1,200/oz**

Maximise Consort plant capacity

- Process additional surface source material at Consort plant to maximise plant capacity

Exploration

- 36 exploration targets have been identified at New Consort and will be explored during the 3 years of PC Shaft pillar mining



AREAS OF FOCUS – REDUCING COSTS AT OUR OPERATIONS

Sheba operations – LOM of 9 years (19 years including Royal Sheba)

Project Dibanisa

- Forecasted to be completed during FY21
- **Optimised usage of infrastructure expected to reduce all-in sustaining cost - targeting ~USD1,000/oz**
- Additional available shaft-time to assist with development and mining of Royal Sheba
- Sheba plant available for the processing of surface material and Royal Sheba uppers in the near future

Royal Sheba Uppers

- Mining of Royal Sheba uppers identified to assist with increased production at Sheba Mine
- Process additional surface source material at Sheba plant to maximise plant capacity

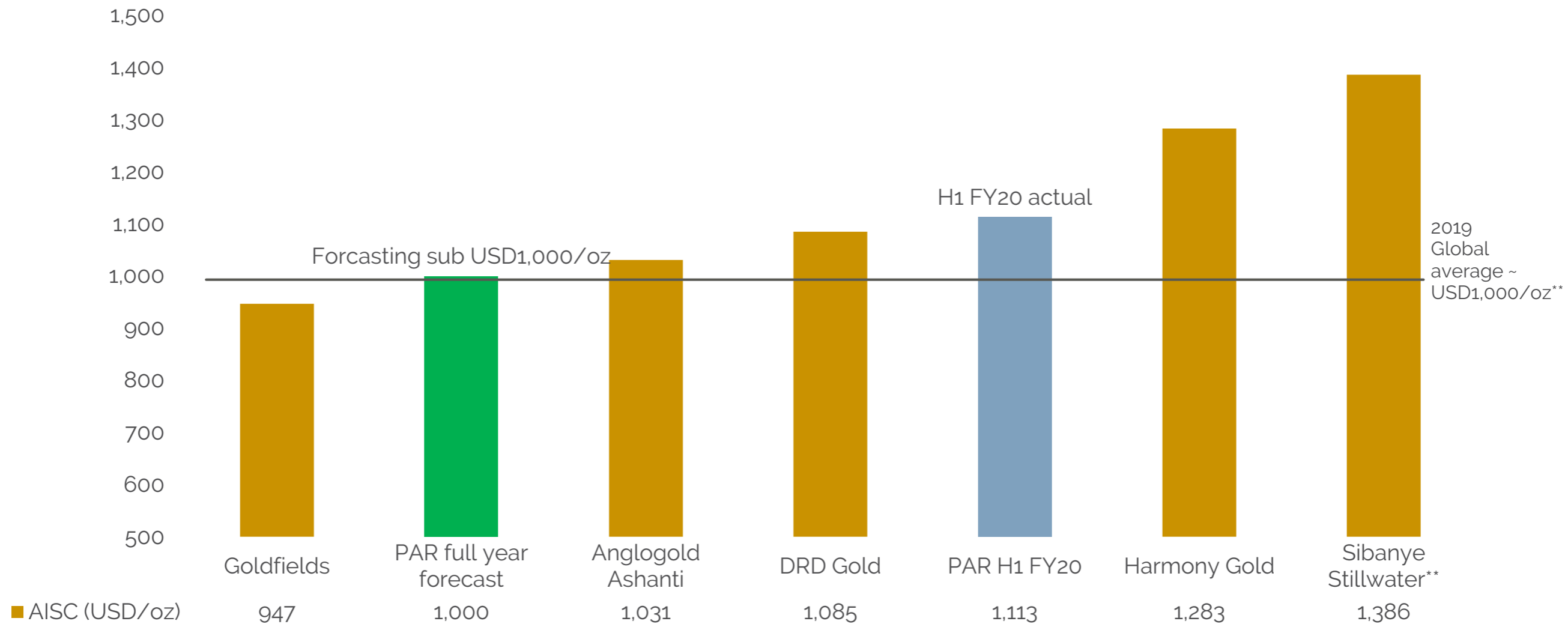
Exploration

- Embark on exploration exercise to identify possible new high-grade mining areas to mine



AREAS OF FOCUS – REDUCING COSTS AT OUR OPERATIONS

Pan African Resources vs SA producers and global producers



* As per each company's latest published results

** Source: <http://www.goldtelegraph.com/lowest-cost-gold-mines-in-the-world-for-first-quarter-2019/>



CONTINUE TO OPERATE SUCCESSFULLY IN SOUTH AFRICA



CONTINUE TO OPERATE SUCCESSFULLY IN SOUTH AFRICA

Security

- Integrated multifaceted security strategy plan for the group
- Increased deployment of both human and technological resources in and around high-risk areas
- Enhanced information sharing and cooperation with the local, provincial and national law enforcement agencies and prosecuting authorities
- Modernisation of detection and crime prevention security technology at all facilities
- Increased execution of intensive targeted crime combating operations in and around all facilities

