

PAN AFRICAN

RESOURCES



Egoli Project

FEASIBILITY STUDY PRESENTATION JULY 2020

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OVERVIEW OF PRESENTATION

- Egoli Project - Overview
 - > History and background
 - > Highlights
 - > Financial matrix
- Development plan and mine design
- Infrastructure
- Way forward
- Appendix

Egoli Project - Overview

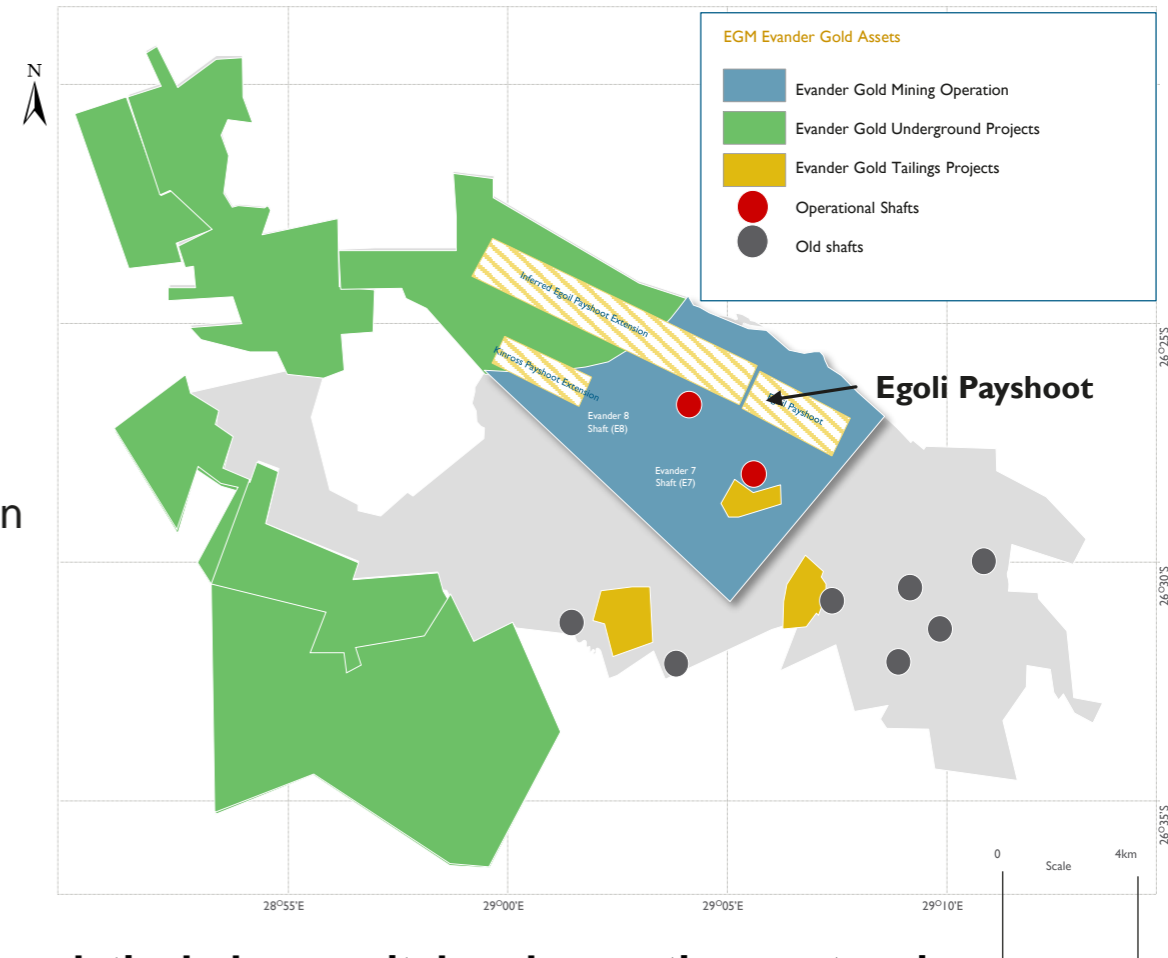


EGOLI PROJECT – OVERVIEW

History & background

- Harmony Gold previously exploited Evander Mines' No.7 Shaft orebody, with development towards the Egoli orebody
 - > In 2009, due to economic constraints and capital re-prioritisation, all development on Evander Mines' shafts were halted, other than the producing No.8 Shaft
 - > This resulted in the controlled flooding of No.7 Shaft's 3 Decline from 22 Level up to 18 Level
- PAR acquired Egoli as part of Evander Mine's acquisition from Harmony in May 2013 and directed the following:
 - > Internal project due diligence study in 2018
 - > Independent DRA feasibility study (FS) in 2019
 - > Review of DRA FS by The Mineral Corporation, measured against SAMREC reporting standards

Location



Egoli's development will give rise to virgin underground production at a relatively low capital and operating cost, using established infrastructure

Reserves and Resources*

Egoli Mineral Reserve Statement as at 30 November 2019

Reserve Category	Mt	Grade (g/t)	Tonnes gold	Ounces (Moz)
Proved	0.45	5.90	2.64	0.08
Probable	2.99	6.72	20.08	0.65
Total Reserve	3.44	6.61	22.72	0.73

Egoli Mineral Resource Statement as at 30 June 2019

Resource Category	Mt	Grade (g/t)	Tonnes gold	Ounces (Moz)
Measured	0.44	8.60	3.80	0.123
Indicated	2.94	9.85	28.93	0.930
Inferred	6.26	9.68	60.58	1,948
Total Resource	9.64	9.69	93.33	3.001

*The competent person for Pan African Resources, Mr Hendrik Pretorius, the Group mineral resource manager, signs off on the Mineral Resources and Mineral Reserves for the Group. Hendrik is a member of the Council for Natural Scientific Professions, as well as a member in good standing of the Geological Society of South Africa. Hendrik has reviewed and approved the information contained in this document as it pertains to Mineral Resources and Mineral Reserves.

