

Regulatory Story

Company [Pan African Resources PLC](#)
TIDM PAF
Headline Audited Full Year Results & Dividend Recommendation
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Pan African Resources PLC

(`Pan African' or the `Company')

(Incorporated and registered in England and Wales under Companies Act 1985 with registered number 3937466 on 25 February 2000)

Share code on AIM: PAF

Share code on JSE: PAN

ISIN: GB0004300496

Audited Full Year Results and Dividend Recommendation for the Year Ended
30 June 2010

Pan African Resources PLC ("Pan African" or the "Company" or the "Group") (AIM: PAF, JSE: PAN) is pleased to report its audited full year results and dividend recommendation for the year ended 30 June 2010.

a. Highlights 2010

Corporate

- * Revenue from gold sales increased by 29.25% to GBP68.5 million (2009: GBP53.0 million)
- * Unhedged and debt free
- * Barberton Mines (Proprietary) Limited ("Barberton Mines") is now a wholly owned subsidiary (2009: 74%)
- * Headline earnings per share ("HEPS") increased by 25.88% to 1.07p (2009: 0.85p)
- * Earnings per share ("EPS") increased by 160.00% to 1.04p (2009: 0.40p)
- * Earnings before interest, tax, depreciation, amortisation and impairments ("EBITDA") increased by 9.17% to GBP25.0 million (2009: GBP22.9 million)
- * Final dividend of GBP5.26 million, 0.3723p (2009: interim dividend of 0.2555p declared) proposed
- * Cash and cash equivalents increased by 435.56% to GBP12.80 million (2009: GBP2.39 million)
- * Shanduka Gold (Proprietary) Limited ("Shanduka") acquired a 26% shareholding in Pan African
- * Cyril Ramaphosa appointed as Non-Executive Chairman

Mining Operations

- * Underground gold production increased by 2.71% to 97,483oz (2009: 94,909oz)
- * Headgrade improved by 2.81% to 10.61g/t (2009: 10.32g/t)
- * Measured and indicated resource base increased by 30.22% to 1,814,000oz (2009: 1,393,000oz)
- * Barberton Mines old order mining rights converted to new order mining rights

Near-Term Operations

Phoenix Platinum

- * Exclusive terms signed with International Ferro Metals (SA) (Proprietary) Limited ("IFM") in terms of the site location of a Chrome Tailings Retreatment Plant ("CTRP")
- * Resource upgraded by 15.80% to 469,000oz from 405,000oz
- * Production expected to commence in the second half of 2011
- * Forecast cash cost of less than US\$400/oz

		Year ended 30 June 2010	Year ended 30 June 2009
		GBP	GBP
Gold Sales	(GBP)	68,506,394	53,000,352
EBITDA	(GBP)	25,022,552	22,889,784
Attributable Profit - Owners of the parent	(GBP)	14,277,232	4,403,535
EPS	(pence)	1.04	0.40
HEPS	(pence)	1.07	0.85
Weighted average number of shares in issue		1,366,268,709	1,104,367,219

b. Nature of our Business

Pan African is a mining group that produces approximately 100,000oz of gold per year. Its focus is on developing and operating low cost, high margin production and near production projects. The Phoenix Platinum project which will extract Platinum Group Metals ("PGM") from chrome tailings and underground seams will be the first project that the Group will develop and plant construction is expected to commence in the second half of 2010. The Group is debt free, unhedged and is able to fund all of its current on-mine capital from internal cash flows.

c. Financial Performance

Pan African is incorporated in England and Wales, and its reporting currency is pounds sterling ("GBP"). Barberton Mines is a South African company, and its financial statements are prepared in South African Rand ("ZAR" or "Rand"). When Barberton Mines' financial statements are translated into GBP for the purposes of Group consolidation and reporting, the annual average and year-end closing ZAR:GBP exchange rates affect the Group consolidated financial results. In the current financial year, the average prevailing ZAR:GBP exchange rate was 11.93:1 (2009: 14.39:1), and the closing ZAR:GBP exchange rate was 11.53:1 (2009:

12.66:1). The year-on-year change in the average and closing exchange rates of 17.10% and 8.93% respectively should be taken into account for the purposes of comparing year-on-year results.