Electricity

- Increased instances of load-shedding affecting all industries
- Barberton and tailings operations – less exposed than deep-level miners
- Completed bankable feasibility study for 10MWA solar plant at Evander – exploring non-dilutive funding options

Mining tenure

- Evander mining rights valid until 2038
- Submitted renewal application for Barberton mining rights

Stakeholder engagement

- Multi-faceted engagement initiatives with all stakeholders, including with our communities



HI FY20 – cash flow generation and debt redemption

DEON LOUW
Financial Director

H1 FY20 – CASH FLOW GENERATION AND DEBT REDEMPTION

Cash flow analysis

USD thousand	Unaudited six months ended 31 December 2019	Unaudited six months ended 31 December 2018
Net cash generated by operations after taxation, royalty and finance costs	13,028.5	21,298.5
Dividends paid	(3,399.1)	-
Reciprocal dividend – PAR Gold	465.9	-
Cash inflow from operating activities	10,095.3	21,298.5
Cash outflow from investing activities	(12,113.6)	(40,460.7)
Cash inflow from financing activities	3,996.0	21,415.6
Net increase in cash and cash equivalents	1,977.7	2,253.4
Cash and cash equivalents at the beginning of the period	5,341.2	921.8
Effect of foreign currency rate changes	118.2	314.8
Cash and cash equivalents at the end of the period	7,437.1	3,490.0

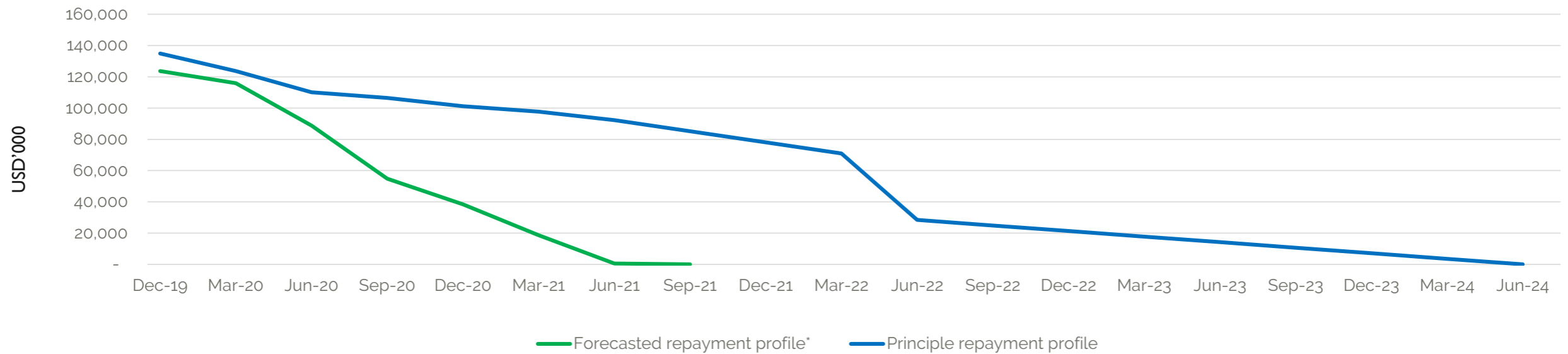
H1 FY20 – CASH FLOW GENERATION AND DEBT REDEMPTION

