



PAN AFRICAN
RESOURCES
PLC



RESULTS PRESENTATION

for the six months ended 31 December 2017

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THE AFRICAN FOCUSED
PRECIOUS METALS
PRODUCER



OVERVIEW OF PRESENTATION



- Group interim performance – key features
- Group safety performance
- Financial results review
- Our low cost, high margin tailings business
- Our underground mining assets
- Operational cost comparison
- Profitable production growth
- Outlook
- Appendix



GROUP INTERIM PERFORMANCE



Cobus Loots,
Chief Executive Officer

2017 INTERIM KEY FEATURES



Safety

- Overall improvement in accident rates (LTIFR, RIFR) for the **group**:
 - › RIFR improved to 0.62 (2016: 1.61)
 - › LTIFR remained stable at 4.05 (2016: 3.96)



Barberton Mines

- Challenging period. Performance affected by:
 - › Production delays in developing into Fairview's high grade platforms
 - › Reduced recoveries from the BTRP due to larger coarse fraction material from Harper dump
 - › Production days lost due to industrial action by employees as well as community protests



Evander Mines

- Improved performance from underground
 - › Gold sold from underground operations increased by 23.6% to 32,734oz
 - › The 8 Shaft pump column experienced a number of bursts which contributed to a loss of production

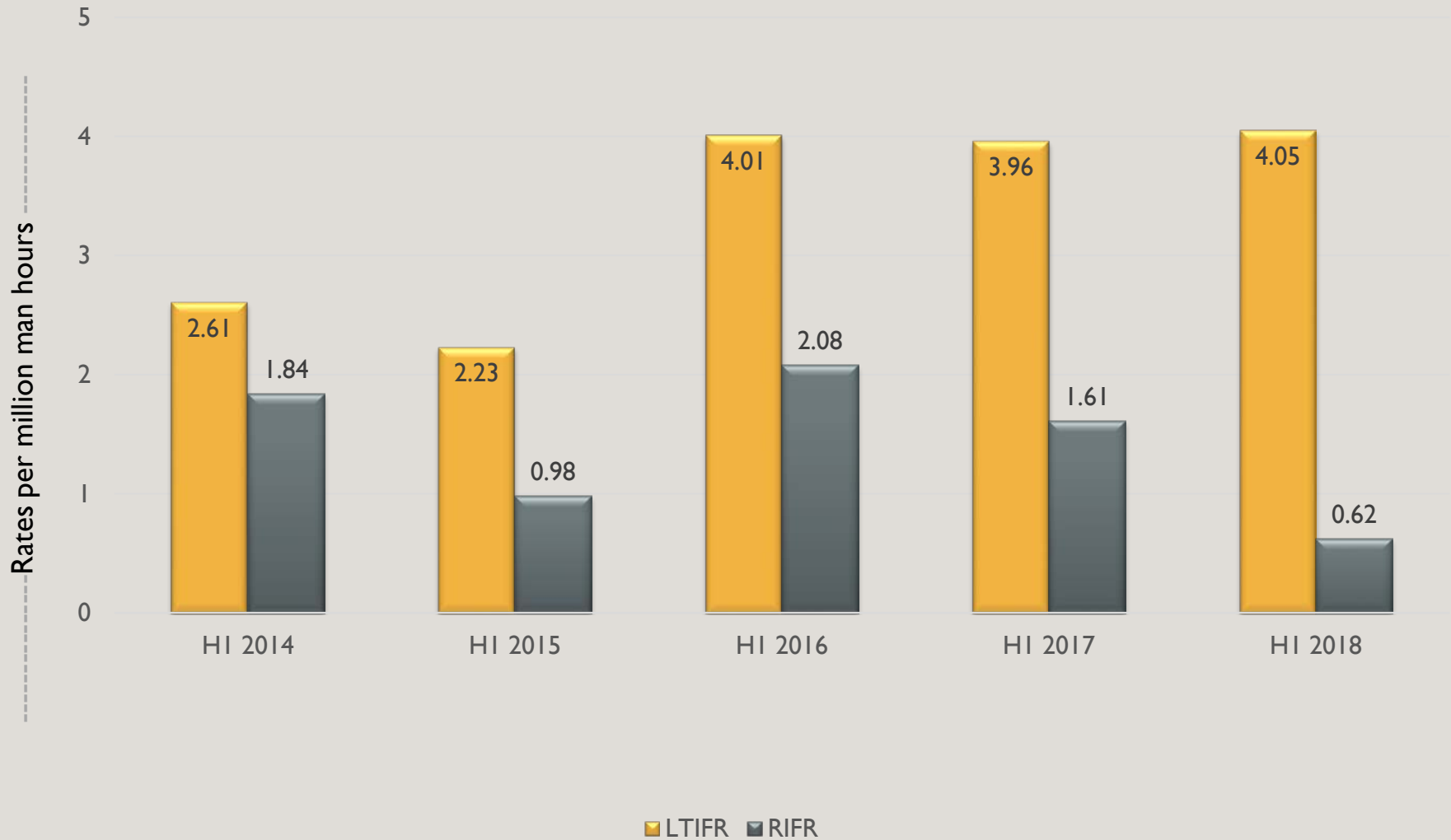


Elikhulu Tailings Retreatment Project

- Currently ahead of schedule and below budget



PAR GROUP – SAFETY PERFORMANCE





FINANCIAL RESULTS REVIEW



Deon Louw,
Financial Director

Summarised consolidated Interim results (continuing operations)

		For the 6 months ended 31 Dec 2017		For the 6 months ended 31 Dec 2016	
		ZAR	GBP	ZAR	GBP
Revenue	(million)	1,462.9	82.9	1,610.8	90.1
Cost of production	(million)	(1,228.0)	(69.6)	(1,165.6)	(65.2)
Mining profit	(million)	103.0	5.9	316.0	17.7
Adjusted EBITDA	(million)	185.6	10.5	476.5	26.6
Profit after tax	(million)	58.2	3.3	249.8	14.0
Headlines earnings	(million)	63.0	3.6	246.0	13.8
EPS	(cents/pence)	3.23	0.18	16.58	0.93
HEPS	(cents/pence)	3.51	0.20	16.32	0.91
Net debt	(million)	653.0	39.2	497.0	29.4
Number of shares*	(million)	1,798.3	1,798.3	1,506.8	1,506.8

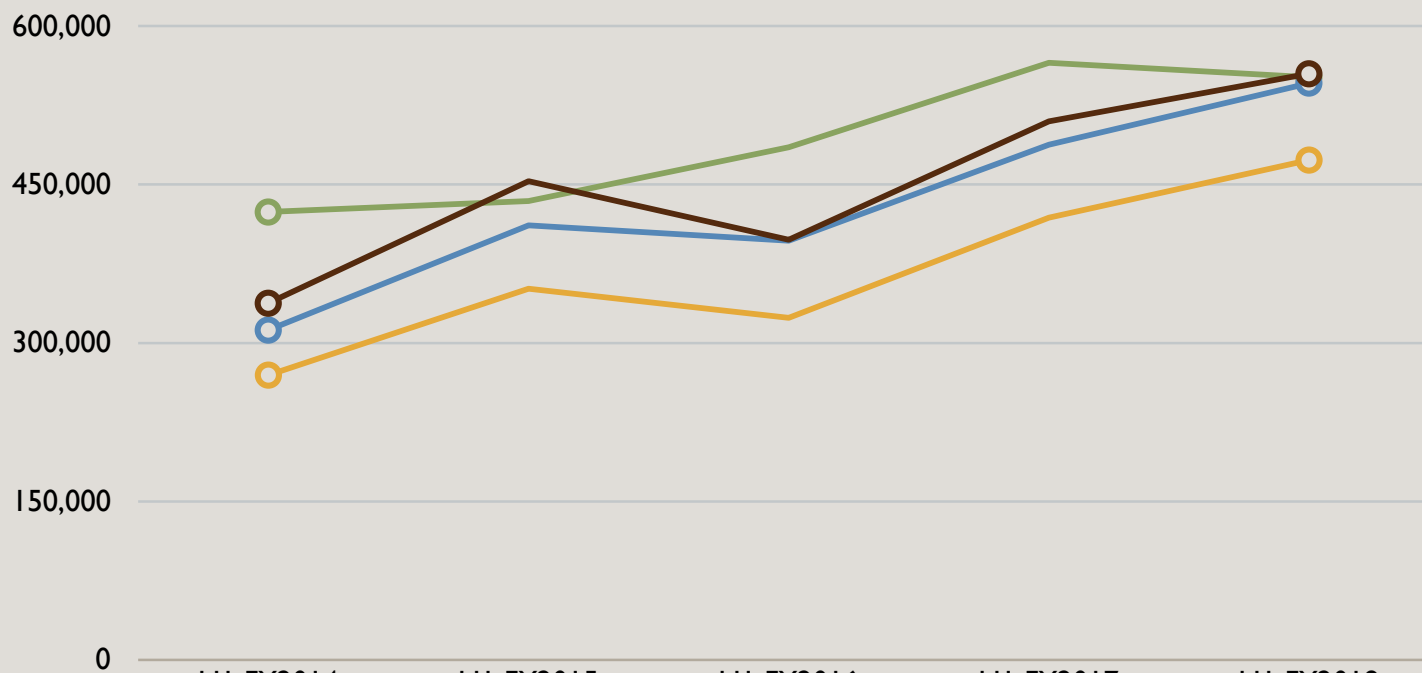
* Weighted average number of shares in issue