EGOLI PROJECT – OVERVIEW

Highlights

- **Long-life**, low cost brownfields asset, capitalising on established infrastructure
- **Initial Life of Mine (LOM) of 9 years** - annual gold production of approximately 72,000 ounces at an average head grade of 6,61g/t - based on current Measured and Indicated (M&I) Resources only. Potential increase in LOM to 14 years by converting Inferred Resources into the M&I category
- **Time to first gold** : 20 months – steady state production in 16 months thereafter
- **Low development risk** – access requires 560 meters of underground development from existing No.3 Decline, utilising well established and proven mining methodology
- **Experienced** operational mining and management team in place
- **Low geological risk** – orebody models well understood from adjacent operations
- **Significant geological and operational upside** - Inferred Resources to be accessed as underground development proceeds, with substantial increase in LOM
- **ESG**
 - Fully licensed and empowered - within Evander mining right valid until 2038
 - Rehabilitation liability fully funded
 - Utilising existing TSF – no increase in environmental footprint
 - Evander solar plant to contribute to cost savings and reduced emissions
- **Established mining jurisdiction** - South Africa, with established support infrastructure in place



EGOLI PROJECT – OVERVIEW

Financial matrix

- Materially lower capital investment when benchmarked against other development projects of similar scale
- **Compelling and robust economic returns:**
 - > Payback period from project inception – 3,8 years
 - > NPV^{10,71} - R2,010 million (\$131,25 million)
 - > Project IRR (post tax) : 50,1%
- **Economic assumptions:**
 - > Gold price – R850 000/kg ~ (USD1650/oz)*
 - > Peak funding – R1,05 million ~ (USD66 million)
 - > Recovered grade – 5.21g/ton
 - > AISC (post tax) – R399,600/kg (USD777/oz)#
 - > LOM gold produced – 17,771 kg ~ (570,000 oz)
 - > ~1,200 employees

