MINERAL RESOURCES AND MINERAL RESERVES REPORT

for the year ended 30 June 2017

PAN AFRICAN RESOURCES PLC

PROFITABLE | SUSTAINABLE | STAKEHOLDERS | GROWTH

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The following tools will assist you throughout the report

For further reading on our website www.panafricanresources.com

For further reading in this report

ABOUT THIS REPORT

Barry Naicker
Group Mineral Resource Manager

Pan African Resources uses the SAMREC Code (2016) which sets out the internationally recognised procedures and standards for reporting Mineral Resources and Mineral Reserves.

SCOPE OF REPORT

This version of the Pan African Resources Mineral Resources and Mineral Reserves Report 2017 (MR&MR) conforms to the standards determined by the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (the SAMREC Code, 2016 edition) and forms part of Pan African Resources' integrated annual report, including the annual financial statements for the year ended 30 June 2017. The entire suite of documents is available on www.panafricanresources.com.

The mineral resource is inclusive of the mineral reserve component, unless otherwise stated. Information in this report is presented by operation, mine or project. The tables and graphs used to illustrate developments across the operations of Pan African Resources, include:

- Mineral resource tables by commodity.
- Mineral reserve modifying factors.
- Mineral reserve tables by commodity.
- An annual comparison of the mineral resource and mineral reserve estimates.
- Development sampling results and mineral reserve projects.
- Appointed competent persons.

Matters on which detail is provided in this abridged version include regional geology, location, exploration drilling and organic mineral reserve projects. Note, rounding of numbers in this document may result in minor computational discrepancies.

REPORTING CODE

The guiding principle in the MR&MR is to ensure integrity, transparency and materiality in informing all stakeholders on the status of the group's mineral asset base. Pan African Resources uses the SAMREC Code (2016) which sets out the internationally recognised procedures and standards for reporting Mineral Resources and Mineral Reserves in South Africa, developed by the South African Institute of Mining and Metallurgy as the recommended guideline for reserve and resource reporting for JSE-listed companies. Distinct effort has also been made to comply with AIM Rules for Mining and Oil and Gas Companies of the LSE.

OUR PURPOSE

To exploit mineral deposits in a way that creates value for our stakeholders and for the betterment of society in a sustainable manner.

Amphibolite schist from New Consort 7 Shaft

PAN AFRICAN RESOURCES' REPORTING IN COMPLIANCE WITH THE SAMREC CODE

To meet the requirement of the SAMREC Code that the material reported as a Mineral Resource should have "reasonable and realistic prospects for eventual economic extraction", Pan African Resources has determined an appropriate cut-off grade which has been applied to the quantified mineralised body. In determining the mineral resource cut-off grade, Pan African Resources uses a gold price of ZAR600,000/kg. At our underground mines, the optimal cut-off is defined as the lowest grade at which an orebody can be mined such that the total profits, under a specified set of mining parameters, are maximised. The mineral resources optimiser tool that was accordingly developed in-house was applied to the mineral resource inventory.

The optimiser program requires the following inputs to convert the mineral resources to the mineral reserves:

- The database inventory of all mineral resource blocks.
- An assumed gold price – ZAR550,000/kg.
- Planned production rates for each mine.
- Mine call factor (MCF).
- Plant recovery factors.
- Planned cash operating costs.

The mineral reserve represents that portion of the measured and indicated mineral resource above cut-off in the life of mine plan, and has been estimated after considering all modifying factors affecting extraction. No inferred mineral resources were included in the life of mine calculations. A range of disciplines has been involved at each mine in the life of mine planning process including geology, surveying, planning, mining engineering, rock engineering, metallurgy, financial management, human resources management and environmental management.

The competent person for Pan African Resources, Mr Barry Naicker, the group mineral resource manager, signs off the MR&MR for the group. He is a member of the South African Council for Scientific Professions (400234/10). Mr Naicker has 16 years of experience in economic geology and mineral resource management. He is based at 1st Floor, The Firs, corner Cradock and Biermann Avenues, Rosebank 2196, Gauteng.

SRK Consulting Proprietary Limited has independently reviewed the Mineral Resources and Mineral Reserves of the Pan African Resources gold assets as at 30 June 2017 and signed off on the declared estimates.

GOLD

Relationship between exploration results, mineral resources and mineral reserves showing Pan African Resources attributable resources and reserves as at 30 June 2017.

EXPLORATION RESULTS	
RESOURCES **Total 34.4Moz Au**	RESERVES **Total 11.2Moz Au**
Inferred 12.1Moz Au	
Indicated 20.4Moz Au	Probable 10.2Moz Au
Measured 1.9Moz Au	Proved 1.0Moz Au

PGEs

Relationship between exploration results, mineral resources and mineral reserves showing Pan African Resources' attributable resources and reserves as at 30 June 2017.

EXPLORATION RESULTS	
RESOURCES **Total 0.6Moz PGEs 4E**	RESERVES **Total 0.2Moz PGEs 4E**
Inferred 0.2Moz PGEs 4E	
Indicated 0.4Moz PGEs 4E	Probable 0.2Moz PGEs 4E
Measured –	Proved –

The company has divested its coal business. The sale of Uitkomst Colliery and Pan African Coal Holdings was finalised on 30 June 2017 and thus no coal resources and reserves are reported in the current year.

INVESTMENT CASE

Pan African Resources is a mid-tier African-focused precious metals producer.

The key enablers of our strategy are:

PEOPLE

Fostering relationships through action, integrity and honesty

Committed to sustainability

- Focused on achieving zero harm.
- Operational transformation trusts are actively involved in local economic development (LED) projects.
- Legacy of environmentally responsible mining with all rehabilitation liabilities fully funded.
- Strong transparent relationships with labour, government and communities.
- People focused ethos with a largely stable workforce.

Disciplined approach to capital management

- Management team that continues to drive shareholder value through judicious capital allocation.
- Limited gearing with strong statement of financial position.
- Investments must provide attractive shareholder returns.

ACTION

Leadership, planning and control

Preferred gold investment

- Profitable production growth from long-life assets.
- Long-life quality gold mining operations Barberton Mines 20 years' life of mine and Evander Mines – 15 years' life of mine.
- Significant resource and reserve base, with a focus on bringing these ounces to account in the form of cash flows and earnings.
- Capacity to grow organically and acquisitively.
- Strong track record of replenishing mineral reserves through effective exploration to increase the life of mine.
- Gold mining assets provide a safe-haven investment in volatile global markets.

RESULTS

Delivering on all our targets without compromise | Maximising sustainable gold production | Positive impact on earnings

Proven business model, committed to low-cost production and successful organic growth with value-accretive transactions

- Culture of delivery – Barberton Mines' Barberton Tailings Retreatment Plant (BTRP) and Evander Mines' Tailings Retreatment Plant (ETRP).
- Quality assets delivering strong cash flows and robust returns.
- Approval for the construction of the Elikhulu Tailings Retreatment Plant project (Elikhulu Project).
- Improved sustainability at our operations.
- Total mineral resources: gold of 34.4Moz and an attractive project development pipeline.
- Uitkomst Colliery – conclusion of the sale to Coal of Africa Limited (Coal of Africa), which resulted in a 107.5% shareholder return over a 15-month period. Refer to Ⓐ APMs on page 213 of the integrated annual report).
- On 31 July 2017 Pan African Resources entered into an agreement to dispose of Phoenix Platinum Mining Proprietary Limited (Phoenix Platinum) to Sylvania Platinum Limited (Sylvania) for ZAR89 million.

Delivering consistent and increasing returns

- Attractive dividend yield with a track record of sector-leading dividends.
- Robust profitability and cash flow generation.
- Cash flow generative assets enable consistent dividend payments to be made.
- Project delivery and requisite shareholder returns: BTRP payback within 18 months, ETRP payback within three years.

Cash flow generative and dividend paying

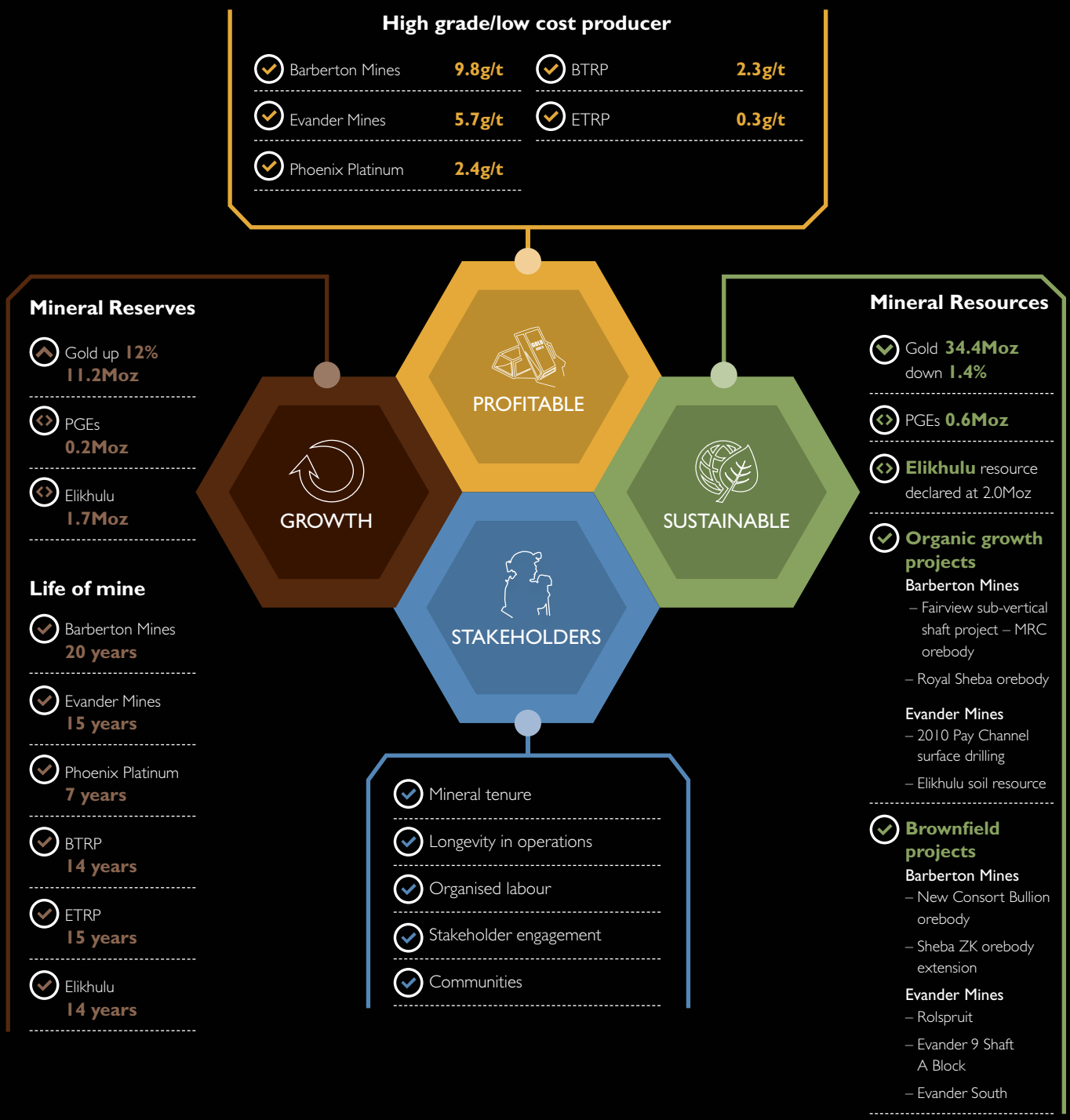
- Dividend policy linked to cash generation and a track record of sector-leading dividend payments.
- A five-year historical average dividend yield in excess of 5%.
- Low level of gearing with a strong statement of financial position.
- Access to a revolving credit facility (RCF) of ZAR1 billion and a ZAR1 billion term facility for the Elikhulu Project.

OUR VISION

To continue to build a precious metals business in Africa by remaining focused on our four strategic pillars.

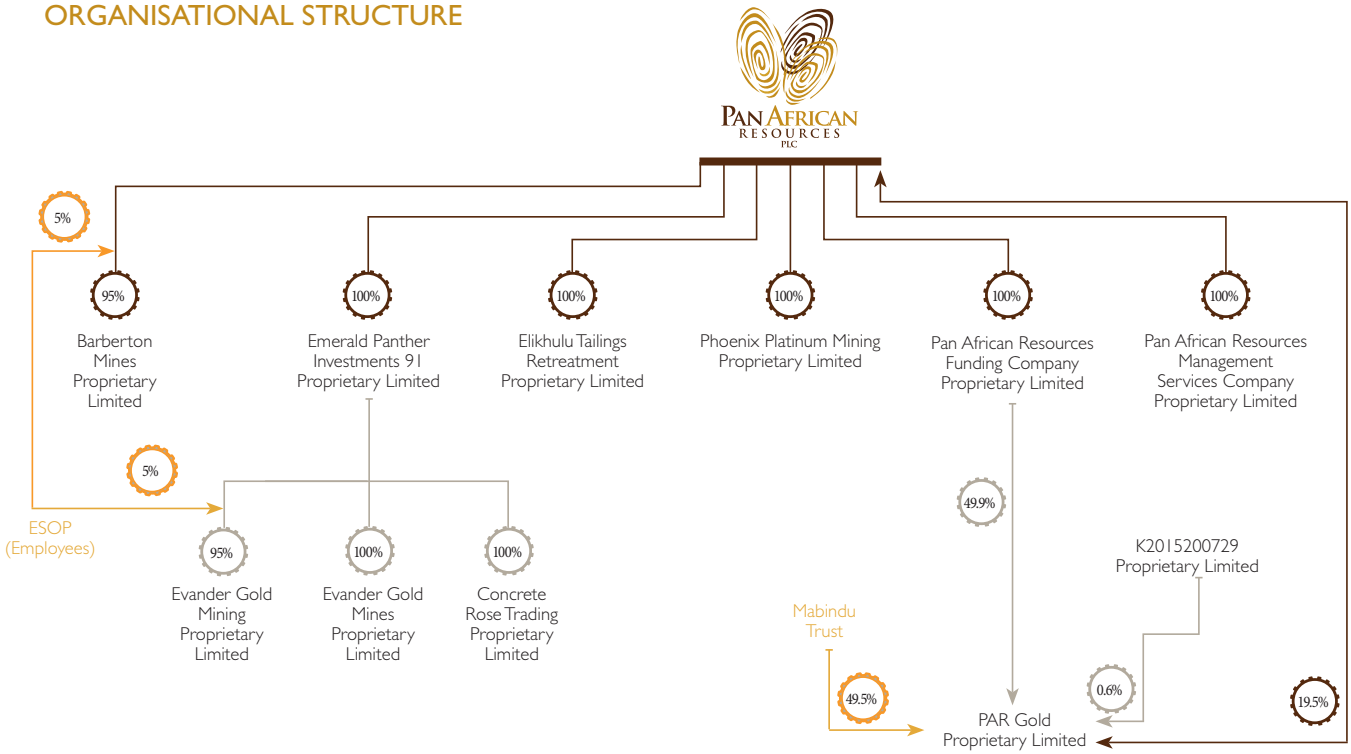
HIGHLIGHTS

In the context of achieving our vision, the MR&MR report encompasses our four strategic pillars as below:



WHO WE ARE

ORGANISATIONAL STRUCTURE



African mid-tier precious metals business

Quality assets with a production capacity in excess of 190,000oz of gold per annum.

Focused on maintaining and increasing profitable production ounces.

HISTORY

2000
- Incorporated as Viking Internet PLC in February.
- Admitted to AIM in May.

2001–2006
- Exploration phase.

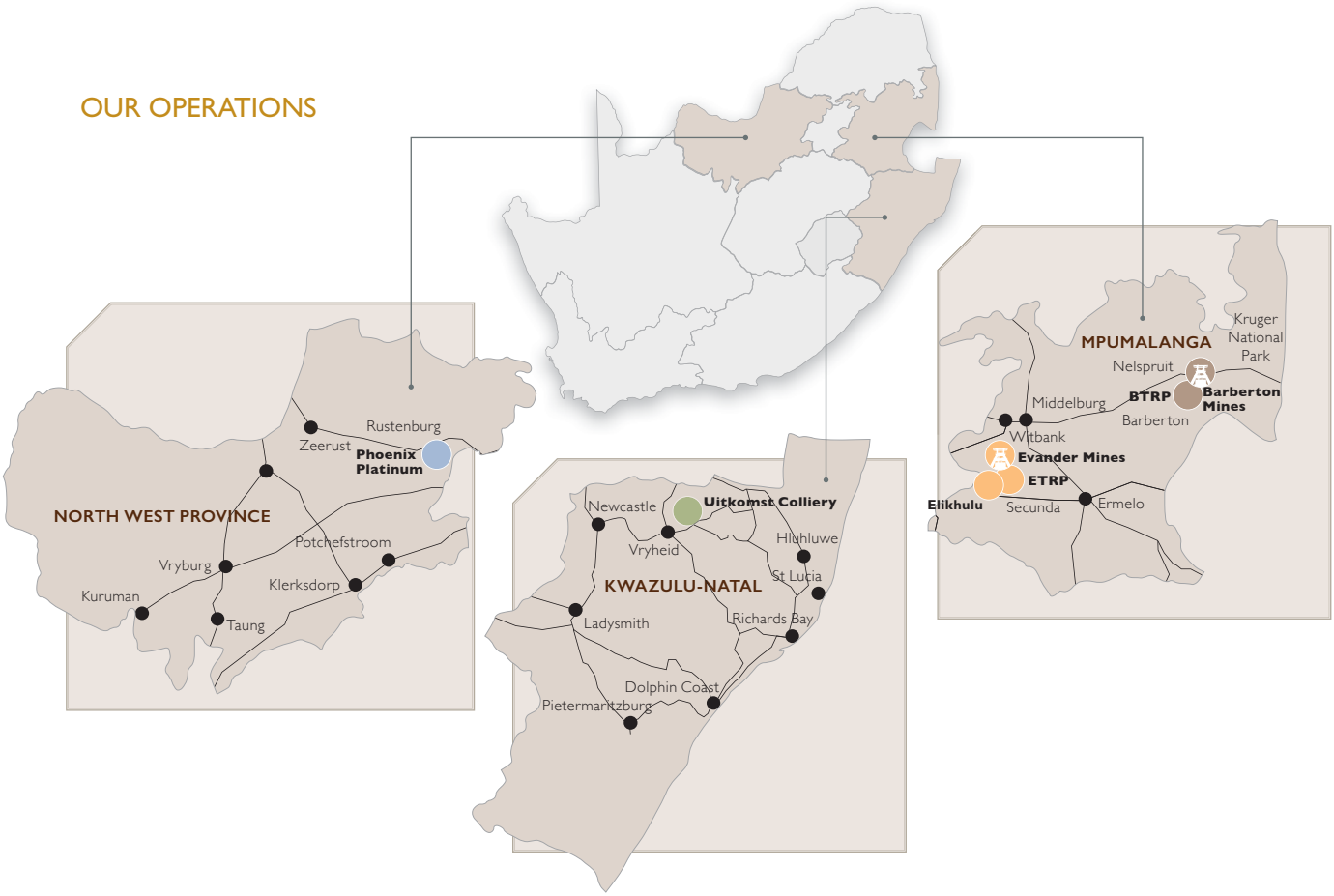
2007
- Acquired 74% of Barberton Mines from Metorex Limited (Metorex).

2009
- Acquired the remaining 26% of Barberton Mines from PAR Gold (previously known as Shanduka Gold Proprietary Limited) in exchange for 295.7 million shares in the company.
- Exercised the option to acquire 100% of Phoenix Platinum from Metorex for cash in May.

2013
- Finalised the acquisition of 100% of the share capital of Evander Mines for a total net purchase consideration of ZAR1.3 billion.
- Commissioned the BTRP.

2015
- Commissioned the ETRP.

OUR OPERATIONS



Significant growth projects

Gold resources base of 34.4Moz.

2016

- Acquired the Uitkomst Colliery on 31 March for a cash consideration of ZAR148 million.
- Acquired shares in PAR Gold held by Standard Bank of South Africa Limited and the shares held by Jadeite Limited. Pan African Resources acquired the stake for ZAR546.9 million, a significant discount to the prevailing market price at the time. The transaction was funded from Pan African Resources' operational cash flows and a vendor consideration placement through an issue of shares.

2017

- Approval received for the Elikhulu Project at a cost of ZAR1.74 billion – venture to yield over 56,000 ounces of gold per annum over a 13-year project life, boosting group production.
- Raised equity and secured debt financing to fund construction of Elikhulu.
- Disposed of the Uitkomst Colliery effective 30 June 2017 for a consideration of ZAR277.6 million to Coal of Africa.
- Concluded a conditional agreement to dispose of Phoenix Platinum for a total cash consideration of ZAR89.0 million after year-end.

Dual listed on London's AIM and South Africa's JSE

Market capitalisation at 30 June 2017 of ZAR5.3 billion (2016: ZAR7.3 billion).

Diversified shareholder base of major South African and international institutions.

PAR Gold Proprietary Limited (PAR Gold) is the empowerment partner with a 19.53% direct shareholding. The group's BEE ownership for purposes of the Mineral and Petroleum Resources Development Act (MPRDA) equates to approximately 26% of the gold mining operations by applying the flow through principles of excluding state-controlled entities (such as the Public Investment Corporation SOC Limited (PIC) and governmental pension funds) and including the operations employee share ownership programmes of 5%.

OPERATING ASSETS

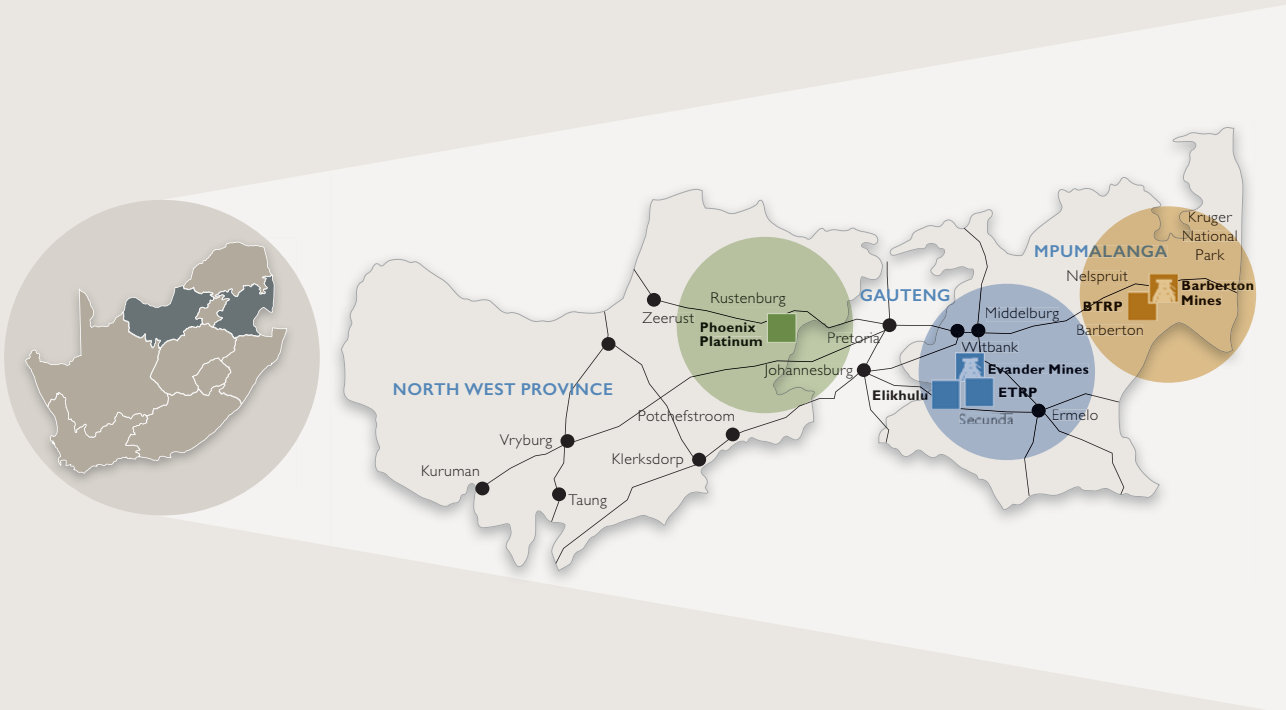
Pan African Resources is a mid-tier African-focused precious metals producer with a production capacity in excess of 190,000oz gold per annum.

The group's assets at the end of the financial year include:

BARBERTON MINES
three underground gold mines and the BTRP in Mpumalanga

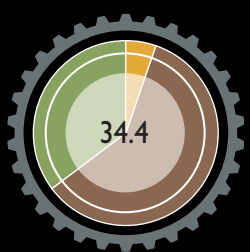
EVANDER MINES
a gold mine in Mpumalanga, ETRP and several brownfield projects

PHOENIX PLATINUM
the CTRP in the North West province



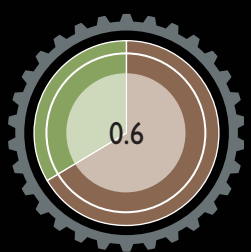
GROUP MINERAL RESOURCES (Moz)

Gold



1.9 Measured
20.4 Indicated
12.1 Inferred

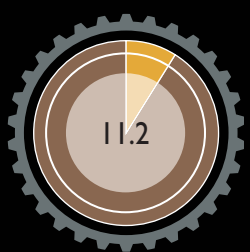
PGEs 4E



– Measured
0.4 Indicated
0.2 Inferred

GROUP MINERAL RESERVES (Moz)

Gold



1.0 Proved
10.2 Probable

PGEs 4E

– Proved
0.2 Probable

Employees | Contractors | Life of mine | Description and location | Operational statistics | Resources and reserves

Barberton Mines

1,980 | 606 | 20 years

Located in a greenstone belt, this is a low-cost, high grade operation comprising three underground mines: Fairview, Sheba and New Consort, and a tailings retreatment plant (BTRP).