Gross revenue from gold sales increased by 29.25% to GBP68.5 million (2009: GBP53.0 million). The increase in revenue was mainly attributed to a 26.64% increase in the average gold spot price received to US\$1,098/oz (2009: US\$867/oz), and the depreciation of the GBP against the ZAR. The average US\$:ZAR exchange rate was 15.95% stronger at ZAR7.59 (2009: ZAR9.03), which negatively impacted revenue received in ZAR. The effective ZAR gold price was 6.41% higher at ZAR267,876/kg (2009: ZAR251,740/kg). Mining profit at Barberton Mines grew by 12.27% to GBP24.7 million (2009: GBP22.0 million).

Cost of production increased by 42.46% to GBP40.6 million (2009: GBP28.5 million). In Rand terms, cost of production increased by 17.97% to ZAR483.8 million (2009: ZAR410.1 million). This increase is mainly attributable to a 42.86% increase in electricity costs to ZAR42.0 million (2009: ZAR29.4 million), security costs increasing by 176.92% to ZAR32.4 million (2009: ZAR11.7 million) and salary, wages and other staff expenses increasing by 18.41% to ZAR215.5 million (2009: ZAR182.0 million).

Barberton Mines commenced payment of the new South African mining royalty tax upon its implementation in March 2010. This royalty charge for the year amounted to GBP0.84 million.

EBITDA for the year under review, excluding impairment charges, was GBP25 million (2009: GBP22.9 million), an increase of 9.17%. Other expenses increased 31.29% to GBP1.93 million (2009: GBP1.47 million), largely due to cancellation of the Metorex Limited ("Metorex") management agreement for Barberton Mines on 1 July 2009, for a consideration of GBP0.34 million. The Company incurred an exploration expenditure impairment charge of GBP0.35 million (2009: GBP5.0 million) during the year. This was the final impairment charge related to the Company's investment in the Central African Republic.

Group income tax decreased by 6.10% to GBP7.7 million (2009: GBP8.2 million), due to a lower tax rate percentage calculated in accordance with the South African gold mining tax formula. This tax formula calculates an income tax rate, based on the ratio of revenues to mining costs and capital expenditure.

The effective tax rate decreased from 50.39% to 34.55% in the current year. In the prior year the profit after taxation included an impairment charge of GBP5.0 million, which resulted in the effective Group tax rate being significantly higher than normal, as the impairment charge was not deductible for tax purposes.

d. Review Of Barberton Mine

i. Safety and Training

The safety performance of the Barberton mining operations (comprising the Fairview, Sheba and New Consort sections) showed an improvement year-on-year with lost time injury frequency rate ("LTIFR") at 4.2 (2009: 6.4) and serious injury frequency rate ("SIFR") at 1.1 (2009: 1.7). The number of shifts lost decreased, however the lost day severity rate increased marginally, which indicates an increase in the severity of injuries experienced. It is with great regret and sadness that the Company reports the tragic death of Mr. Mngobe Joseph Ndlovu, who lost his life during a fall of ground incident at the Fairview section in March 2010. The Fairview section, prior to the fatality in March 2010, achieved two million fatality free shifts in February 2010, which was achieved over a six year period.

Barberton Mines has designed and is in the process of implementing a safety, health, environment and communities ("SHEC") management system that will enable the Company to improve health and safety and environmental management to industry leading levels. The full implementation of the SHEC management system will be completed by the second half of the 2011 financial year. The training

of our employees is done through our South African Mining Qualifications Authority accredited training facility at the mine, which utilises approved training programmes to maintain the competence levels of employees.