FINANCIAL SUMMARY: GROUP INTERIM RESULTS



Group costs as defined by World Gold Council

ZAR/kg



○ Average gold price received

○ Cash costs

○ All-in sustaining costs

○ All-in costs

HI FY2014

HI FY2015

HI FY2016

HI FY2017

HI FY2018

424,022

434,403

485,215

565,298

551,506

269,670

351,461

323,730

418,764

473,187

312,219

411,384

396,819

487,765

545,908

337,673

453,068

397,692

509,909

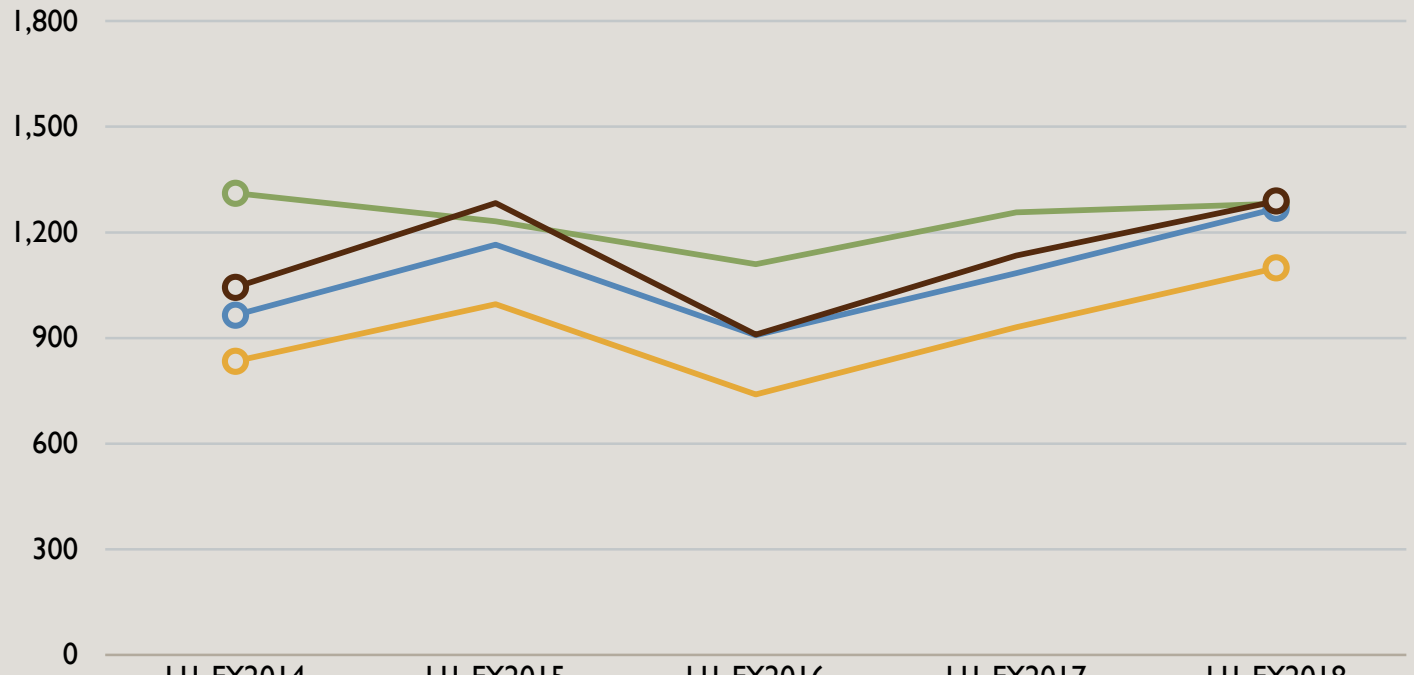
554,890

FINANCIAL SUMMARY: GROUP INTERIM RESULTS



Group costs as defined by World Gold Council

USD/oz



—○— Average gold price received

—○— Cash costs

—○— All-in sustaining costs

—○— All-in costs

HI FY2014

HI FY2015

HI FY2016

HI FY2017

HI FY2018

1,311

1,231

1,110

1,257

1,281

834

996

740

931

1,099

965

1,165

908

1,084

1,268

1,044

1,283

910

1,134

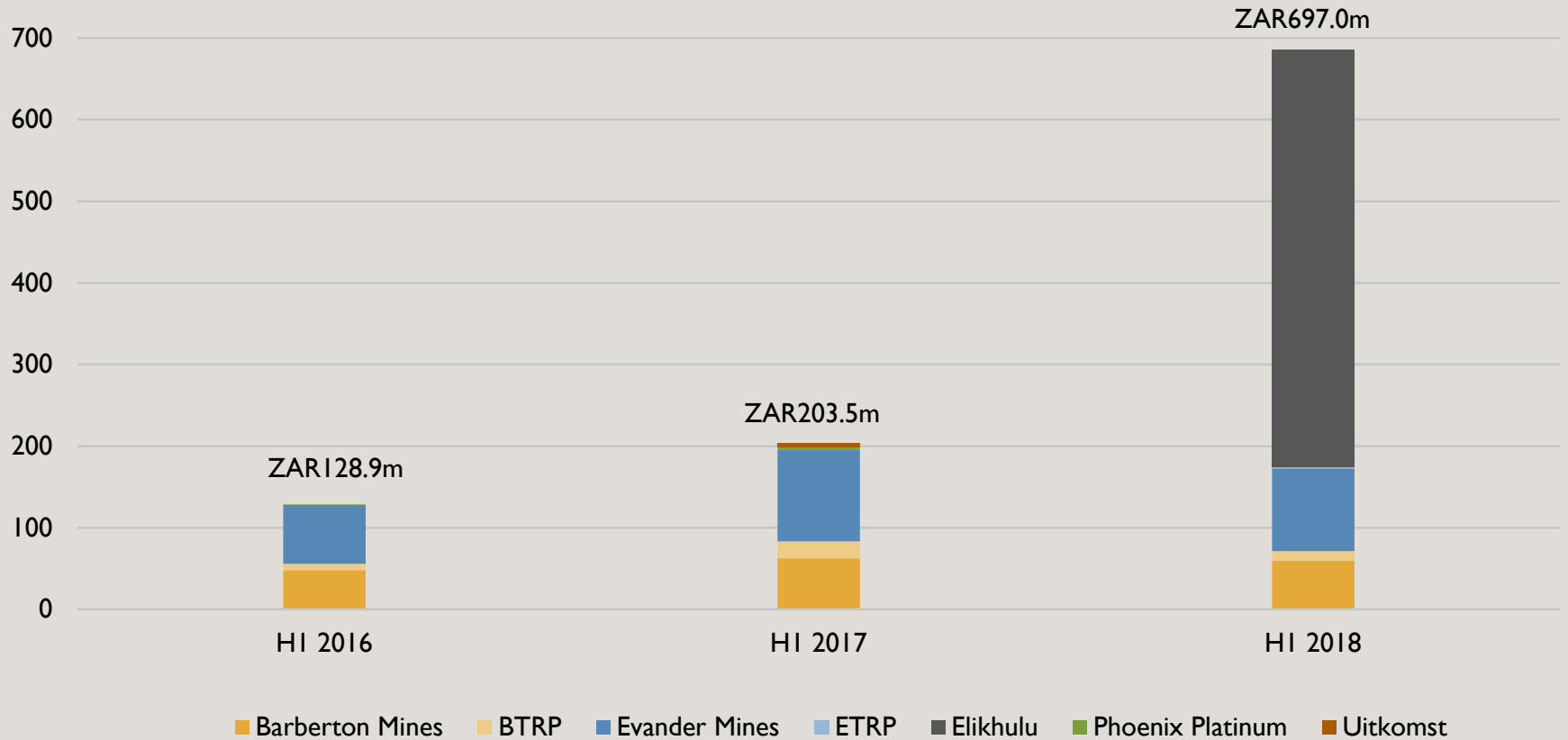
1,289

FINANCIAL SUMMARY: GROUP INTERIM RESULTS



Group capital spending on maintaining production and growth through the cycle

ZAR millions

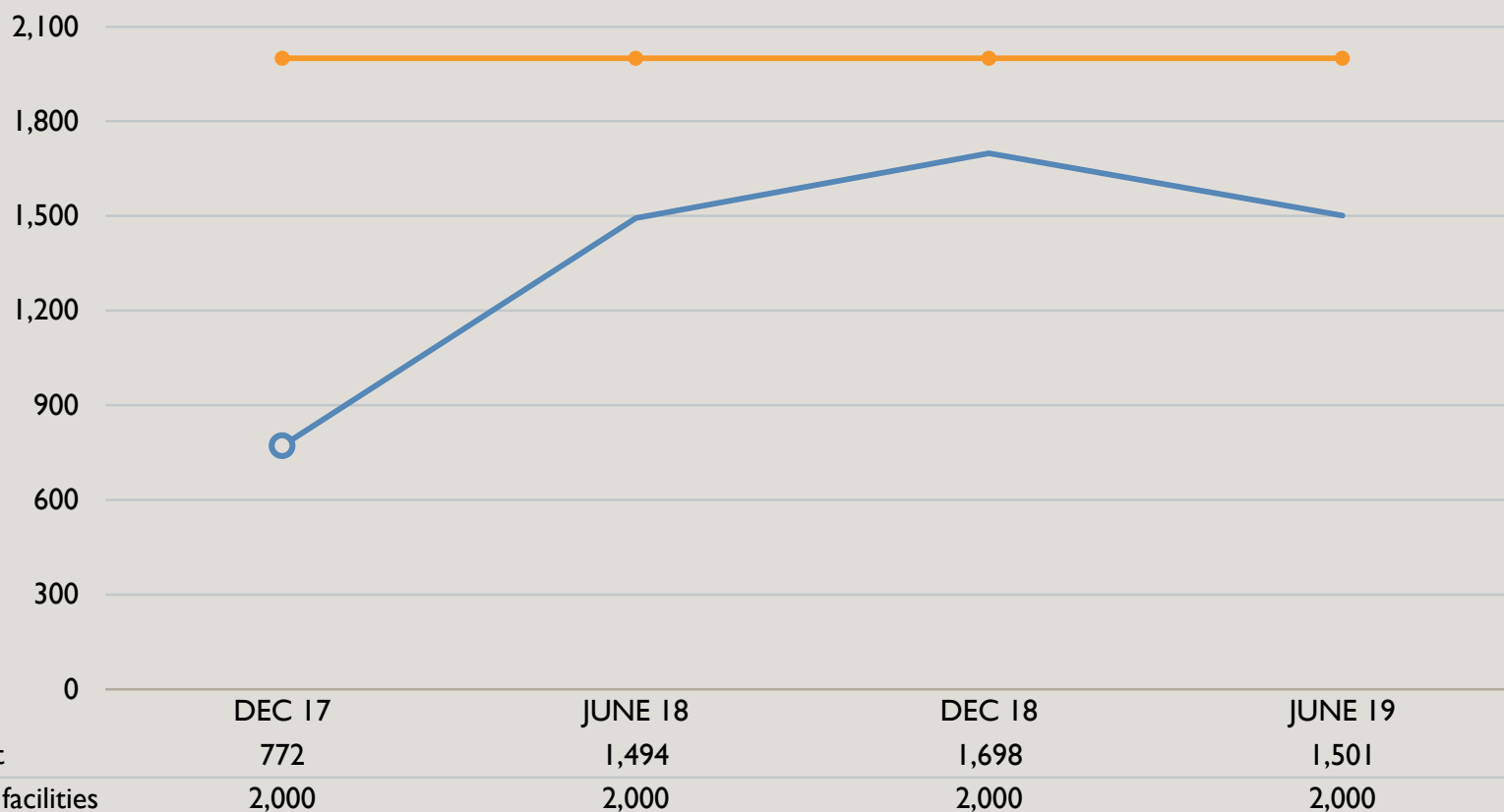


FINANCIAL SUMMARY: GROUP INTERIM RESULTS



Forecast group net debt

ZAR' million



* Calculated on a R520,000/kg gold price going forward



OUR OPERATIONS



Cobus Loots,
Chief Executive Officer



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



Low cost, long life ounces

OUR LONG-LIFE, LOW-COST TAILINGS RETREATMENT OPERATIONS



Gold tailings retreatment operations

- **Barberton Tailings Retreatment Plant**

- LOM of 14 years
- Current AISC of USD656/oz
- Initial capital outlay of ZAR325.7 million (~USD37 million) – paid back in 18 months