Production (tonnes milled):	246,915
Produced (oz/annum):	71,763
Capacity (oz/annum):	95,000
Tonnage (capacity per annum):	300,000
Sustainable capital per annum:	ZAR112.8 million
Acquired:	74% from Metorex 2007 and then remaining 26% from PAR Gold in 2009

Resources:	9.6Mt @ 10.30g/t (3.2Moz)
Reserves:	4.7Mt @ 8.37g/t (1.3Moz)
Head grade:	9.80g/t
Cash cost:	USD953/oz
Mining Charter rating: 3	

Barberton Tailings Retreatment Plant (BTRP)

26 | 38 | 14 years

Located at Barberton Mines, the R325.7 million gold tailings retreatment plant commenced construction in April 2012, was completed on schedule and within budget, and achieved its inaugural gold pour in June 2013.

Production (tonnes milled):	821,691
Produced (oz/annum):	26,745
Capacity (oz/annum):	30,000
Tonnage (capacity per annum):	1.2 million
Sustainable capital per annum:	ZAR4.0 million
Developed:	Steady-state production commenced in 2013

Resources:	21.4Mt @ 1.30g/t (0.9Moz)
Reserves:	13.3Mt @ 1.51g/t (0.6Moz)
Head grade:	2.30g/t
Cash cost:	USD378/oz
Mining Charter rating: 3	

Evander Mines

1,808 | 484 | 15 years

Located in the Witwatersrand basin, current operations comprise 8 Shaft, several potential development projects – Poplar, Evander South, Rolspruit and the Kinross metallurgical processing plant and tailings storage facility.

Production (tonnes milled):	260,784
Produced (oz/annum):	45,304
Capacity (oz/annum):	95,000
Tonnage (capacity per annum):	480,000
Sustainable capital per annum:	ZAR198.4 million
Acquired:	100% from Harmony in March 2013

Resources:	90.6Mt @ 9.70g/t (28.2Moz)
Reserves:	28.4Mt @ 8.26g/t (7.6Moz)
Head grade:	5.7g/t (includes development waste tonnes)
Cash cost:	USD1,679/oz
Mining Charter rating: 3	

Evander Tailings Retreatment Plant (ETRP)

99 | 141 | 15 years

A tailings retreatment project which will exploit historically generated gold tailings deposited in the Kinross tailings storage facility and surface sources.

Production (tonnes milled):	2,321,723
Produced (oz/annum):	29,473
Capacity (oz/annum):	30,000
Tonnage (capacity per annum):	2.4 million
Sustainable capital per annum:	ZAR2.0 million
Developed:	Steady-state production commenced in 2015

Resources:	36.3Mt @ 0.29g/t (0.3Moz)
Reserves:	36.3Mt @ 0.29g/t (0.3Moz)
Head grade:	Tailings: 0.3g/t Surface feedstock: 1.9g/t
Cash cost:	USD554/oz
Mining Charter rating: 3	

Elikhulu Project*

67 | 178 | 14 years

A tailings retreatment project which will exploit historically generated gold tailings deposited in the Kinross, Leslie/Bracken and Winkelhaak tailings storage facility.

Production (tonnes milled):	12,000,000
Produced (oz/annum):	56,000 to 45,000
Capacity (oz/annum):	56,000
Tonnage (capacity per annum):	12,000,000
Project capital:	ZAR1.74 billion
Developed:	Steady-state production to commence in 2018/19

Resources:	179.1Mt @ 0.29g/t (1.7Moz)
Reserves:	148.9Mt @ 0.29g/t (1.4Moz)
Head grade:	Tailings: 0.29g/t
Cash cost:	USD550/oz

Phoenix Platinum

3 | 82 | 7 years

Phoenix Platinum is a tailings plant which extracts platinum group metals from chrome tailings.

Production (tonnes milled):	283,067
Produced (oz/annum):	8,709
Capacity (oz/annum):	12,000
Tonnage (capacity per annum):	360,000
Sustainable capital per annum:	ZAR3.4 million
Developed:	Steady-state production commenced in 2012

Resources:	5.7Mt @ 3.12g/t (0.6Moz)
Reserves:	2.3Mt @ 2.32g/t (1.7Moz)
Head grade:	2.4g/t
Cash cost:	USD730/oz
Mining Charter rating: 3	

** Figures in table based on definitive feasibility study (November 2016).*

OPERATIONAL PRODUCTION

GOLD OPERATIONS

			Underground and surface operations			Tailings operations			Total continuing operations		
	Year ended 30 June	Units	Barberton Mines	Evander Mines	Total	BTRP	ETRP	Elikhulu	Barberton Mines total	Evander Mines total	Group total
Tonnes milled – underground	**2017**	**(t)**	**246,915**	**260,784**	**507,699**	**–**	**–**	**–**	**246,915**	**260,784**	**507,699**
	2016	(t)	258,405	408,281	666,686	–	–	–	258,405	408,281	666,686
Tonnes milled – surface	**2017**	**(t)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2016	(t)	9,978	–	9,978	–	–	–	9,978	–	9,978
Tonnes milled – total underground and surface	**2017**	**(t)**	**246,915**	**260,784**	**507,699**	**–**	**–**	**–**	**246,915**	**260,784**	**507,699**
	2016	(t)	268,383	408,281	676,664	–	–	–	268,383	408,281	676,664
Tonnes processed – tailings	**2017**	**(t)**	**–**	**–**	**–**	**821,691**	**1,854,113**	**–**	**821,691**	**1,854,113**	**2,675,804**
	2016	(t)	–	–	–	959,215	1,445,044	–	959,215	1,445,044	2,404,259
Tonnes processed – surface feedstock	**2017**	**(t)**	**–**	**–**	**–**	**–**	**467,610**	**–**	**–**	**467,610**	**467,610**
	2016	(t)	–	–	–	–	396,942	–	–	396,942	396,942
Tonnes processed – total tailings and surface feedstock	**2017**	**(t)**	**–**	**–**	**–**	**821,691**	**2,321,723**	**–**	**821,691**	**2,321,723**	**3,143,414**
	2016	(t)	–	–	–	959,215	1,841,986	–	959,215	1,841,986	2,801,201
Tonnes milled and processed – total	**2017**	**(t)**	**246,915**	**260,784**	**507,699**	**821,691**	**2,321,723**	**–**	**1,068,606**	**2,582,507**	**3,651,113**
	2016	(t)	268,383	408,281	676,664	959,215	1,841,986	–	1,227,598	2,250,267	3,477,865
Head grade – underground	**2017**	**(g/t)**	**9.8**	**5.7**	**7.7**	**–**	**–**	**–**	**9.8**	**5.7**	**7.7**
	2016	(g/t)	11.0	5.7	7.8	–	–	–	11.0	5.7	7.8
Head grade – surface	**2017**	**(g/t)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2016	(g/t)	1.2	–	1.2	–	–	–	1.2	–	1.2
Head grade – total underground and surface	**2017**	**(g/t)**	**9.8**	**5.7**	**7.7**	**–**	**–**	**–**	**9.8**	**5.7**	**7.7**
	2016	(g/t)	10.7	5.7	7.7	–	–	–	10.7	5.7	7.7
Head grade – tailings	**2017**	**(g/t)**	**–**	**–**	**–**	**2.3**	**0.3**	**–**	**2.3**	**0.3**	**0.9**
	2016	(g/t)	–	–	–	1.7	0.3	–	1.7	0.3	0.9
Head grade – surface feedstock	**2017**	**(g/t)**	**–**	**–**	**–**	**–**	**1.9**	**–**	**–**	**1.9**	**1.9**
	2016	(g/t)	–	–	–	–	1.3	–	–	1.3	1.3
Head grade – total tailings and surface feedstock	**2017**	**(g/t)**	**–**	**–**	**–**	**2.3**	**0.6**	**–**	**2.3**	**0.6**	**1.1**
	2016	(g/t)	–	–	–	1.7	0.5	–	1.7	0.5	0.9
Head grade – total	**2017**	**(g/t)**	**9.8**	**5.7**	**7.7**	**2.3**	**0.6**	**–**	**4.0**	**1.2**	**2.0**
	2016	(g/t)	10.7	5.7	7.7	1.7	0.5	–	3.7	1.5	2.2
Recovered grade	**2017**	**(g/t)**	**9.0**	**5.4**	**7.2**	**1.0**	**0.4**	**–**	**2.9**	**0.9**	**1.5**
	2016	(g/t)	9.8	5.6	7.3	0.9	0.3	–	2.9	1.3	1.8
Overall recovery – underground operations	**2017**	**(%)**	**92**	**94**	**93**	**–**	**–**	**–**	**92**	**94**	**93**
	2016	(%)	92	98	95	–	–	–	92	98	95
Overall recovery – tailings operations	**2017**	**(%)**	**–**	**–**	**–**	**44**	**41**	**–**	**44**	**41**	**44**
	2016	(%)	–	–	–	54	46	–	54	46	52
Gold production – underground operations	**2017**	**(oz)**	**71,763**	**45,304**	**117,067**	**–**	**–**	**–**	**71,763**	**45,304**	**117,067**
	2016	(oz)	84,428	73,496	157,924	–	–	–	84,428	73,496	157,924
Gold production – surface operations	**2017**	**(oz)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2016	(oz)	262	–	262	–	–	–	262	–	262
Gold production – tailings operations	**2017**	**(oz)**	**–**	**–**	**–**	**26,745**	**8,113**	**–**	**26,745**	**8,113**	**34,858**
	2016	(oz)	–	–	–	28,591	6,724	–	28,591	6,724	35,315
Gold production – surface feedstock	**2017**	**(oz)**	**–**	**–**	**–**	**–**	**21,360**	**–**	**–**	**21,360**	**21,360**
	2016	(oz)	–	–	–	–	11,427	–	–	11,427	11,427
Gold sold	**2017**	**(oz)**	**71,763**	**45,304**	**117,067**	**26,745**	**29,473**	**–**	**98,508**	**74,777**	**173,285**
	2016	(oz)	84,690	73,496	158,186	28,591	18,151	–	113,281	91,647	204,928
Average ZAR gold price received	**2017**	**(ZAR/kg)**	**550,028**	**535,730**	**544,495**	**542,761**	**535,944**	**–**	**548,055**	**535,815**	**542,773**
	2016	(ZAR/kg)	544,618	539,202	542,102	547,862	541,483	–	545,437	539,654	542,850

			Underground and surface operations			Tailings operations			Total continuing operations		
	Year ended 30 June	Units	Barberton Mines	Evander Mines	Total	BTRP	ETRP	Elikhulu	Barberton Mines total	Evander Mines total	Group total
Average USD gold price received	**2017**	**(USD/oz)**	**1,259**	**1,226**	**1,246**	**1,242**	**1,227**	**–**	**1,254**	**1,226**	**1,242**
	2016	(USD/oz)	1,167	1,156	1,162	1,174	1,161	–	1,169	1,156	1,164
ZAR cash cost	**2017**	**(ZAR/kg)**	**416,356**	**733,664**	**539,148**	**165,088**	**242,049**	**–**	**348,127**	**539,850**	**430,863**
	2016	(ZAR/kg)	323,799	445,078	380,150	147,162	273,965	–	279,226	411,168	338,242
ZAR all-in sustaining cost	**2017**	**(ZAR/kg)**	**501,330**	**914,841**	**661,351**	**171,480**	**242,260**	**–**	**411,762**	**649,683**	**514,435**
	2016	(ZAR/kg)	413,422	526,817	466,109	155,080	275,661	–	348,231	477,044	405,847
ZAR all-in cost (note 3)	**2017**	**(ZAR/kg)**	**526,053**	**959,976**	**693,974**	**198,830**	**242,260**	**–**	**437,199**	**677,024**	**540,693**
	2016	(ZAR/kg)	418,628	529,438	470,114	164,168	275,661	–	354,417	479,145	410,206
USD cash cost	**2017**	**(USD/oz)**	**953**	**1,679**	**1,234**	**378**	**554**	**–**	**797**	**1,236**	**986**
	2016	(USD/oz)	694	954	815	315	587	–	599	881	725
USD all-in sustaining cost	**2017**	**(USD/oz)**	**1,147**	**2,094**	**1,514**	**392**	**554**	**–**	**942**	**1,487**	**1,177**
	2016	(USD/oz)	886	1,129	999	332	591	–	746	1,023	870
USD all-in cost (note 3)	**2017**	**(USD/oz)**	**1,204**	**2,197**	**1,588**	**455**	**554**	**–**	**1,001**	**1,549**	**1,237**
	2016	(USD/oz)	897	1,135	1,008	352	591	–	760	1,027	879
ZAR cash cost per tonne (note 1)	**2017**	**(ZAR/t)**	**3,764**	**3,964**	**3,866**	**167**	**96**	**–**	**998**	**486**	**636**
	2016	(ZAR/t)	3,178	2,492	2,764	136	84	–	801	521	620
Capital expenditure	**2017**	**(ZAR million)**	**167.1**	**222.2**	**389.3**	**26.4**	**–**	**175.5**	**193.5**	**397.7**	**591.2**
	2016	(ZAR million)	131.6	153.8	285.4	8.1	–	–	139.7	153.8	293.5
Revenue	**2017**	**(ZAR million)**	**1,227.7**	**754.9**	**1,982.6**	**451.5**	**491.3**	**–**	**1,679.2**	**1,246.2**	**2,925.4**
	2016	(ZAR million)	1,434.6	1,232.6	2,667.2	487.2	305.7	–	1,921.8	1,538.3	3,460.1
Cost of production	**2017**	**(ZAR million)**	**929.3**	**1,033.7**	**1,963.0**	**137.4**	**222.0**	**–**	**1,066.7**	**1,255.7**	**2,322.4**
	2016	(ZAR million)	852.9	1,017.4	1,870.3	130.8	154.8	–	983.7	1,172.2	2,155.9
All-in sustainable cost of production	**2017**	**(ZAR million)**	**1,119.0**	**1,289.0**	**2,408.0**	**142.7**	**222.2**	**–**	**1,261.7**	**1,511.2**	**2,772.9**
	2016	(ZAR million)	1,089.0	1,204.3	2,293.3	137.9	155.7	–	1,226.9	1,360.0	2,586.9
All-in cost of production	**2017**	**(ZAR million)**	**1,174.2**	**1,352.6**	**2,526.8**	**165.4**	**222.2**	**–**	**1,339.6**	**1,574.8**	**2,914.4**
	2016	(ZAR million)	1,102.7	1,210.3	2,313.0	145.9	155.7	–	1,248.6	1,366.0	2,614.6
Adjusted EBITDA (note 2)	**2017**	**(ZAR million)**	**408.6**	**(334.0)**	**74.6**	**267.6**	**276.4**	**–**	**676.2**	**(57.6)**	**618.6**
	2016	(ZAR million)	422.4	204.3	626.7	307.4	153.3	–	729.8	357.6	1,087.4
Average exchange rate	**2017**	**(ZAR/USD)**	**13.59**	**13.59**	**13.59**	**13.59**	**13.59**	**13.59**	**13.59**	**13.59**	**13.59**
	2016	(ZAR/USD)	14.51	14.51	14.51	14.51	14.51	14.51	14.51	14.51	14.51
RIFR	**2017**	**Rate**	**–**	**–**	**–**	**–**	**–**	**–**	**0.58**	**2.49**	**1.53**
	2016	Rate	–	–	–	–	–	–	0.62	3.31	2.04
LTIFR	**2017**	**Rate**	**–**	**–**	**–**	**–**	**–**	**–**	**2.04**	**4.98**	**3.51**
	2016	Rate	–	–	–	–	–	–	1.86	4.96	3.50
Life of mine	**2017**	**Years**	**20**	**15**	**20**	**14**	**15**	**14**	**20**	**15**	**20**
	2016	Years	22	16	22	15	16	–	22	16	22

Note 1: *Split between ETRP and surface feedstock cost per tonne is ZAR38.54/t and ZAR286.34/t respectively, averaging at ZAR91/t.*
Note 2: *Adjusted EBITDA is represented by earnings before interest, taxation, depreciation and amortisation and impairments.*
Note 3: *Excluding Elikhulu capital expenditure.*

OPERATIONAL PRODUCTION continued

PGE OPERATIONS

	Year ended 30 June	Units	Tailings operations Phoenix Platinum
Tonnes processed – tailings	**2017**	**(t)**	**283,067**
	2016	(t)	248,981
Head grade – tailings	**2017**	**(g/t)**	**2.43**
	2016	(g/t)	3.08
Overall recovery	**2017**	**(%)**	**52**
	2016	(%)	43
PGE sold	**2017**	**(oz)**	**8,709**
	2016	(oz)	8,339
Average ZAR PGE price received	**2017**	**(oz)**	**9,441**
	2016	(oz)	8,952
Average USD PGE price received	**2017**	**(USD/oz)**	**695**
	2016	(USD/oz)	617
ZAR cash cost	**2017**	**(ZAR/oz)**	**9,919**
	2016	(ZAR/oz)	8,890
ZAR all-in sustaining cash cost	**2017**	**(ZAR/kg)**	**10,957**
	2016	(ZAR/kg)	10,113
ZAR all-in cost	**2017**	**(ZAR/kg)**	**11,184**
	2016	(ZAR/kg)	10,600
USD cash cost	**2017**	**(USD/oz)**	**730**
	2016	(USD/oz)	613
USD all-in sustaining cash cost	**2017**	**(USD/oz)**	**806**
	2016	(USD/oz)	697
USD all-in cost	**2017**	**(USD/oz)**	**823**
	2016	(USD/oz)	731
ZAR cash cost per tonne	**2017**	**(ZAR/t)**	**305**
	2016	(ZAR/t)	298
Capital expenditure	**2017**	**(ZAR million)**	**5.4**
	2016	(ZAR million)	6.8
Revenue	**2017**	**(ZAR million)**	**82.2**
	2016	(ZAR million)	74.7
Cost of production	**2017**	**(ZAR million)**	**86.4**
	2016	(ZAR million)	74.1
All-in sustainable cost of production	**2017**	**(ZAR million)**	**95.4**
	2016	(ZAR million)	84.3
All-in cost of production	**2017**	**(ZAR million)**	**97.4**
	2016	(ZAR million)	88.4
EBITDA (note 1)	**2017**	**(ZAR million)**	**(8.6)**
	2016	(ZAR million)	(5.4)
Average exchange rate	**2017**	**(ZAR/USD)**	**13.59**
	2016	(ZAR/USD)	14.51
RIFR	**2017**	**Rate**	**–**
	2016	Rate	–
LTIFR	**2017**	**Rate**	**–**
	2016	Rate	–
Life of mine	**2017**	**Years**	**7**
	2016	Years	9

Note 1: *Adjusted EBITDA is represented by earnings before interest, taxation, depreciation and amortisation and impairments.*

BOARD OF DIRECTORS

NON-EXECUTIVE DIRECTORS

KEITH SPENCER (67)

Qualifications: BSc Eng (mining)

Designation: Independent non-executive director – Chairman

Appointed: 8 October 2007

Committee member: Audit, SHEQC *(Chairman)*

Skills and experience

Keith is a qualified mining engineer with 48 years' practical mining experience. He has managed some of the largest gold mines in the world. In 1984, Keith was appointed as general manager of Greenside Colliery and in 1986 moved to Kloof Gold Mine as general manager. In 1989, he was appointed consulting engineer for Gold Fields, South Africa, including Doornfontein Gold Mine, Driefontein Consolidated Gold Mine, Greenside Colliery and Tsumeb Base Metals Mine. He also served as managing director of Driefontein Consolidated, chairman and managing director of Deelkraal Gold Mine and as a board member of all gold mines belonging to Gold Fields, South Africa. In 1999, Keith joined Metorex, first as a private consultant and later as a permanent member of the executive, managing the Wakefield Coal operations, O'kiep Copper Company, Barberton Mines and Metmin Manganese Mine. In 2001, Keith became operations director for Metorex.

HESTER HICKEY (63)

Qualifications: CA(SA), BCompt (Hons)

Designation: Independent non-executive director

Appointed: 12 April 2012

Committee member: Audit *(Chairperson)*, SHEQC

Skills and experience

Hester worked at AngloGold Ashanti, initially as group internal audit manager and later as executive officer: head of risk. Prior to this she worked at Ernst & Young and Liberty Life and was acting head of internal audit at Transnet. In her early career she lectured at the University of Witwatersrand, was a partner at Ironside Greenwood and was the national technical and training manager at BDO Spencer Steward. Hester has also previously served as the chairperson of SAICA. She currently serves on the following boards: Northam Platinum Limited, Omnia Limited, Cashbuild Limited, Barloworld Limited and African Dawn Capital Limited. Hester is also a trustee on the Sentinel Pension Fund.

THABO MOSOLOLI (47)

Qualifications: BCom (Hons), CA(SA)

Designation: Independent non-executive director

Appointed: 9 December 2013

Committee member: Audit, remuneration

Skills and experience

Thabo brings a wealth of experience in financial management, corporate governance and audit, having qualified as a chartered accountant with KPMG in 1994. Since then, he has served on various boards as a member and chairman of audit committees in the resources and other industries in South Africa. He is currently chief operating officer of Sun International responsible for the South African operations, and continues to operate MFT Investment Holdings, a family-owned investment company strategically placed to capitalise on B-BBEE investment opportunities.

Executive management (Exco)

Cobus Loots (39)
Chief Executive Offier

Deon Louw (55)
Financial Director

André van den Bergh (61)
Executive: Operations and Human Resources
Qualifications: Diploma in Human Resources Management, Diploma in Labour Relations Management
Committee member: SHEQC

Operations committee (Opsco)

Neal Reynolds (34)
Group Financial Controller
Qualifications: BCom Accounting (Hons), CA(SA)
9 years of mining-related experience

Bert van den Berg (33)
Group Mining Engineer
Qualifications: BSc Mining Engineering, Mine Managers Certificate of Competency
14 years of mining-related experience

Barry Naicker (44)
Group Mineral Resource Manager
Qualifications: MEng Mineral Resource Management (Wits), Grad Dip Engineering (MRM), BSc (Hons) Geology and Economic Geology
16 years mining-related experience

Niel Symington (36)
Group Management Accounting and IT Manager
Qualifications: BCom Accounting, AGA (SA), Professional Accountant (SA)
9 years of mining-related experience

Mthandazo Dlamini (30)
Financial Controller
Qualifications: BCom Honours Accounting, CA(SA)
4 years of mining-related experience

Casper Strydom (59)
General Manager: Barberton Mines
Qualifications: National Higher Diploma, Metalliferous Mining and Mine Managers Certificate
41 years of mining-related experience

EXECUTIVE DIRECTORS

ROWAN SMITH (53)

Qualifications: BSc (Hons), BCom (Hons)
Designation: Independent non-executive director
Appointed: 8 September 2014
Committee member: Remuneration *(Chairman)*

Skills and experience

Rowan has nearly three decades of collective experience in the resources and investment banking industries. He was a founding shareholder and managing director of Resources, which he helped develop from a start-up in 2002 until his departure in 2012. Key milestones achieved at Shanduka Resources included significant investments in Mondi Shanduka Newsprint, Mondi Packaging, Kangra Coal, Shanduka Coal (with Glencore), Pan African Resources, DRA Projects, Lonmin (through Incwala), Assore and Lace Diamonds. Rowan's post-investment involvement included his representation on the executive committees and boards of most of the investee companies, including an executive directorship of the Shanduka group. Before Shanduka, Rowan was a director of Investec Bank's Mining Finance team in Johannesburg and worked on a number of debt and equity-based transactions in the sub-Saharan region. He also worked for Swiss-based Société Générale de Surveillance in Geneva, which entailed the management of audits on mineral consignments throughout the world. He started his career as a valuation geologist at the Harmony mine. Rowan is currently an adviser to Athena Capital and a director of Hlanganani Capital.

COBUS LOOTS (39)

Qualifications: CA(SA), CFA® Charterholder
Designation: Executive director – Chief Executive Officer
Appointed: 26 August 2009
Committee member: SHEQC

Skills and experience

Cobus qualified as a chartered accountant with Deloitte & Touche in South Africa. He has been a director of Pan African Resources since 2009 (Financial Director from 2009 to 2011 and a non-executive director from 2011 to 2013). He served as Financial Director of Pan African Resources from 2013 until his appointment as Chief Executive Officer on 1 March 2015. Cobus has almost 15 years of management and investment experience in the African mining environment, and has successfully executed a number of value-accretive projects and transactions during his time at Pan African Resources.

DEON LOUW (55)

Qualifications: CA(SA), CFA® Charterholder, PGD (Tax Law), AMCT (UK)
Designation: Executive director – Financial Director
Appointed: 1 March 2015

Skills and experience:

Deon has extensive finance and business experience, which includes investment banking, advisory and business administration in the finance and mining sectors. He has fulfilled the roles of financial director of Sentula Mining Limited, chief financial officer of Shanduka Coal, director of Resource Finance Advisers and head of resource structured finance at Investec Bank. Deon was appointed as Financial Director on 1 March 2015.

Lazarus Motshwaiwa (40)
General Manager: Evander Mines
Qualifications: Diploma in Mining Engineering, BTec Mining Engineering
18 years of mining-related experience

Bertin McLeod (40)
Plant Manager: Metallurgy Phoenix Platinum
Qualifications: BTech Chemical Engineering, Management Development Certificate, Senior Management Development Certificate
15 years of platinum industry experience

Mandla Ndlozi (46)
Group SHEQC Manager
Qualifications: NADSM (Unisa), EIA (PU for CHE), MDP (GIBS), SAMTRAC (NOSA), Integrated SHEQ Management (NWU)
18 years of mining-related experience

BUSINESS MODEL

INPUTS

We use each of the six forms of capital in our business activities to create and preserve shareholder value.

FINANCIAL CAPITAL

• Shareholder equity.	**ZAR3,620.5 million**
• Internally generated operational cash flows before dividend.	**ZAR339 million**
• Debt facilities.	**ZAR1.0 billion RCF** **ZAR1.0 billion term debt facility for the Elikhulu Project** **ZAR100.0 million in general banking facilities (GBF)**

MANUFACTURED CAPITAL

• Gold resources.	**34.4Moz**
• Property, plant and equipment and mineral rights.	**ZAR3,810.7 million**

HUMAN CAPITAL

• Employees' skills and experience.	**3,932 employees**
• Skilled and experienced board.	

