



ELIKHULU PROJECT PRESENTATION

DECEMBER 2016





PRESENTATION STRUCTURE

- Project overview
- Mineral resources and reserves
- Project design
- Environmental and social impact
- Project execution plan
- Financial overview

PROJECT OVERVIEW





PROJECT OVERVIEW

The Elikhulu project entails a one Mt 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 onto a new TSF



PROJECT OVERVIEW



PROJECT TIMING

The major project milestone dates are listed below:

- | | |
|---|----------------|
| • 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:

* Dependant on environmental approvals



MINERAL RESOURCES AND RESERVES





MINERAL RESOURCES

A mineral resources statement in accordance with SAMREC guidelines was completed by SRK in December 2015

Mineral Resources Statement – TSF’s (Indicated)				
TSF Name	Tonnes (Mt)	Au (g/t)	Au (kg)	Au (Moz)
Kinross	52.67	0.31	16 568	0.533
Bracken/Leslie	70.07	0.32	22 178	0.713
Winkelhaak	69.94	0.24	16 994	0.546
Total	192.69	0.29	55 739	1.792

Mineral Resources Statement – Soil Material (Inferred)				
TSF Name	Tonnes (Mt)	Au (g/t)	Au (kg)	Au (oz)
Kinross	9.23	0.33	3 045	97 914
Bracken/Leslie	8.02	0.27	2 148	69 064
Winkelhaak	4.57	0.53	2 408	77 420
Total	21.83	0.33	7 601	244 398

MINERAL RESERVES

A SAMREC Mineral Reserves Estimate was reported by DRA in October 2016

The SRK resource statement was amended for depletion of the Kinross TSF by the ETRP and the Kinross material left as new TSF starter wall

Mineral Reserves Estimation – All Probable			
TSF Name	Tonnes (Mt)	Au (g/t)	Au (Moz)
Kinross	47.0	0.31	0.47
Bracken/Leslie	70.1	0.32	0.71
Winkelhaak	70.0	0.24	0.55
Total	187.1	0.29	1.73

PROJECT DESIGN





PROJECT - FLOWSHEET

The flow sheet selected in the Elikhulu plant design is as follows:



HYDRAULIC MINING

- Same mining method as the existing ETRP operations
- Combined hydraulic mining will produce 1.16 Mtpm (0.2 Mtpm to ETRP and 0.96 Mtpm to Elikhulu together with the 0.04 Mtpm of RoM tailings, Elikhulu total throughput is 1 Mtpm)





PROCESSING - DESIGN CRITERIA

- Hydraulically mined material will be screened at 4mm
- Trash removal screen ahead of the CIL circuit
- No milling required
- No pre-leach thickener required, densities will be controlled at hydraulic mining site
- CIL circuit:
 - › 1 pre-oxidation stage
 - › 7 leach tanks

PROCESSING - TEST WORK

- The Elikhulu resource has a long history of metallurgical test work
- Test work conducted by SGS was used as the design basis (15 samples from Kinross, 21 samples from Bracken/Leslie and 16 samples from Winkelhaak)
- The ETRP operation is achieving planned recoveries as predicted by the test work and serves as a “big pilot plant”
- Additional test work conducted by Mintek and Maelgwyn confirm:
 - › CIL process appropriate
 - › Fast Leaching Ore (kinetics / retention time)
 - › Reagent consumptions
 - › Recovery ranges
- Design assumptions, recoveries and process design criteria reviewed by PAR and a suitably qualified independent consultant

PROCESSING – SGS TEST WORK RESULTS

TSF Name	Reserve Tonnages (Mt)	Gold Recoveries per Laboratory Tests (%)	Carbon and Solution Losses (%)	Overall consensus recovery (%)
Kinross	47.0	51.7	3.1	48.6
Bracken/Leslie	70.1	47.2	3.4	43.8
Winkelhaak	70.0	54.7	4.1	50.6
Total	187.1	51.4	3.6	47.8