Movement in net debt

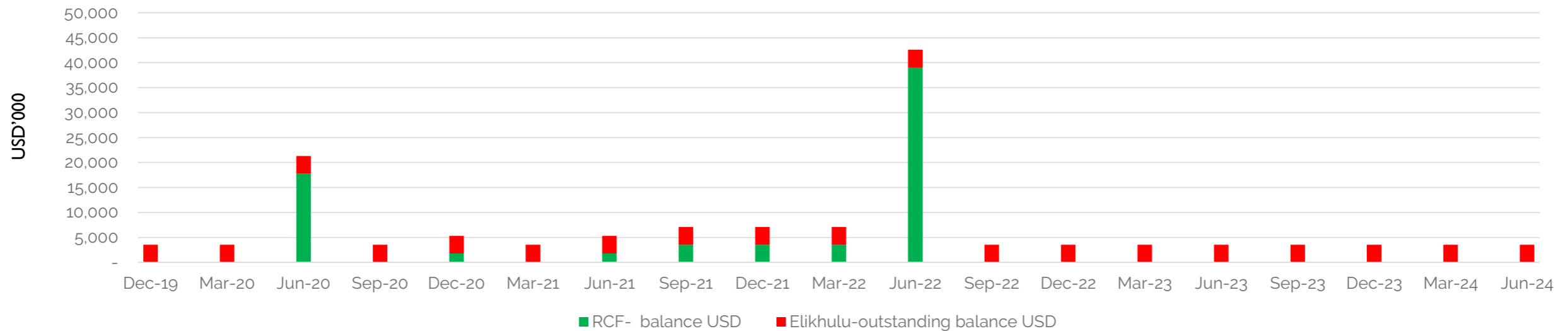
	ZAR' million	USD' million
Net Debt as at 30 June 2019	1,829,254,809	129,918,665
Repayment of RCF and Elikhulu facility net of additional draw downs	(294,047,580)	(20,884,061)
Repayment of Elikhulu term facility	(100,548,664)	(7,141,240)
Repayment of RCF facility with gold loan proceeds	(394,000,000)	(27,982,955)
Advances on RCF facility	200,501,084	14,240,134
Capitalisation of IFRS 16 lease liabilities	77,346,814	5,493,382
Instalment sale liability	5,750,194	408,394
Gold loan outstanding	196,991,837	13,990,898
Increase in cash and cash equivalents	(29,511,279)	(2,095,972)
Movements on derivative financial instruments	(44,387,713)	(3,152,536)
Net Debt as at 31 December 2019	1,741,397,082	123,678,770