INTELLECTUAL CAPITAL

- Mining and prospecting licences.
- Key personnel for managing the BIOX® process.
- Management and board's combined expertise.
- Networks and relationships.
- Leadership, planning and control.

SOCIAL AND RELATIONSHIP CAPITAL

- Investing in our communities.
- Stakeholder relations – unions, regulators, communities.

NATURAL CAPITAL

- Energy consumption.
- Water consumption.

BUSINESS ACTIVITIES

We are committed to low-cost production and optimising extraction efficiency through our mining activities, while ensuring we invest in the communities within which we operate and maintain a legacy of environmentally responsible mining.

MINING ACTIVITIES

Barberton Mines and BTRP

Phoenix Platinum

(CTRP) – concluded a conditional disposal agreement on 31 July 2017

Evander Mines and ETRP

Uitkomst Colliery
Effective disposal 30 June 2017

UPLIFTING COMMUNITIES

through **corporate social investment** and **local economic development**

Embracing **best practice corporate governance**

OUTCOMES

Through our business activities and the use of capital inputs, we continue to have a positive impact on the economy and the communities within which we operate.

1 **Supporting South Africa's economy** through the taxes paid and employment provided for 3,932 people during the year.

2 **Supporting entrepreneurs,** other sectors and industries through our supply chain.

3 **Supporting 24 students** with full-time bursaries in the fields of geology, mining engineering, mechanical engineering, actuarial science, finance, economics and mine surveying.

4 **Investing in communities** through the group's transformation trusts totalling ZAR15.4 million – including gold mining operations and suppliers' contribution.

EXTERNAL OPERATING ENVIRONMENT > | Commodity markets | Regulatory environment

OUTPUTS

Our outputs support our vision to continue to build a precious metals business in Africa by remaining focused on our four strategic pillars: profitable, sustainable, stakeholders and growth.

OTHER ACTIVITIES

Growing the business through organic and acquisitive opportunities such as:

- Elikhulu Project.
- Evander Mines' 2010 Pay Channel.
- Evander South.
- Rolspruit.

Stakeholder engagement with shareholders, investors, employees, unions, regulators, communities, suppliers, customers.

FINANCIAL CAPITAL

• Revenues generated	
– Gold.	ZAR2,925.3 million
– PGE.	ZAR82.2 million
– Coal.	ZAR432.8 million
• Profit after taxation.	ZAR309.9 million
• Internally generated operational cash flows after dividend.	ZAR106.5 million
• Dividends paid to shareholders.	ZAR300 million
• Interest payments to debt funders.	ZAR47.5 million
• Reinvestment in infrastructure.	ZAR613.1 million
• Government taxes and royalties paid.	ZAR141.0 million

MANUFACTURED CAPITAL

• Reserves.	Gold 11.2Moz
	PGE 0.2Moz
• Resources.	Gold 34.4Moz
	PGE 0.6Moz
• Production.	Gold 173,285oz per annum
	PGE 8,709oz per annum

HUMAN CAPITAL

• Three fatalities.	
• Skills development and training.	ZAR32.1 million
• Employee remuneration.	ZAR1,119.0 million

INTELLECTUAL CAPITAL

- Mining and prospecting licences.

SOCIAL AND RELATIONSHIP CAPITAL

• Corporate social investment and local economic development.	ZAR24.3 million
• Stakeholder relations – unions, regulators, communities.	Mining Indaba, community and regular union meetings.

NATURAL CAPITAL

• Energy consumption.	1,521,811Gj
• Water consumption.	25,395m^3
• Carbon emissions.	0.12CO_2e/t milled

5 **Producing precious metals** in support of increased investor demand as they seek protection against economic and currency volatility.

6 **Creating employment and skills development opportunities** to communities through initiatives such as Umjindi Jewellery and the Sinqobile Life Skills Centre.

7 **Limiting environmental degradation.**

8 **Minimising the occurrence of illegal mining.**

9 **Creating shareholder value** through dividend distributions.

10 **Supporting South Africa's transformation goals.**

Capital and foreign exchange markets | Labour and communities | Energy costs

OUR GROUP STRATEGY

Pan African Resources has an exceptional mineral asset base with attractive organic growth opportunities, in both established projects and brownfield exploration prospects.

OUR STRATEGY

Our growth strategy is executed by identifying and exploiting mining opportunities that create stakeholder value by driving growth in our mineral reserve and resource base, production, earnings and cash flows in a margin-accretive manner, and by capturing the full precious metals value chain by focusing on:

- Low cost base.
- Growth in mineral reserve base and profitable production.
- Positive impact on earnings, in a sustainable manner.
- Maximising recovered grade and production tonnes.
- High margins.

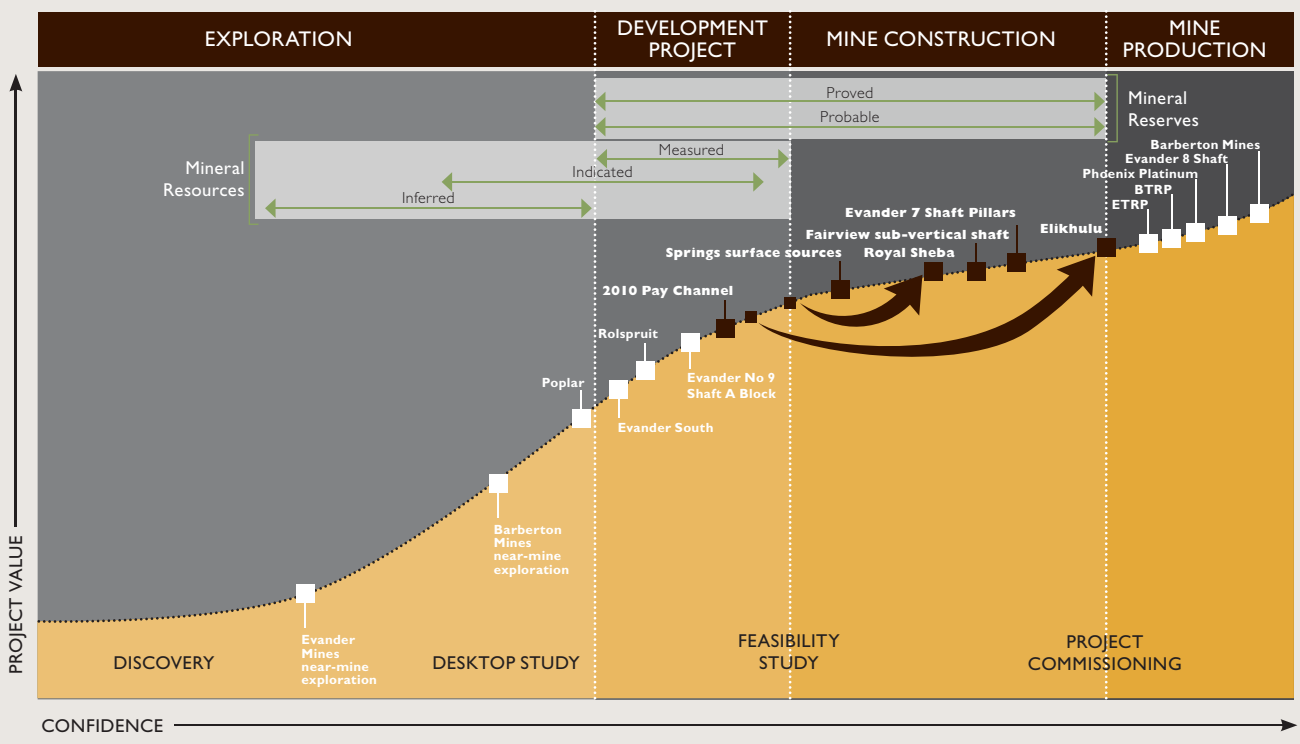
We encourage an entrepreneurial culture that fosters consistent value-accretion for stakeholders by first identifying and then executing opportunities within our business and operations. This culture further contributes to sourcing new investments, thereby bolstering our portfolio of mining assets.

The group is profitable and cash generative at the current gold price, with the ability to fund all on-mine sustaining capital expenditure internally and meet its other funding and growth commitments.

VALUE CREATION

The group strategy is based on global best practice in mineral resource management (MRM) to aggressively explore and develop projects that will become next generation long-term business units.

The evolution of a project from initial testing to commissioning can take 12 to 18 months or longer, and involves a series of study stages to reach investment approval and implementation. The graph below demonstrates the group's mineral assets within the value chain and how value is released through projects such as the BTRP, ETRP and Elikhulu.



OPERATING ENVIRONMENT

The mining industry is heavily dependent on global commodity prices; favourable currency fluctuations; a stable political, labour and social environment; constrained resources and market sentiment.

Pan African Resources' sustainability and response to its operating environment is guided by its vision and purpose – to build and grow a mid-tier precious metal producer, while creating shareholder value and advancing society. Good governance and sound ethics form the foundation of our business and our experienced leadership and high-performance culture ensures resilience in a challenging and constantly changing operating environment. We currently only operate in South Africa and have developed skills to operate sustainably, with the view to increasing investor appetite for mining investment in our country.

Operating in South Africa has many advantages, which include access to technical skills, expertise and support, a well-trained, experienced workforce, excellent road, power and other infrastructure and more than a century of deep-level and general mining experience. Despite these benefits, the current in-country political instability and economic challenges cannot be ignored, and will have to be addressed if South Africa is to attract investment and successfully grow its economy.

We appreciate that, in general, we cannot control or predict our operating environment, but we continue to focus on those factors we can control or influence positively, such as gold production, the cost of production and delivering into value-accretive opportunities.

GLOBAL AND LOCAL ECONOMY DYNAMICS

The world has become more uncertain with increasing risks, including geopolitical tensions, political dissonance, weak governance, corruption, extreme weather conditions, terrorism and security concerns. Global trade relations also continue to worsen as countries focus inwardly on their economies, creating more inequality and fewer growth opportunities.

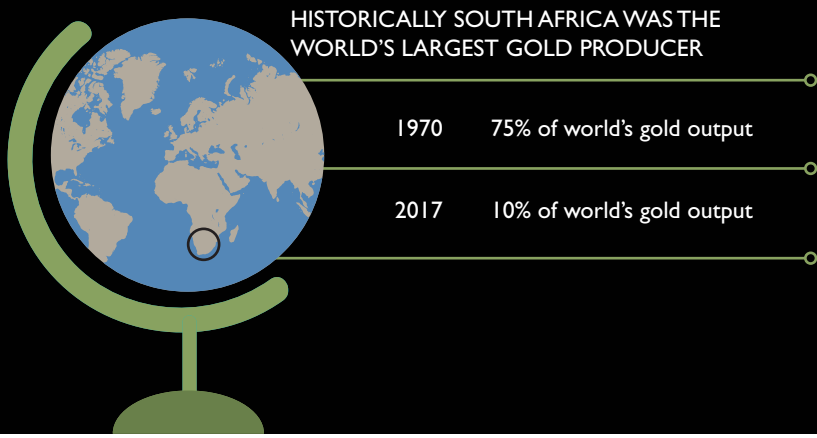
South Africa's economy has become more precarious due to an unexpected political reorganisation by President Jacob Zuma and severe political instability and infighting. This situation has not only resulted in ratings downgrades but also civil society reacting strongly with several public protests, as citizens expressed their concerns of facing limited job opportunities, the rising cost of essential foods and stagnating salaries. Positively, the Rand was relatively stable over the 2017 financial year but remains vulnerable due to continued political discord and global economic turmoil.

The dynamics of the global economy will continue to impact and influence the South African economy as well as the group. Local ideological and regulatory dogmatism are particularly concerning as they threaten Pan African Resources' South African local growth potential, due to the erosion of investor sentiment. For this reason, diversification is a strategic objective, thereby reducing our sovereign risk and capitalising further opportunities to enhance shareholder value. Diversification can however not be at all costs – any new investment by the group will have to demonstrate the requisite returns to shareholders.

THE ECONOMIC ENVIRONMENT AND THE GOLD MARKET

Historically South Africa was the world's largest gold producer with more than 75% of 1970 global reserves being held by the country. Today, it produces only 10% of the world's gold output. Gold may have lost prominence in the local economy, but the gold sector remains important as an employer and generator of foreign exchange.

Since Pan African Resources cannot control or predict the price it receives for its gold, especially when the USD gold price is combined with the exchange rate, fluctuations make gold receipts even harder to forecast. The group therefore focuses on gold production from operations and the cost of production. Refer to the Financial Director's and operational reviews on pages 34 and 54 in the integrated annual report.



AN EVOLVING REGULATORY ENVIRONMENT

The mining industry is highly regulated, chiefly by the DMR, with the Mine Health and Safety Inspectorate executing the statutory mandate of the DMR, to safeguard the health and safety of mine employees and communities affected by mining operations. Pan African Resources continues to proactively engage with the DMR, with the common goal of achieving zero harm.

Another important act, which continues to evolve, is the MPRDA. The MPRDA's strategic intent is to streamline licensing processes to improve the ease of doing business in the industry and contribute towards national development imperatives. It aims to integrate and align the mining, environmental and water authorisation processes with the National Environment Management Authority and the National Water Act. The MPRDA aims to enhance provisions relating to the regulation and implementation of SLPs, entrenching and embedding transformation, and providing for enforcement of housing and living conditions standards for mineworkers. Amendments to the MPRDA have introduced some onerous requirements, with enhanced sanctions for non-compliance. In addition, uncertainties around these amendments run the risk of increased investor dissonance. Pan African Resources continues to monitor these developments.

A new draft of the Mining Charter (the charter), gazetted in June 2017, proposed certain provisions of concern to the mining industry, including raising black ownership from 26% to 30% in a manner that avoids dilution and appears to conflict with other legislation; and a requirement that 70% of all mining goods and 80% of all services in the mining industry must be procured from black economic empowerment (BEE) entities, when the number of possible suppliers is very limited. The proposed new charter also provides that all new mining rights are subject to a 1% revenue payment to BEE shareholders prior to any shareholder distribution and a minimum annual vesting of the BEE shareholding. After the Chamber of Mines' urgent interdict to prevent the revised charter's implementation, the charter was suspended, pending judgment in the Chamber of Mines urgent interdict. Pan African Resources welcomes the robust debate around the revised charter and is committed to finding a sustainable empowerment model for the industry. We continue to closely monitor developments on the revised Mining Charter and remain committed to transformation and compliance with the current Mining Charter and our operations' agreed SLPs.

The group has and will proactively implement several initiatives to increase its empowerment shareholding, which include the current employee share ownership schemes at Barberton Mines and Evander Mines, as well as the current PAR Gold shareholding in the group. These initiatives should reduce future dilution to other shareholders.

The group remains mindful of the Davies Commission on Tax, which is still investigating the appropriateness of the current mining tax regime. There remains a risk that revised tax legislation may negatively impact the mining industry's returns.

A SOCIAL LICENCE TO OPERATE

Mining depends on its employees and the surrounding communities. Ongoing community and employee relations are vital to ensure a harmonious working environment. The group's operations are controlled by mining rights and each operation's SLPs are submitted to the DMR annually for approval.

The Chamber of Mines plays a critical role in negotiating with the unions and bargaining on basic wages and conditions of employment takes place on behalf of its members (certain South African mining companies), while bargaining on organisational, operational and workplace issues are conducted at mine or company level. Evander Mines operation secured a wage agreement for three years, ending 2018. Barberton Mines is not a member of the Chamber of Mines but is aware of the Chamber of Mines' policies. Barberton is negotiating a new wage agreement in 2017.

Illegal mining continues to pose a major challenge for the South African mining industry. These miners typically access both abandoned and operating mines, without the requisite logistical support, safety equipment and ventilation. These activities negatively affect the surrounding communities and deprive the state of material amounts of tax and royalties from the gold illegally extracted. Pan African Resources manages the risk of illegal miners by conducting regular security operations in cooperation with law enforcement, the appropriate access controls at its operations and other measures to deter illegal miners.

RESPECTING NATURAL RESOURCES

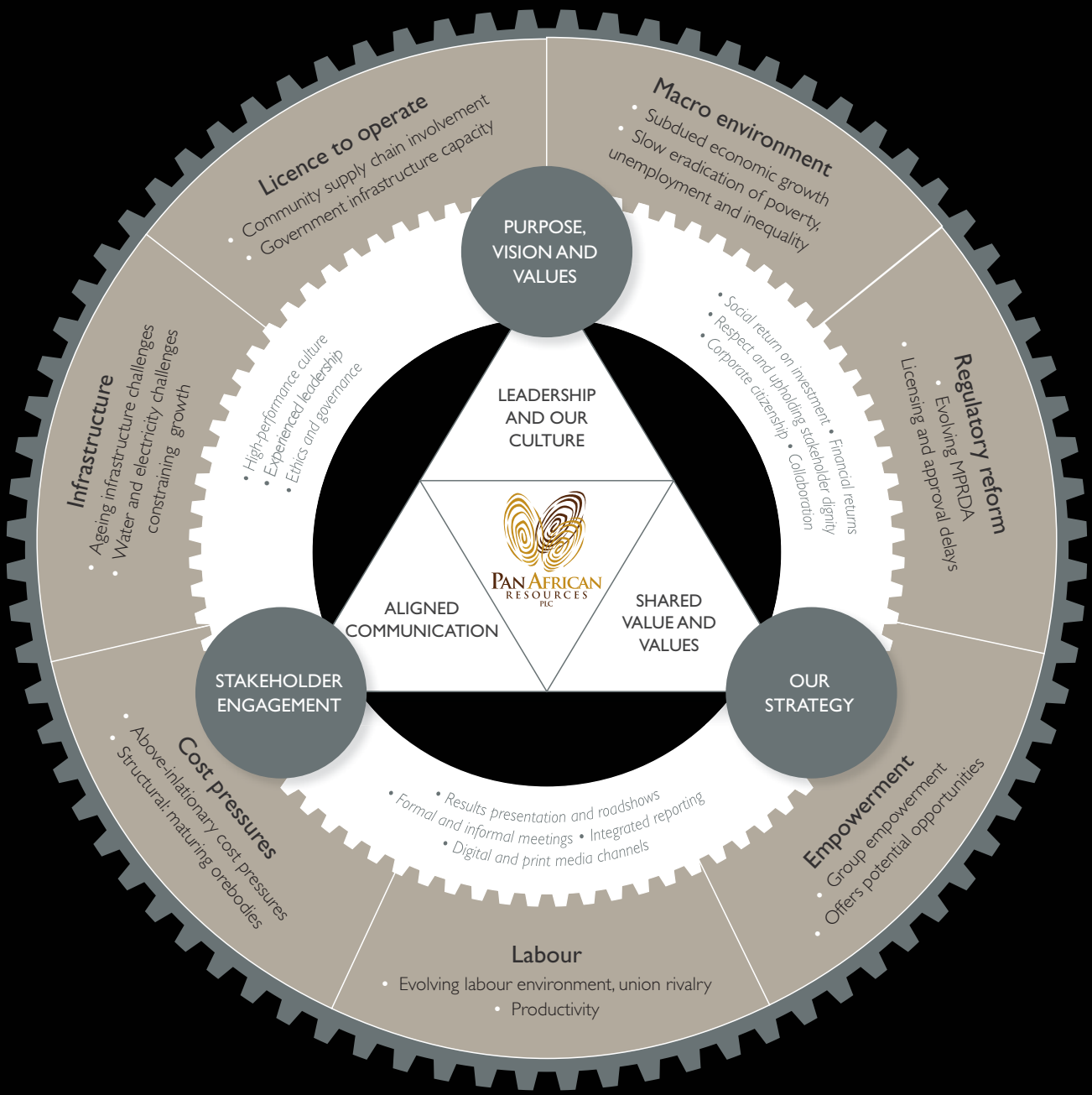
Mining involves the use of various natural resources, most notably land, water and energy, all of which must be used with circumspection given the vulnerability of these resources. All Pan African Resources' operations hold valid water-use licences and our carbon footprint is monitored at all our operations and, where appropriate, we implement energy-saving initiatives. Although South Africa's power supply has stabilised, the increased cost of electricity remains a challenge for both the mining industry and the country as a whole.

Contamination of water sources is one of the highest environmental risks at our operations and regular testing of boreholes is conducted to monitor water quality. The recently commissioned cyanide destruction plant at Barberton Mines will materially reduce the risk of ground water pollution. See further details in the environmental review on page 72 in the integrated annual report.

Regarding land rehabilitation, the group has fully provided for such future costs by means of funds held in a dedicated rehabilitation trust with available funds at 30 June 2017 of ZAR320.6 million (2016: ZAR321.5 million).

THE SOUTH AFRICA MINING MARKET

Pan African Resources' sustainability and response to its operating environment are guided by its philosophy as shown below. We pursue our strategic goals through leadership that creates shared value and alignment between the company's vision and values, its strategy as well as the needs and expectations of its stakeholders. See page 28 for more information.



NEW DRAFT MINING CHARTER PROPOSAL

- Raising black ownership from 26% to 30%.
- 70% of all mining goods to be procured from BEE entities.
- 80% of all services in the mining industry to be procured from BEE entities.

STAKEHOLDER ENGAGEMENT, VALUE CREATION AND DISTRIBUTION

Pan African's stakeholders are integral to the group's growth, value creation and sustainability. They have been identified as one of our four key strategic pillars which include: profitable, sustainable, stakeholders and growth. Stakeholder feedback and concerns are carefully considered when reviewing and refining strategy, which fosters realistic perceptions by and expectations from our stakeholders of our business, decisions and performance.

OUR KEY STAKEHOLDERS

STAKEHOLDER ENGAGEMENT APPROACH

Stakeholder engagement is important to the group as it fosters transparent communication channels to share information and proactively resolve concerns, while at the same time balancing the expectations of shareholders and other stakeholders. It is essential in shaping our strategy, better managing risks, identifying opportunities and managing our reputation.

Stakeholder engagement takes place centrally at the corporate office and operationally at all the operations. The Chief Executive Officer assumes responsibility at a corporate office level and is supported by the Financial Director as they engage with investors and analysts, the Executive: Human Resources who engages with labour unions and employees and the operational management who engages with the DMR on health and safety issues. At an operational level, stakeholder engagement is the responsibility of the general and human resources managers. The board also engages with shareholders at the AGM and on an ad hoc basis, when required.

Concerns raised operationally are governed by the management committee and at a board level the SHEQC committee oversees stakeholder concerns.

KEY STAKEHOLDERS

The group's operations impact various stakeholder groups, some more materially than others, depending on the nature of the engagement. In determining and prioritising our stakeholders we consider, *inter alia*, the following factors:

- How the stakeholder impacts our business from a strategic and reputational perspective.
- The risk we are exposed to should the group not actively engage with the stakeholder.
- The opportunities realised in actively engaging with the stakeholder.
- What impact the stakeholder has on our operational performance.
- How the stakeholder informs our material issues.
- Corporate and social responsibility towards specific stakeholders.

STAKEHOLDERS' KEY CONCERNS DURING FY2017

The table below shows the key concerns raised by stakeholders during the year under review and how Pan African Resources responded to each concern.

Key concern	Stakeholders impacted	Pan African Resources response	Reference to further input
Three fatalities – one at Evander Mines and two at Barberton Mines **Employee injuries and safety concerns**	• Employees. • Government and regulatory body – DMR.	• The group continues to dedicate considerable effort to achieve and maintain zero harm and processes have been introduced to further improve the group's safety measures to reduce the risk of future incidents, such as the shaft infrastructure upgrade at Evander Mines. • Safety awareness campaigns were improved and made more practical. A priority going forward is to improve the learnings from potential incidents, as a preventative tool in improved performance. • A key focus is on the behavioural component of our safety strategy and reinforcement of frontline supervision. • The group's safety dashboard system continues to manage and monitor all operations' safety systems.	Page 70 of the integrated annual report
628 Evander Mines employees were retrenched following a restructure and retrenchment programme	• Employees. • Unions. • Providers of capital – debt and equity.	• Management actively engaged with affected employees and organised labour and a retrenchment agreement was reached with NUM and UASA. • A steering committee between Evander Mines, the community and municipality was established to drive various job opportunities and entrepreneurship prospects, once the Elikhulu Project commences construction.	Page 10 of the integrated annual report
Increase in DMR section 54 stoppages at both Barberton Mines and Evander Mines	• Employees. • Government and regulatory body – DMR. • Providers of capital – debt and equity.	• DMR section 54 stoppages impact on the morale of employees and on operational performance, however we consistently review the effective safety controls that we have implemented to support and demonstrate good employee practices. • The group continues to engage in an active and transparent manner with the DMR inspectorate to strive for a zero-harm working environment.	Page 9 of the integrated annual report

STAKEHOLDER ENGAGEMENT, VALUE CREATION AND DISTRIBUTION continued

Key concern	Stakeholders impacted	Pan African Resources response	Reference to further input
Suspension of Evander Mines underground operations for up to 55 days to refurbish No 7A Shaft **Production guidance revised from 195,000oz to 173,285oz**	• Employees. • Providers of capital – debt and equity. • Unions.	• Critical infrastructure refurbishments to Evander Mines No 7A Shaft were completed and internal and external engineering reviews were also conducted to ensure that the risk of another catastrophic failure is materially reduced. • Commenced an exploration programme at Evander Mines' 2010 Pay Channel, which if proven to be a viable mining proposition, will involve the mining of this orebody from the existing 7 Shaft, thereby saving the cost of sinking another deep-level shaft and increasing gold production levels.	Page 9 of the integrated annual report
Frequent operational interruptions due to community unrest relating to government service delivery in and around Barberton operations (three separate incidents resulting in six days of lost production)	• Communities. • Employees.	• Barberton Mines engaged in a two-day Indaba where various stakeholders, employees and Barberton management engaged in an open and transparent platform. • Barberton Mines expanded on the financial predictions for the mine and it outlined each mine's current social responsibility plans and those in the pipeline.	Page 9 of the integrated annual report

The table below provides a high-level overview of the nature, frequency and responsibility for stakeholder engagement and what matters to stakeholders.