*USD1=ZAR16.00

As per DRA FS

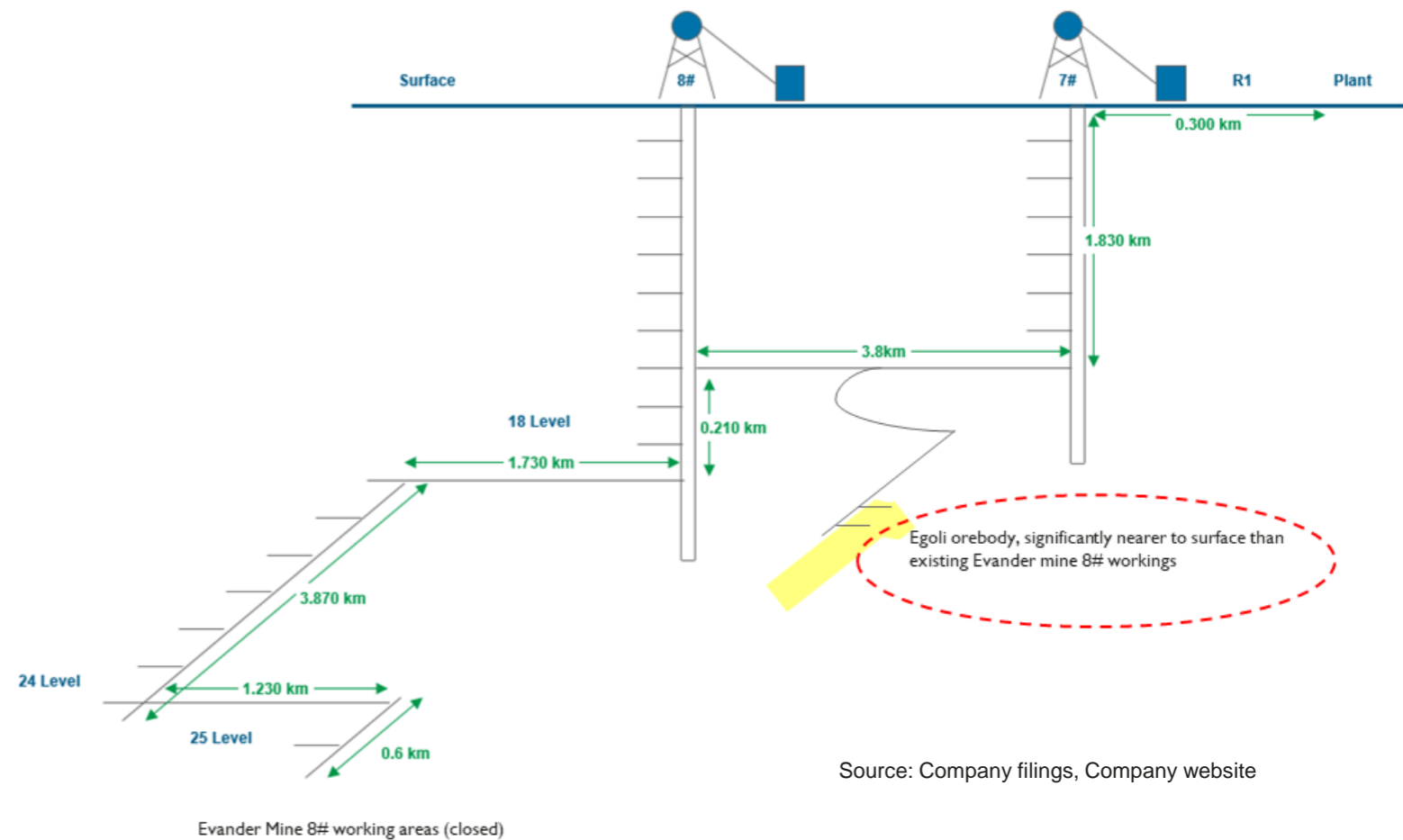


Development plan and mine design

EGOLI PROJECT - SCHEMATIC

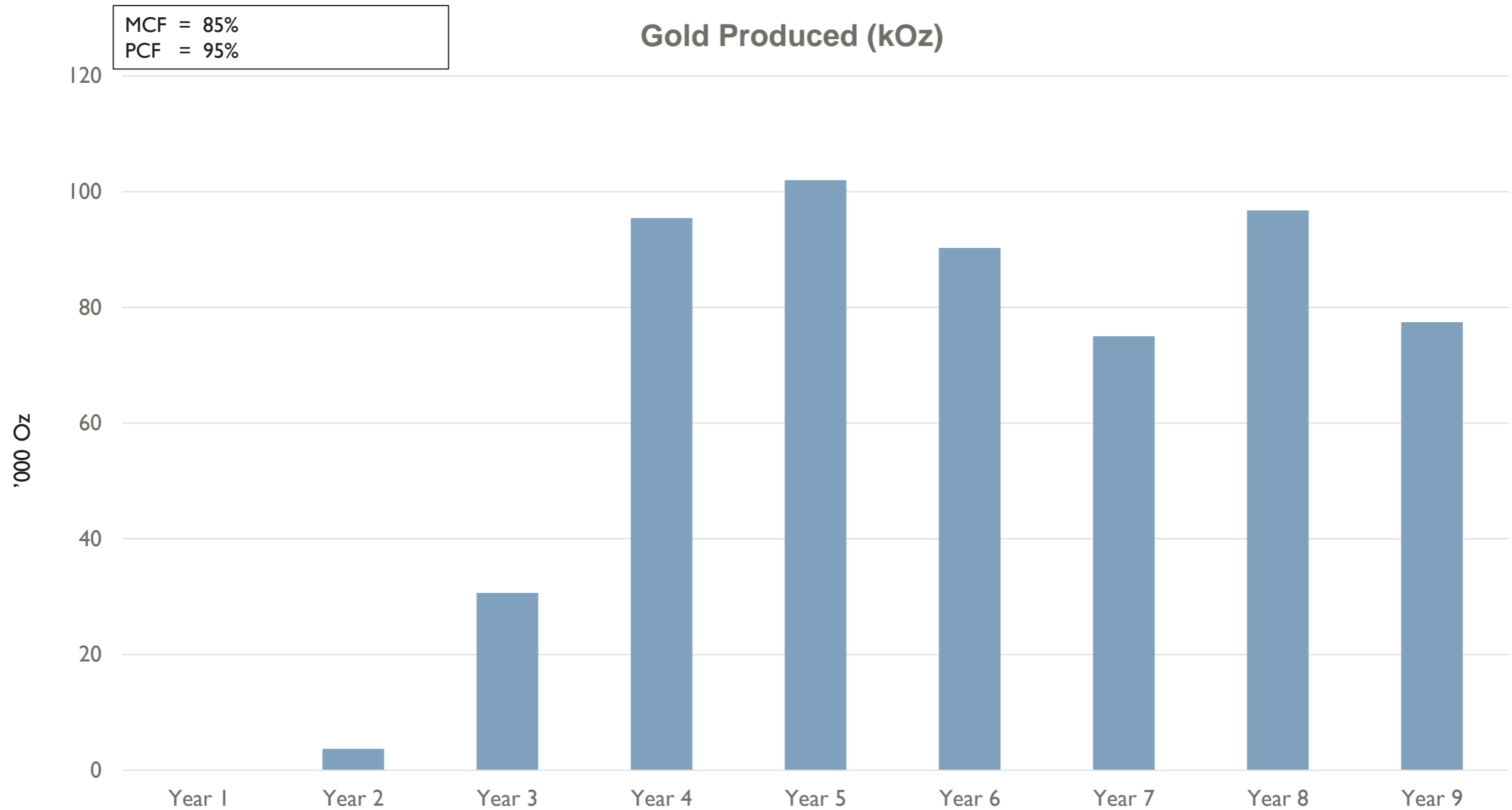
- The Egoli orebody is approximately 1,75 km in tramming distance from No.7 Shaft
 - > No.7 Shaft is currently utilised for hoisting run-of-mine material from No. 8 Shaft Pillar mining to the Kinross metallurgical plant
 - > Proximity to No.7 Shaft results in better Mine Call Factor - less ore handling, requiring fewer employees
- Once dewatered, re-equipping will commence, followed by standard footwall development, further deepening of the decline and on-reef development
- Associated engineering infrastructure and underground mining equipment to follow prior to commencement of mining and ore hoisting to plant