H1 FY20 – CASH FLOW GENERATION AND DEBT REDEMPTION

Illustrative de-gearing – assuming forecast assumptions are achieved



Senior debt repayment profile



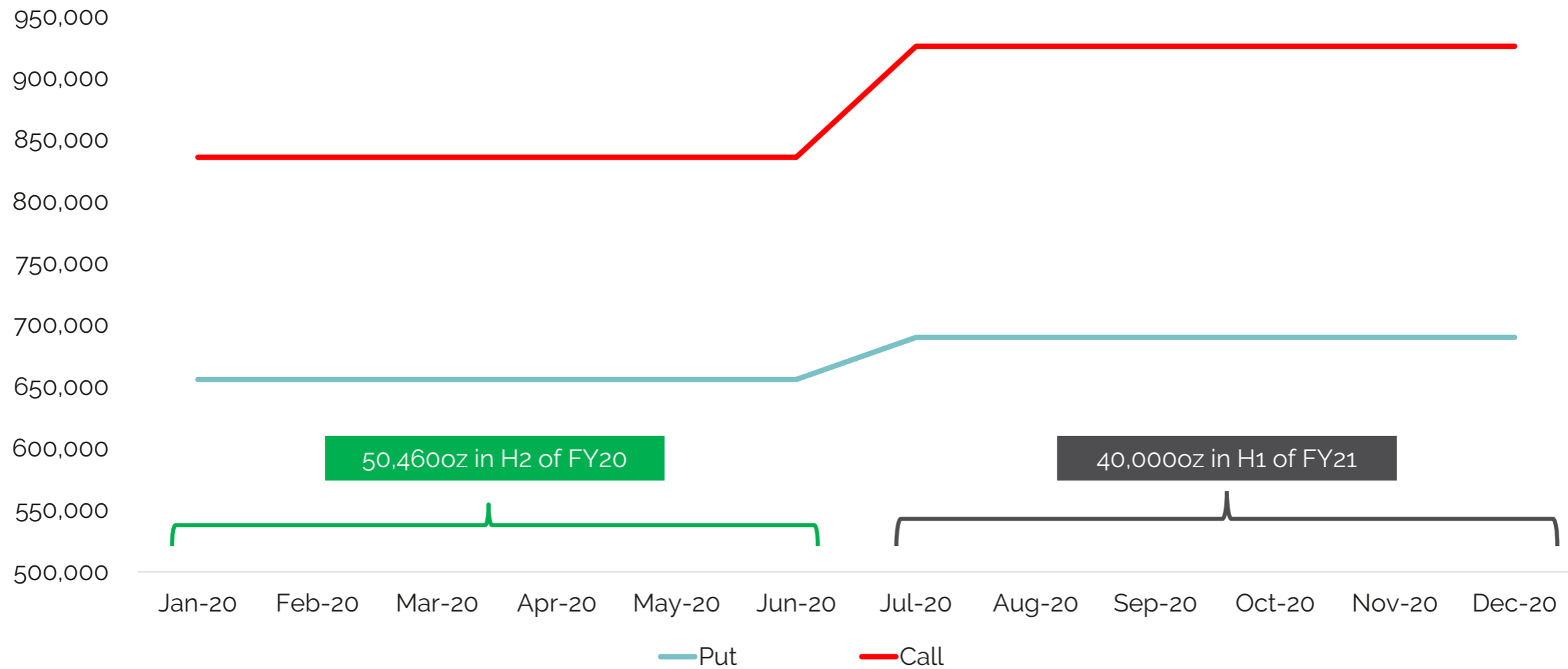
***Assumptions:**

- 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



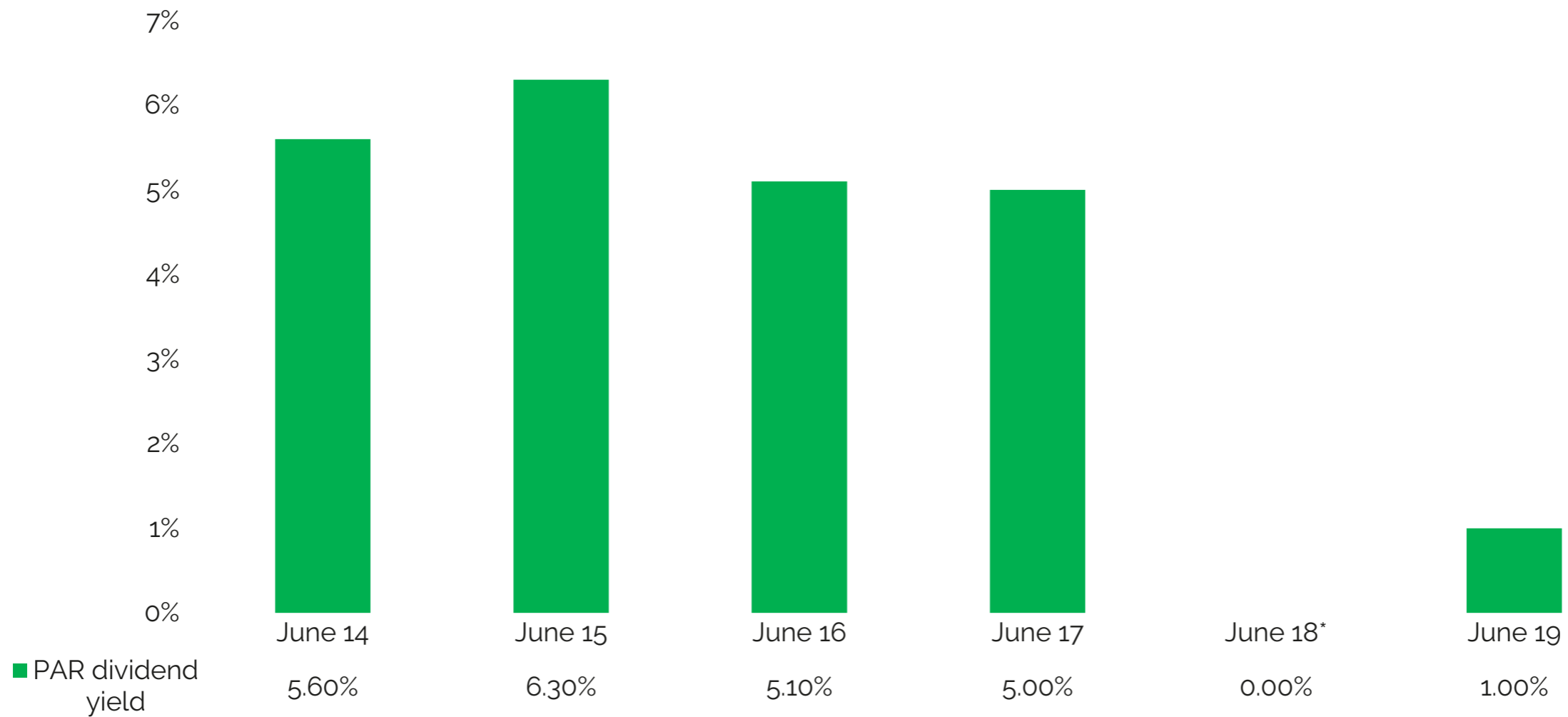
H1 FY20 – CASH FLOW GENERATION AND DEBT REDEMPTION