Stakeholder	What matters to stakeholders	Nature of engagement	How feedback informs strategy	Responsibility
Providers of capital	• Safe mining. • Return on investment. • Financial performance. • Operational performance. • Union relationships. • Accreditations and regulatory compliance. • Resources and reserves reporting. • Sustainability of the business. • Environmental compliance.	• Results presentations and roadshows. • Site visits. • Regulatory communications. • Ad hoc one-on-one meetings with investor community. • Interim and full-year results announcements. • Integrated annual report. • Financier communications with respect to the group's capital structure and compliance with conditions of existing debt agreements. • Media releases.	• Poll results and feedback from presentations and one-on-one meetings discussed at executive management level.	• Chief Executive Officer. • Financial Director. • Other senior executives.

Stakeholder	What matters to stakeholders	Nature of engagement	How feedback informs strategy	Responsibility
Employees	• Safety. • Transformation. • Job security. • Reward and incentives. • Holistic and occupational health. • Skills development and training. • Environmental exposure.	• Bargaining council forums. • Shaft committees. • Health and safety structures. • Supervisory and disciplinary structures. • Social media. • Publicity and posters. • Policy and procedure documents. • One-on-one supervision. • Contract negotiations. • Performance assessments. • Future forum meetings.	• Discussed at operational, executive and board level.	• Operational human resource managers. • Group Executive Human Resources. • Group SHEQC manager. • Other senior executives.
Suppliers	• Group financial performance. • Payment track record. • Growth project pipeline. • Loyalty.	• One-on-one meetings.	• Discussed at operational and executive management level.	• General managers and financial managers. • Group procurement manager.
Communities	• Job creation. • Corporate social investment. • Environmental conservation/ protection.	• Community meetings and forums. • Media.	• Discussed at the SHEQC committee, Exco and board level.	• General managers. • Community liaison managers at each operation. • CSI officers at each operation.
Unions	• Health and safety. • Transformation. • Job security. • Fair remuneration and reward.	• Employee committees. • Branch committees. • Shaft committees. • Mine committees.	• Discussions between union and management occur on the mines and the outcomes are conveyed to the corporate office. • Discussed at operational, executive and board level.	• Group Executive: Human Resources. • Shaft/mine/ branch committees.
Government and regulators	• Transformation. • Mining Charter compliance. • Job creation. • Safe mining. • Profitable mining.	• Regular and frequent communication with Departments: DMR, Labour, Water Affairs, Education and Public Works and local municipalities' independent development plans.	• Discussed at executive management and board level.	• General managers. • Chief Executive Officer. • Other senior executives.
Customers	• Quality. • Timeous delivery. • Price. • Volumes.	• One-on-one meetings with the refinery.	• Discussed at executive management and board level.	• General managers. • Metallurgical managers.
Listing exchanges	• Compliance with listing requirements.	• Sponsor (JSE) and Nomad (AIM) review and oversight. • Panel reviews of reported information.	• Discussed at board and executive directors level.	• Chief Executive Officer. • Financial Director. • Other senior executives.

STAKEHOLDER VALUE CREATION AND DISTRIBUTION

Using our financial, human, manufactured and natural capital resources, Pan African Resources endeavours to create value and positively impact all stakeholders with whom it interacts, including communities, employees, government, shareholders and suppliers. During the year under review, the group created ZAR1,915.1 million in value (2016: ZAR2,183.6 million), which was distributed to our various stakeholders.

Pan African Resources remains committed to creating value for all stakeholders and recognises that all its capital resources are interconnected – as one capital resource is increased or created, another is depleted. To ensure future sustainability, it is important to balance the use of these capital resources.

As depicted in the group's business model on page 6 of the integrated annual report, capital inputs are used in its mining activities to create value, which is distributed to various stakeholders by way of payment for services and goods, salaries and wages, corporate social investment, taxes and dividends. The mining industry is heavily dependent on various factors to sustain value creation, some of which are beyond its control.

The group is cognisant of the need to explore and crystallise other opportunities, either through organic or acquisitive growth, to ensure it can sustain and enhance the value it creates. Opportunities currently under development include the Elikhulu Project (see page 11 of the integrated annual report) and the 2010 Pay Channel (see page 11 of the integrated annual report). In addition to organic and acquisitive growth, the group reinvested ZAR518.1 million (2016: ZAR771.3 million), which is 14.6% (2016: 21.2%) of the total value created, to sustain its existing operations.

Creating value for **employees** is important to ensure the group attracts and retains its talent. The group has 3,932 permanent employees (2016: 4,441) and distributed ZAR950.6 million (2016: ZAR891.5 million) in salaries and other remuneration during the year under review, which in turn positively impacts the communities within which these employees reside – as well as the broader economy where their salaries are spent. In addition, the group has implemented employee share ownership schemes, which seek to align the aspirations of the group's employees at its operations with that of management and shareholders. These employee share ownership schemes enable employees to participate directly in the value created at their respective operations. Further detail on the employee share ownership programme is shown on page 78 of the integrated annual report.

Distributions to **suppliers** for the provision of services and goods totalled ZAR1,626.2 million (2016: ZAR1,458.7 million), which has a direct and broad economic impact on the manufacturing, engineering and chemical sectors.

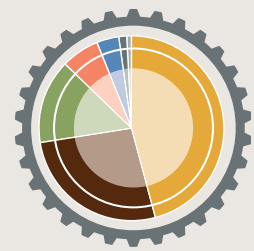
The group strives to uplift, both economically and socially, the **communities** within which it operates. The social value created is driven through the respective operations' SLPs, which include relevant social upliftment projects based on the needs of these communities. The group distributed ZAR24.3 million (2016: ZAR21.0 million) through its corporate social investment and local economic development initiatives.

The group's contribution to the **fiscus** was ZAR141.0 million (2016: ZAR269.6 million). These taxes contribute to the infrastructure development, educational needs, health, social and various other services rendered by the government in pursuit of the economic and social upliftment of South Africa.

Shareholder value, measured as total shareholder returns, is determined by share price performance and dividend declarations. The group's sector-leading dividend and track record of sustained dividend payments is a key differentiating factor relative to its peer group. Over the past five years, the group's total dividends paid amounted to ZAR1,008.3 million or GBP65.4 million (2016: ZAR803.9 million or GBP46.7 million).

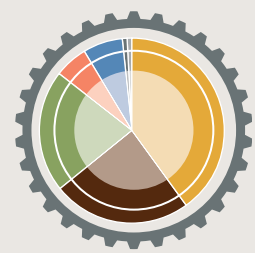
VALUE CREATION AND DISTRIBUTION

2017



- 45.9% Suppliers
- 26.8% Employees
- 14.6% Reinvested
- 6.6% Shareholders
- 4.0% Taxation
- 1.4% Finance costs
- 0.7% Corporate social investment and local economic development

2016



- 40.0% Suppliers
- 24.4% Employees
- 21.2% Reinvested
- 5.8% Shareholders
- 7.1% Taxation
- 0.9% Finance costs
- 0.6% Corporate social investment and local economic development

GROUP MINERAL RESOURCES AND MINERAL RESERVES

The mineral resources and mineral reserves underpin the enterprise value of Pan African Resources, and the group's position on its mineral resources and mineral reserves is presented below.

GOLD

Group mineral resources

The total mineral resources for the group decreased from 34.9 million ounces (Moz) in June 2016 to 34.4Moz in June 2017 – a gross annual decrease of 0.5Moz, or 1.4%.

			Contained gold		
As at 30 June 2017	Category	Tonnes million	Grade g/t	Tonnes	Moz
Mineral Resources	Measured	5.3	10.94	57.6	1.9
	Indicated	262.2	2.43	636.2	20.4
	Inferred	70.4	5.35	376.5	12.1
Resources	Total	337.9	3.17	1 070.3	34.4

Group Mineral Reserves

Pan African Resources' mineral reserves increased from 10.0Moz in June 2016 to 11.2Moz in June 2017 – a gross annual increase of 1.2Moz, or 12.0%.

			Contained gold		
As at 30 June 2017	Category	Tonnes million	Grade g/t	Tonnes	Moz
Mineral Reserves	Proved	4.1	7.19	29.8	1.0
	Probable	227.7	1.40	317.9	10.2
Reserves	Total	231.8	1.50	347.7	11.2

The increase can primarily be attributed to the conversion of the Elikhulu Project mineral resouces to mineral reserves.

PGEs

Group Mineral Resources

The group's total mineral resource PGEs did not change materially for the year under review.

			Contained PGEs 4E		
As at 30 June 2017	Category	Tonnes million	Grade g/t	Tonnes	Moz
Mineral Resources	Measured				
	Indicated	2.3	2.32	5.4	0.2
	Inferred	3.4	3.67	12.5	0.4
Resources	Total	5.7	3.12	17.9	0.6

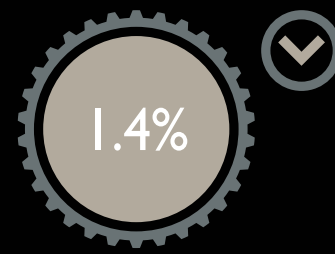
Group Mineral Reserves

Pan African Resources' mineral reserve PGEs did not change materially for the year under review.

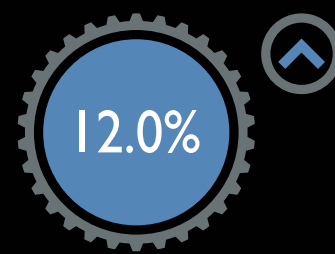
			Contained PGEs 4E		
As at 30 June 2017	Category	Tonnes million	Grade g/t	Tonnes	Moz
Mineral Reserves	Proved				
	Probable	2.3	2.32	5.4	0.2
Reserves	Total	2.3	2.32	5.4	0.2

GROUP GOLD % CHANGES DURING 2017

Mineral Resources



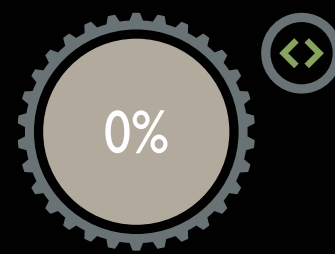
Mineral Reserves



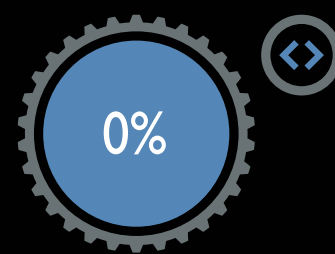
Increase attributed to conversion of Elikhulu to mineral reserves

GROUP – PGEs 2016 (%)

Mineral Resources



Mineral Reserves



GROUP ORGANIC GROWTH

The operations' robust life of mine plans support the group business plans. Current exploration drilling as well as activities to access and develop our orebodies were aggressively maintained during the year. The strategy of converting mineral resources to mineral reserves was progressed by moving organic projects further up the mining value chain towards feasibility or production. The tables below reflect the progress of near-mine growth projects that have contributed ounces to the mineral resources for the year.

EXPLORING THE OREBODY: EXPLORATION DRILLING

Operation	Total metres	Number of boreholes	Average channel width cm	Number of intersections above cut-off	Average grade g/t	Total expenditure ZAR million
Barberton Mines	**8,793**	**106**	**136**	**34**	**17**	**4.7**
Evander Mines	**783**	**14**	**31**	**6**	**28**	**1.4**

ACCESSING THE OREBODY: ON-REEF DEVELOPMENT

Operation	Total on-reef development metres	Average grade g/t
Barberton Mines	**2,533**	**6.20**
Evander Mines	**245**	**28.86**

DEVELOPING THE OREBODY: CAPITAL ORE RESERVE PROJECTS – BARBERTON MINES

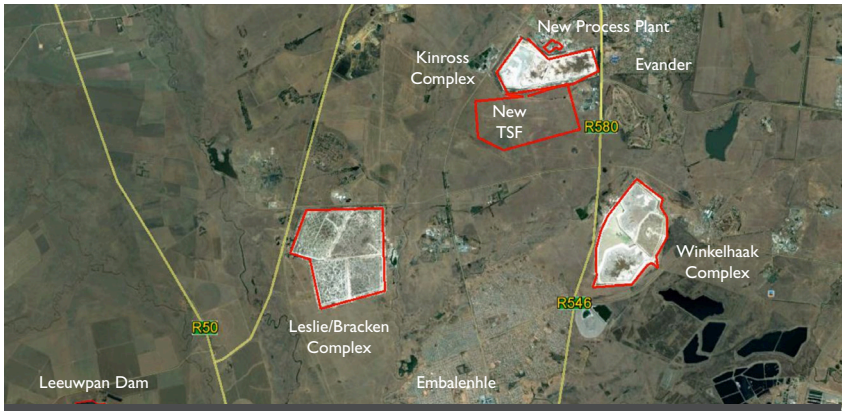
Project	2017 metres	2016 metres	2015 metres	Potential resource target oz
Sheba – pillar development	**450**	540	824	10,101
Sheba – Edwin Bray to Thomas and Joe's Luck area	**8**	27	5	18,701
Fairview – 11 Level Royal Reef	**–**	Equipping	Equipping	826
Fairview – 1# one reserve opening	**71**	131	84	13,958
Fairview – No 3 Shaft deepening	**171**	64	26	22,943
Fairview – (64 – 68) Level	**451**	581	447	851,562
New Consort – (33 – 45) PC	**265**	387	258	10,000
New Consort – MMR pillar development	**8**	–	–	66,309
New Consort – No 3 Shaft	**–**	17	327	5,969
Royal Sheba	**143**	189	165	309,180
Sheba Western Cross	**4**	133	295	25,143

CAPITAL ORE RESERVE PROJECTS: EVANDER MINES

Project	2017 metres	2016 metres	2015 metres	Potential resource target oz
No 2 Decline 24 – 25 Level	**73**	356	904	1,200,000
25 A block ventilation	**222**	87	10	

GROWTH PROJECTS

ELIKHULU PROJECT



Locality map of the tailings storage facilities

The Elikhulu Project entails establishing facilities and infrastructure at Evander Gold Mining Proprietary Limited, owned and operated by Pan African Resources, to re-treat gold plant tailings at a rate of one million tonnes per month. This is in addition to the existing production from the ETRP which will continue to operate independently of the Elikhulu Project for the next 15 years. Three existing tailings storage facilities will be reclaimed, in the following order: Kinross, Leslie and Winkelhaak. The three tailings facilities will, post their processing, be consolidated into a single enlarged Kinross facility, thus reducing Evander Mines' environmental footprint and associated environmental impact.

The project is expected to yield approximately 56,000oz of gold per annum for the initial eight years of production (while treating the Kinross and Leslie tailings storage facilities), and then approximately 45,000oz a year for the project's remaining six years from processing the Winkelhaak tailings storage facility. These production figures exclude an inferred resource of 244,398 ounces of gold delineated in the soil material beneath the existing tailings dumps.

Mineral Resource estimate

Resource category	Tailings storage facility	Tonnes million	Grade g/t	Contained gold Moz
Indicated	Kinross	**51.03**	**0.31**	**0.51**
	Winkelhaak	**72.47**	**0.24**	**0.56**
	Leslie	**70.07**	**0.32**	**0.71**
		193.57	**0.29**	**1.79**
Inferred (soil)	Kinross	**9.23**	**0.33**	**0.10**
	Winkelhaak	**8.02**	**0.27**	**0.07**
	Leslie	**4.57**	**0.45**	**0.08**
Total		**21.83**	**0.33**	**0.24**
Total mineral resource*		**215.40**	**0.29**	**2.03**

Mineral Reserve estimate

Reserve category	Tailings storage facility	Tonnes million	Grade g/t	Contained gold Moz
Probable	Kinross	**45.2**	**0.31**	**0.4**
	Leslie	**70.1**	**0.32**	**0.7**
	Winkelhaak	**70.0**	**0.24**	**0.6**
Total mineral reserve*		**185.3**	**0.29**	**1.7**

** Inclusive of ETRP.*

The mineral reserve estimate is a probable 185.3Mt, comprised of the Kinross (45.2Mt), Leslie (70.1Mt) and Winkelhaak (70Mt) TSF at Evander Mines. The combined 185.3Mt will provide feed material to the existing ETRP at 200,000 tonnes per month, and to the new project process plant at a rate of one million tonnes per month (of which 40,000 tonnes per month will be from run of mine tailings).

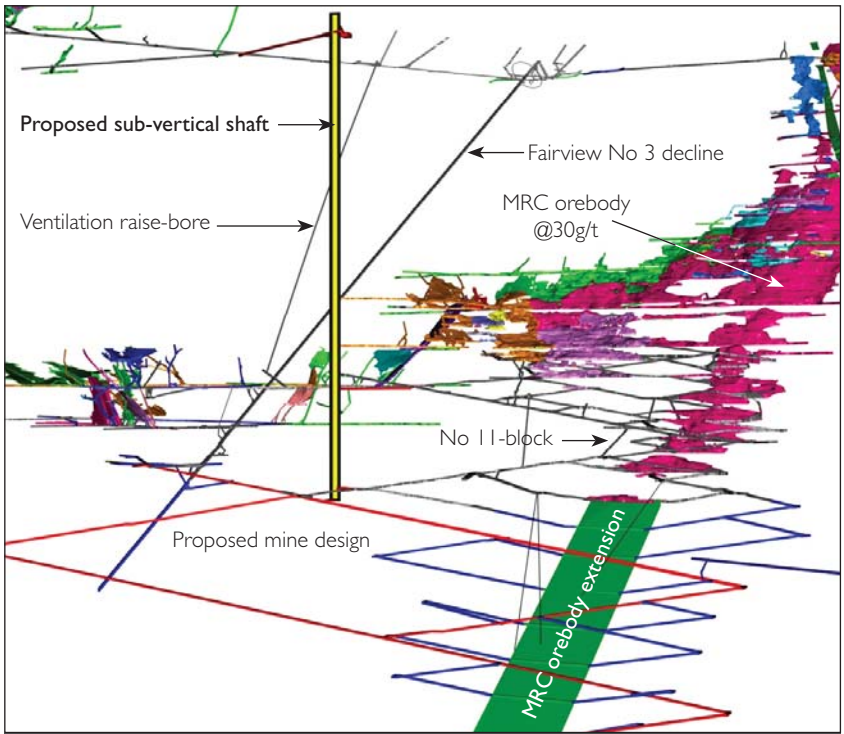
The combined mineral reserve contains an estimated 1.7Moz, of which an estimated 688,000oz will be recovered over the life of the project. This estimate excludes the inferred resource 244,398oz of gold leached and contained in the soil beneath the existing tailings dumps, which could potentially increase the project life.

The mineral reserve estimate assumes a non-selective mining method whereby the whole of the mineral deposit is mined in a predetermined sequence. The mining method allows for 100% extraction of the targeted mineral deposit. Hydraulic mining has been selected as the mining method as it is a proven technology, cost effective and technically and operationally well understood.

The overall average gold recovery over the life of the project is forecast at 47.8%. Using modelled recoveries, the gold dissolution value estimated for Kinross is 51.4%, Leslie 48.3% and Winkelhaak 53.8%.

The Elikhulu Project is progressing according to plan with project completion and first gold expected in the last quarter of the 2018 calendar year.

BARBERTON MINES SUB-VERTICAL SHAFT PROJECT AT FAIRVIEW MINE



Fairview sub-vertical shaft design

As at 30 June 2017	Category	Tonnes million	Contained gold Grade g/t	Contained gold Tonnes	Contained gold Moz
Mineral Resources	Measured	1.08	10.92	11.26	0.38
	Indicated	1.06	14.13	14.97	0.48
	Inferred	2.68	14.90	39.93	1.28
Resources	Total	4.82	13.79	66.16	2.14

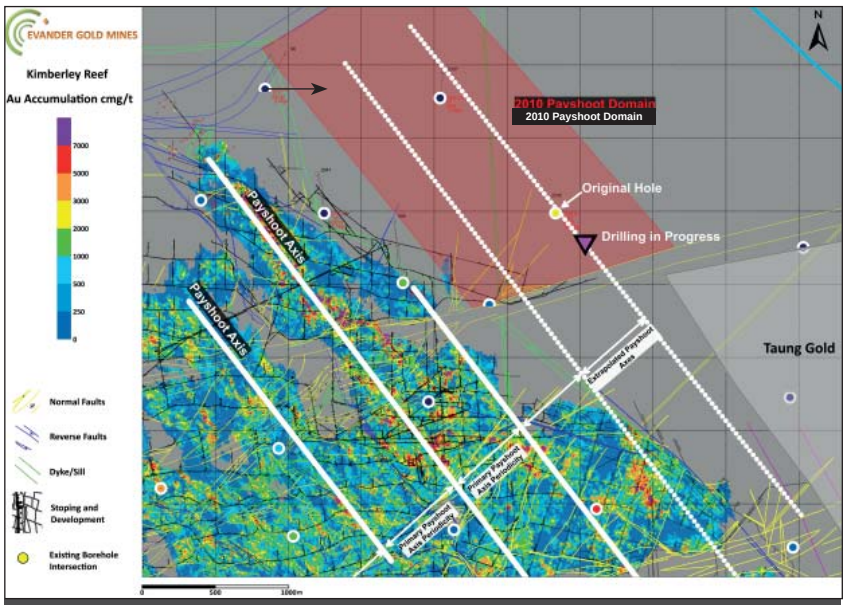
As at 30 June 2017	Category	Tonnes million	Contained gold Grade g/t	Contained gold Tonnes	Contained gold Moz
Mineral Reserves	Proved	0.51	10.05	6.68	0.21
	Probable	1.50	13.89	18.28	0.58
Reserves	Total	2.01	12.42	24.96	0.79

The Fairview mining operation is currently restricted by the hoisting capacity of its No 3 Decline, which is used to access workings below 42 Level. This decline is currently used to transport employees and material, and for rock hoisting. The 11-block, or MRC, orebody has an average grade of 31.3g/t and current life of mine of 20 years. With no intervention, future mining at depth will result in increased travelling distance, reduce employee face time and cause a lack of capacity to ensure both ore replacement and exploration development.

Pan African Resources, with the assistance of DRA Projects SA Proprietary Limited (DRA), has completed a feasibility study on the construction of a raise-bored, sub-vertical shaft from Fairviews' 42 Level to 64 Level, with the potential of continuing the vertical shaft to 68 Level in future. This sub-vertical shaft will be used to transport employees and material to the working areas, which will allow the No 3 Decline to be used exclusively for rock hoisting, increasing overall capacity and production from this mining area.

DRA has reviewed the technical and commercial aspects of the project and the supporting feasibility study has yielded very positive results. The estimated capital expenditure for the project, including contingencies, is approximately ZAR105 million, to be incurred over a two-year period. The productivity improvements for Fairview are estimated to yield an additional 7,000oz of gold per annum, which can be optimised further to more than 10,000oz per annum.

EVANDER MINES 7 SHAFT NO 3 DECLINE AND 2010 PAY CHANNEL



Location of 2010 Pay Channel with surrounding gold grades

The 2010 Pay Channel resource is adjacent to the 7 Shaft infrastructure and extends from the boundary of Taung Gold International Limited's No 6 Shaft project and mining rights. As previously reported, Evander Mines embarked on an exploration programme to drill a further exploration borehole from surface, to increase geological confidence in the 2010 Pay Channel orebody, for which resources are summarised in the table below:

7 Shaft No 3 Decline and 2010 Pay Channel resources

			Contained gold	
Category	Tonnes million	Grade g/t	Tonnes	Moz
Measured	0.45	8.94	4.0	0.13
Indicated	0.70	7.11	5.0	0.16
Inferred	4.13	8.93	36.9	1.19
Total	**5.28**	**8.69**	**45.9**	**1.48**

On 6 July 2017, the exploration borehole successfully intersected the Kimberley reef at a depth of approximately two kilometres, highlighting a reef intersection with a 6cm width at 36.8g/t. Additional drilling deflections are currently being drilled to further delineate the orebody. The previous borehole into the 2010 Pay Channel yielded a reef intersection with a 49cm width at 36.04g/t.

2010 Pay Channel exploration borehole results

			Grades	
Borehole	Depth m	Core width cm	g/t	cmg/t
2245	2,059.3	49.0	36.0	1,766
EGM PAR 1	2,014.6	5.7	36.8	210
EGM PAR 1 – Deflection 1	2,014.9	5.7	33.2	189
EGM PAR 1 – Deflection 2	2,014.8	4.8	144.7	694

Harmony Gold Mining Company Limited previously developed the 7 Shaft mine workings towards the 2010 Pay Channel. However due to financial constraints and a reassessment of capital expenditure priorities, it halted all development on the Evander Mines shafts (other than 8 Shaft) in 2009. This resulted in the controlled flooding of the development ends and 7 Shaft's No 3 Decline, from 22 Level up to 18 Level. Following the dewatering, only standard footwall and on-reef development would need to be completed, with the associated engineering infrastructure, before mining can commence.

The 2010 Pay Channel is approximately 4.5 kilometres in tramming distance from 7 Shaft, which is currently used by Evander Mines for hoisting to the Kinross metallurgical plant. This compares favourably with the 8 Shaft mining area, which is approximately 12 kilometres in tramming distance from 7 Shaft.

The Pan African Resources' project team has commenced a feasibility study related to the 7 Shaft No 3 Decline and 2010 Pay Channel resource, which will address the following critical issues:

- Collation of geological data from the drillhole intersection and deflections.
- The cost and timing of dewatering and re-equipping the 7 Shaft No 3 Decline from 18 Level to 22 Level.
- The development cost and timing to access the 2010 Pay Channel.
- The economic viability of the project.

The 2010 Pay Channel can potentially increase Evander Mines' underground gold production materially at a relatively low capital cost, using Evander Mines' established shaft and metallurgical facilities. The feasibility study for the project is expected to be completed during the first quarter of 2018.