- **Evander Tailings Retreatment Plant**

- LOM of 14 years
- Current AISC of USD735/oz
- Initial capital outlay of ZAR174.3 million (~USD15 million) – paid back in less than 3 years
- Surface sources secured up to 30 June 2019 @ a minimum of 10,000 tonnes per month

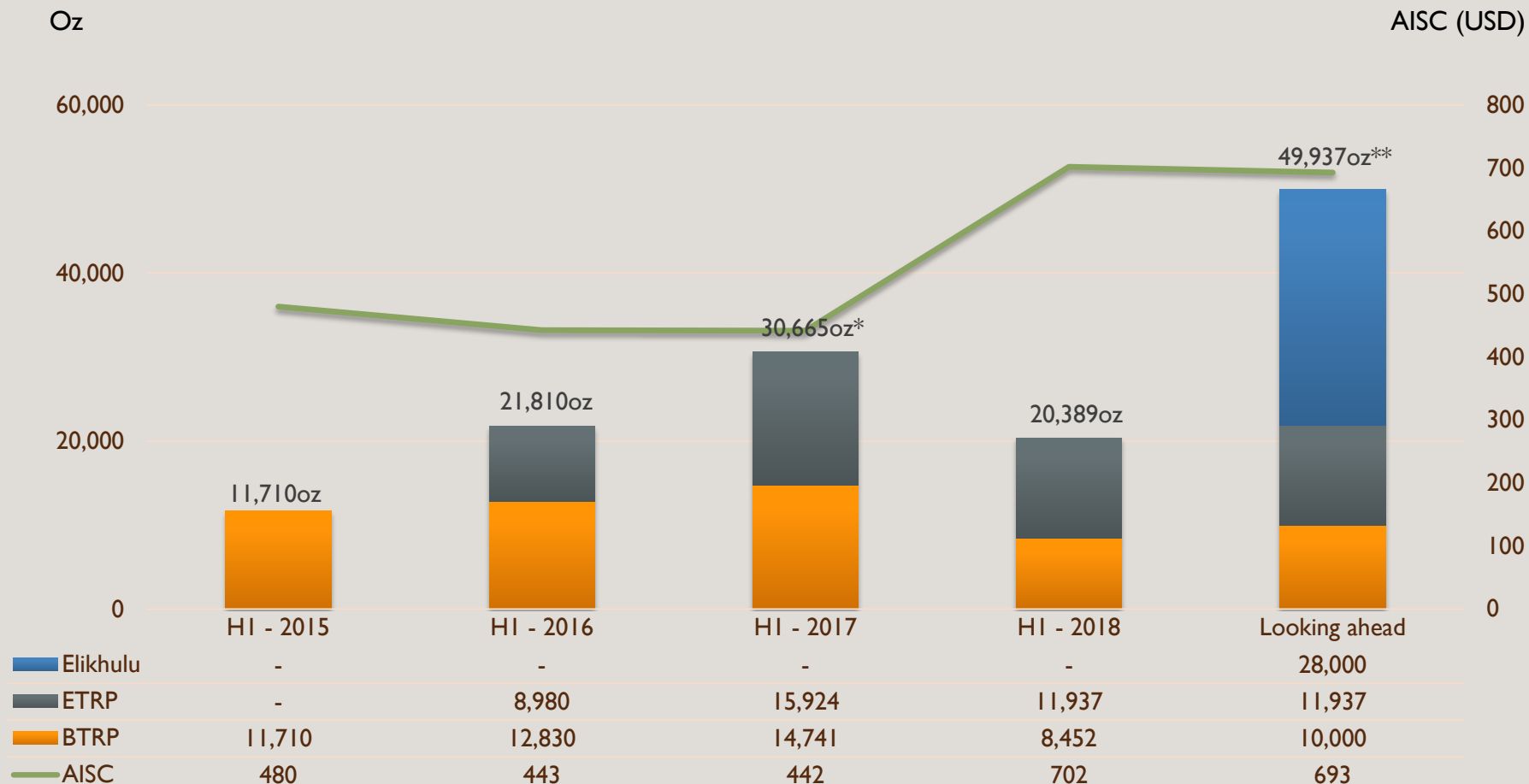
- **Elikhulu Tailings Retreatment Plant**

- ~56,000oz p/a gold production in first 8 years, LOM of 14 years
- AISC forecasted at below USD550/oz (@R14.50) or USD704/oz (@R12.00)
- Initial estimated capital of ZAR1.74 billion (~USD125 million) – forecasting payback of 4 years post commissioning

OUR LONG-LIFE, LOW-COST TAILINGS RETREATMENT OPERATIONS



Gold surface sources production (6 months ending 31 December)



* ETRP ounces increased due to additional surface sources processed through the ETRP section to compensate for the repairs to 7 Shaft in October 2016 and the resultant reduced production from underground.

** Forecasted production and AISC based on current ETRP achievement and assuming surface sources can be secured at the same rate over the life of the ETRP, BTRP producing 20,000oz per annum at an AISC of USD610/oz and forecasted Elikhulu production of 56,000oz per annum at a forecasted AISC of USD704/oz.

Production challenges

- **BTRP**

- › Processing challenges at the Barberton's Tailings Retreatment Plant ("BTRP"), which produced 6,289oz less compared to the previous corresponding period due to the re-mining operation moving to the lower-grade Harper dump following depletion of the Bramber dump, and the head grade reducing from 2.2g/t to 1.4g/t
- › The Harper dump material has a larger coarse fraction, which resulted in processing problems and a reduction in plant recoveries to 41% (2016: 55%)
- › A regrind mill is being installed to reduce the Harper dumps course fraction material which will improve material handling and recoveries

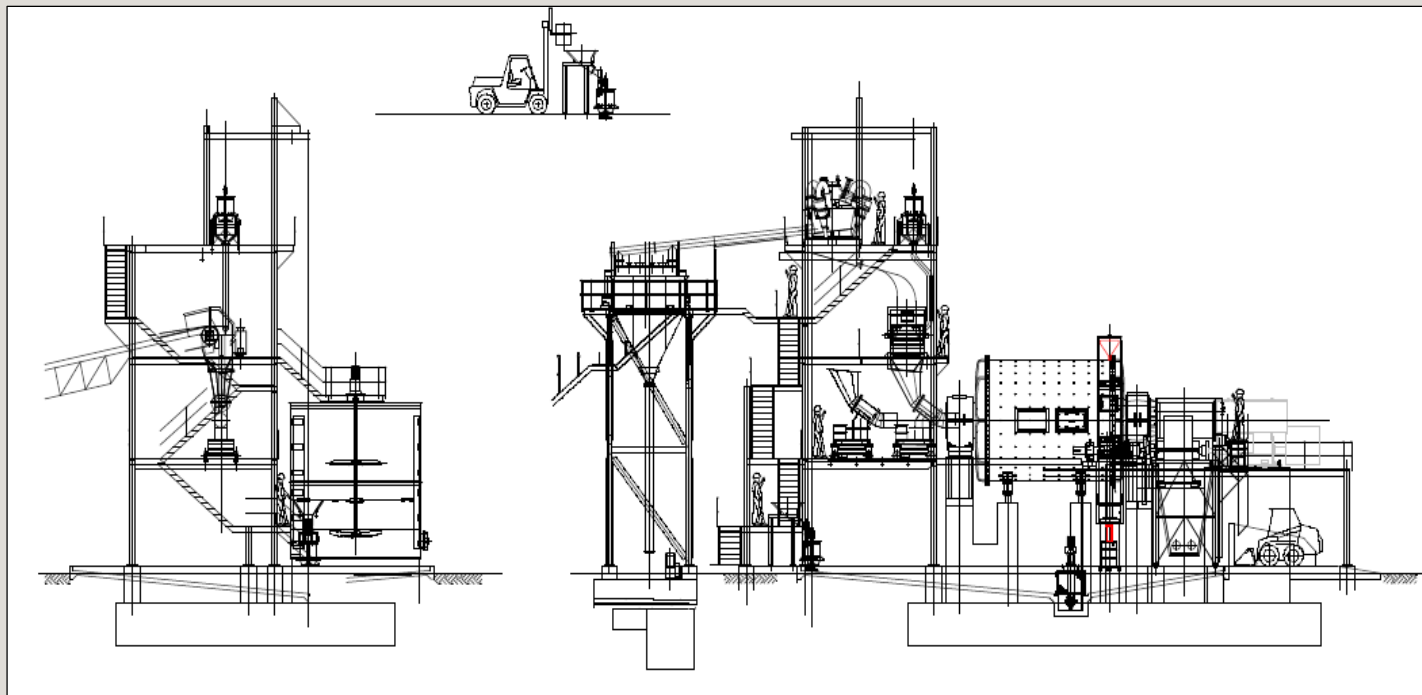
- **ETRP**

- › Gold production at the ETRP reduced to 11,937oz (2016: 15,924oz) due to additional surface feedstock tonnages being milled in the comparative period as a result of the 7 Shaft infrastructure repairs during October 2016 and the resultant reduced production from underground

TAILINGS OPERATIONS – BTRP

Addressing BTRP recoveries

- › Installation of a 1.6 MW regrind mill to facilitate treatment of coarse material
- › DRA appointed to install the mill
- › Timing – completed by end April 2018
- › Benefit – gold production improvement of approximately 3,500oz – 4,000oz per annum
- › Versatility of mill will allow conversion to ROM mill for Royal Sheba ore with limited capital outlay