Hedging summary – zero cost collars



H1 FY20 – CASH FLOW GENERATION AND DEBT REDEMPTION

Historic dividend yield – dividends reinstated



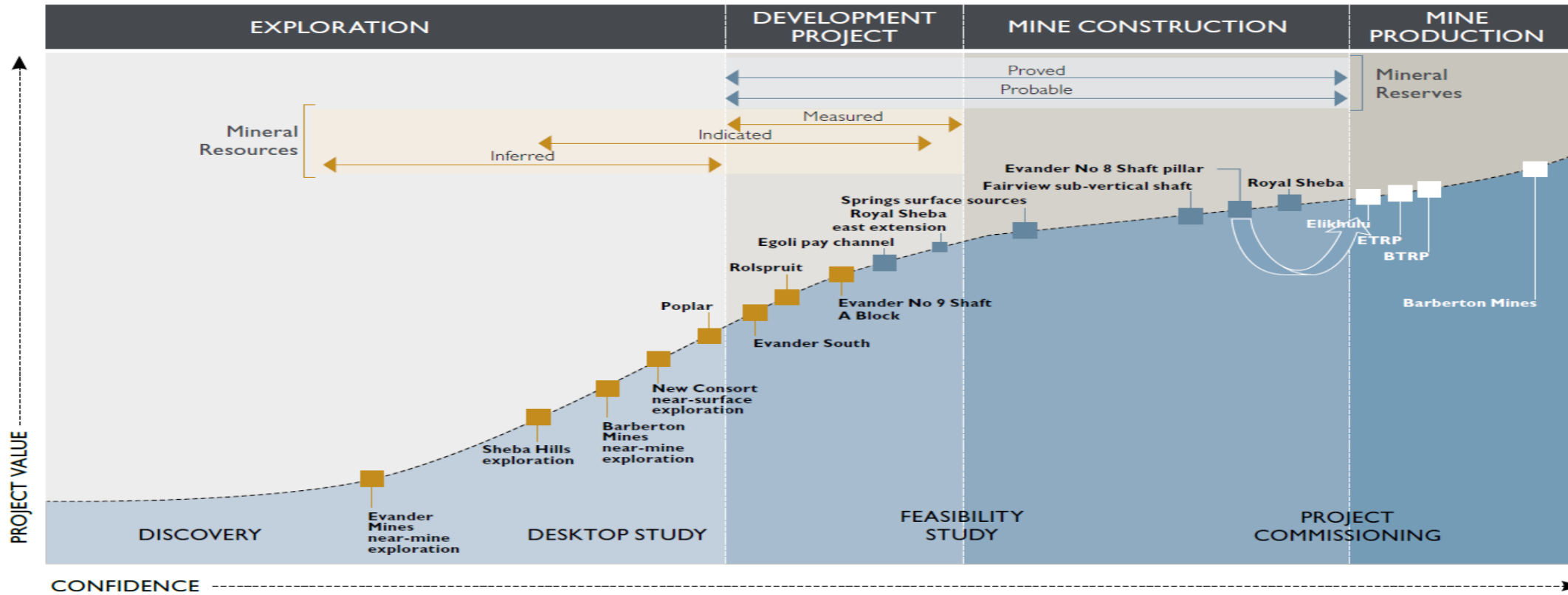
* Dividend suspended due to cessation of large-scale deep level underground mining at Evander 8 Shaft and construction of the Elikhulu Tailings Retreatment Plant



Investing in our future

INVESTING IN THE FUTURE OF OUR ASSETS

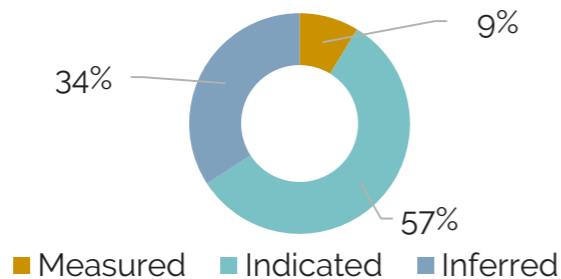
Growth portfolio - strong track record of delivery



Group Resources

36.0Mz (335.8Mt @ 3.33g/t)

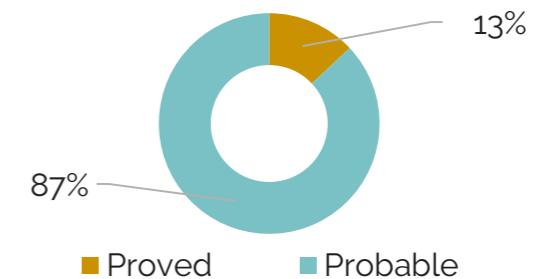
	Tonnes (Mt)	Grade (g/t)	Gold (t)	Gold (Moz)
Underground combined	110.4	9.35	1 032.1	33.2
Surface combined	225.4	0.38	86.5	2.8
Total	335.8	3.33	1 118.5	36.0