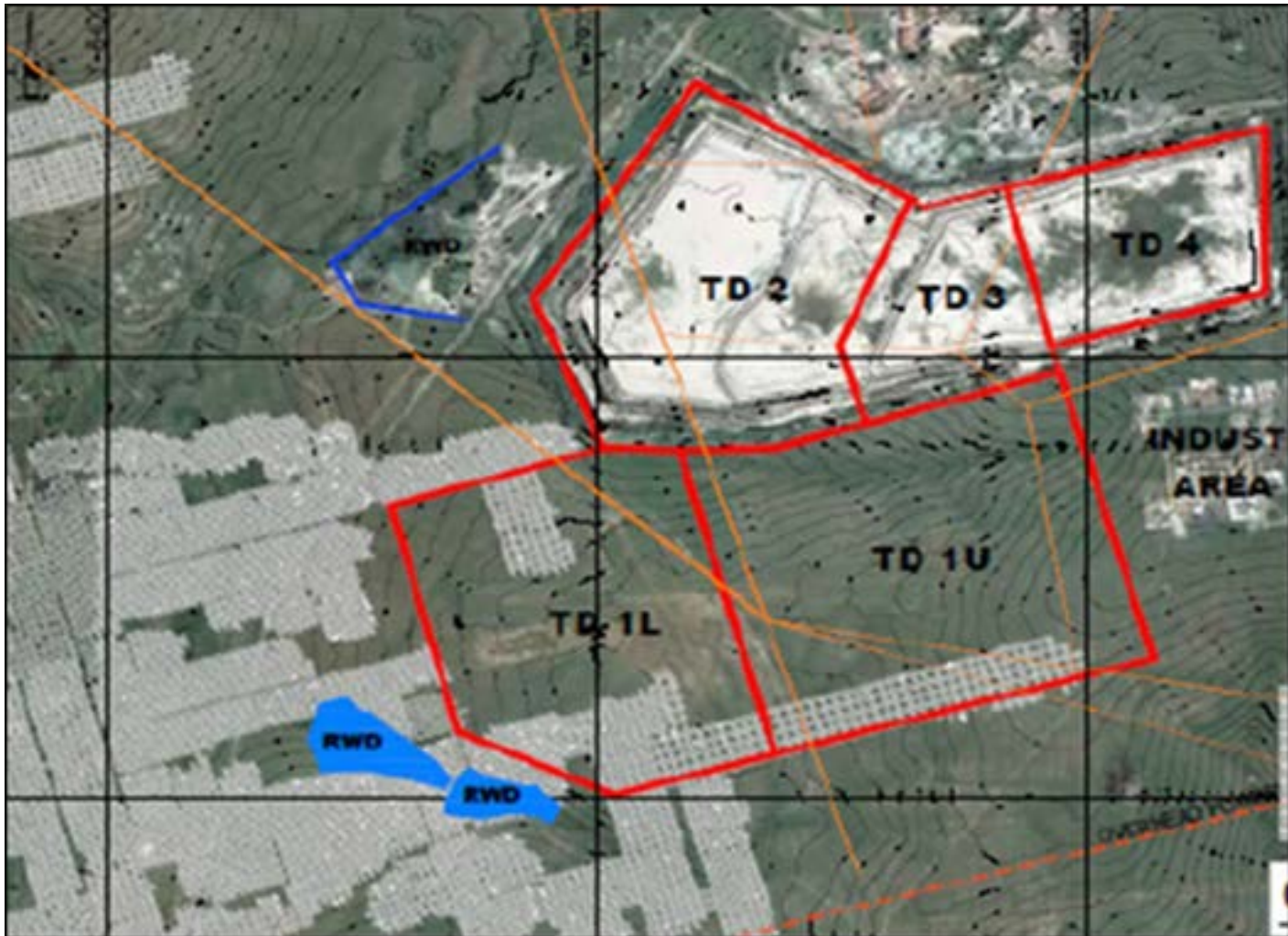
TSF - DESIGN

TSF design was done to maximize tailings deposition on selected site. Highlights of this design are as follows:

- Cyclone deposition has been selected
- Typical industry rates of rise of 4 – 5 m/yr
- Design rate of rise is 4.5 m/yr
- Initial deposition rate of 1.0 Mt/mth
- ETRP tailings deposition to continue on Winkelhaak (4 years)
- Thereafter the TSF deposition rate onto the new footprint increases to 1.25 Mt/mth to include ETRP and ROM tailings



TSF - SITE SELECTION





TSF CAPACITY

- The current TSF design can accommodate 168 Mt (11 years)
- LOM tailings tonnages of 181.2 Mt will be deposited (157.0 Mt ex Elikhulu and 24.2 Mt ex ETRP)
- Options to increase the total deposition capacity:
 - › During detail engineering optimise the existing footprint to increase capacity
 - › The Bracken/Leslie TSF footprint can also be re-used – will be available after hydraulic mining of this TSF