Egoli Project diagram – shaft infrastructure and mining area at No.8 Shaft



GOLD PRODUCTION PROFILE (CURRENT RESERVES)*

*Potential to extend LOM to 14 years by converting Inferred Resources to Measured and Indicated Resources as underground development proceeds



MCF: Mine Call Factor
PCF: Plant Call Factor



Infrastructure

UTILISING EXISTING INFRASTRUCTURE

- **Upgrades to:**
 - > Change house and laundry
 - > Offices and workshop
- **Refurbishment of:**
 - > Ventilation fan
 - > Compressors
 - > Lamp room
 - > MV consumer substation
 - > Security, fencing and access control



— Kinross Plant Fence — 7 Shaft Complex Fence — Access Roads



Way forward

WAY FORWARD

- **Development plan**
 - > Detailed project scheduling and planning – to be completed: Q1 FY21
- **No.7 Shaft and Kinross Plant infrastructure:**
 - > Dewatering to commence: Q1 FY21
 - > Preliminary refurbishment: Q1 FY21
 - > Placing orders for long-lead equipment: Q2 FY21
 - > Commence with underground equipping: Q3 FY21
- **Financing Package:**
 - > Non-dilutive funding options currently being explored – to be finalised: Q2 FY21



Appendix

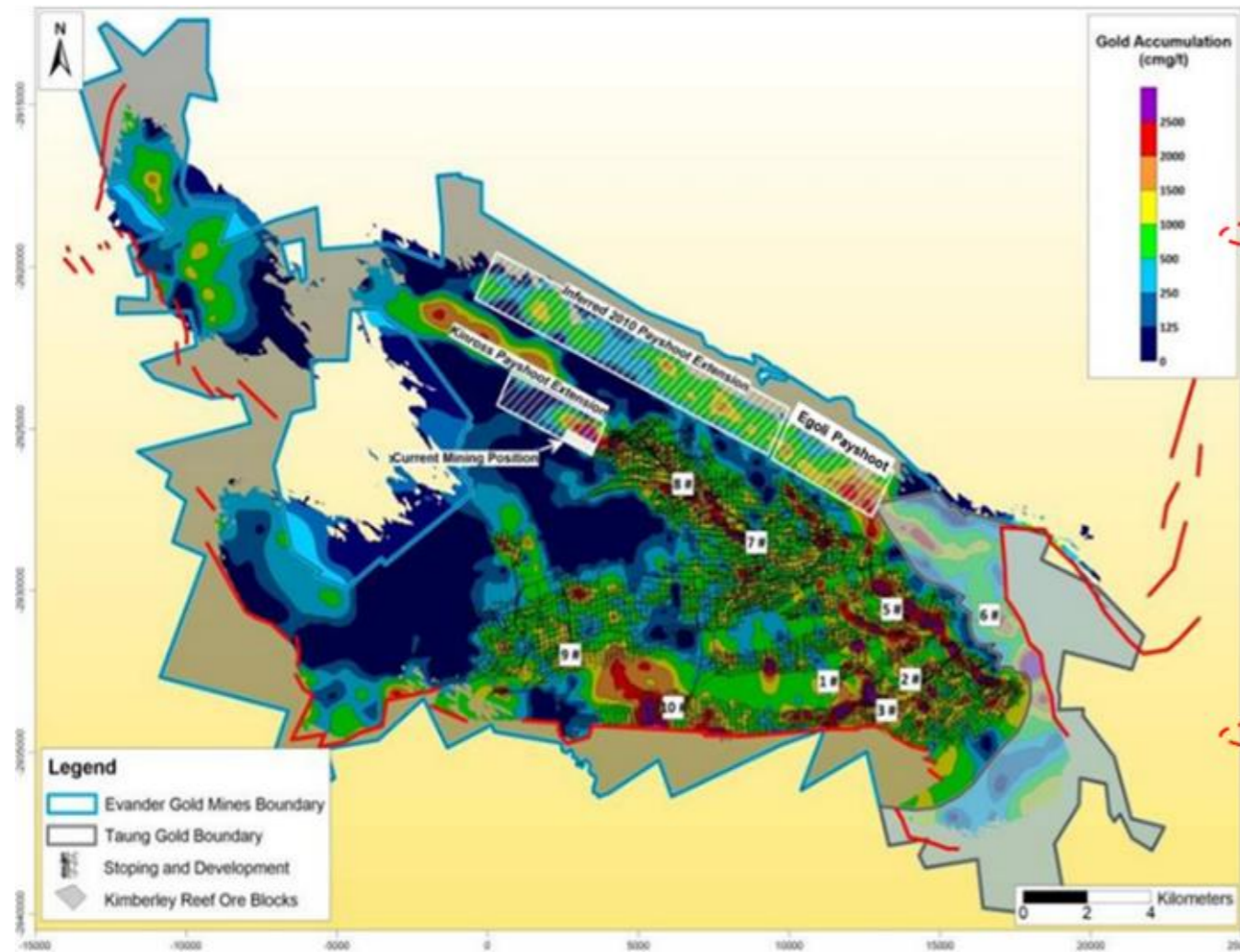
EVANDER MINES - HISTORY

- 1951 Evander goldfield discovered
 - 1956 Sinking of first shafts (Winkelhaak No.1 & No.3 Shaft)
 - 1958 (July) First gold pour