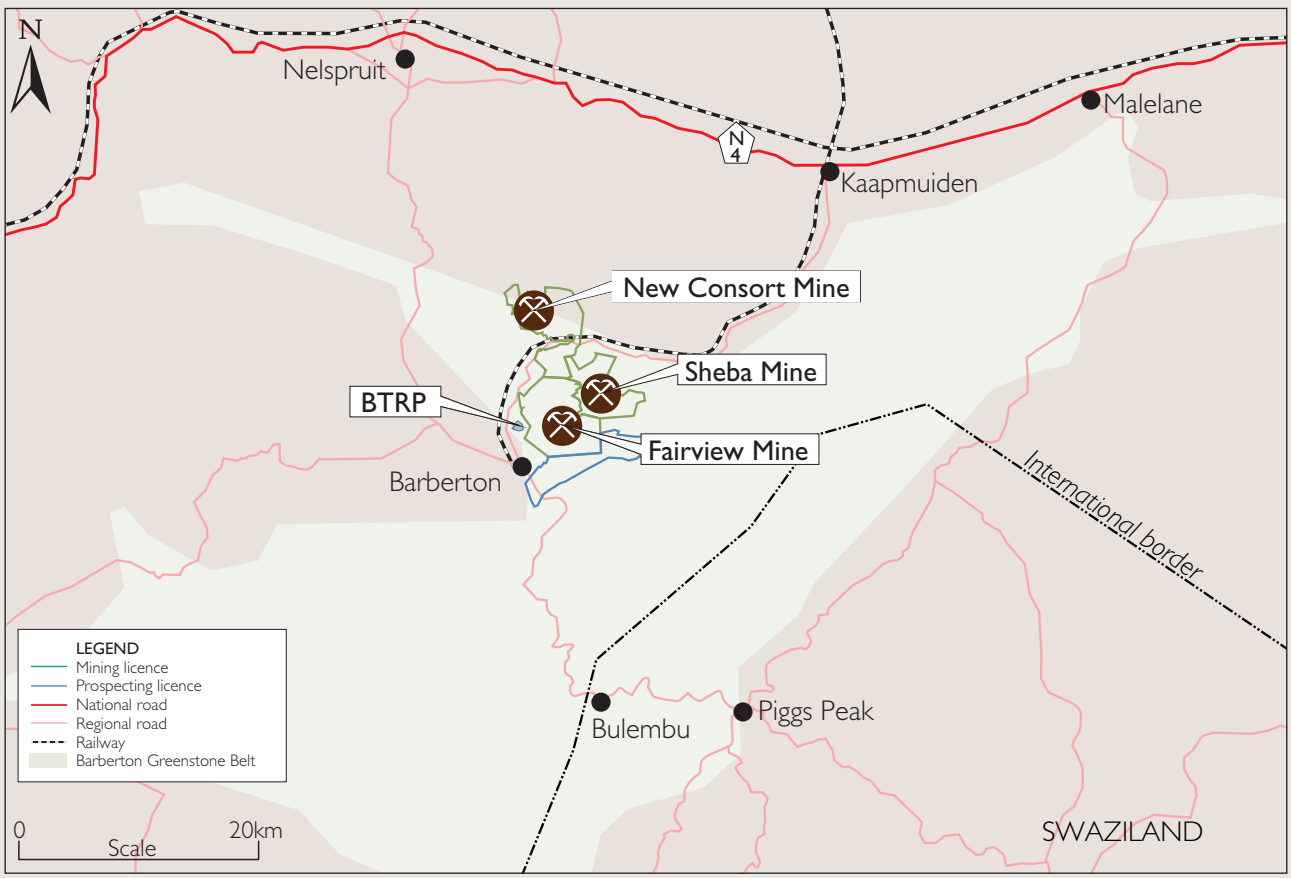
BARBERTON MINES

BACKGROUND

The mines that today make up Barberton Mines started operations more than a hundred years ago. Originally, the New Consort area consisted of several small workings. Over time, these were consolidated into what was to become known as New Consort Mine. In 1933, the company's name changed to Eastern Transvaal Consolidated Mines (ETC), and in 1948 ETC became a member of the Anglovaal group. The life of the Sheba Mine began with the discovery of Bray's Golden Quarry, the first 13,000t of ore yielding 50,000oz of gold. Sheba Mine and its adjacent workings changed hands quite frequently before being acquired by ETC in 1937. Mining at the Fairview Mine started in 1886 as a number of small operations from surface. These continued intermittently until 1955 when they were consolidated under Federale Mynbou. ETC acquired Fairview Mine in 1998. Barberton Mines is situated in the Magisterial District of Barberton, Mpumalanga, Republic of South Africa, some 370km east of Johannesburg and 47km south-east of Nelspruit.

LOCATION

Barberton Mines is situated in the Magisterial District of Barberton, Mpumalanga, Republic of South Africa, some 370km east of Johannesburg and 47km south-east of Nelspruit. The geographic location of Barberton Mines is set out in the map alongside. Barberton Mines comprises Fairview Mine, Sheba Mine, Consort Mine and BTRP.



Fairview produces 50% of Barberton Mines' gold production with Sheba and New Consort producing 30% and 20%, respectively. Operating three mines continues to provide flexibility and versatility in terms of resource allocation.

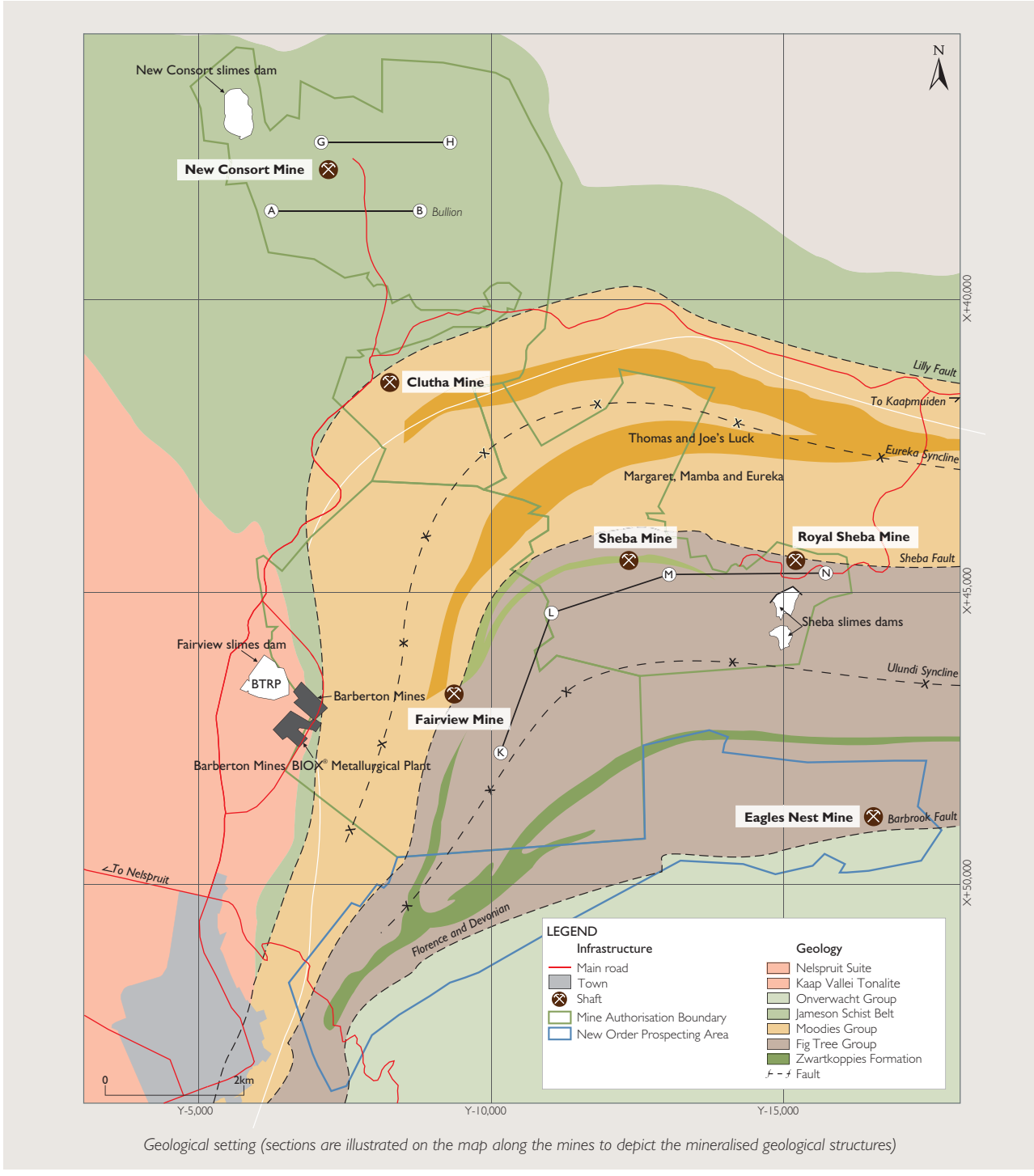
The mix of high grade ore from the mines is planned monthly to maintain the targeted grade/tonnage profile and gold production, giving Barberton Mines the advantage of managing cash flows from an early stage in the mining process. The operation has a proven track record of consistently delivering a solid performance, driven to a large extent by an embedded culture of cost control.

The mining methods used are an underground semi-mechanised up-dip cut and fill and up-dip room and stick. An estimated 16%–18% of gold is recovered by sweeping and vamping contractors focusing on worked-out areas and mining high grade pillars. Gold is extracted using the BIOX® gold extraction process, an environmentally friendly process which uses bacteria to release gold from the sulphide ore.

Gold was originally discovered in the Barberton area in 1886 and comprises the sediments and metavolcanics within the Barberton Greenstone Belt. Barberton Mines has therefore been mined for over a century with current production practices now embedded.

REGIONAL GEOLOGICAL SETTING

The mineralisation at Barberton Mines is classified as Achaean epigenetic hydrothermal lode gold deposits within a granite greenstone terrain. The distribution and localisation of these orebodies in the Barberton Greenstone Belt (BGB) can be largely attributed to the combined influence of thermal metamorphism and structural deformation. The BGB has produced approximately 11Moz of gold since the first discovery in the early 1880s. Barberton Mines has produced more than 75% of the total production from the BGB.



Geological setting (sections are illustrated on the map along the mines to depict the mineralised geological structures)

GENESIS OF THE ORE IN BARBERTON

Metamorphic devolatisation of the mafic and ultra-mafic Onverwacht lava at the transition from greenschist to amphibolite facies triggers the process by which fluid is released. These low-salinity fluids, which transport gold as a reduced sulphur complex containing H_2O, CO_2 and H_2S, are released, form mineral crystal structures and can transport gold in solution to favourable depositional sites. It is calculated that a lava volume of ten cubic kilometres is sufficient to have produced all the known gold mineralisation in the BGB. The Onverwacht Group consists of approximately four thousand eight hundred cubic kilometres of potential parent material lava. The stability fields of most of the common sulphides in the Barberton Mines ore (pyrite, arsenopyrite and pyrrhotite) indicate that the gold complex in the transport fluid is $Au(HS)_2$.

To facilitate metal deposition from the hydrothermal fluid, the pressure, temperature or chemical conditions need to change. Most greenstone gold deposits form as a result of the mineralised fluid coming into contact with an iron-bearing host rock. The Barberton Mines host lithologies are not

high in iron content, so the ore deposition occurred due to a drop in fluid pressure. Pressure shadows, which form during dilating, faulting and folding, create low-pressure zones, effectively sucking the fluids into these spaces and releasing pressure. When pressure is released, H_2S (the ligand that makes gold soluble) is driven off, resulting in gold precipitation.

The Barberton ores are thus mineralised shears with gold occluded in sulphide minerals. The sulphides often occur as massive assemblages in the shear structure. Lower ore grade disseminations of sulphide minerals in the wall rock form as a result of the alteration process during fluid flow. A late stage of gold mineralisation occurred when quartz veins formed in brittle fractures. These quartz veins often contain free gold in visible clusters.

GEOLOGICAL/RESOURCE ESTIMATION METHODOLOGY

The resource was classified according to guidelines compliant with the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (the SAMREC Code, 2016).

Geological modelling

The grade and the structure in the ore shoots are highly erratic in nature, and most of the data for evaluating resource blocks is derived from development adjacent to the mining blocks and from the position of the present mining areas. The continuity of grade values within the ore shoots is derived primarily from short-range statistical projections, based on experience that has been gained from historic mining of the orebody and from the study of its tectonic structure.

The tectonic structure and orebody geometry has been modelled using the Lynx orebody modelling system. This system allows the three-dimensional structure of the mineralised volume to be viewed graphically. This is used as a tool for visualising grade continuity and is an aid for mine planning.

Resource estimation

For both diamond-cored drill hole and underground sampling, a minimum sampling width of 230cm is used in the case of mechanical mining, and 100cm for conventional scraper-type stoping. Where the reef width is less than this value, hangingwall and footwall samples are included.

Measured reserve blocks are generally 20m on strike and 10m in the dip direction. Where blocks are defined adjacent to a development end only, the grade and true width of the reef in the block are estimated by calculating the arithmetic mean or 'stretch average' of the samples along the development end. If the sample spacing is at the standard 3m, the block value is derived by calculating the average value of the samples. If the sample interval is variable, the block is assigned the length-weighted arithmetic mean of the strip averages. If the resource block is surrounded by sampling, either by previous stope sampling or development sampling, the block is assigned values based on the mean of the surrounding sample stretches. In each case, one mean value is determined for each channel sampling section first and the means are then averaged.

Exploration drill hole values are weighted by the inverse of the distance from the sampling to the centre of indicated and inferred blocks.

Where an individual sample value is greater than 100g/t, the grade is capped at 100g/t. It has been found historically that if sample values over 100g/t are capped, these abnormally high sample grade values will not lead to over-valuation of the mean value of the stretch samples, which are used to assign values to nearby resource blocks.

All samples are submitted to SGS Laboratories CC. The laboratories are accredited by the South African National Accreditation System (Facility No T0565); additionally the facility is accredited in accordance with the recognised international standard. Samples are fire assayed with gravimetric finish (Standard Specifications Equipment/Technique used M701). A detailed account of the sampling, QA/QC and assaying methods can be obtained from the competent person report available on www.panafricanresources.com.

MINING RIGHTS

The mineral rights pertaining to Barberton Mines were issued by the Department of Mineral Resources in terms of Item 7 of Schedule II of the Minerals and Petroleum Resources Development Act, 2002 (No. 28 of 2002) (MPRDA).

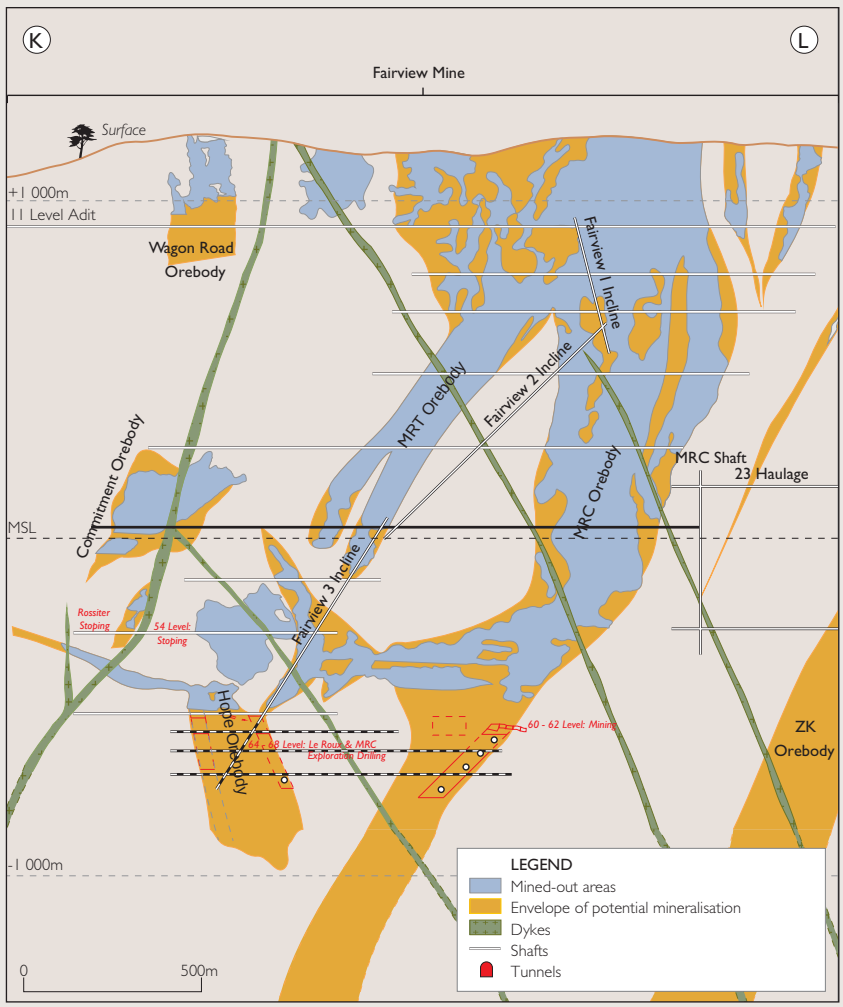
Mineral rights to Barberton Mines comprise three separate mining rights for the three different mining operations. All three operations' old order rights were converted to the sole and exclusive right to mine on 28 April 2011. The description of the mining area of all these mines is situated in the Mpumalanga Magisterial District of Barberton and the commodity is gold. All three of these mining rights will continue to be in force for a period of 10 years, ending on 27 April 2021. Due process will be undertaken to maintain and renew these mining rights for the life of mine of each mine.

Mine name	Mining licence	Mining area	Area (ha)	Expiry date
New Consort Mine	MP 30/5/1/2/2/190 MR	Portions of the farms Dublin 302JU, Tinto 300JU, Segalla 306JU, Whitwick 301JU and Barberton Nature Reserve 964JU	2,520.81	27 April 2021
Fairview Mine	MP 30/5/1/2/2/191 MR	Portions of the farms Sheba 940JU, Worral 352JU, Hayward 310JU, Bramber East 314JU and Bickenhall 346JU	3,033.86	27 April 2021
Sheba Mine	MP 30/5/1/2/2/189 MR	Portions of the farms Camelot 320JU, Sheba 940JU and Sheba Siding 939JU	1,705.06	27 April 2021

FAIRVIEW MINE

GEOLOGY

The Fairview Mine area straddles the contact between the Moodies Group to the north (Eureka Syncline) and the Fig Tree Group greywacke and shale to the south (Ulundi Syncline). The contact is marked by the presence of the Sheba Fault. The two synclines are re-folded, back-to-back isoclines that dip steeply to the south. Tight isoclinal, thrust fault-related anticlines of Onverwacht Group schist (Zwartkoppie Formation) occur within the greywacke.



Geology at Fairview Mine

The Fairview Mine orebody is an epigenetic hydrothermal lode gold deposit. Three distinct types of mineralisation occur in the mine:

- Refractory sulphidic ore, which constitutes the bulk of the ore, is hosted in the greywacke and shale sequence of the Fig Tree Group. The mineralisation is found in close association with an anastamosing shear system that often parallels the stratigraphy. Auriferous pyrite and arsenopyrite mineralisation is confined to ribbon-like shoots within the shear system and as disseminations. The shears are often defined by quartz-carbonate veining, and the host rock can be sericitised and carbonated on either side of the shear.
- A coarse clastic unit of the Fig Tree Group hosts a series of hangingwall bodies. The unit consists of thick-bedded to massive greywacke, grading into arenite with interbedded granule stone layers. Two quartz-porphyry dykes and two dolerite dykes intrude the host rock sediments. Although the mineralised fractures persist for up to 500m long, payable gold values are confined to several discrete ribbon-like payshoots. Blue-black quartz veins and quartz-carbonate veins and stock-work are recognised in the hangingwall area. The contacts and texture of the veins suggest a dilation fracture fill origin, rather than replacement origin. Refractory gold-quartz-carbonate-sulphide ore occurs as disseminated to massive pyrite and arsenopyrite mineralisation. The age relationship between the gold mineralisation and the quartz-porphyry dykes suggests that the Hope Reef is marginally older and the Le Roux Reef is marginally younger than the quartz-porphyry dykes. The quartz-porphyry dyke that intrudes into the Hope Reef mineralisation has been dated at 3,050 million years.
- Quartz veins, containing free milling gold, occur in the Moodies Group in the footwall of the Sheba Fault. The blue-gray quartz veins fill near-vertical cross-cutting fractures in the siliceous, brittle quartzite units. Gold mineralisation generally occurs within the vein, but may penetrate the adjacent host rock. Only minor pyrite and arsenopyrite is associated with this ore type.

The deepest intersection on a Fairview orebody is at a depth of 1,660m below the adit elevation. The orebody is open at depth.

MINERAL RESOURCES

As at 30 June 2017	Category	Tonnes million	Grade g/t	Contained gold Moz
	Measured	1.08	10.92	0.38
	Indicated	1.06	14.13	0.48
	Measured and Indicated	2.14	12.51	0.86
Fairview Mine	Inferred	2.68	14.90	1.28

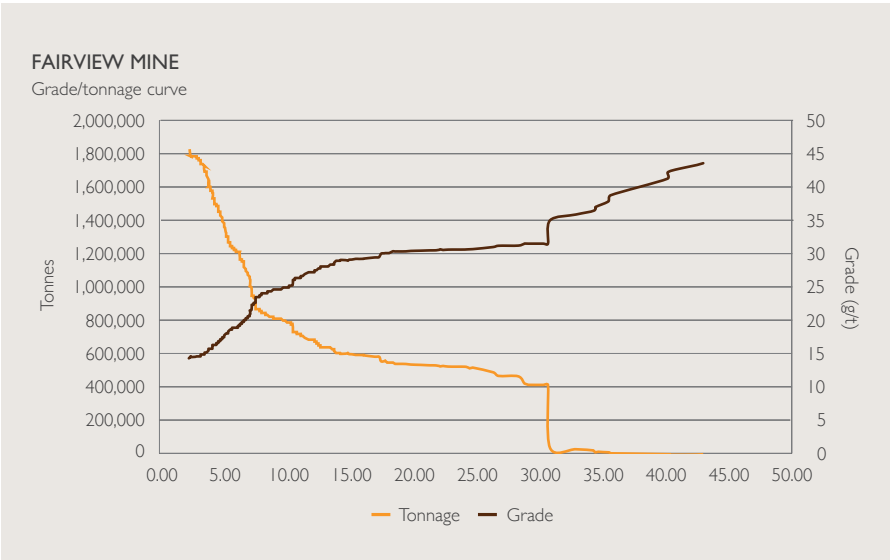
Notes:
1. Resources are reported above cut-offs of 1.2, 1.74 and 1.98 g/t
2. RD of in situ ore material is 2.7t/m³ and for TSFs this is 1.375 t/m³.

MINERAL RESERVES MODIFYING FACTOR

As at 30 June 2017	Gold price ZAR/kg	Cut-off value g/t Au	Cut-off value cmg/t	Stoping width cm	Dilution %	MCF %	PRF %
Fairview Mine	550,000	3.73	373	100	5	100.0	91.00

MINERAL RESERVES

As at 30 June 2017	Category	Tonnes million	Grade g/t	Contained gold Moz
	Proved	0.51	10.05	0.21
	Probable	1.50	13.89	0.59
Fairview Mine	Total	2.01	12.42	0.80

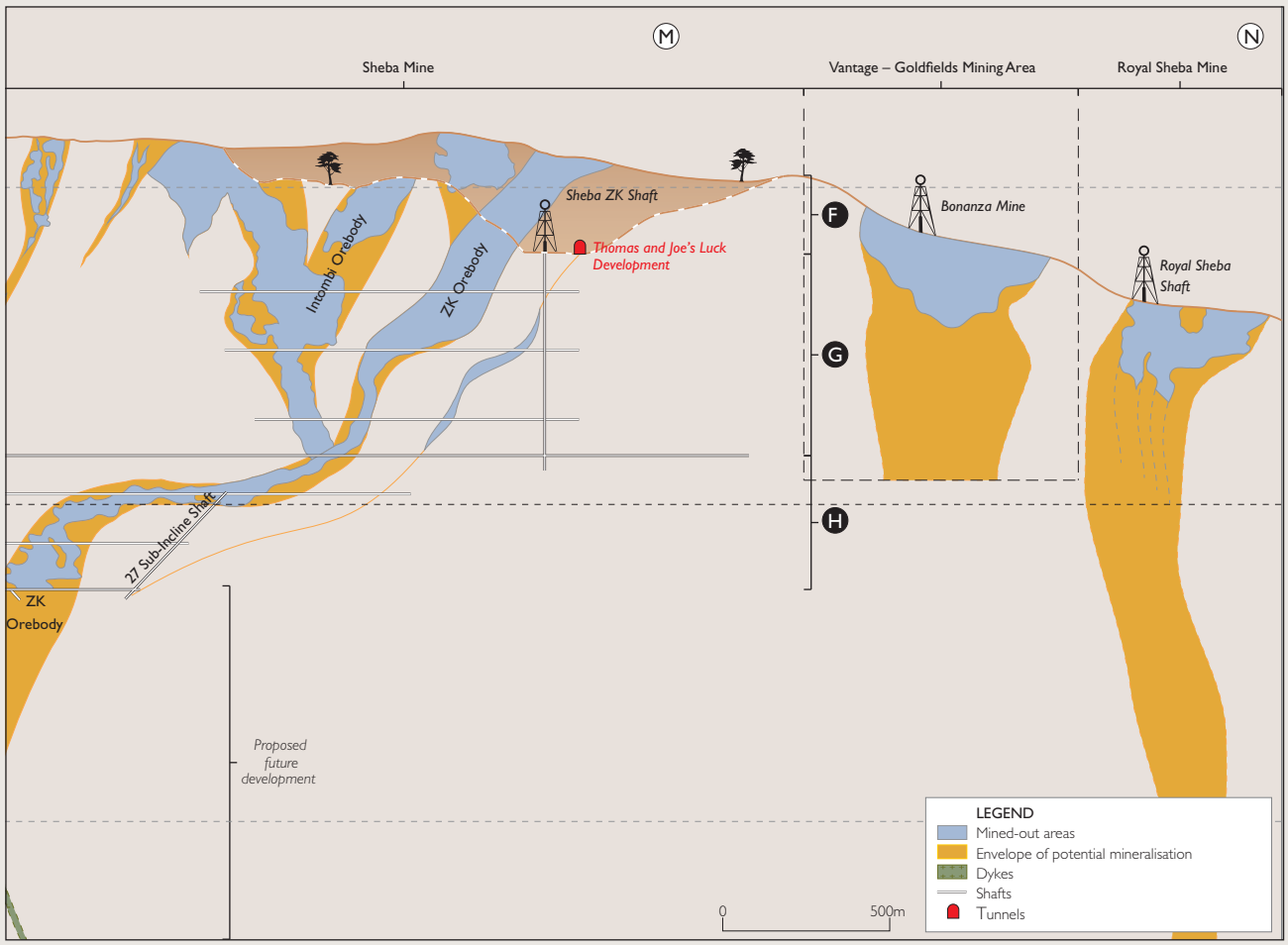


BARBERTON MINES continued

SHEBA MINE

GEOLOGY

The Sheba section area straddles the contact between the Moodies Group to the north (Eureka Syncline) and the Fig Tree Group greywacke and shale to the south (Ulundi Syncline). The contact is marked by the presence of the Sheba Fault. The two synclines are re-folded, back-to-back isoclines that dip steeply to the south. Tight isoclinal, thrust fault-related anticlines of Onverwacht Group schist (Zwartkoppie Formation) occur within the greywacke.