PROCESS WATER

TOTAL WATER REQUIREMENT 15.2 MI/day

- Water sourced directly from underground (6.7 MI/day)
- Make-up water from Leeuwpans evaporation dam (8.5 MI/day)
 - › Leeuwpans is situated approximately 10 km south-west of the Kinross TSF
 - › Pumped via the existing Leslie holding dam pipeline
 - › A new pump station will be installed at the holding dam to pump the make-up water to the process plant
 - › A detailed water balance and survey of Leeuwpans confirms adequate supply

POWER SUPPLY

Installed capacity sufficient for the life of the project

Description	Installed Power	Running Power	
	MVA	MW	MVA
Total Project Phase 1	22.1	9.9	16.6
Total Project Phase 2	23.1	10.2	17.3
Total Project Phase 3	23.1	10.2	17.4

Notes:

Phase 1 – Kinross mining operation

Phase 2 – Bracken/Leslie mining operation

Phase 3 – Winkelhaak mining operation

EMPLOYEES





EMPLOYEES

The total number of employees once in full production will be 245

Process Plant	
Management	1
Process	39
Engineering	22
Materials management	1
Administration	2
Services	2
Total	67

Hydraulic Mining (HM) and Deposition Operations (DO)		
	HM	DO
General workers and operators	74	89
Supervisors	4	4
Site manager	2	1
Safety manager	1	1
Elikhulu manager	1	1
Total	82	96