TAILINGS PRODUCTION GROWTH - ELIKHULU

- › The Elikhulu project entails a 1Mt per month tailings retreatment gold plant.
- › Three existing tailings storage facilities (TSF's) will be reclaimed sequentially:
 - Kinross
 - Bracken/Leslie
 - Winkelhaak
- › The project scope includes:
 - Water supply
 - Hydraulic mining infrastructure
 - A new carbon in leach (CIL) plant
 - The residue disposal systems to deposit on a new TSF



TAILINGS PRODUCTION GROWTH - ELIKHULU

Overview



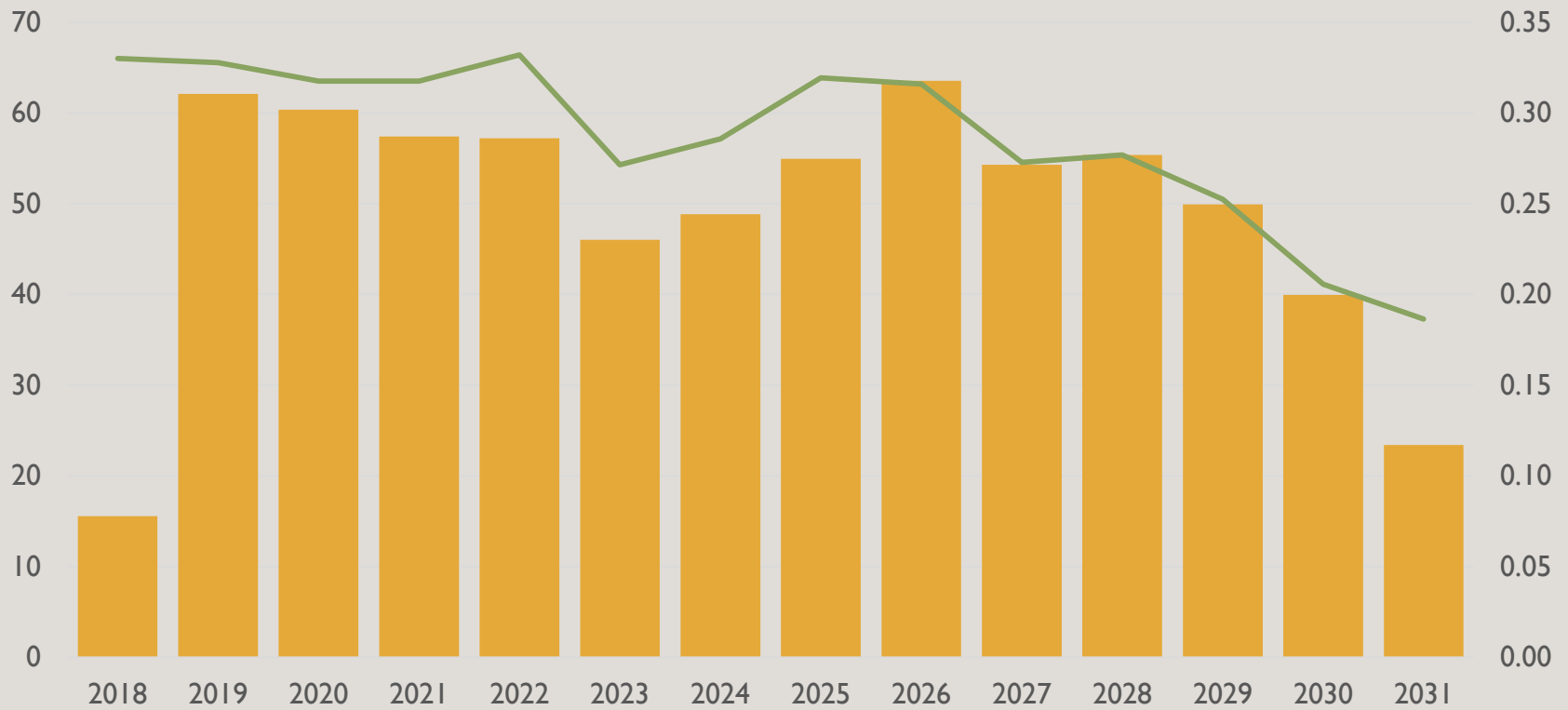
TAILINGS PRODUCTION GROWTH - ELIKHULU



Forecasted production profile (calendar years)

Gold recovered (Koz)

Grade (g/t)



Gold recovered Grade

TAILINGS PRODUCTION GROWTH - ELIKHULU



Current status

- › Construction progressing well and currently ahead of schedule
- › First gold anticipated in August 2018 and full commissioning in September 2018
- › Overall project completion currently at 61% against planned completion of 50%
- › Current project expenditure is R671.4 million and forecasting an overall saving on approved capital budget