Geology at Sheba Mine

The Sheba orebody is an epigenetic hydrothermal lodegold deposit. Three distinct types of mineralisation occur in the mine:

- Refractory sulphidic ore (MRC Section), which constitutes the bulk of the ore, is hosted in the greywacke and shale sequence of the Fig Tree Group. The mineralisation is found in close association with a shear system in the immediate hangingwall of greenschist anticlines of the Zwartkoppie Formation. Auriferous pyrite and arsenopyrite mineralisation occurs as massive replacement veins within the shear system and as disseminations.
- In the Zwartkoppie Section, visible gold and disseminated pyrite in the greenschist is the prominent mineralisation, in association with shear and fracture hosted smoky and white quartz veins.
- The Royal Sheba mineralisation occurs within the Sheba Fault mylonite and shear zone in the footwall of a banded chert-carbonate shale unit of the Fig Tree Group.

The deepest orebody intersection on Sheba is 1,200m below shaft collar elevation. The orebody is open at depth.

MINERAL RESOURCES

As at 30 June 2017	Category	Tonnes million	Grade g/t	Contained gold Moz
	Measured	0.96	6.75	0.21
	Indicated	1.66	4.81	0.26
	Measured and Indicated	2.62	5.53	0.47
Sheba Mine	Inferred	1.41	7.36	0.33

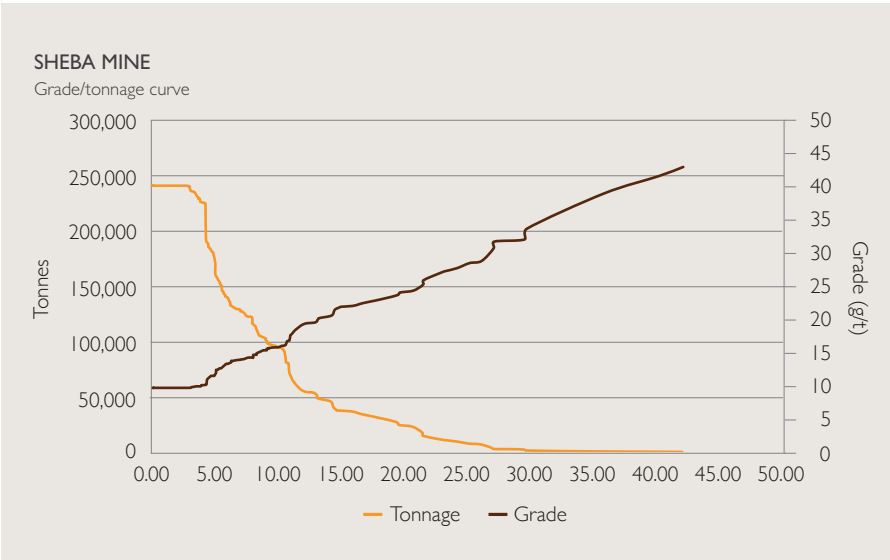
Notes:
1. Resources are reported above cut-offs of 1.69 and 2.18 g/t
2. RD of in situ ore material is 2.7t/m³ and for TSFs this is 1.375 t/m³.

MINERAL RESERVES MODIFYING FACTOR

As at 30 June 2017	Gold price ZAR/kg	Cut-off value g/t Au	Cut-off value cmg/t	Stoping width cm	Dilution %	MCF %	PRF %
Sheba Mine	550,000	4.06	406	100	5	100	92.0

MINERAL RESERVES

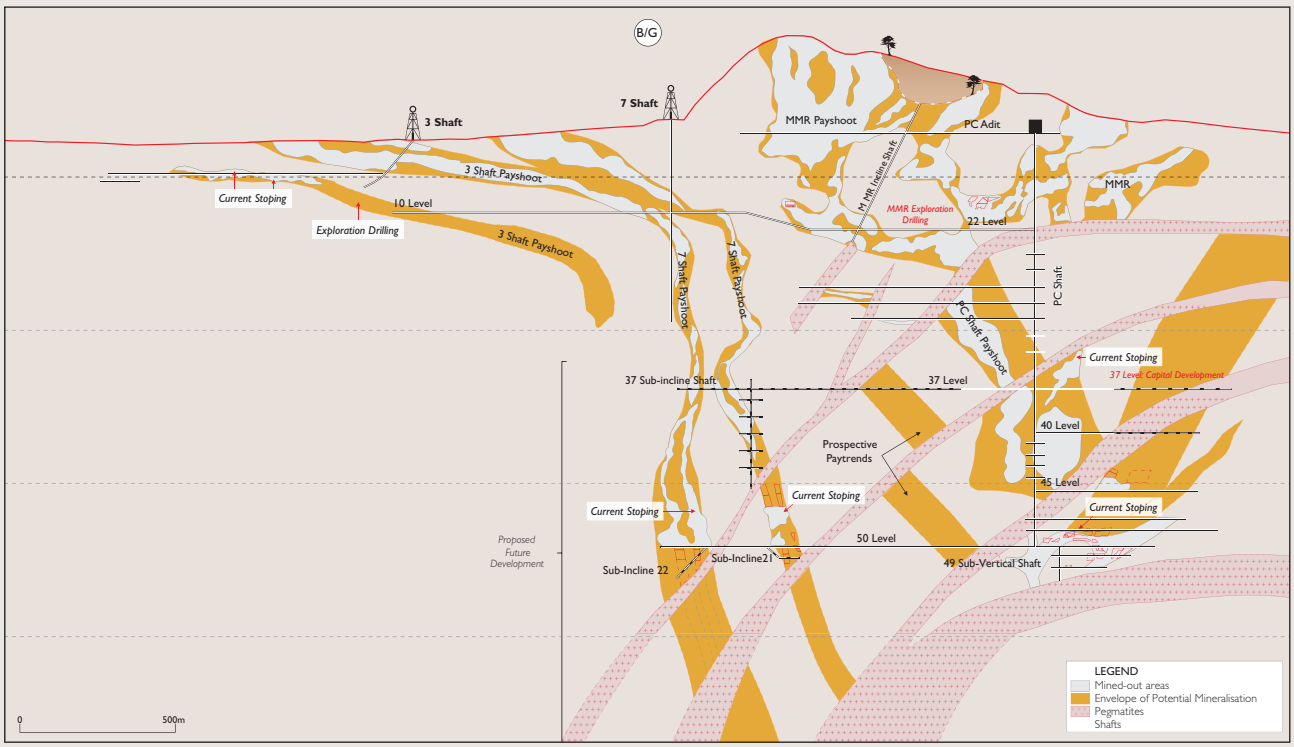
As at 30 June 2017	Category	Tonnes million	Grade g/t	Contained gold Moz
	Proved	0.43	7.08	0.10
	Probable	1.83	4.83	0.29
Sheba Mine	Total	2.27	5.29	0.39



CONSORT MINE

GEOLOGY

The New Consort area can be divided into two distinctive synclinal structures, termed the Three Shaft syncline and the Top Section syncline. The Shires structure, which is a prominent north-south striking shear zone dividing these two synclines, is intruded by a pegmatite.



Geology at Consort Mine

CONSORT MINE

The New Consort orebody is an epigenetic hydrothermal lode gold deposit. Gold mineralisation at the New Consort section is associated with the contact between the underlying schist of the Onverwacht Group and the overlying metapelite of the Fig Tree Group. This contact is marked by the presence of the Consort 'bar', a highly siliceous banded chert. The Consort bar is thought to be a silicified mylonite occupying the contact. A series of north-dipping tabular pegmatites, termed the MR pegmatites, displace the south-dipping Consort contact and the mineralised shoots. Some scheelite mineralisation has been recorded, associated with the pegmatites. A lenticular body of fine-grained siliceous amphibolite, termed the 'footwall lens', occurs on the northern limb of the Top Section syncline and is host to the mineralisation in the PC and MMR shoots. Mineralisation consists of arsenopyrite and visible gold associated with fractures in the footwall lens. The Consort bar is host to mineralisation in the 7 Shaft, No 3 Shaft and Ivaura areas.

The deepest intersection of a New Consort orebody is 1,450m below adit elevation. The orebody is open at depth.

MINERAL RESOURCES

As at 30 June 2017	Category	Tonnes million	Grade g/t	Contained gold Moz
	Measured	0.35	8.97	0.10
	Indicated	0.18	8.63	0.05
	Measured and Indicated	0.53	8.86	0.15
Consort Mine	Inferred	0.32	12.29	0.12

Notes:
1. Resources are reported above cut-offs of 2.56 and 2.60g/t
2. RD of in situ ore material is 2.7t/m³ and for TSFs this is 1.375 t/m³.

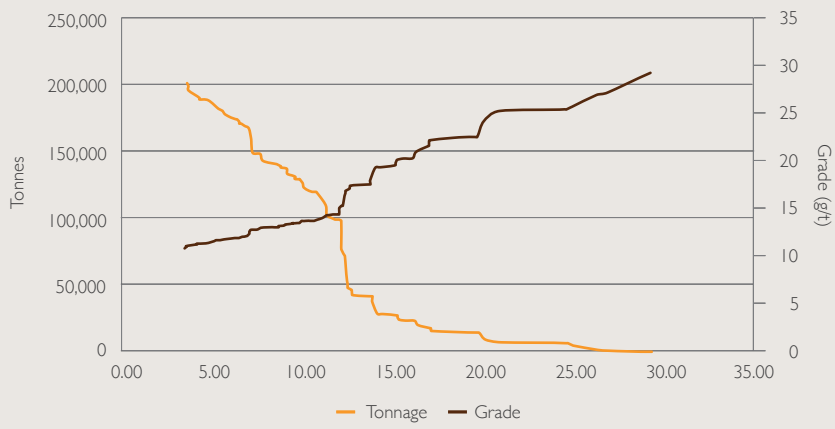
MINERAL RESERVES MODIFYING FACTORS

As at 30 June 2017	Gold price ZAR/kg	Cut-off value g/t Au	Cut-off value cmg/t	Stoping width cm	Dilution %	MCF %	PRF %
Consort Mine	550,000	4.85	485	100	5	95	90.50

MINERAL RESERVES

As at 30 June 2017	Category	Tonnes million	Grade g/t	Contained gold Moz
	Proved	0.24	5.27	0.04
	Probable	0.17	6.01	0.03
Consort Mine	Total	0.40	5.51	0.07

CONSORT MINE
Grade/tonnage curve



BARBERTON TAILINGS RETREATMENT PROJECT

Mineral Resources

Barberton Tailings Retreatment Plant (BTRP)

As at 30 June 2017	Category	Tonnes million	Grade g/t	Contained gold Moz
	Measured	–	–	–
	Indicated	13.33	1.51	0.65
	Measured and Indicated	13.33	1.51	0.65
BTRP	Inferred	8.07	0.93	0.24

Mineral Reserves modifying factors

BTRP

As at 30 June 2017	Gold price ZAR/kg	Cut-off value g/t Au	Cut-off value cmg/t	Stoping width cm	Dilution %	PRF %
BTRP	550,000	–	–	–	–	45.2

Mineral Reserves

BTRP

As at 30 June 2017	Category	Tonnes million	Grade g/t	Contained gold Moz
	Proved	–	–	–
	Probable	13.33	1.51	0.65
BTRP	Total	13.33	1.51	0.65

As at 30 June 2017, Barberton Mines reported a mineral reserve of 1,914,461oz and mineral resource of 4,163,889oz contained gold. The measured and indicated mineral resources are inclusive of those resources modified to produce the mineral reserves. Reserves are reported as mill-delivered tonnes at the contained grade, having duly considered all modifying factors.

COMPETENT PERSON

Mr Fraser, the chief surveyor at Barberton Mines, signs off mineral resources for Barberton Mines. He is a member of the Institute of Mine Surveyors of Southern Africa (IMSSA) 2409/2014. Mr Fraser is based at Fairview Mine, GMO Building, Barberton, 1300. Mr Fraser has confirmed in writing that the information disclosed is compliant with section 12 of the JSE Listings Requirements and Table 1 of the SAMREC Code, 2009, and that it may be published in the form and context in which it is intended.

MINERAL RESOURCE COMPARISON

As at 30 June 2017	Category	Tonnes million	% change	Grade g/t	Contained gold Moz	% change
	Measured	2.39		8.95	0.69	
	Indicated	16.61		2.78	1.43	
	Measured and Indicated	19.00		3.56	2.12	
Barberton Mines	Inferred	12.60		4.96	1.98	
	Total	31.60	4.2	4.13	4.10	6.2

As at 30 June 2016	Category	Tonnes million	Grade g/t	Contained gold Moz
	Measured	4.11	7.42	0.98
	Indicated	16.09	3.16	1.64
	Measured and Indicated	20.20	4.02	2.62
Barberton Mines	Inferred	10.13	3.87	1.26
	Total	30.33	3.97	3.86

MINERAL RESERVE COMPARISON

As at 30 June 2017	Category	Tonnes million	% change	Grade g/t	Contained gold Moz	% change
	Proved	1.50		8.27	0.40	
	Probable	16.67		2.83	1.51	
BTRP	Total	18.17	(1.0)	3.28	1.91	(7.7)

As at 30 June 2016	Category	Tonnes million	Grade g/t	Contained gold Moz
	Proved	2.54	7.63	0.62
	Probable	15.82	2.84	1.45
BTRP	Total	18.36	3.51	2.07

RECONCILIATION OF MINERAL RESOURCES AND MINERAL RESERVES

Barberton Mines mineral resources and mineral reserves inventory posted the following changes for 2017:

- Barberton Mines mineral resources increased by 292,343oz contained gold.

  The increase can be attributable to the re-evaluation of:

  – Royal Sheba at Sheba Mine

  – Hope Reef at Fairview Mine

  – Clutha and reminent pillars at remnant pillars at New Consort Mine.
- Barberton Mines mineral reserves decreased by 157,728oz contained gold.

  The decrease can be attributable to depletion from underground mining and processing of tailings.

EVANDER MINES

BACKGROUND

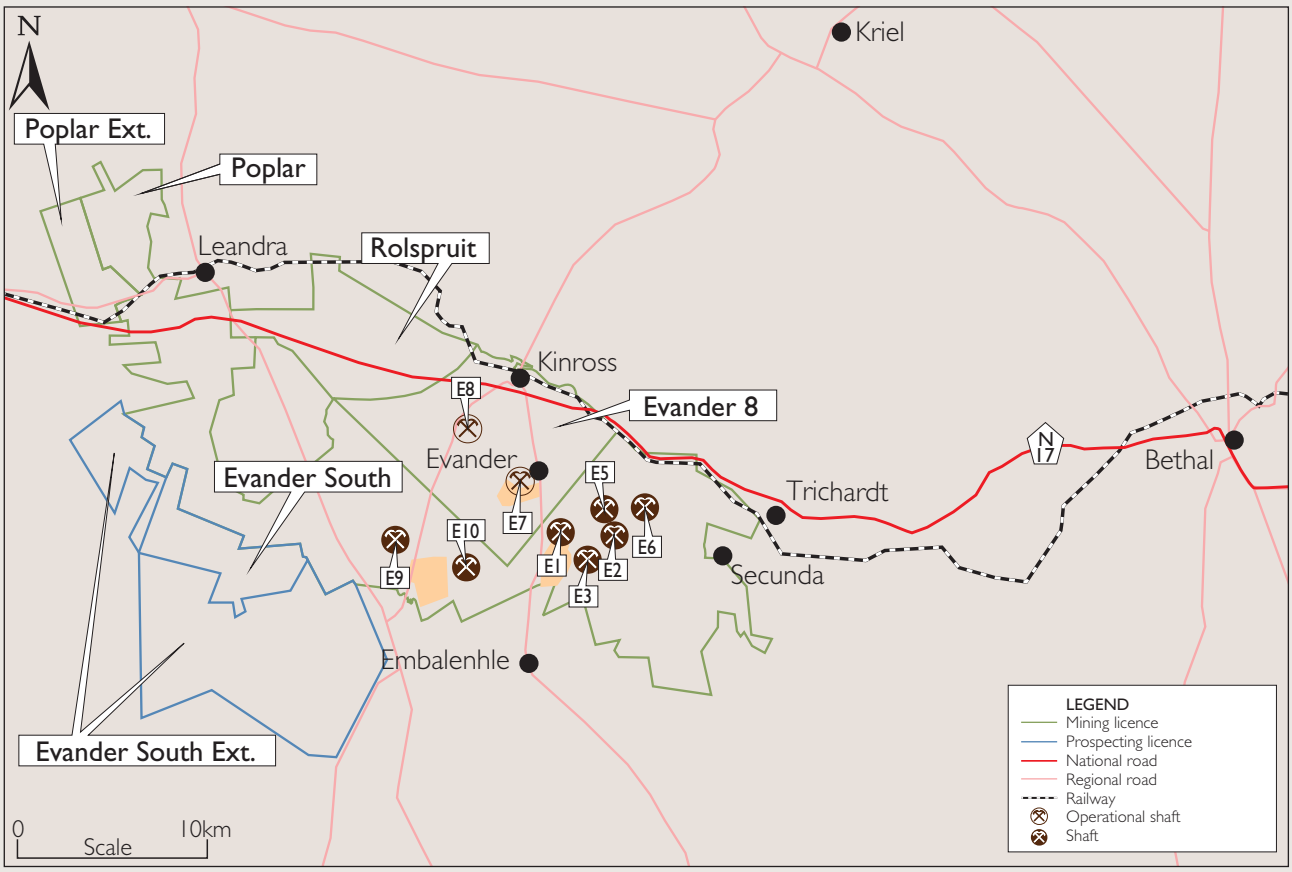
Evander Gold Mine is located approximately 120km east-south-east from Johannesburg in Mpumalanga. It is close to Secunda, which hosts the Sasol II Plant, which exploits several coal seams in the area.

Evander Mines exploits the Kimberley Reef in the Evander basin, part of the greater Witwatersrand basin. Mining methods employed are underground conventional scraper mining and rail bound equipment with some trackless mechanised development. With 8 Shaft at a depth of 2.5km, it takes the workforce approximately an hour to reach the mining area via a lift and locomotive and two chairlifts. The rock is then hauled along 11 conveyors from the rock face to the bottom of No. 7 Shaft, where it is hoisted to surface. The gold is extracted at a CIL hybrid plant. Exploration in this area started in 1903 with the advent of diamond drilling and progressed, intermittently, through various major exploration phases, up to the incorporation of the first mine (Winkelhaak Mine) in 1955. Since then, three other mines were brought into production – namely Leslie Mine, Braken Mine and Kinross Mine.

Evander Mines' mineral assets comprise a set of mineral resources that are from early prefeasibility studies to a production mine. The current revenue streams for Evander Mines are generated from the Evander 8 Shaft and remining of tailings. The principal economical horizon mined at Evander Mines is the Kimberley Reef, which was deposited in the Witwatersrand sedimentary basin, ca 2,300 million years ago.

LOCATION

Evander Gold Mine is located in Mpumalanga approximately 120km east-south-east from Johannesburg. It is close to Secunda, which hosts the Sasol II Plant, which exploits several coal seams in the area.



MINING RIGHTS

The mineral rights pertaining to Evander Mines were issued by the Department of Mineral Resources in terms of Item 7 of Schedule II of the Minerals and Petroleum Resources Development Act, 2002 (No 28 of 2002) (MPRDA) and were registered on 15 October 2010.

Mining licence	Type of licence	Licence number	Area (ha)	Expiry date	Status
Evander South	Prospecting	MP 30/5/1/2/2/248 PR	2,551	17 October 2008	Renewal granted
Evander South Extension	Prospecting	MP 30/5/1/2/2/4272 PR	11,189	19 October 2016	Renewal application lodged
E8	Mining	MP 30/5/1/2/2/126 MR	36,898	28 April 2038	Conversion application approved and in effect

Mining method: Evander 8 Shaft mining method is footwall development to reef horizon and then developing on-reef horizon (raise). The mining follows an upside-down Christmas tree sequence to extract the reef horizon. Old areas of the mine are also cleaned up by means of vamping activities.

MINERAL RESOURCES ESTIMATION

The estimation method used for generating local grade estimates on Evander 8 Shaft is ordinary kriging (OK). The orientations and ranges of each geozone's semi-variogram are used to determine the kriging search parameters, and the estimation parameters are optimised. Estimates are kriged into 30m x 30m blocks for the measured resources, 60m x 60m blocks for indicated resources and 120m x 120m blocks for inferred resources. The measured and indicated resource models are then tested on cmgt kriging efficiency (KEFF) and slope of regression (SR) and merged together with the inferred model to produce a combined kriged block model.

UNDERGROUND EXPLORATION/ DEVELOPMENT RESULT

All underground borehole intersections are included in the estimation model. All new underground sampling from stoping and development is added to update the estimation model.

EVANDER 8 SHAFT

GEOLOGY

The reef is an oligomictic, pebbly conglomerate and comprises a composite sequence of channel-sediments that define longitudinal gravel bars and sand bars with pebbly veneers. The reef in the area strikes in an east-west direction and dips to the north at about 10 degrees. The area is also divided by two major normal faults, striking in an east-north-east to west-south-west direction. The reef thickness varies from a waste on contact (WOC) up to a 50cm well-developed oligomictic conglomerate. Average reef thickness is 35cm. High gold values in the Kimberley Reef are mostly located at the base of the unit, and are associated with the presence of carbon and some visible gold on the footwall contact.

LOCATION

The Evander 8 Shaft is situated about 5km north-west of the town of Evander. It covers an area of 44km^2. It sits between Rolspruit to the north-west and 7 Shaft to the south-east. Mining occurs in the No 2 Decline area on the western side, at a depth of 2,100m to 2,300m below surface.

MINERAL RESOURCES

				Contained gold
As at 30 June 2017	Category	Tonnes million	Grade g/t	Moz
Kimberley Reef	Measured	2.43	14.09	1.10
	Indicated	2.49	13.30	1.07
	Measured and Indicated	4.92	13.40	2.17
Evander Shaft 8	Inferred	13.46	10.21	4.42

MODIFYING FACTORS

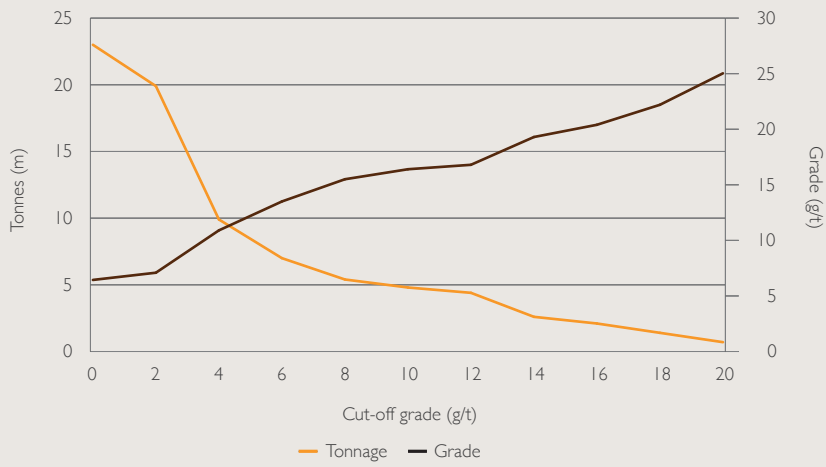
As at 30 June 2017	Gold price ZAR/kg	Cut-off value g/t Au	Cut-off value cmg/t	Stoping width cm	Dilution %	MCF %	PRF %
Evander 8 Shaft	550,000	12.12	1212	121	14.5	73.5	95.4

MINERAL RESERVES

				Contained gold
As at 30 June 2017	Category	Tonnes million	Grade g/t	Moz
Kimberley Reef	Proved	2.60	6.58	0.56
	Probable	2.40	6.75	0.53
Evander 8 Shaft	Total	5.10	6.66	1.09

EVANDER 8 SHAFT

Grade/tonnage curve



EVANDER MINES continued

EVANDER 7 SHAFT

The Evander 7 Shaft is located south-east of 8 Shaft (approximately 3km apart) and hoists 8 Shaft's ore to surface. Due to the increased gold price over the last few years, an opportunity arose to investigate the viability to reclaim ore via vamping operations at 7 Shaft. Other organic growth projects include the 2010 Pay Channel at the No 3 Decline at 7 Shaft

MINERAL RESOURCES

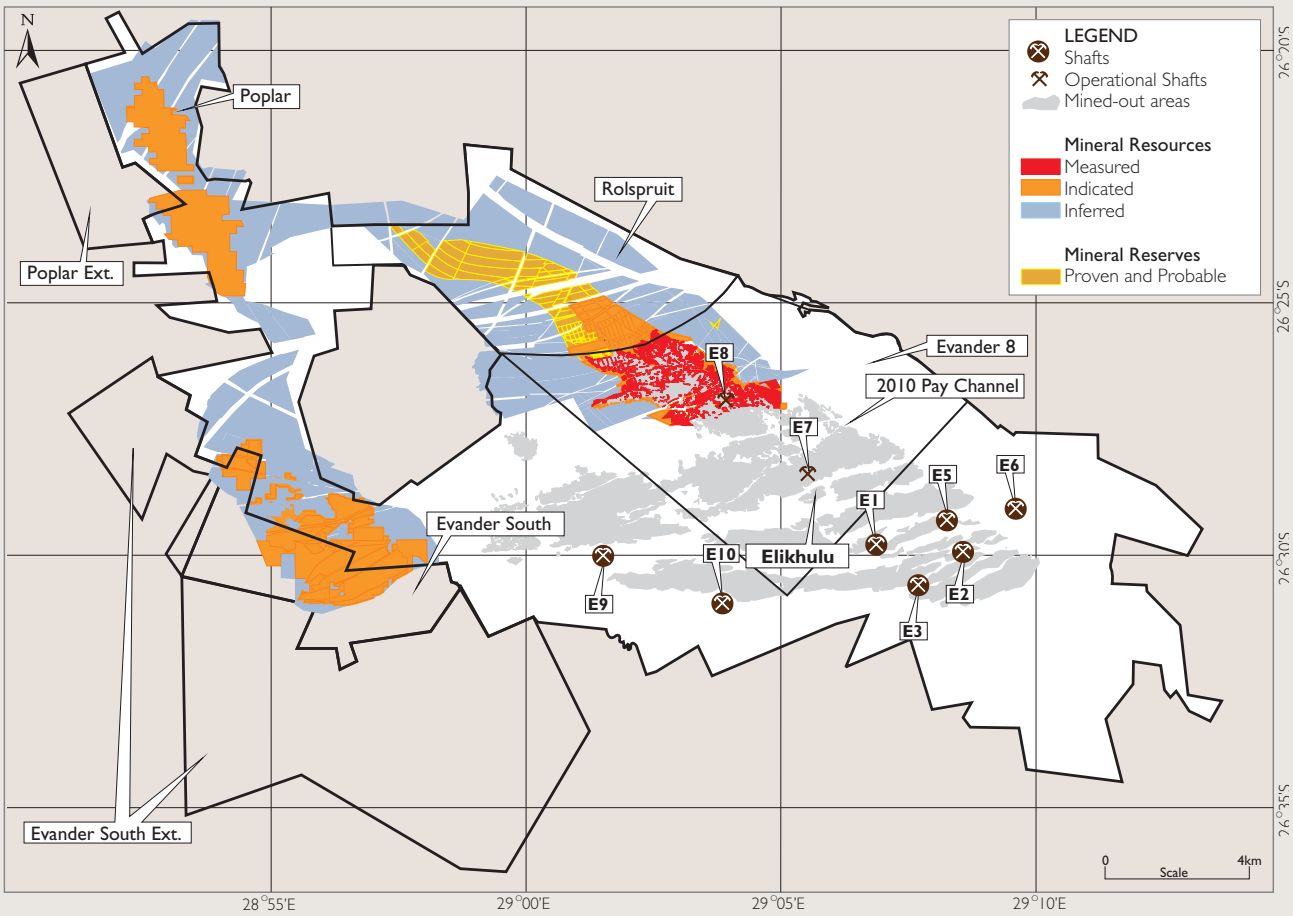
				Contained gold
As at 30 June 2017	Category	Tonnes million	Grade g/t	Moz
Kimberley Reef	Measured	–	–	–
	Indicated	0.08	1.98	0.01
	Measured and Indicated	0.08	1.98	0.01
Evander 7 Shaft vamping	Inferred	–	–	–

MODIFYING FACTOR

As at 30 June 2017	Gold price ZAR/kg	Cut-off value g/t Au	Cut-off value cmg/t	Stoping width cm	Dilution %	MCF %	PRF %
Evander 7 Shaft vamping	550,000					85	96.4

EVANDER PROJECTS

The Evander gold assets also consist of exploration projects that are at varying stages of exploration and development. The individual projects and level of study are summarised below and illustrated in the map below.