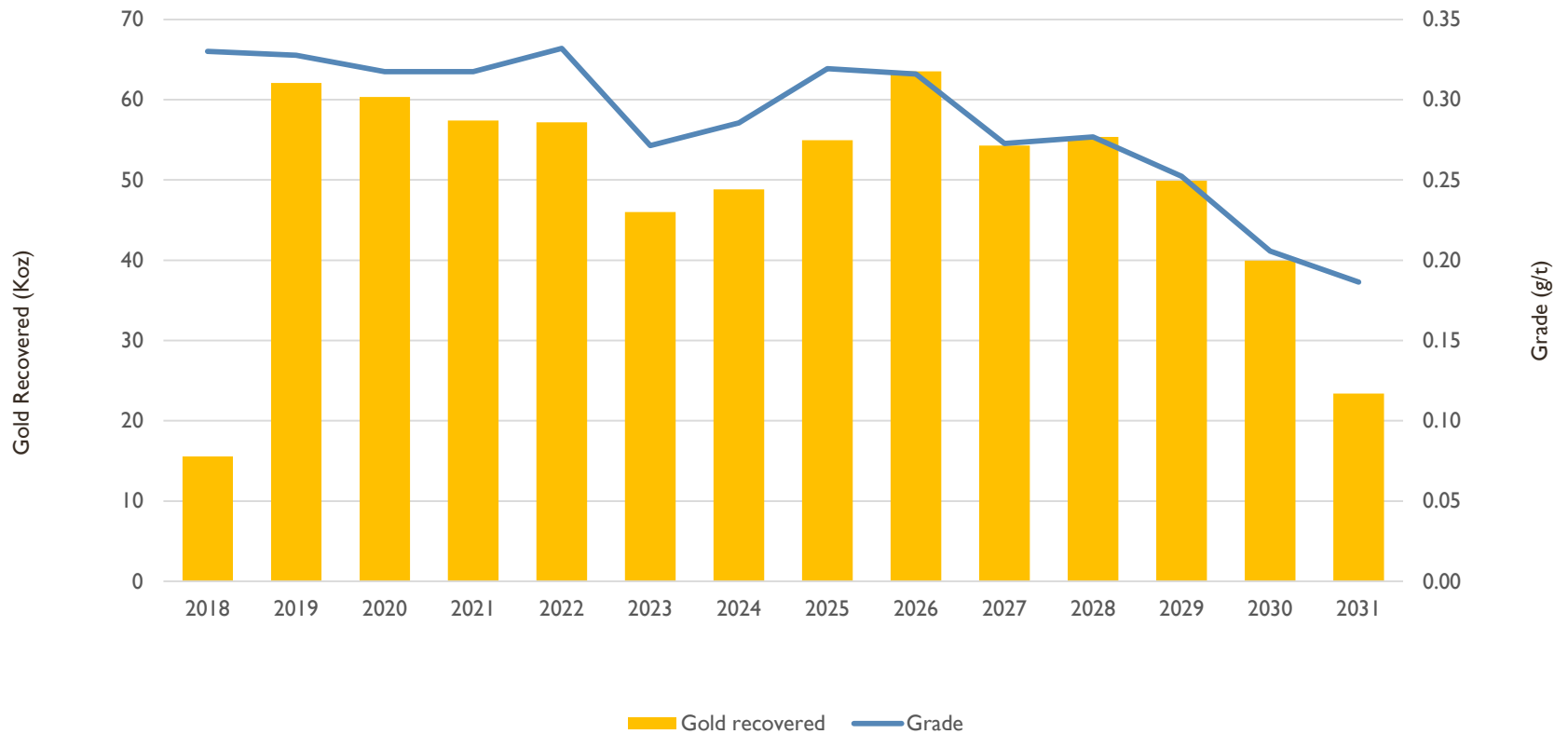
PRODUCTION PROFILE





MINING SCHEDULE AND PRODUCTION PROFILE

Elikhulu Production Profile



L.O.M PRODUCTION SCHEDULING RESULTS SUMMARY

	Unit	Total	ETRP	Elikhulu
Tailings Treated *	Mt	193.2**	36.1	157.0
Average feed grade	g/t Au	0.29	0.29	0.29
Ounces mined	Moz	1.79	0.35	1.44
Ounces recovered	Moz	0.86	0.17	0.69
L.O.M	Years	13	13	13

Notes:

* Excludes soil material – inferred resources (0.2 Moz)

** Includes fines from current arisings



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ENVIRONMENTAL AND SOCIAL IMPACT





ENVIRONMENTAL AND SOCIAL IMPACT

- Environmental Impact Assessment process
- The Environmental Impact Assessment process has been kicked off and Department of Mineral Resources approval is expected by Quarter 3 2017
- Activities completed as of 1 December 2016:
 - › Background information document (bid) - was issued to the Department of Mineral Resources
 - › Pre-application meeting with the Department of Mineral Resources on 29 August 2016
 - › NEMA application submitted on 21 September 2016
 - › Scoping report has been issued to the Department of Mineral Resources
 - › 1ST Public participation meeting was held on 19 October 2016
 - › Other than dust baseline study all required specialist studies have been completed



ENVIRONMENTAL AND SOCIAL IMPACT

The Integrated Water Usage License application process has kicked off and Department of Water Affairs approval is expected by Quarter 3 2017

Activities that have been completed as of 1 December 2016:

- Pre-application meeting was held with the Department of Water Affairs on 6 October 2016
- The required specialist studies have been completed



PROJECT EXECUTION PLAN





PROJECT EXECUTION PLAN

- A PEP is the processes and strategies to be employed by PAR and the project management team to ensure the project is completed on time and that the facilities designed and constructed will satisfy the project functional requirement
- The PEP addresses the following:
 - › Project organisation and staffing
 - › Project controls
 - › Project management
 - › Engineering scope and deliverables
 - › Construction
 - › Operational readiness
 - › Safety, environmental and sustainable development
 - › Procurement and contracting
 - › Document control and records



KEY ROLE PLAYERS

The key role players in executing the project are:

- Pan African Resources Owner's Team
- DRA Projects SA Team for EPC
- Cabanga Concepts as the Environmental Assessment Practitioner
- EXM Advisory Services for Water Usage License Application
- SLR Consulting for the new TSF Design
- Department of Mineral Resources and Department of Water Affairs for Regulatory approval

TARGET PRICE CONTRACTING PHILOSOPHY

- PAR will execute the project through a “target price” contracting philosophy
- This contracting philosophy is based on a shared risk/reward basis and is essentially executed on a cost plus basis with a variable DRA Projects SA fee, capped at 4% of the project value
- Any savings on the target price (R1.548 Bn) during implementation would be shared as follows:
 - › 50% of the savings to PAR
 - › 30% to DRA Projects SA. Any payment made to DRA Projects SA from savings is capped at 2% of the project value
 - › 20% to be used to fund other project incentives (schedule, quality, safety etc.)
- Any project over runs are carried 50:50 between PAR and DRA Projects SA and the DRA Projects SA portion deducted from their 4% fee (over run is capped at 4 %)
- Based on an open book approach by DRA Projects SA, the direct involvement of the PAR technical team and a suitably qualified independent consultant - PAR is satisfied with the project design and associated costs