Group Reserves

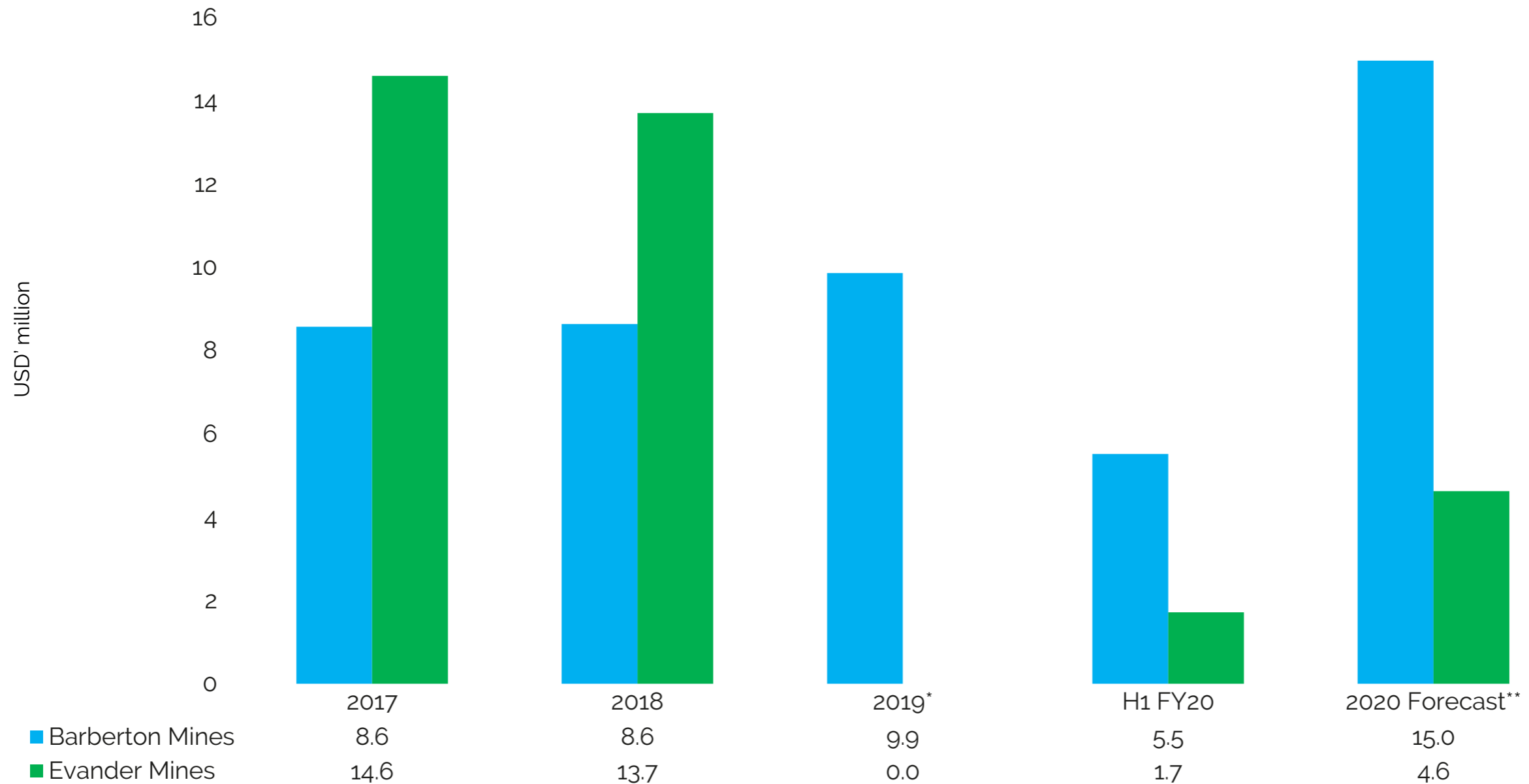
10.9Moz (216.6Mt @ 1.57g/t)

	Tonnes (Mt)	Grade (g/t)	Gold (t)	Gold (Moz)
Underground combined	35.9	7.72	276.8	8.9
Surface combined	180.7	0.35	63.0	2.0
Total	216.6	1.57	339.8	10.9