OUR UNDERGROUND MINING ASSETS



Bert van den Berg,
Group Mining Engineer

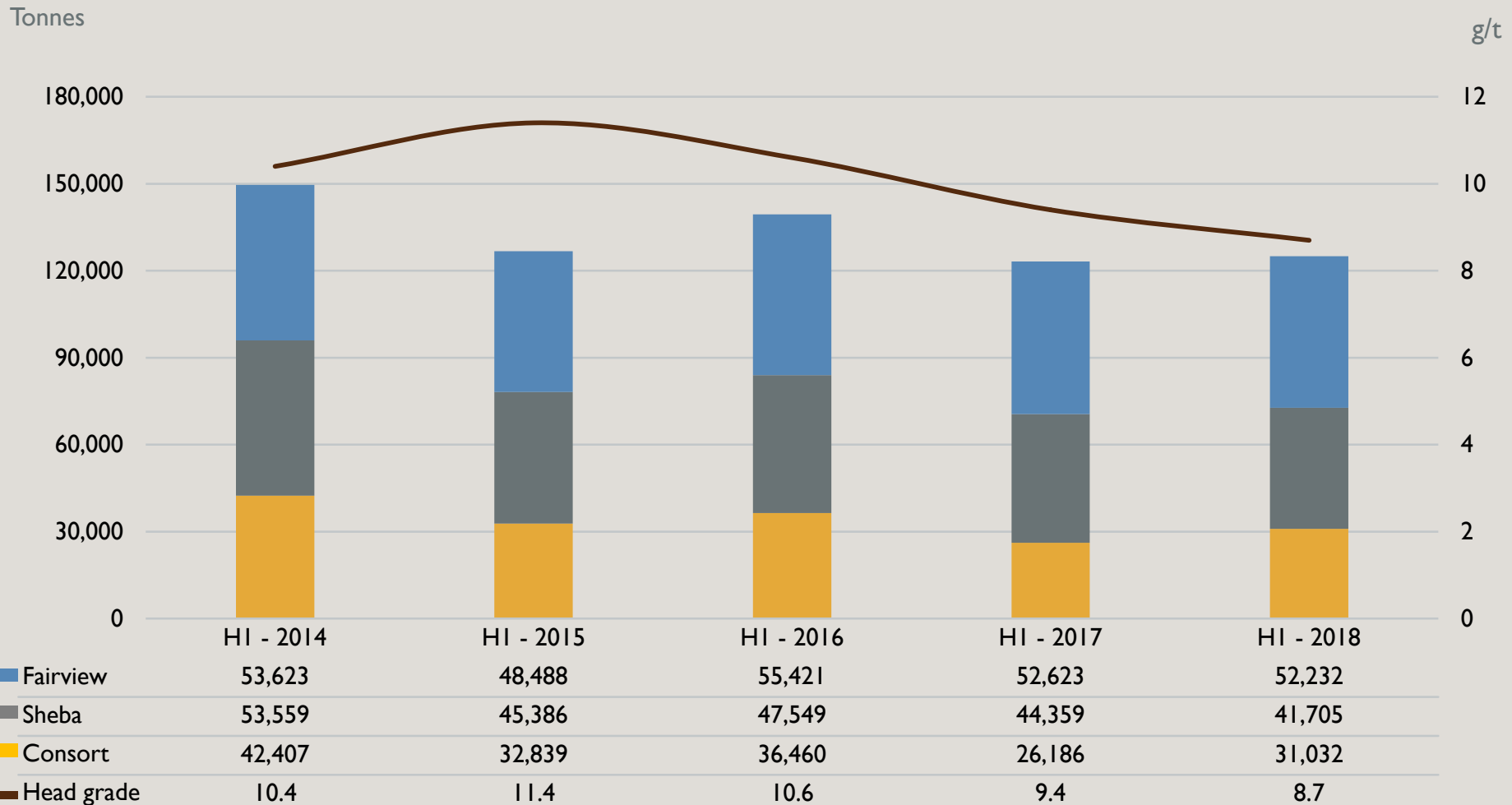


BARBERTON MINES



Underground Operations

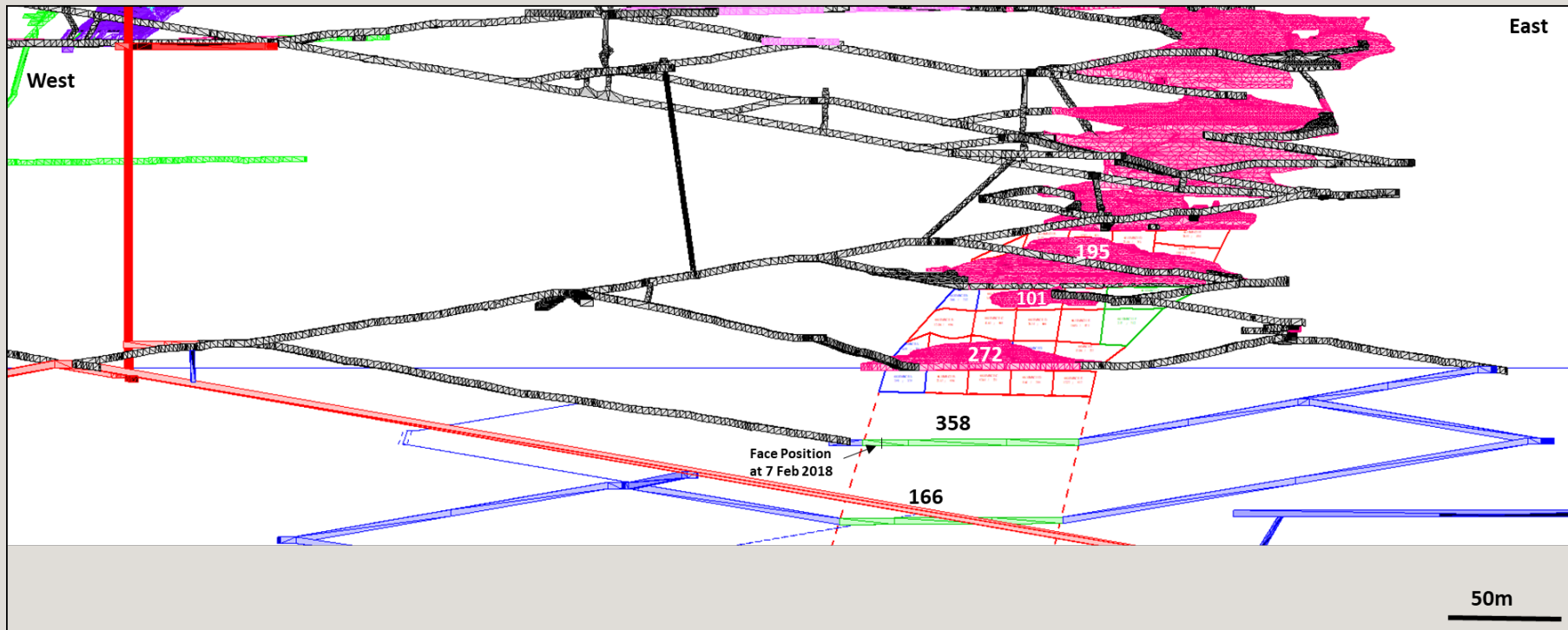
Production statistics



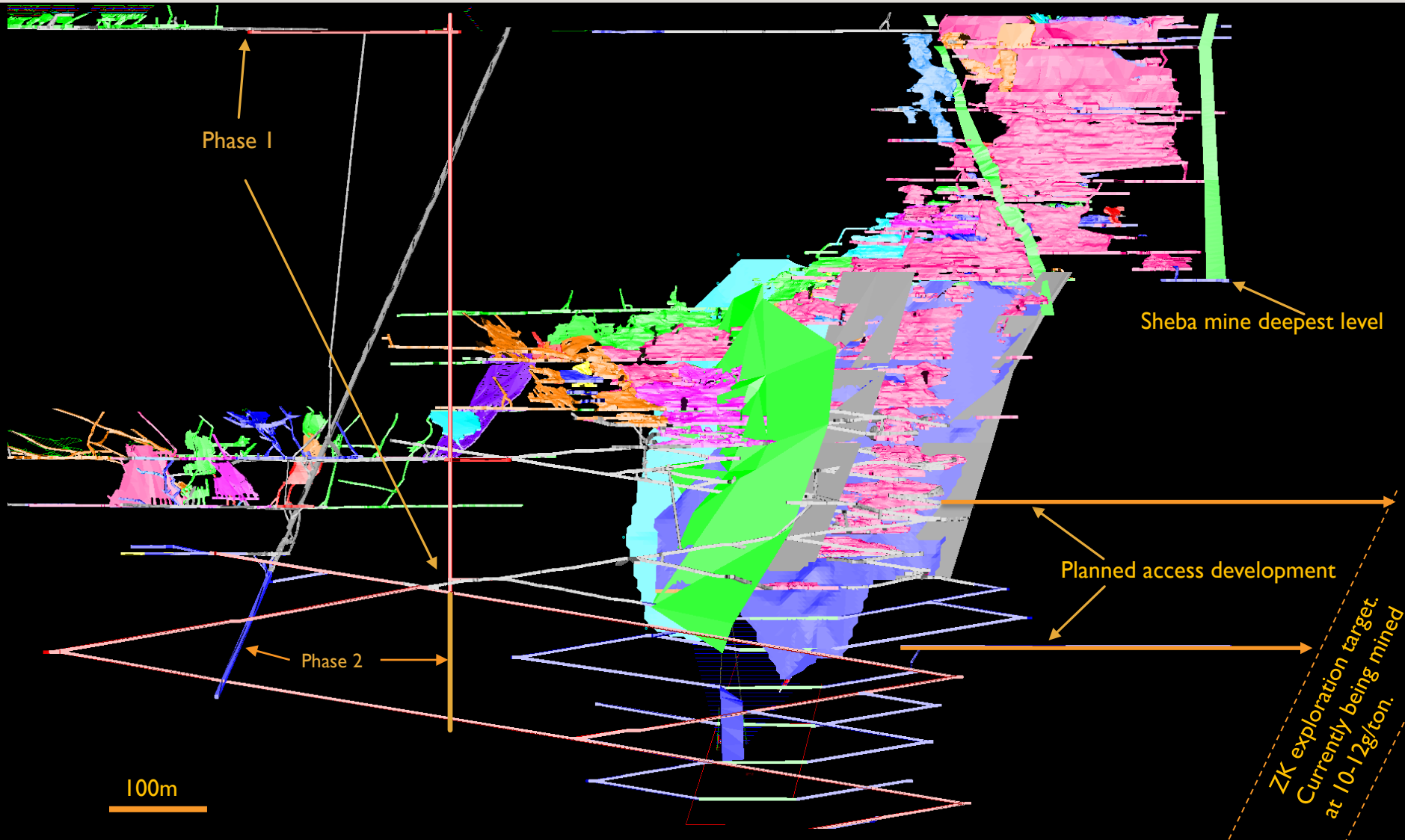
Production challenges

Underground mining production

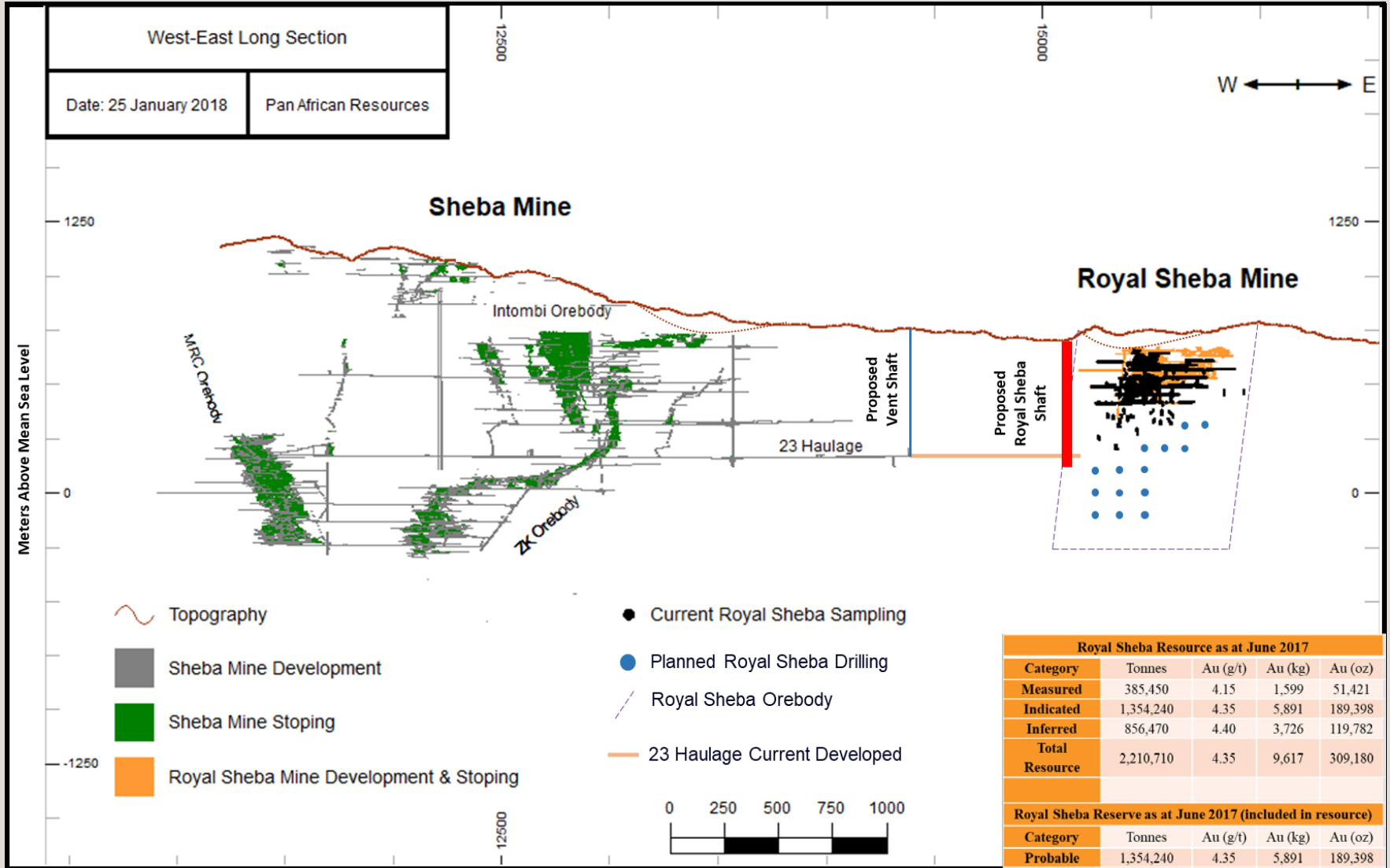
- › Production impacted by delays in developing into Fairview's high-grade 272 and 358 platforms; and
- › 11 production days lost (equivalent to approximately 3,000oz) due to industrial action by employees and protests directed by community pressure groups