FINANCIAL OVERVIEW



PRODUCTION PARAMETERS

Description	Unit	Phase 1 Kinross	Phase 2 Leslie	Phase 3 Winkelhaak	Total
Mined	Mt	46.80	70.05	70.00	186.85
Transferred to ETRP	Mt	(11.97)	(12.17)	(11.97)	(36.11)
Arising fines	Mt	1.46	2.39	2.43	6.29
Processed	Mt	36.30	60.28	60.46	157.03
Grade	g/t	0.32	0.30	0.25	0.29
Gold contained	Koz	368.29	587.81	485.62	1,441.72
Recovery	%	47.83%	45.38%	50.61%	47.77%
Gold recovered	Koz	176.17	266.77	245.77	688.71

CAPITAL COSTS

R'million	Phase 1 - Kinross	Phase 2 - Leslie	Phase 3 - Winkelhaak	Total
Process Plant	683.18	-	-	683.18
TSF	707.78	138.38	-	846.17
Overland Piping	75.76	29.76	47.94	153.46
Hydraulic Mining	56.58	125.90	58.43	240.91
Design & development	91.21	18.99	6.63	116.83
Pre-production costs	24.51	-	-	24.51
PAR Contingency	100.00	-	-	100.00
Sub-total	1,739.02	313.03	112.99	2,165.04
Sustaining capital				831.60
<i>Hydraulic mining</i>				18.93
<i>Process plant</i>				812.67
Total				2,977.71

OVERALL COST ANALYSIS

Description	R'million	R/t	R/oz	US\$/oz
Remining	742.97	4.73	1,078.79	74.40
Tailings deposition	300.62	1.91	436.49	30.10
Processing	3,357.56	21.38	4,875.14	336.22
Refining	21.42	0.14	31.10	2.14
G&A	77.50	0.49	112.53	7.76
Sub-total	4,500.06	28.66	6,534.05	450.62
Cost recoveries	(106.02)	(0.68)	(153.93)	(10.62)
Sub-total	4,394.05	27.98	6,380.11	440.01
Sustaining capital	831.59	5.30	1,207.46	83.27
Royalties	35.23	0.22	51.15	3.53
Sub-total	5,260.87	33.50	7,638.72	526.81
Debt ⁽¹⁾	1,088.86	17.89	4,017.78	277.09
Total	6,349.73	51.39	11,656.50	803.90

(1) Includes tonnes and ounces for the period whilst the debt is in existence only

FREE CASH FLOW

R'million	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22	Thereafter	Total
Revenue	-	265.91	1,061.92	1,032.06	981.95	978.40	7,461.45	11,781.70
Operating costs	-	(83.41)	(332.55)	(335.72)	(339.37)	(336.75)	(2,966.24)	(4,394.05)
Capital costs	(704.04)	(1,051.07)	(64.38)	(168.72)	(273.07)	(64.38)	(670.96)	(2,996.64)
Royalties & Tax	-	(0.24)	(0.96)	(0.93)	(46.43)	(175.87)	(1,160.70)	(1,385.13)
Total	(704.04)	(868.81)	664.03	526.69	323.08	401.40	2,663.55	3,005.88

INVESTMENT METRICS

Description	US\$ 1,180/oz @ R 14.50:US\$ 1	US\$ 1,250/oz @ R 14.50:US\$ 1
Project NPV		
• 7%	R 1,386 million	R 1,681 million
• 8%	R 1,232 million	R 1,509 million
• 9%	R 1,091 million	R 1,352 million
• 10%	R 963 million	R 1,209 million
Project RATIRR%	23.1%	26.1%
Payback (post commissioning)	41 months	37 months
Peak debt ratio	53%	53%
Shareholder RATIRR%	34.3%	39.5%

SENSITIVITY ANALYSIS @ US\$ 1,180/OZ + R 14.50:US\$ 1 + 9% REAL DISCOUNT RATE

NPV

R'million	-20%	-10%	Base case	+10%	+20%
Gold price / R:US\$ / Recoveries	182	637	1,091	1,543	1,975
Operating costs	771	936	1,091	1,246	1,401
Capital costs	726	906	1,091	1,265	1,447

SHAREHOLDER RATIRR%

%	-20%	-10%	Base case	+10%	+20%
Gold price / R:US\$ / Recoveries	15.7%	25.1%	34.3%	42.9%	51.1%
Operating costs	27.9%	31.1%	34.3%	37.4%	40.3%
Capital costs ⁽¹⁾	23.2%	28.0%	34.3%	42.5%	57.7%

(1) Impact magnified as impacts effective debt ratio too (given that debt fraction is fixed at R1 billion)



THANK YOU



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