Pan African Resources (PAR) remains focused on creating shareholder value through unlocking the value of its organic surface and brownfields exploration projects.

EVANDER MINES continued

ELIKHULU PROJECT

The Elikhulu Project entails establishing facilities and infrastructure at Evander Mines, owned and operated by Pan African Resources, to re-treat gold plant tailings at a rate of one million tonnes per month. This is in addition to the existing production from the ETRP, which will continue to operate independently of the Elikhulu Project for the next 15 years. Three existing tailings storage facilities will be reclaimed, in the following order: Kinross, Leslie and Winkelhaak. The three tailings facilities will, post their processing, be consolidated into a single enlarged Kinross facility, thus reducing Evander Mines' environmental footprint and associated environmental impact.

The project is expected to yield approximately 56,000oz of gold per annum for the initial eight years of production (while treating the Kinross and Leslie tailings storage facilities), and then approximately 45,000oz a year for the project's remaining six years from processing the Winkelhaak tailings storage facility. These production figures exclude an inferred resource of 244,398 ounces of gold delineated in the soil material beneath the existing tailing dumps.

MINERAL RESOURCES

Category	Tailings storage facility	Tonnes million	Grade g/t	Contained gold Moz
Indicated	Kinross	**51.03**	**0.31**	**0.51**
	Winkelhaak	**72.47**	**0.24**	**0.56**
	Leslie	**70.07**	**0.32**	**0.71**
		193.57	**0.29**	**1.79**
Inferred (soil)	Kinross	**9.23**	**0.33**	**0.10**
	Winkelhaak	**8.02**	**0.27**	**0.07**
	Leslie	**4.57**	**0.45**	**0.08**
Total		**21.83**	**0.33**	**0.24**
Total Mineral Resource*		**215.40**	**0.29**	**2.03**

** Inclusive of ETRP.*

MINERAL RESERVE ESTIMATE

Category	Tailings storage facility	Tonnes million	Grade g/t	Contained gold Moz
Probable	Kinross	**45.2**	**0.31**	**0.4**
	Leslie	**70.1**	**0.32**	**0.7**
	Winkelhaak	**70.0**	**0.24**	**0.6**
Total Mineral Reserve*		**185.3**	**0.29**	**1.7**

** Inclusive of ETRP.*

The Mineral Reserve estimate is a probable 185.3Mt, comprising of the Kinross (45.2Mt), Leslie (70.1Mt) and Winkelhaak (70.0Mt) tailings storage facilities at Evander Mines. The combined 185.3Mt will provide feed material to the existing ETRP at 200,000 tonnes per month, and to the new project process plant at a rate of one million tonnes per month (of which 40,000 tonnes per month will be from run-of-mine tailings).

The combined Mineral Reserve contains an estimated 1.7Moz, of which an estimated 688,000oz will be recovered over the life of the project. This estimate excludes the inferred resource 244,398oz of gold leached and contained in the soil beneath the existing tailing dumps, which could potentially increase the project life.

The Mineral Reserve estimate assumes a non-selective mining method whereby the whole of the mineral deposit is mined in a predetermined sequence. The mining method allows for 100% extraction of the targeted mineral deposit. Hydraulic mining has been selected as the mining method as it is a proven technology, cost effective and technically and operationally well understood.

The overall average gold recovery over the life of the project is forecast at 47.8%. Using modelled recoveries, the gold dissolution value estimated for Kinross is 51.4%, Leslie 48.3% and Winkelhaak 53.8%.

The Elikhulu Project is progressing according to plan with project completion and first gold expected in the last quarter of the 2018 calendar year.

EVANDER 7 SHAFT NO 3 DECLINE – 2010 PAY CHANNEL

BACKGROUND

The 2010 Pay Channel resource is adjacent to the 7 Shaft infrastructure and extends from the boundary of Taung Gold International Limited's No 6 Shaft project and mining rights. It is at a depth of between 1,600m and 2,450m below surface. The No 3 Decline was extensively mined in the past up to 20 Level (1,900m BS). The area is accessible by a decline system from 15 Level down to 21 Level. The 2010 Pay Channel runs parallel to the Kinross Payshoot, east of the No 3 Decline. As previously reported, Evander Mines embarked on an exploration programme to drill a further exploration borehole from surface, to increase geological confidence in the 2010 Pay Channel orebody, for which resources are summarised in the table below.

			Contained gold
Category	Tonnes million	Grade g/t	Moz
Measured	0.45	8.94	0.13
Indicated	0.70	7.11	0.16
Inferred	4.13	8.93	1.19
Total	5.28	8.69	1.48

On 6 July 2017, the exploration borehole successfully intersected the Kimberley Reef at a depth of approximately two kilometres, highlighting a reef intersection with a 6cm width at 36.8g/t. Additional drilling deflections will be performed to further delineate the orebody. The previous borehole into the 2010 Pay Channel yielded a reef intersection with a 49cm width at 36.04g/t.

			Grades	
Borehole	Depth m	Core width cm	g/t	cm/gt
2245	2 059.3	49.0	36.04	1 766
EGM PAR 1	2 014.6	5.7	36.8	210
EGM PAR 1 – Deflection 1	2014.9	5.7	33.2	189
EGM PAR 1 – Deflection 2	2 014.8	4.8	144.7	694

Harmony Gold Mining Company Limited previously developed the 7 Shaft mine workings towards the 2010 Pay Channel. However due to financial constraints and a reassessment of capital expenditure priorities, it halted all development on the Evander Mines' shafts (other than 8 Shaft) in 2009. This resulted in the controlled flooding of the development ends and 7 Shaft's No 3 Decline, from 22 Level up to 18 Level. Following the dewatering, only standard footwall and on-reef development would need to be completed, with the associated engineering infrastructure, before mining can commence.

The 2010 Pay Channel is approximately 4.5 kilometres in tramming distance from 7 Shaft, which is currently used by Evander Mines for hoisting to the Kinross metallurgical plant. This compares favourably with the 8 Shaft mining areas, which are approximately 12 kilometres in tramming distances from 7 Shaft.

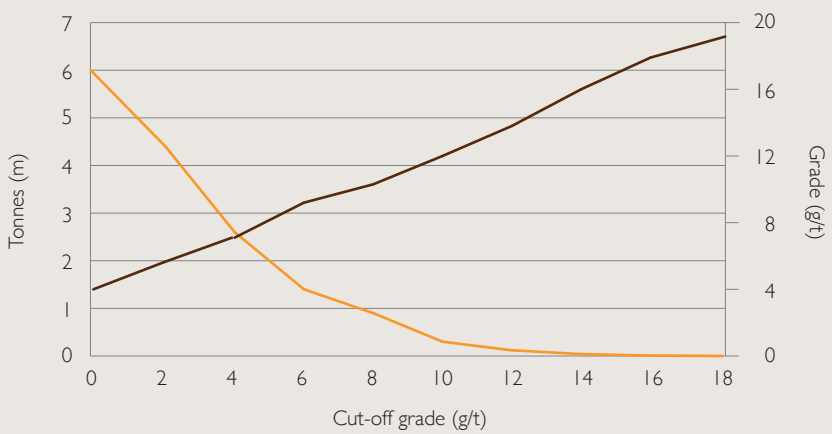
The Pan African Resources' project team has commenced a feasibility study related to the 7 Shaft No 3 Decline and the 2010 Pay Channel resource, which will address the following critical issues:

- Collation of geological data from the drill-hole intersection and deflections.
- The cost and timing of dewatering and re-equipping the 7 Shaft No 3 Decline from 18 Level to 22 Level.
- The development cost and timing to access the 2010 Pay Channel.
- The economic viability of the project.

The 2010 Pay Channel can potentially increase Evander Mines' underground gold production materially at a relatively low capital cost, using Evander Mines' established shaft and metallurgical facilities. The feasibility study for the project is expected to be completed during the first quarter of the 2018 financial year.

EVANDER 7 SHAFT

Grade/tonnage curve (measured/indicated resource)



ROLSPRUIT

GEOLOGY

The Kimberley Reef strikes in an east-west direction and dips at 28 degrees to the north. The Foot Wall Sill Break is an intrusive (sill) that is a reverse fault, which displaces the reef horizon 90m. The Kimberley Reef at Evander 7 Shaft is a well-developed oligomictic conglomerate up to one metre thick, averaging about 37cm. The Kimberley Reef in this area is very similar to that of 8 Shaft. High gold values in the Kimberley Reef are mostly located at the base of the unit and are associated with the presence of carbon and some visible gold on the footwall contact.

BACKGROUND

The Rolspruit Project is an exploration project and the orebody is a down-dip extension of the Kinross Payshoot, currently being exploited at Evander 8 Shaft. The project is located immediately adjacent to Evander 8 Shaft as shown on page 37. Exploration on the Rolspruit Project commenced in 1955, and by 1988 a total of 53 boreholes had been completed by various companies, with accompanying reef deflections.

MINERAL RESOURCES

The mineral resource estimation was performed by ExploreMine Consultants Proprietary Limited in April 2011. An extensive channel sampling database for the adjoining Evander 8 Shaft area and the surface drilling data for Rolspruit formed the dataset for the resource estimation.

Macro ordinary kriging was applied to indicated resources. Sichel's-T estimate techniques were used to classify the inferred mineral resources. The indicated mineral resource estimation was defined on the Evander 8 Shaft channel sampling dataset and subsequent geozones. The block size was estimated into 60m x 60m blocks.

				Contained gold
As at 30 June 2017	Category	Tonnes million	Grade g/t	Moz
Kimberley Reef	Measured	–	–	–
	Indicated	23.65	11.82	8.99
	Measured and indicated	23.65	11.82	8.99
Rolspruit	Inferred	2.09	9.25	0.62

Modifying factors

As at 30 June 2017	Gold price ZAR/kg	Cut-off value g/t Au	Cut-off value cmg/t	Stoping width cm	Dilution %	MCF %	PRF %
Kimberley Reef	550,000	4.77	572	110	16.5	85	96.4

MINERAL RESERVES

Mineral reserves declared are based on the PFS conducted by Turgis dated October 2011 (updated in April 2012).

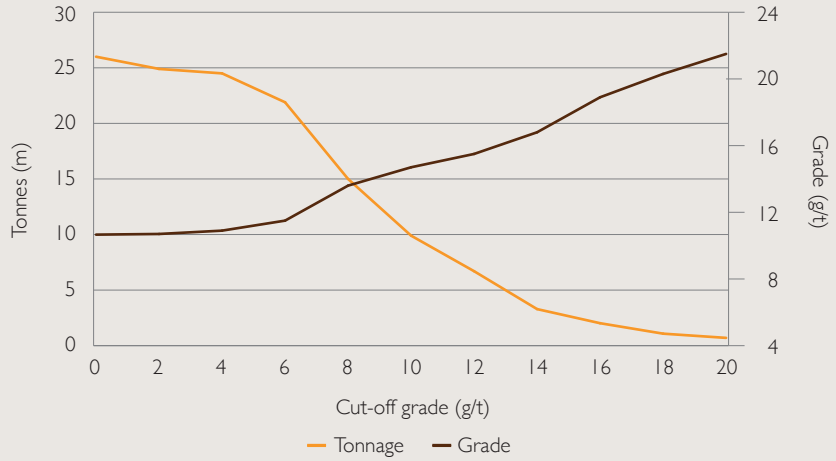
				Contained gold
As at 30 June 2017	Category	Tonnes million	Grade g/t	Moz
Kimberley Reef	Proved	–	–	–
	Probable	23.40	8.60	6.46
Rolspruit	Total	23.40	8.60	6.46

EVANDER MINES continued

ROLSPRUIT continued

ROLSPRUIT

Grade/tonnage curve (measured/indicated resource)



POPLAR

GEOLOGY

The Kimberley Reef occurs at a depth below surface of between 500m in the west and 1,200m in the east. The reef strikes north-south and dips nine degrees to 24 degrees to the east. The Kimberley Reef comprises a sequence of fluvial, channel sediments that were deposited in a braided stream environment. Deposition of the reef was influenced by the footwall lithologies. The Kimberley Reef horizon has a channel width of approximately 30cm, generally thin reef hosting high gold grades. The reef has north-east-south-west trending payshoots, which is evident in other parts of the Evander Basin.

A series of seven major, sub-parallel and fairly evenly spaced faults traverse the property. These are all orientated in a roughly north-northeast – south-southwest direction. Throws of these faults vary between 50m and 400m.

BACKGROUND

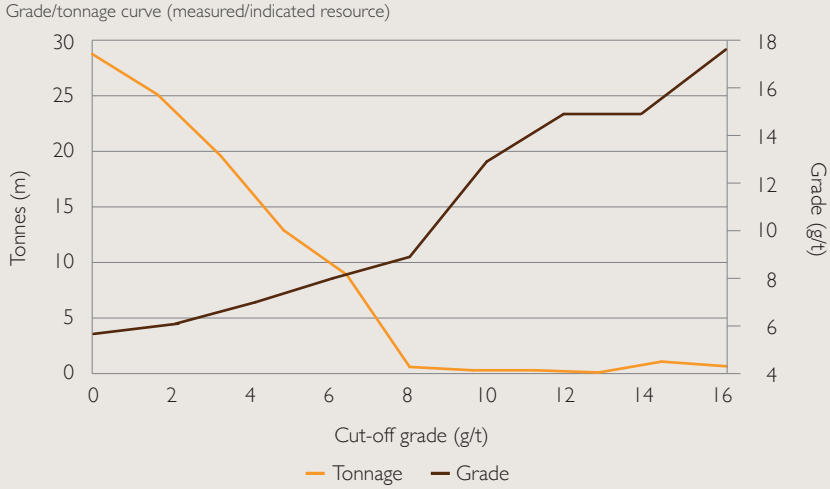
The Poplar Project is situated in the north-western limb of the Evander Basin, west of the town of Leandra. Exploration on the Poplar Project commenced in the mid-1950s and has been the subject of several studies. A total of 104 boreholes were drilled in the project area, which includes 146 deflections. A total of 46 boreholes were drilled by Harmony from 2007 to 2010.

MINERAL RESOURCES

				Contained gold
As at 30 June 2017	Category	Tonnes million	Grade g/t	Moz
Kimberley Reef	Measured	–	–	–
	Indicated	14.62	7.98	3.75
	Measured and indicated	14.62	7.98	3.75
Poplar	Inferred	7.53	7.00	1.70

POPLAR

Grade/tonnage curve (measured/indicated resource)



EVANDER MINES continued

EVANDER SOUTH

GEOLOGY

The Kimberley Reef occurs at a depth of between 300m in the west and 1,200m in the east below surface. The reef strikes north-south and dips six degrees to 19 degrees. The Kimberley Reef comprises a sequence of fluvial channel sediments that were deposited in a braided stream environment. Deposition of the reef was influenced by the footwall lithologies. The high-grade Kimberley Reef is associated with carbon and is a narrow, small pebble, clast-supported and well-packed oligomictic conglomerate. Carbon was present in several of the borehole Kimberley Reef intercepts drilled in the project area.

BACKGROUND

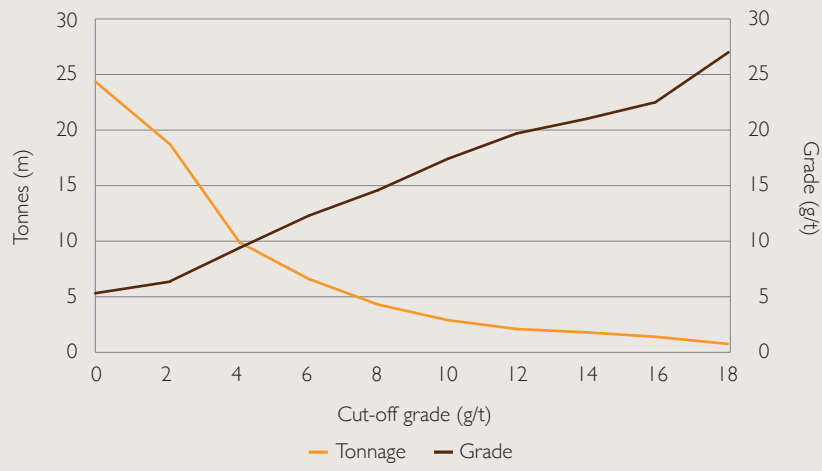
The Evander South Project is in the south-western limb of the Evander Basin. It is located directly west of Evander No 9 Shaft and is south of the Poplar Project. A total of 116 boreholes were drilled in the project area, and 475 deflections. A total of 43 boreholes were drilled by Harmony during 2008 to 2009.

MINERAL RESOURCES

				Contained gold
As at 30 June 2017	Category	Tonnes million	Grade g/t	Moz
Kimberley Reef	Measured	–	–	–
	Indicated	10.19	9.29	3.20
	Measured and indicated	10.19	9.29	3.20
Evander South	Inferred	8.73	6.49	1.92

EVANDER SOUTH

Grade/tonnage curve (measured/indicated resource)



TOTAL MINERAL RESOURCES AND MINERAL RESERVES FOR EVANDER MINES

Total Mineral Resources

As at 30 June 2017	Category	Tonnes million	% change	Grade g/t	Contained gold Moz	% change
Kimberley Reef	Measured	2.88		13.29	1.23	
	Indicated	245.63		2.40	18.97	
	Measured and indicated	248.33		2.52	20.13	
	Inferred	57.78		5.43	10.09	
Evander Mines	Total	306.29	0.0	3.08	30.29	(2.5)

As at 30 June 2016	Category	Tonnes million	Grade g/t	Contained gold Moz
Kimberley Reef	Measured	2.48	15.46	1.20
	Indicated	245.20	2.38	18.73
	Inferred	59.23	5.85	11.15
Evander Mines	Total	306.92	3.15	31.08

Total Mineral Reserves

As at 30 June 2017	Category	Tonnes million	% change	Grade g/t	Contained gold Moz	% change
	Proved	2.64		6.58	0.56	
	Probable	211.05		1.28	8.70	
Evander Mines	Total	213.69	233.1	1.35	9.26	16.5

As at 30 June 2016	Category	Tonnes million	Grade g/t	Contained gold Moz
	Proved	2.62	7.88	0.66
	Probable	61.52	3.69	7.29
Evander Mines	Total	64.14	3.86	7.95

RECONCILIATION OF MINERAL RESOURCES AND MINERAL RESERVES

Evander's Mines mineral resource and mineral reserve inventory posted the following changes for 2017:

- Total Evander mines mineral resource decreased by 801,000oz contained gold.
- Total Evander mines mineral reserve increased by 1,308,000oz contained gold.

As at 30 June 2017, Evander reported a mineral reserve of 9,262,000oz and mineral resource of 30,220,000oz contained gold. The measured and indicated mineral resources are inclusive of those resources modified to produce the mineral reserves. Reserves are reported as mill-delivered tonnes at the headgrade, having duly considered all modifying factors.

COMPETENT PERSON

The competent person for Evander Mines, Mr Barry Naicker, the Group Mineral Resource Manager, signs off the mineral resources for Evander. He is a member of the South African Council for Scientific Professions (400234/10). Mr Naicker has a Master's degree in mineral resource management from Witwatersrand University and a Bachelor of Science (Honours) in economic geology. Mr Naicker has 16 years of experience in economic geology and mineral resource management. Mr Naicker is based at First Floor, The Firs, cnr Cradock Avenue and Biermann Avenue, Rosebank, 2196, Gauteng.

PHOENIX PLATINUM

BACKGROUND

Evander Gold Mine is located approximately 120km east-south-east from Johannesburg in Mpumalanga. It is close to Secunda, which hosts the Sasol II Plant, which exploits several coal seams in the area.

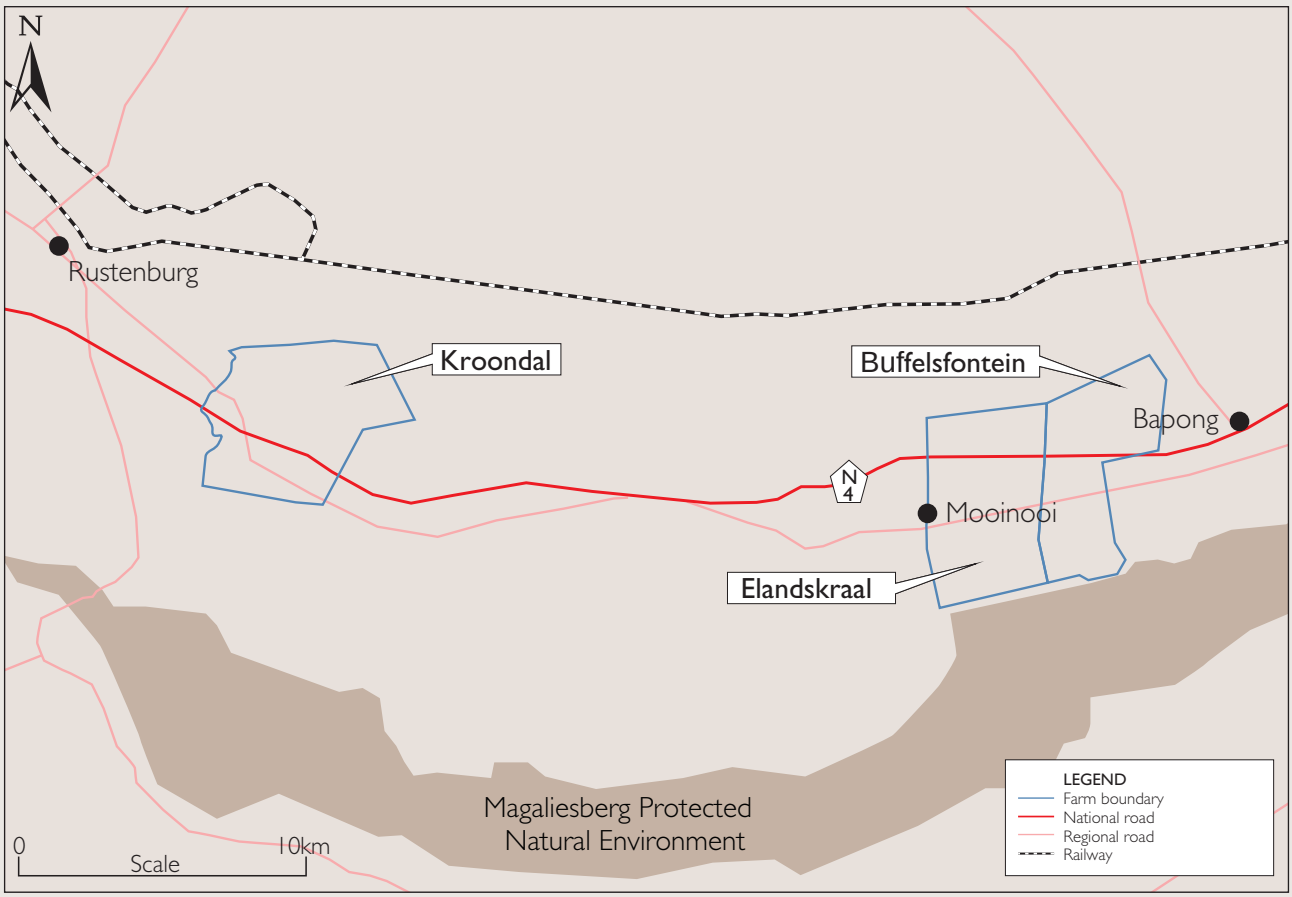
Pan African Resources acquired 100% of Phoenix Platinum from Metorex Limited (Metorex) on 21 May 2009.