- Three other mining complexes developed afterwards namely: Leslie, Bracken and Kinross
- 1996 Four mining companies consolidated to form Evander Gold Mines Limited
 - 1998 Harmony acquired Evander
 - 2013 PAR acquired Evander - a world class ore body
 - 2018 PAR commissions USD130m Elikhulu Project ahead of schedule and within budget – a world class tailings retreatment operation, and the Company's third tailings retreatment project



EVANDER BASIN – WORLD CLASS OREBODY

Pipeline of organic growth projects



MINERAL RESERVES AS AT 31 OCTOBER 2019				
Ops/Project	Tonnes (Mt)	Grade (g/t)	Gold (t)	Gold (Moz)
Elikhulu	170.6	0.27	46.2	1.48
Evander 8#	0.4	8.54	3.2	0.10
Egoli	3.4	6.61	22.7	0.73
Rolspruit	23.4	8.70	201.0	6.46
Evander South	-	-	-	-
Poplar	-	-	-	-
TOTAL	197.8	1.38	273.1	8.8

MINERAL RESOURCES AS AT 30 JUNE 2019				
Ops/Project	Tonnes (Mt)	Grade (g/t)	Gold (t)	Gold (Moz)
Elikhulu	203.6	0.29	58.4	1.89
Evander 8#	17.3	11.53	199.6	6.42
Egoli	9.6	9.69	93.3	3.00
Rolspruit	25.8	11.58	299.3	9.62
Evander South	21.7	7.66	166.1	5.34
Poplar	23.4	7.51	175.9	5.66
TOTAL	301.4	3.29	992.6	31.9



MINERAL RESOURCES AND RESERVES STATEMENT – EGOLI PROJECT

Mineral Resources				
Category	As at 30 June 2019			
	Mt	Grade g/t	Tonnes Au	Moz Au
Measured	0.44	8.60	3.8	0.12
Indicated	2.94	9.85	28.9	0.93
Total M & Ind.	3.38	9.69	32.7	1.05
Inferred	6.26	9.68	60.6	1.95
Total	9.64	9.69	93.3	3.00