INVESTING IN THE FUTURE OF OUR ASSETS

Sustaining capital expenditure



* Cessation of large-scale underground mining at Evander Mines

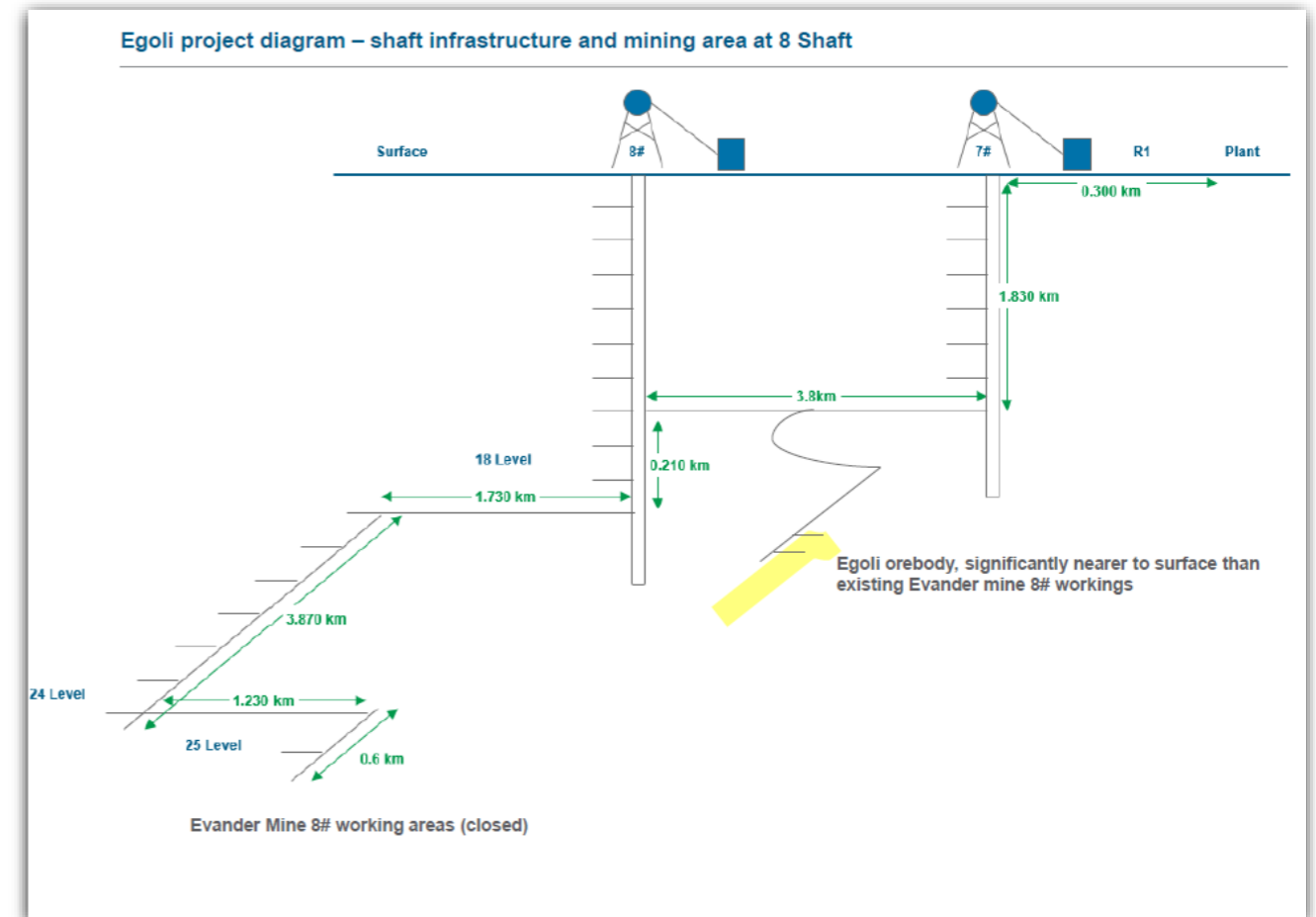
** Includes ZAR20 million (USD1.4 million) for the upgrade of the Kinross plant to treat additional surface sources/ Evander 7 shaft and Egoli

Near-term organic growth

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 categories that can be extracted at approximately 90Koz per annum
- Optimised mining feasibility completed at end of 2019
- Currently finalising DFS with 3rd party independent review
- Financing options being evaluated, indicative term-sheet received from financing institution