Phoenix Platinum recovers PGEs 6E from old tailings and current arisings through mineral rights agreements from the IFM Lesedi Mine dams and current arisings, the Elandskraal dumps and pits, and the Kroondal dump.

These tailings are covered through various agreements with Phoenix Platinum to be the feed source for a 240ktpa chrome tailings retreatment plant (CTRP).

LOCATION

Located in the North-West Province of South Africa. Situated in the town of Mooinooi, on the lease area of the IFM Lesedi Mine.



BUFFELSFONTEIN (IFM LESEDI MINE DAMS AND CURRENT ARISINGS)

IFM operates a chromite ore beneficiation plant that feeds a number of chromite furnaces on its property to produce ferrochrome. The chromite ore beneficiation plant rejects gangue minerals in the form of tailings (current arisings) to the tailings dams.

The bulk mass of the tailings is made up of pyroxenites, some unrecovered chromite and PGEs 6E minerals associated with pyroxenites. Historically, IFM mined mainly the MG1 seam, with lesser amounts of MG2 included. The PGEs 4E mineral rights in the IFM tailings dams, and current arisings situated on the farm Buffelsfontein, were acquired in 2008.

The IFM tailings dams were constructed in 2006 and, to date, have been used for the deposition of tailings material from the IFM chrome beneficiation plant.

ELANDSKRAAL

The tailings in the pits was created by historic mining of the MG1 and MG2 orebodies by Samancor and Hernic mining operations. In 2003, Minco purchased the operations from Hernic and started chromite reclamation from the dumps. Phoenix Platinum has an agreement with Minco to process the Elandskraal dumps and pits.

KROONDAL

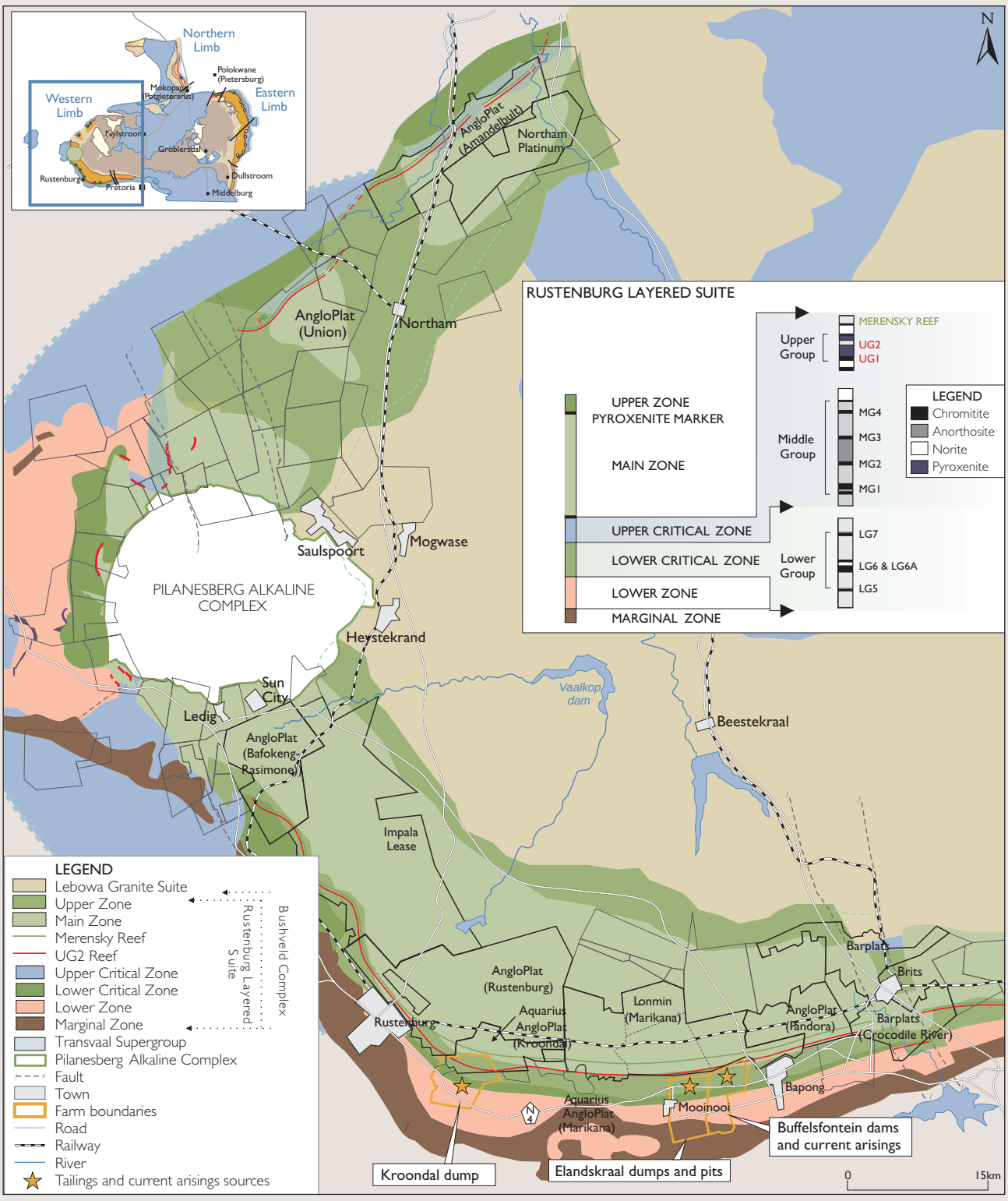
Metorex acquired the Kroondal resource from the joint venture between GB Mining and Exploration SA Proprietary Limited and Aquarius Platinum SA Proprietary Limited in 2008. This dump was generated by tailings from the mining of the LG6 chromitite layer of the Bushveld Igneous Complex at the Xstrata Kroondal operations.

REGIONAL GEOLOGY

The Buffelsfontein, Elandskraal and Kroondal mineral resources originate from the mining of the Bushveld Igneous Complex. The chromitite layers in the Western Limb of the Bushveld Igneous Complex are confined to the critical zone of the layered complex and are grouped from the bottom upwards, into lower, middle and upper groups. The middle group consists of four chromitite seams of which the sixth seam – numbered from bottom (MG1) to top (MG4) – is being mined. The mining that took place at Elandskraal and is still taking place at Buffelsfontein (IFM Lesedi Mine) are the MG1 and MG2 seams. The MG1 seam sits in the Lower Critical Zone of the Bushveld Igneous Complex, whereas MG2 is in the Upper Critical Zone of the Bushveld Igneous Complex. Both MG1 and MG2 dip at approximately 12 degrees to the north.

GEOLOGY

The Elandskraal and Buffelsfontein mineral resources are situated 5km east of Mooinooi, north of the N4 highway that connects Pretoria and Rustenburg in North West. The sites are accessed via the old Rustenburg/Pretoria road, which runs parallel to the N4 highway. The Kroondal mineral resource is 7km east of Rustenburg on the old Rustenburg/Pretoria Road.



Geology of Western Limb – Bushveld Igneous Complex

PRILL SPLIT

Element	%
Pt	62.3
Pd	22.4
Au	0.3
Rh	15.0

DEPOSIT TYPES

Mineralisation at Phoenix is classified as tailings dumps. The tailings from the various chromite mines are deposited onto a dump, which is then re-treated by Phoenix Platinum to recover the PGEs 6E.

MINERAL RESOURCE ESTIMATION METHODOLOGY

Buffelsfontein

Quantities

Dumps: The Buffelsfontein dumps were surveyed to obtain the in situ volumes. The tailings dams occupied 321,067.5m3. A bulk density of 1.54t/m3 was determined in a laboratory from dump samples, and this was used in the tonnage calculation for declaration of the resource. Tailings from the CTRP were added as an inferred resource; this was calculated using plant flow meters, densitometers and daily assays.

Current arisings: Following IFM being placed in business rescue, the PGEs 4E mineral resource was categorised as inferred.

Grade

Resource determination was done by

drilling the resource dams on a grid pattern of 8m x 8m where possible. A composite sample of the drill hole was created and then analysed for the PGEs 4E content at a minerals analysis laboratory. An inverse distance estimation technique was used to derive the mineral resource grade.

Elandskraal

Quantities

Resource volumes were determined by drilling the resource dumps, dams and pits on a grid pattern where possible. The grids at Elandskraal were less straight than at Buffelsfontein, due to the roughness of the terrain that made up the resource. Information from this drilling process was modelled three-dimensionally by mineral resource specialists to obtain accurate resource tonnage determinations, which would form part of a SAMREC-compliant resource.

Grade

The information from the sampling process was analysed and the average grade for the dam and pits was determined, using an inverse distance estimation technique.

Kroondal

As at June 2013, the Kroondal resource was split into three areas:

- Farm Kroondal 304JQ dump
- Wonderkop non-processed dumps
- Wonderkop processed dump.

Quantities

A volumetric survey was conducted on farm Kroondal 304JQ and on the Wonderkop non-processed dumps. Due to vegetation on Wonderkop processed dump, a volumetric survey in 2013 was not undertaken, and the resource was thus reclassified as an indicated resource. A bulk density of 2.04 t/m was used.

Grade

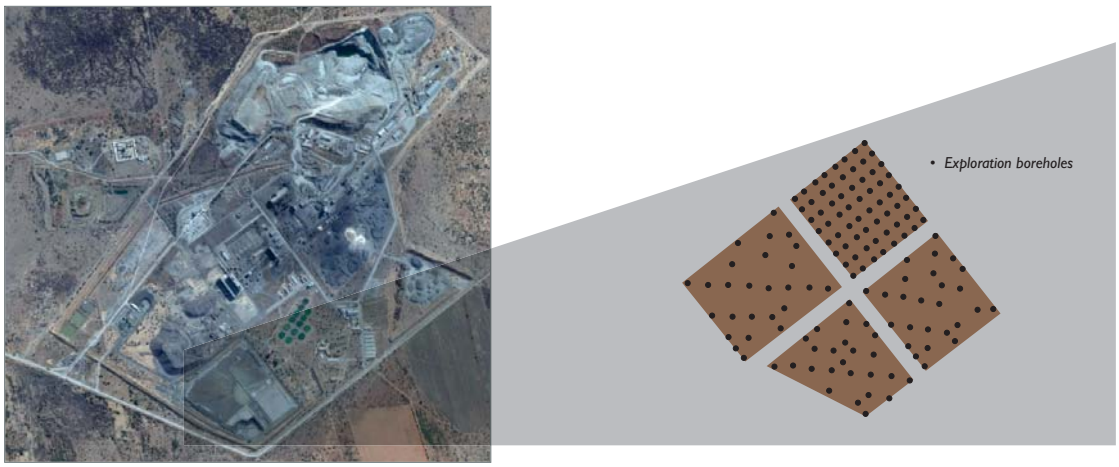
The area consists of the LG6 tailings dump at the dormant Kroondal Mine. A detailed competent person's report was completed in 2003 by Craton Resources CC, and the grade determined was 2g/t PGEs 6E.

PHOENIX PLATINUM continued

BUFFELSFONTEIN

LOCATION

Buffelsfontein dams are located on the farm Buffelsfontein 4651 JQ, portion 11 constituted by portions 20, 21, 22, 23 and 24 and portion 12. The satellite image below depicts the dams.



Landsat image of Buffelsfontein

MINERAL RESOURCES

As at 30 June 2017	Category	Tonnes million	Grade g/t	Contained PGEs 4E Moz
Phoenix tailings dams	Measured	–	–	–
	Indicated	1.3	2.52	0.1
	Inferred	–	–	–
Buffelsfontein current arisings	Indicated	–	–	–
	Inferred	3.4	3.67	0.4
Buffelsfontein	**Total**	**4.7**	**3.35**	**0.5**

MODIFYING FACTOR

As at 30 June 2017	PGE ZAR/kg	Cut-off value g/t	Cut-off value cmg/t	Stoping width cm	Dilution %	MCF %	PRF %
Buffelsfontein	350,000	–	–	–	–	–	40

MINERAL RESERVES

As at 30 June 2017	Category	Tonnes million	Grade g/t	Contained PGEs 4E Moz
Phoenix tailings dams	Proved	–	–	–
	Probable	1.3	2.52	0.1
Buffelsfontein current arisings	Proved	–	–	–
	Probable	–	–	–
Buffelsfontein	**Total**	**1.3**	**2.52**	**0.1**

ELANDSKRAAL

LOCATION

Elandskraal dumps, dams and pits are located on the farm Buffelsfontein 465JQ, portion 155, as shown below.

Landsat image of Elandskraal

MINERAL RESOURCES

As at 30 June 2017	Category	Tonnes million	Grade g/t	Contained PGEs 4E Moz
	Measured	–	–	–
	Indicated	0.8	2.04	0.05
	Inferred	–	–	–
Elandskraal	Total	0.8	2.04	0.05

MODIFYING FACTOR

As at 30 June 2017	PGE ZAR/kg	Cut-off value g/t	Cut-off value cmg/t	Stoping width cm	Dilution %	MCF %	PRF %
Elandskraal	350,000	–	–	–	–	–	40

MINERAL RESERVES

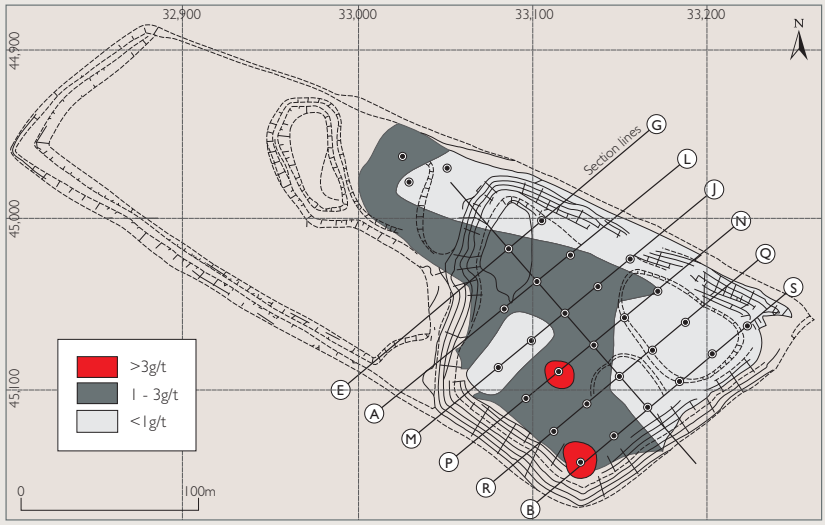
As at 30 June 2017	Category	Tonnes million	Grade g/t	Contained PGEs 4E Moz
	Proved	–	–	–
	Probable	0.8	2.04	0.05
Elandskraal	Total	0.8	2.04	0.05

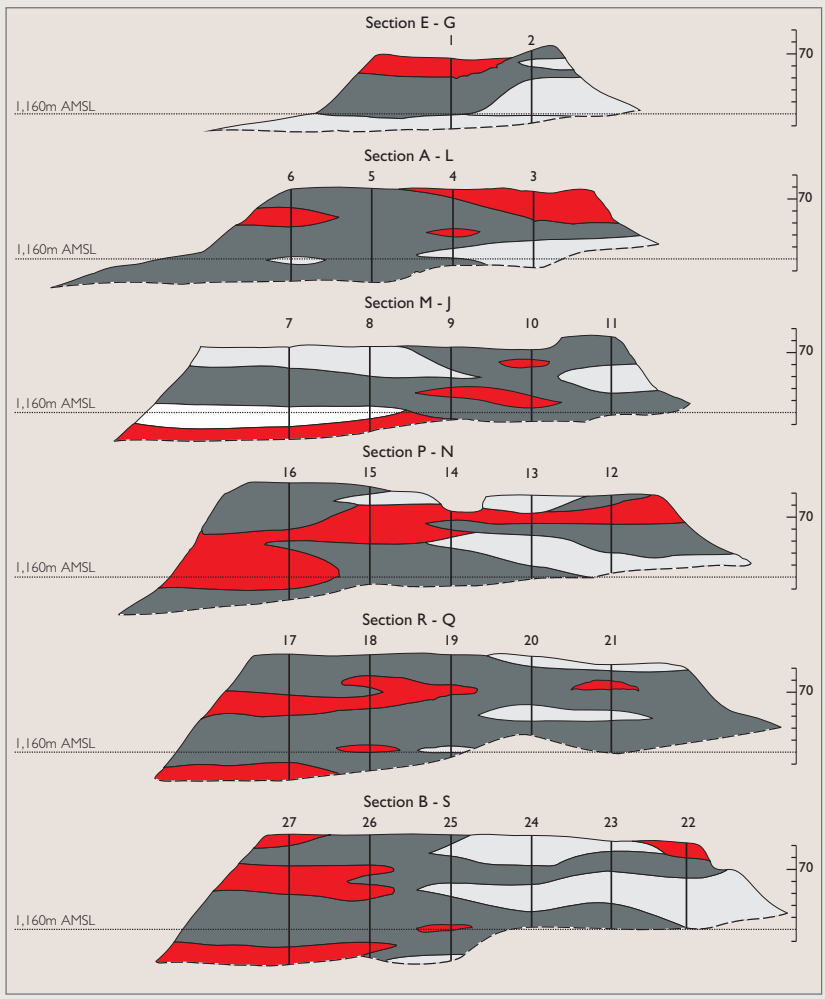
PHOENIX PLATINUM continued

KROONDAL

LOCATION

The Kroondal resource is located in two areas – the farm Kroondal 304GQ and the Xstrata Wonderkop plant in Marikana.





MINERAL RESOURCES

As at 30 June 2017	Category	Tonnes million	Grade g/t	Contained PGEs 4E Moz
	Measured	–	–	–
	Indicated	0.2	2.20	0.01
	Inferred	–	–	–
Elandskraal	Total	0.2	2.20	0.01

MODIFYING FACTOR

As at 30 June 2017	PGE ZAR/kg	Cut-off value g/t	Cut-off value cmg/t	Stoping width cm	Dilution %	MCF %	PRF %
Elandskraal	350,000	–	–	–	–	–	40

MINERAL RESERVES

As at 30 June 2017	Category	Tonnes million	Grade g/t	Contained PGEs 4E Moz
	Proved	–	–	–
	Probable	0.2	2.20	0.01
Elandskraal	Total	0.2	2.20	0.01

RECONCILIATION OF MINERAL RESOURCES AND MINERAL RESERVES

Total Mineral Resources – PGEs 4E

As at 30 June 2017

	Category	Tonnes million	% change	Grade g/t	Contained PGEs 4E Moz	% change
Mineral Resources	Measured					
	Indicated	2.3		2.32	0.2	
	Inferred	3.4		3.67	0.4	
Pan African Resources	**Total**	5.7	(8.0)	3.12	0.6	(0.0)

As at 30 June 2016

	Category	Tonnes million	Grade g/t	Contained PGEs 4E Moz
Mineral Resources	Measured	1.4	2.43	0.1
	Indicated	1.3	2.65	0.1
	Inferred	3.5	3.65	0.4
Pan African Resources	**Total**	6.2	3.16	0.6

Total Mineral Reserves – PGEs 4E

As at 30 June 2017

	Category	Tonnes million	% change	Grade g/t	Contained PGEs 4E Moz	% change
Mineral Resources	Proved					
	Probable	2.3		2.32	0.2	
Pan African Reserves	**Total**	2.3	(14.8)	2.32	0.2	(0.0)

As at 30 June 2016

	Category	Tonnes million	Grade g/t	Contained PGEs 4E Moz
Mineral Resources	Proved	1.4	2.43	0.1
	Probable	1.3	2.65	0.1
Pan African Reserves	**Total**	2.7	2.54	0.2

RECONCILIATION OF MINERAL RESOURCES AND MINERAL RESERVES

The total mineral resource and mineral reserves did not change materially for the year under review.

COMPETENT PERSON

The competent person for Phoenix Platinum, Mr Barry Naicker, the Group Mineral Resource Manager, signs off the mineral resources for Phoenix. He is a member of the South African Council for Scientific Professions (400234/10). Mr Naicker has a Master's degree in mineral resource management from Witwatersrand University and a Bachelor of Science (Honours) in economic geology. Mr Naicker has 16 years of experience in economic geology and mineral resource management. Mr Naicker is based at First Floor, The Firs, cnr Cradock Avenue and Biermann Avenue, Rosebank 2196, Gauteng.

GLOSSARY

GLOSSARY

Aids	Acquired Immune Deficiency Syndrome
AIM	Alternative Investment Market, the London Stock Exchange's international market for smaller growing companies
APMs	Alternative Performance Measures
B-BBEE	Broad-based black economic empowerment
Barberton Mines	Barberton Mines Proprietary Limited
BIOX	The Biological Oxidation (BIOX®) gold extraction process was developed at Barberton Mines. It is an environmentally friendly process of releasing gold from the sulphide that surrounds it by using bacteria
the board	The board of directors of Pan African Resources, as set out on pages 82 and 83
Bramber tailings	TSF located at Fairview which the BTRP treated historically
Brownfield project	Project based on prior work or rebuilt from a previous one
BTRP	Barberton Tailings Retreatment Plant, a gold recovery tailings plant owned by Barberton Mines, which commenced production in FY2014
Business rescue	A process which gives a company in financial distress the opportunity to restructure and reorganise its affairs under the supervision of a business rescue practitioner
CEO	Pan African Resources' Chief Executive Officer is Cobus Loots
CIL	Carbon-in-leach
Companies Act South African	Companies Act 71 of 2008 (SA Companies Act)
CSI	Corporate social investment
CTRP	Chrome tailings retreatment plant
Deloitte	Deloitte LLP and Deloitte SA
DMR	Department of Mineral Resources
Earnings-accretive acquisition	An acquisition which increases earnings per share
Elikhulu	Elikhulu Tailings Retreatment Plant project in Mpumalanga province that will enhance the group's production profile
Eskom	Electricity Supply Commission, South African electricity supplier
ETRP	Evander Tailings Retreatment Plant, commissioned in October 2015
Evander Mines	Evander Gold Mines Limited and Evander Gold Mining Proprietary Limited
Exco	Executive committee of Pan African Resources
FD	Pan African Resources' Financial Director is Deon Louw
g/t	Grams/tonne
GRI	Global Reporting Initiatives
Harmony	Harmony Gold Mining Company Limited
HDSA	Historically disadvantaged South African
HIV	Human Immunodeficiency Virus
HR	Human Resources
IAS	International Accounting Standards
IBC	Inside back cover (of this integrated annual report)
IFL	International Ferro Metals (SA) Proprietary Limited, Phoenix Platinum concluded a formal CTRP agreement with IFL and operates from its Lesedi Mine
IFMSA	South African subsidiary, International Ferro Metals (SA) Proprietary Limited
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
ISO	International Standards Organisation

JSE	JSE Limited incorporating the Johannesburg Securities Exchange, the main bourse in South Africa
King IV Report or King IV	King Report on Corporate Governance for South Africa, 2016
km	Kilometres
KPIs	Key performance indicators – a set of quantifiable measures that a company or industry uses to gauge or compare performance in terms of meeting their strategic and operational goals
LSE	London Stock Exchange
LTIFR	Lost-time injury frequency rate
MCF	Mine call factor
Metanza	Mineral Processors, a BEE company which operates the CTRP at Phoenix Platinum plant under contract to Pan African Resources
Mining Charter	Charter to facilitate the sustainable transformation and development of the South African mining industry
Moz	Million ounces
MPRDA	Mineral and Petroleum Resources Development Act
MR&MR	Mineral Resources and Mineral Reserves
MRM	Mineral resource management
Mt	Million tonnes
NIHL	Noise-induced hearing loss
Nomad	Nominated Adviser appointed in accordance with the London Stock Exchange's AIM Rules for Companies
NUM	National Union of Mineworkers
Opsco	Operations committee
Pan African Resources PLC	Holding company – Pan African Resources
PAR Gold Proprietary Limited	Pan African Resources' black empowerment partner, which has a 19.53% stake in the group
PGE	Platinum group elements, namely platinum, palladium, rhodium and gold
Phoenix Platinum	Phoenix Platinum Mining Proprietary Limited, a subsidiary of Pan African Resources
Prescribed officers	Anyone who fulfils the role of a director but is operating under a different designation
RCF	Revolving credit facility
Remchannel	Internet-based remuneration survey providing data across a wide variety of industries in South Africa
Remco	Remuneration committee of Pan African Resources
RIFR	Reportable injury frequency rate
ROM	Run-of-mine
SA	South Africa
SAICA	South African Institute of Chartered Accountants
SAMREC	SAMREC South African Code for Reporting of Mineral Resources and Mineral Reserves
Section 54 safety stoppages	In terms of section 54 of the Mine Health and Safety Act 29 of 1996, if an inspector of mines believes that an occurrence, practice or condition at a mine endangers or may endanger the health or safety of people at the mine, the inspector may give any instruction necessary to protect the health or safety of people at the mine, including instructing that operations at the mine or a part of the mine be halted
SHEQC	Safety, health, environment, quality and community
SLP	Social and labour plan
Sporotrichosis	A disease caused by a fungus infection
t	Tonnes
TB	Tuberculosis
TSF	Tailings storage facility

GLOSSARY continued

the current year or the year under review	The year ended 30 June 2017
the group or the company or Pan African Resources	Pan African Resources PLC, listed on the LSE's AIM and on the JSE in the 'Gold Mining' sector
the previous year	The year ended 30 June 2016
the UK Code	UK Corporate Governance Code which sets out standards of good practice in relation to board leadership
TIFR	Total injury frequency rate
UASA	United Association of South Africa
UK	United Kingdom
UK Companies Act 2006	An Act of the Parliament of the United Kingdom which forms the primary source of UK company law

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