- All Mineral Resource tonnages and grades are reported at:
 - > a minimum mining width of 110 cm
 - > a gold accumulation cut-off grade of 689 cmg/t at a gold price of R700,000/kg Au (USD1,534/oz and ZAR/USD:14.19)

Mining modifying factors applied		
Description	Value	Unit
Grade cut-off	689.00	CMGT
Geological loss	0.00	%
Geotechnical loss	23.8	%
Mining loss	10.00	%
Mining dilution	11.00	%
Gold price	650,000	ZAR/kg (ZAR/USD: 14.19)

Minable Reserve				
Minable Reserve	Category	Minable Reserve Tonnes	Gold (kg)	Grade (g/t)
Measured	Proven	447,163	2,640	5,90
Indicated	Probable	2,987,864	20,076	6,72
Total		3,435,027	22,716	6,61

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Development plan and mine design

PROJECT DEVELOPMENT PLAN

To commence with operations at the Egoli Project will require:

- Refurbishment of the existing Kinross gold processing plant, No.7 and No.7A vertical shafts and winders
- Re-equipping of the 15 Level tramming path to access the No.3 Decline system and re-equip to 19 Level which includes:
 - > 15 Level silos, rail refurbishment and boxfonts, 15 and 19 Level substations, 18 Level workshops
 - > Re-install gondola winder and chairlifts
 - > Power supply, pump columns, dams, service water, potable water, compressed air
 - > Main dip conveyor will be installed as mining from 19 Level produces material to re-build the footwall
- Dewatering of the No.3 Decline mining area to below 19 Level – estimate one year to complete
 - > Removal of 600MI of flood water and ongoing inflow of fissure water of about 3MI/day
 - > Series of pump stations will move the dirty water to 15 Level, then pumped to the No.7 Shaft settler dams and to surface
 - > Water to be used as process water for the Elikhulu operations – implies added cost saving benefits for the plant
- Construction of a refrigeration/cooling plant on 15 Level
- Extend the existing conveyor and material declines to access the Egoli Payshoot from 20 Level to 23 Level (extent of M & I Resources)
- Mine design and production schedule to deliver 45ktpm to the processing plant
- Access methodology is on-reef decline and strike development



MINING LAYOUT

Development Sequence

- Main Development (Decline dip conveyor, No.3 Decline and East block Decline and Incline)
 - > Use of a double boom electrohydraulic drill rig – broken rock hauled by LHDs to dip conveyor loading point
 - > The No.3 Decline conveyor will tip broken rock into main decline ore and waste passes (between 14 and 15 Level) - trammed by rail to No.7 vertical shaft complex, hoisted to surface for processing at Kinross Plant
 - > Main development waste rock to be used as ballasting of the No.3 Decline and not hoisted to surface
- On-reef development (Strike Conveyor)
 - > Use of pneumatic hand held rock drills - broken rock hauled by LHD to the nearest strike conveyor tipping point in the strike drive
 - > A belt loading winch scrapes ore onto static grizzlies constructed over strike conveyors - broken rock conveyed to dip conveyors in the decline cluster for transport to surface via a combination of strike and dip conveyors

Stoping Sequence

- Face (panel) drilling using pneumatic hand held rock drills
 - > Blasted ore from reef horizon cleaned into advance strike gullies with scrapers and winches - then down dip into the receiving bay
 - > Each strike conveyor will have a tail end loading point for ongoing development and ledging - static grizzly located at each of the two operating stope raises
 - > A belt loading winch scrapes ore onto static grizzlies over strike conveyors - broken rock transported to dip conveyors in the decline cluster
 - > A loco drawn hopper is filled on 15 Level, trammed to shaft ore passes on 15 Level station at No.7 Shaft for hoisting to surface



MINING LAYOUT – CONVENTIONAL BREAST MINING