BARBERTON MINES PROJECTS - FAIRVIEW SUB-VERTICAL SHAFT



BARBERTON MINES PROJECTS – ROYAL SHEBA





EVANDER MINES

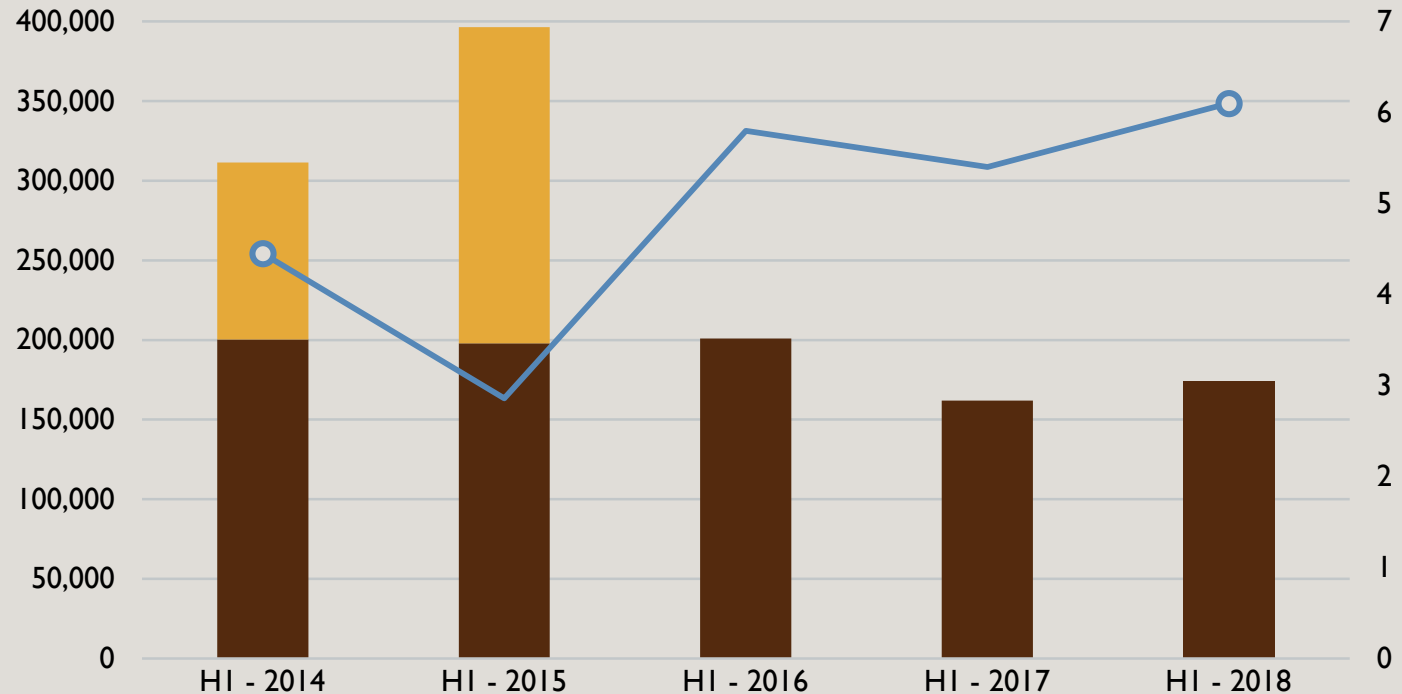


Underground Operations

Production statistics (underground operations)

Tonnes milled

Underground and
Surface head grade (g/t)



Surface

Underground

Underground & Surface head grade

HI - 2014

111,225

200,272

4.5

HI - 2015

198,578

197,879

2.9

HI - 2016

-

200,942

5.8

HI - 2017

-

161,872

5.4

HI - 2018

-

174,233

6.1

EVANDER MINES – PRODUCTION SUSTAINABILITY



Mining and cost optimisation initiatives

- › Appointed experienced mining professionals to drive clean mining initiative
- › MCF improvement
- › Blast frequency improvement
- › Old gold project

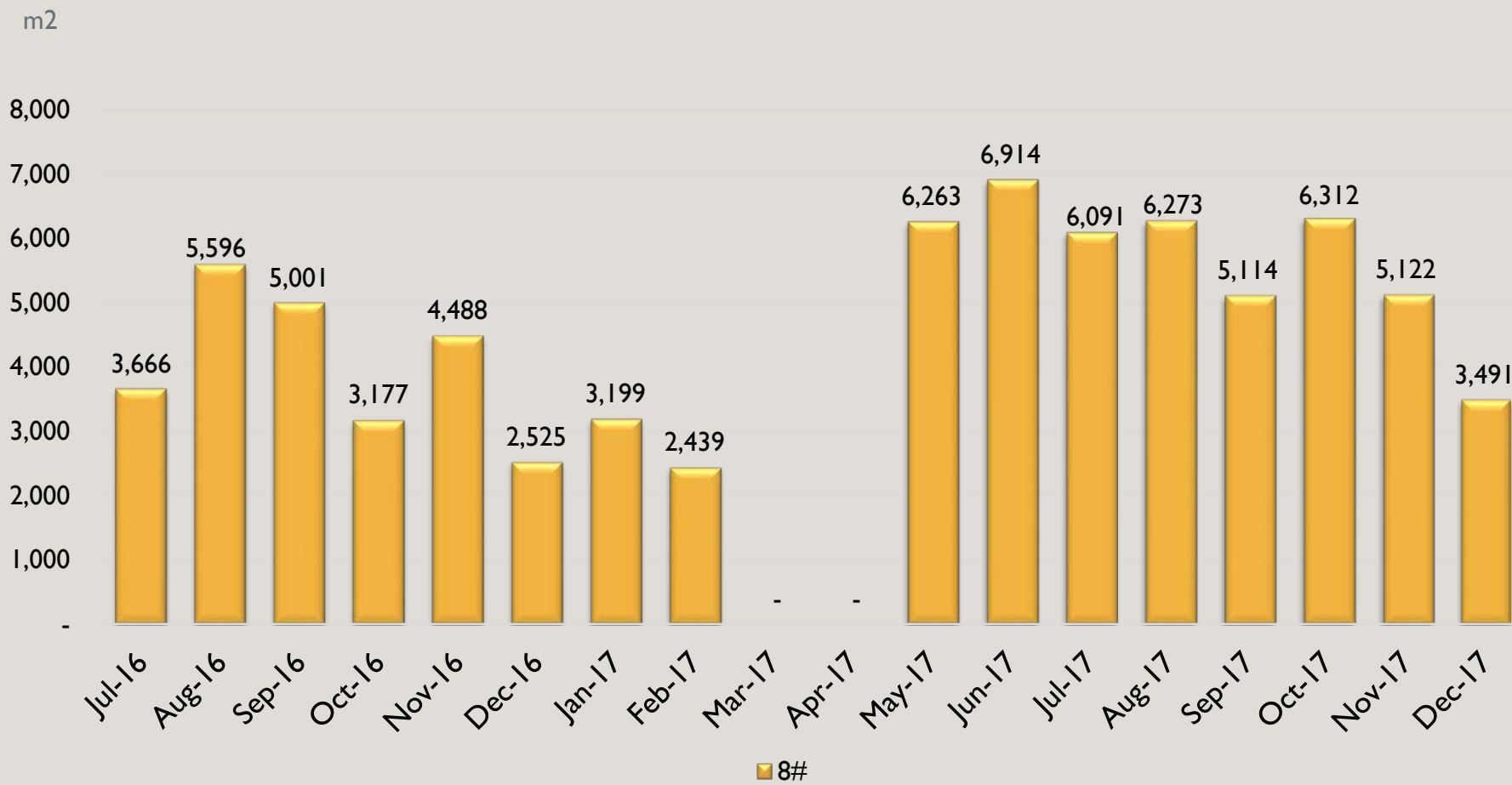
Cost curtailment

- › Right-sizing programme:
 - Monthly payroll cost reduction of ZAR9.5 million
 - Retrenchment of 628 employees at a cost of ZAR39.8 million
 - Reduction of 147 contractors

EVANDER MINES – PRODUCTION IMPROVEMENT



8 Shaft m²



EVANDER PROJECTS – EGOLI PROJECT



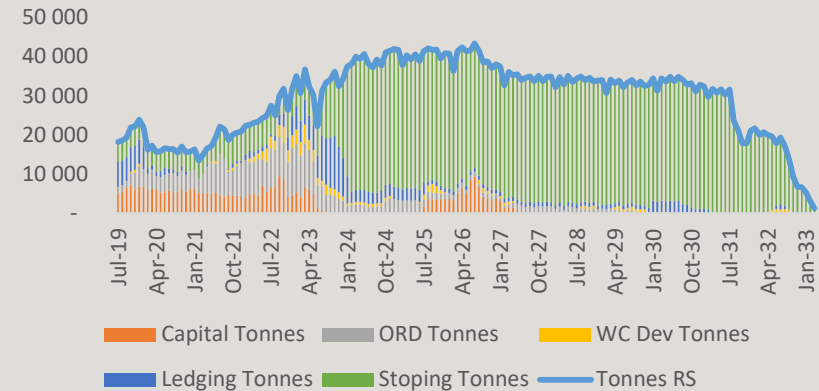
Overview

- The Project is adjacent to the No 7 Shaft infrastructure and extends from the boundary of Taung Gold International Limited’s No 6 Shaft mining right.
- The Project will use the established No 7 Shaft and metallurgical facilities.
- The Project has more than one-million ounces of contained gold in measured and indicated categories.
- Mining feasibility study undertaken by DRA Global into the viability of the Project. The study’s findings are summarised hereunder:

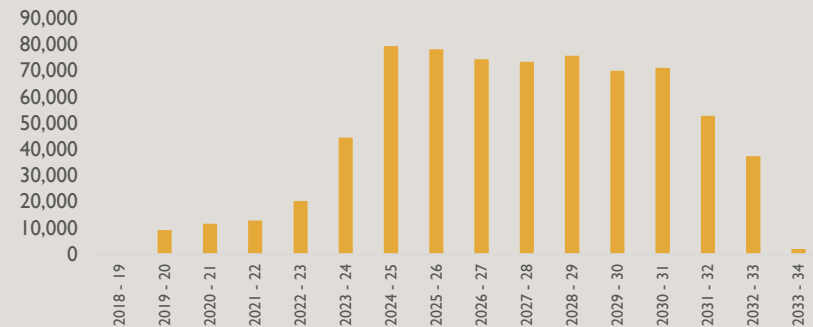
Key Metrics

CAPEX (R-million)	R 572.0
OPEX (incremental)	R 1,250/t
IRR (Real, pre-taxation)	46%
NPV (R mill) (Real, pre-taxation)	
@7.5%	R 2,303
@10%	R 1,742
@12.5%	R 1,324

LOM Production Profile (ROM tonnes)



Production Profile (Au oz)