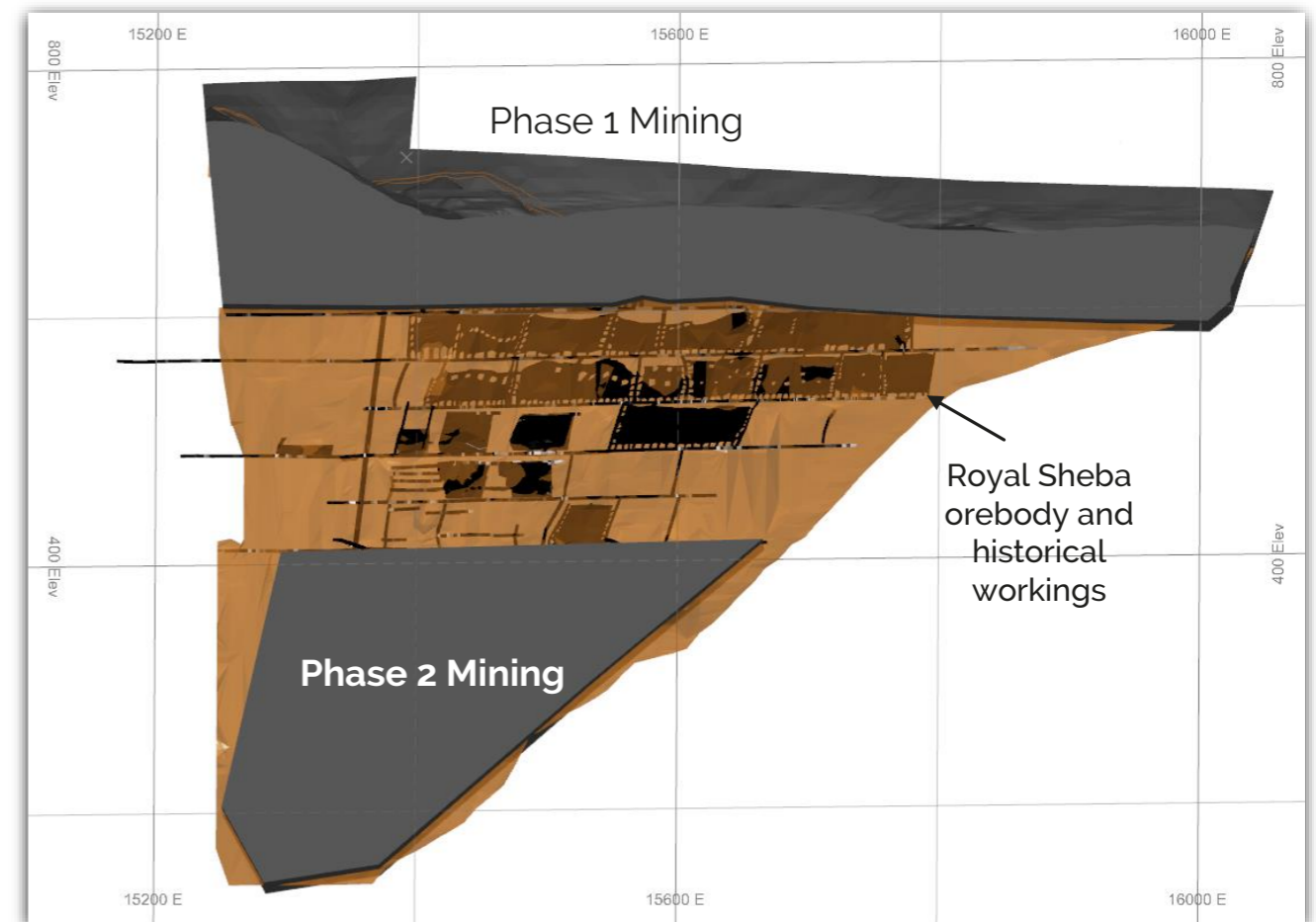
Egoli Mineral Resources @ 30 June 2019				
	Tonnes (Mt)	Grade (g/t)	Gold (t)	Gold (Koz)
Measured	0.44	8.60	3.80	123
Indicated	2.94	9.85	28.93	930
Inferred	6.26	9.68	60.58	1,948
Total	9.64	9.69	93.33	3,001

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
Total	3.44	6.61	22.72	0.73

NEAR-TERM ORGANIC GROWTH

Royal Sheba

- Design has been completed for the early extraction of the western block in Phase 1
- Possibility to fill the current plant capacity from this deposit
- Marginal grade deposit with 900m strike and up to 30m width
- Ore body is open at depth and on strike below 100m depth
- Preliminary economic assessment for Phase 2 to be completed in the forth quarter of 2020 financial year
- 23 Level development from Sheba ZK shaft approximately 390m from Phase 2 reef intersection



Royal Sheba Mineral Resources

	Tonnes (Mt)	Grade (g/t)	Gold (t)	Gold (Koz)
Phase 1	1.44	3.60	5.18	167
Phase 2	4.15	3.62	14.99	482
Total	5.58	3.61	20.17	649



Where to next - FY20 and beyond

WHERE TO NEXT - FY20 AND BEYOND

“We are confident the group is now successfully repositioned and poised to increase returns to shareholders from existing portfolio as opposed to acquisitive growth”.

THANK YOU