PROFITABLE GROWTH



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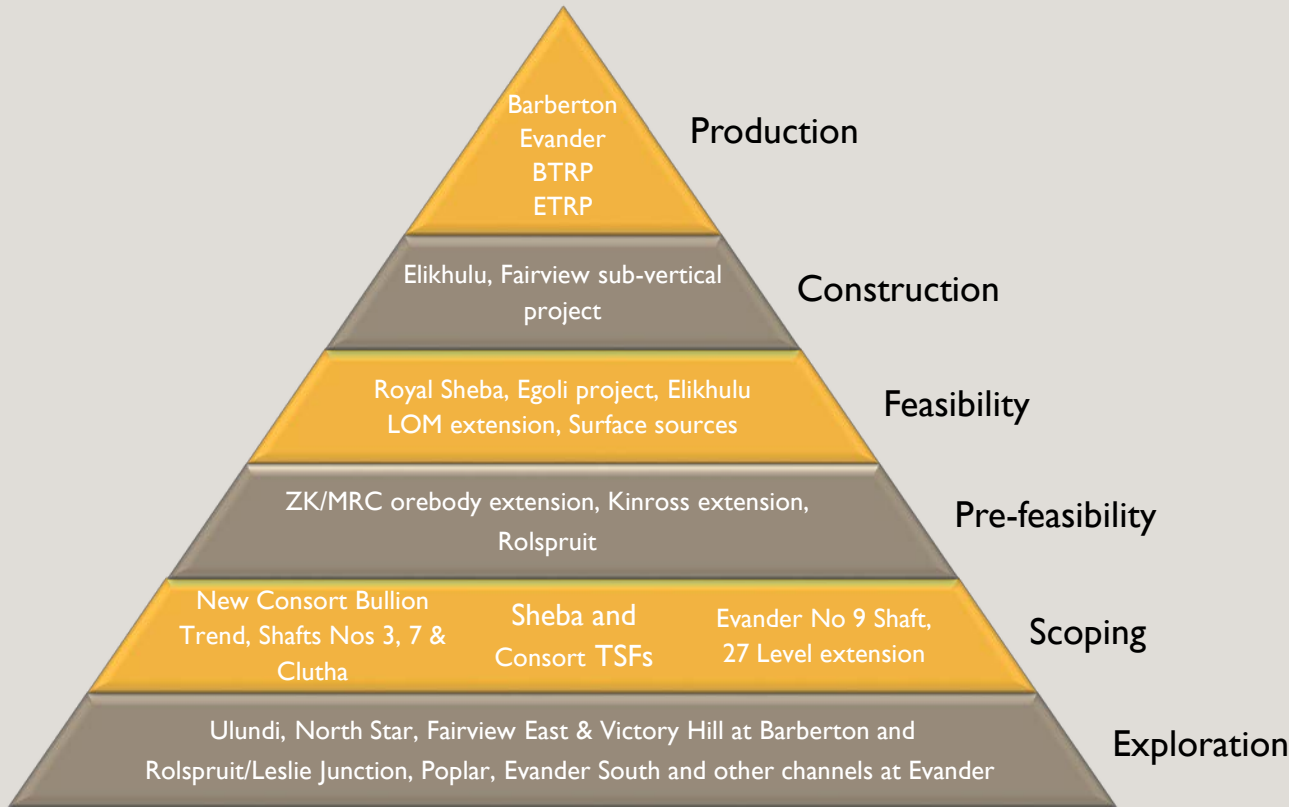
Barry Naicker, Group MRM Manager
&
Hendrik Pretorius, Group Project Geologist

GROWTH – WHERE TO NEXT?



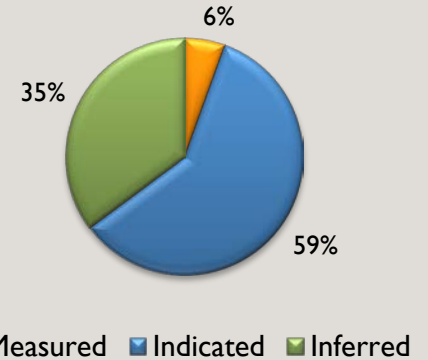
Growth portfolio

Strong track record of delivery



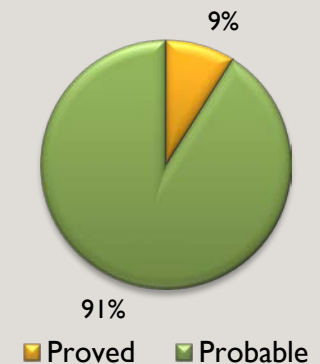
Group Resources

34.4Moz (337.9Mt @ 3.17g/t)



Group Reserves

11.2Moz (231.8Mt @ 1.50g/t)



Exploration Upside

- › PAR embarked on a strategy to assess the exploration upside at Barberton and Evander Mines
- › Egoli Project surface drilling concluded and indicates prospective geology indicating secondary Channel parallel to Kinross Channel
- › Royal Sheba surface drilling for resource definition
- › Shango Solutions have been mandated to define the following:

➤ **Short Term Exploration**

- › Extending reserves from known orebodies by delineating down dip and lateral continuity within the MMR, MRC, ZK and other orebodies at Barberton and Kinross Channel at Evander

➤ **Medium Term Exploration**

- › Near mine exploration on brownfield targets such as Royal Sheba, Bullion, Clutha, Margret, Victory Hill at Barberton and Egoli extension, No 5 Decline at Evander

➤ **Long Term Exploration**

- › Identifying potential targets along the regional structural settings for example the Sheba, Ulundi and Eureka antiforms at Barberton and prospective Channels in the Evander Basin

BARBERTON MINES PROJECTS – ROYAL SHEBA



Geology

The gold mineralisation occurs within the Sheba Fault shear zone in the banded chert-carbonate shale unit of the Fig Tree Group. The Royal Sheba orebody is open-ended at depth

Project Status

The Royal Sheba orebody is being accessed from 23 Level Sheba Mine development of which +/-900m has been developed and approximately 850m remains

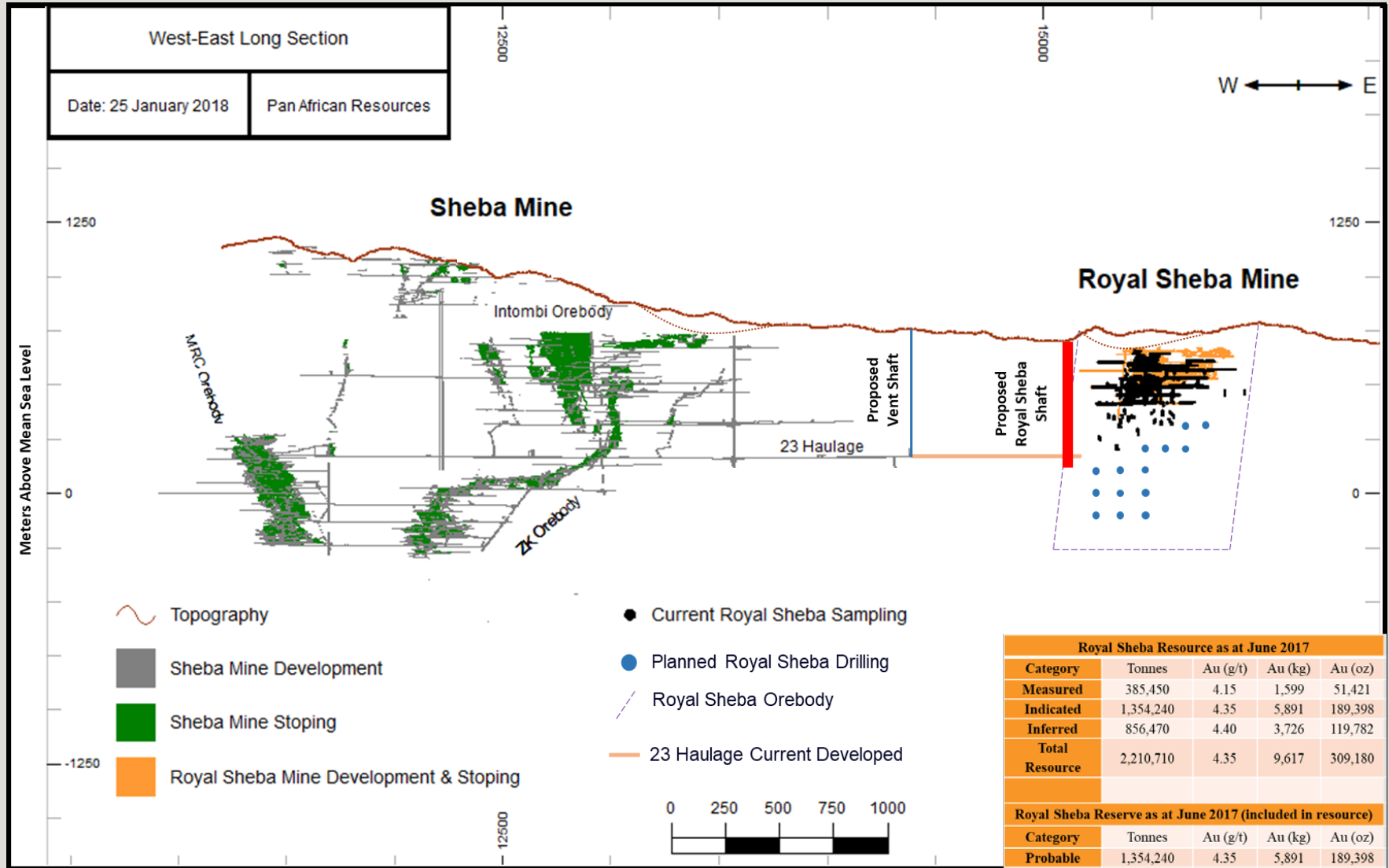
Exploration

A surface drilling program of 14 exploration drill-holes will commence shortly to define the down dip extension mineral resource. This resource definition drilling will supplement the current mineral resource declared

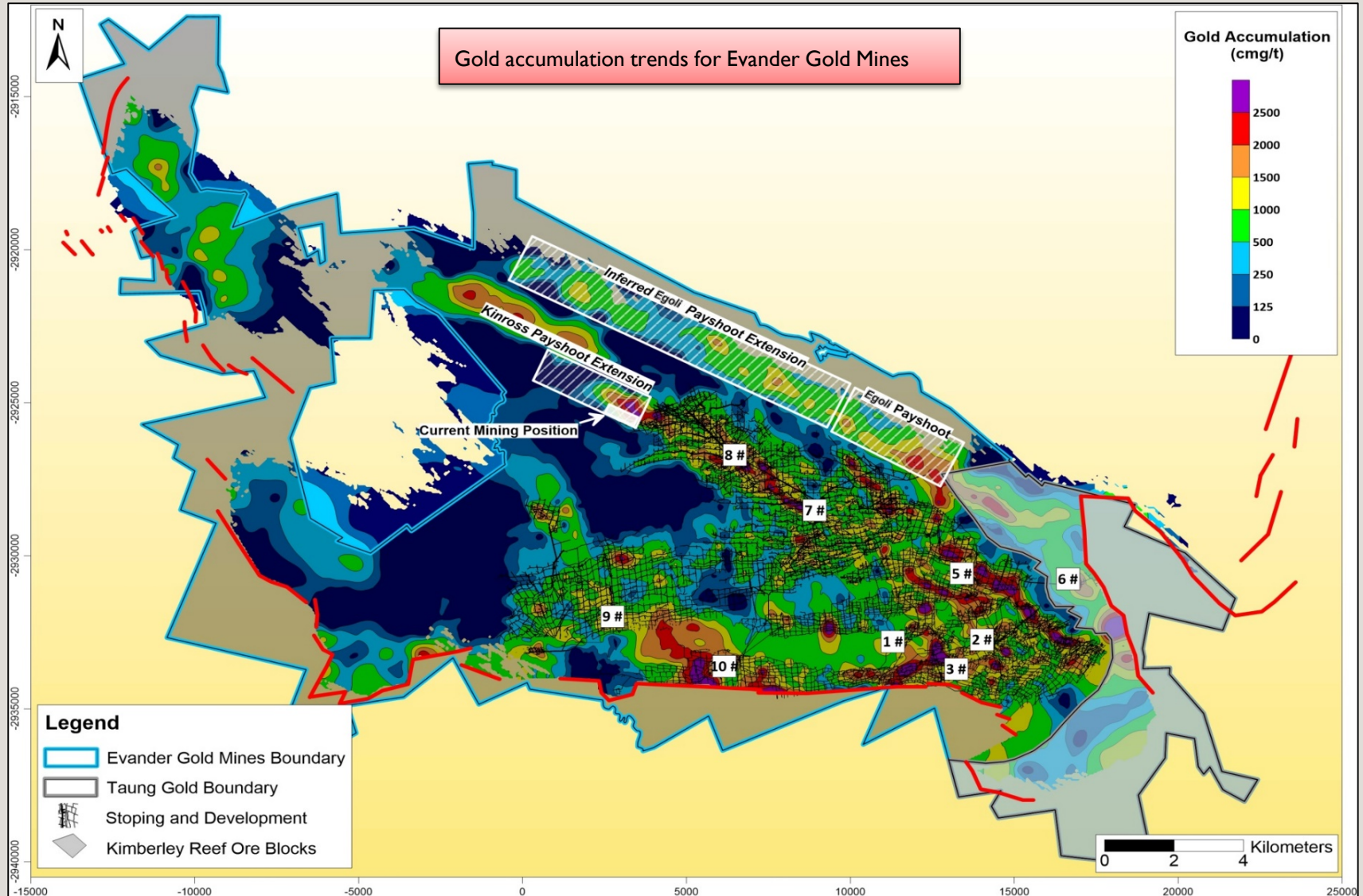
Mine Design Feasibility Studies

- › Evaluating advantages of an approximately 600m long, 1m diameter vent shaft on Sheba 23 Level haulage to enable multi-blast conditions
- › DRA is conducting a Basic Economic Assessment (BEA) which will focus on optimisation options
- › An update of the Royal Sheba structural, geological and mineral resource models in three dimensions (3D) are underway to optimise the mineral resource
- › Up to 35kt of ore can be treated at the nearby BTRP once the regrind mill has been commissioned

BARBERTON MINES PROJECTS – ROYAL SHEBA



EVANDER PROJECTS – EGOLI PROJECT



EVANDER PROJECTS – EGOLI PROJECT



Resource Category	Tonnes (Mt)	Gold (Kg)	Gold (Koz)	Grade (g/t)	Block Width (cm)	Grade (cmg/t)	SG (t/m ³)
Measured	0.361	3,238	104	8.97	110	986	2.71
Indicated	2.922	28,828	927	9.87	110	1,085	2.71
Total M&I	3.283	32,066	1,031	9.77	110	1,074	2.71
Inferred	6.124	59,628	1,917	9.74	110	1,071	2.71
Grand Total	9.406	91,693	2,948	9.75	110	1,072	2.71

Notes:

Mineral Resources are reported in accordance with the SAMREC guidelines. Mineral Resources would be the same if they are reported according to the guidelines of JORC. Cut-off values are reported applying a gold price of ZAR600,000/kg (US\$1,370/oz and ZAR13.62/US\$1). Mineral Resources are reported inclusive of mineral reserves. All mineral resources exclude geological structures, regional pillars, middling pillars, safety pillars and shaft pillars. Mineral Resources are reported as in-situ tonnes. Any discrepancies in totals are due to rounding.

The following tonnage discount factors have been applied:

- Geological loss of 2% for the Measured Category
- Geological loss of 2% for the Indicated Category
- Geological loss of 5% for the Inferred Category

Additional effects of mining and recovery losses have been considered in the cut-off grade calculations.



OPERATIONAL COST COMPARISON



Cobus Loots,
Chief Executive Officer

OPERATIONAL COST COMPARISON

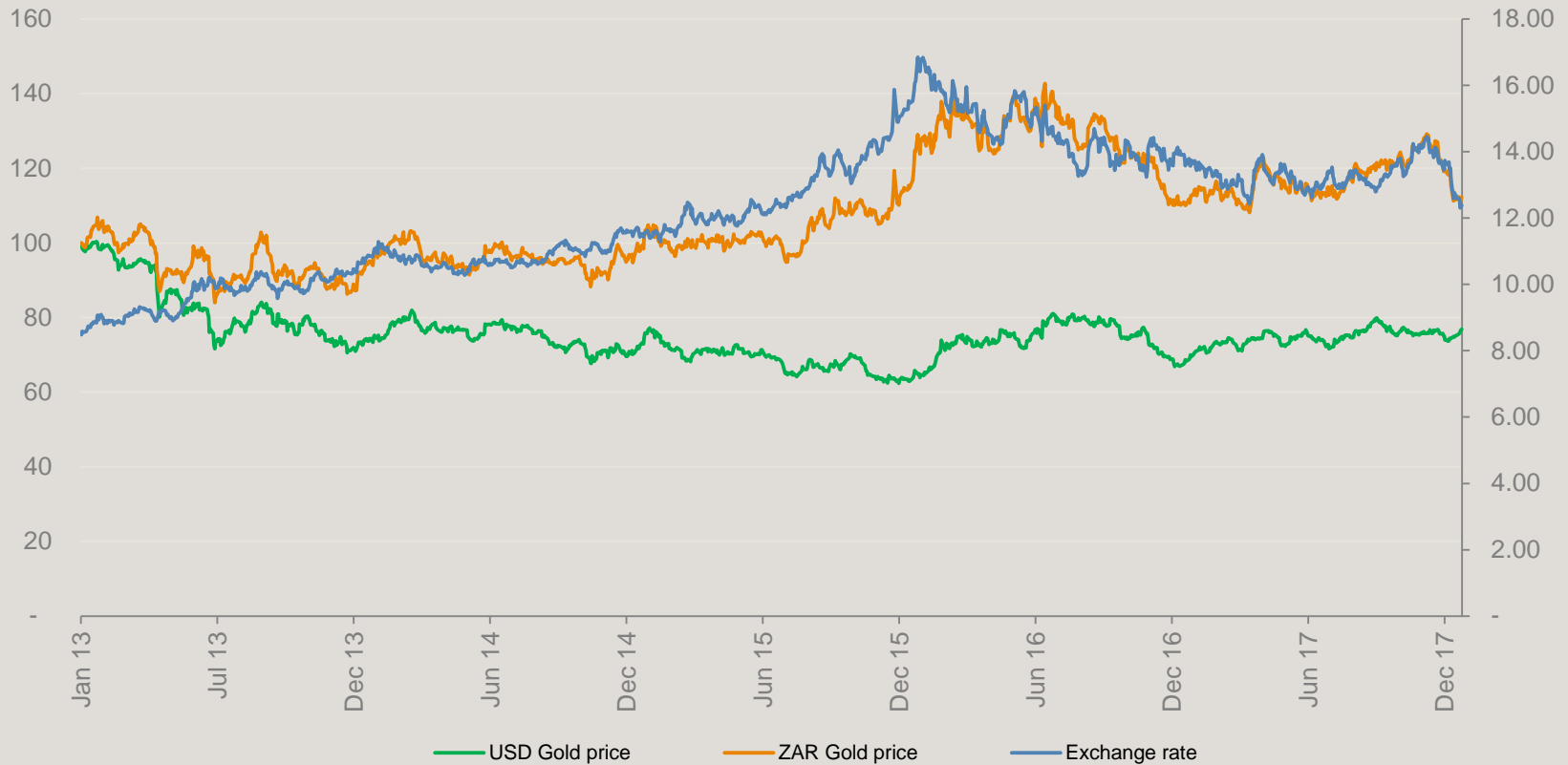


USD vs ZAR gold price – 5 years ended 31 December 2017

Relative performance rebased to 100 (USD and ZAR gold)

USD/ZAR Gold price

Exchange rate



OPERATIONAL COST COMPARISON



PAR lower cost operations

	Barberton underground*	BTRP	ETRP	Elikhulu**	Total
All in sustaining cost (ZAR'mil)	479.7	74.2	117.4	212.4	883.7
Gold sold (kg)	863	263	371	871	2,368
All-in sustaining cost per Kg	556,220	282,376	316,208	243,816	373,184

PAR higher cost operations

	Evander underground	Consort Mine	Total
All in sustaining cost (ZAR'mil)	685.7	104.9	790.6
Gold sold (kg)	1,018	138	1,156
All-in sustaining cost per Kg	673,444	761,562	683,873

* Excluding Consort Mine

** Elikhulu included at a forecast 56,000oz per annum and an AISC of R243,816/kg.

In the second half of the financial year, the key focus areas for the group, from an operational perspective, include:

- Continuing to improve our safety and compliance across all operations
- Operational review of higher cost operations in light of depressed ZAR gold price
- Further improving stakeholder relations to minimise stoppages
- Ensuring the BTRP throughput and recoveries increase to previous levels by installing a regrind mill
- Ensuring Elikhulu is commissioned on time and within budget
- Progressing the Evander Egoli project and finalising DFS on the Royal Sheba project

THANK YOU



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