The Mine Health and Safety Council targets set by the industry, in conjunction with the South African Department of Mineral Resources ("DMR"), endeavour to align the health and safety performance of the South African mining industry with international norms by 2013. The targets are based on rate improvements for fatalities and noise induced hearing losses and silicosis. The Group has committed itself to these targets.

ii. Operating Performance

Barberton Mines sold 98,091oz of gold during the year, an increase of 0.76% from the previous year (2009: 97,353oz). Although marginal, the increase is significant in light of the fact that mining was stopped for a period of two weeks in December 2009 due to illegal mining activity.

Of further significance is that all gold production was attributable from underground mining operations, which increased by 2.71% to 97,483oz (2009: 94,909oz). As mentioned in the previous reporting period, production is expected to continue to increase as a result of increased capital investment and implementation of an integrated Mineral Resource Management ("MRM") programme, which is expected to increase mining flexibility. The decrease of 0.25% in the volume of underground mining tons to 313,167t (2009: 313,952t) was negligible and offset by a 2.81% increase in headgrade to 10.61g/t (2009: 10.32g/t).

iii. Production Summary

		2010*	2009*	2008*	2007**	2006**
Tons milled	(t)	313,167	313,952	315,305	330,367	313,779
Headgrade	(g/t)	10.61	10.32	8.90	9.20	10.70
Overall recovery	(%)	91	91	91	92	92
Production: Underground	(oz)	97,483	94,909	82,436	90,022	99,281
Production: Calcine dump	(oz)	-	3,955	13,513	-	-
Gold sold	(oz)	98,091	97,353	99,078	89,572	99,924
Average price: spot	(R/kg)	267,876	251,740	193,159	148,151	108,644
Average price: hedge	(R/kg)	-	-	105,850	96,067	90,125
Average price: spot	(US\$/oz)	1,098	867	823	640	528
Average price: hedge	(US\$/oz)	-	-	451	415	438
Total cash cost US\$/ oz sold	(US\$/oz)	650	469	476	465	429
Total cash cost R/Kg sold	(R/Kg)	158,711	136,178	111,272	107,656	88,177
Total cost per ton	(R/t)	1,537	1,313	1,088	908	873
Total mining cost per ton	(R/t)	1,486	1,256	1,045	858	833
Capital expenditure	(GBP)	5,918,271	4,052,665	2,901,792	1,637,359	1,091,965

Exchange rate - average	(ZAR/GBP)	11.93	14.39	14.68	13.95	n/a
Exchange rate - closing	(ZAR/GBP)	11.53	12.66	15.56	14.18	n/a
Exchange rate - average	(ZAR/US\$)	7.59	9.03	7.30	7.20	6.40
Exchange rate - closing	(ZAR/US\$)	7.65	7.72	7.80	7.00	7.20

** Pre reverse acquisition of Barberton Mines.

* Post reverse acquisition of Barberton Mines.

Total cash costs increased by 38.59% to US\$650/oz (2009: US\$469/oz). In Rand terms, total cash costs increased by 16.55% to ZAR158,711/kg (2009: ZAR136,178/kg).

Total capital expenditure at the mine increased by 47.50% to GBP5.9 million or 20.71% to ZAR70.4 million (2009: GBP4 million or ZAR58.32 million). Maintenance capital expenditure of GBP2.9 million (2009: GBP1.9 million) and development capital expenditure GBP3.0 million (2009: GBP2.1 million) was incurred.

iv. Mining Rights Conversion

In terms of the South African Mineral and Petroleum Resources Development Act, 2002 ("MPRDA"), all mining licences issued prior to the MPRDA that came into effect on 1 April 2004 are described as Old Order Mining Rights ("OOMR"). Holders of such rights were required to have applied to the DMR for the conversion of these OOMR into New Order Mining Rights ("NOMR") within ½ve years of the MPRDA coming into effect.

Barberton Mines converted all its OOMR during the 2010 financial year.

Barberton Mines NOMR relate to the mining licences in respect of Fairview Mine (old order mining licence 28/2003), New Consort Mine (old order mining licence 30/2003) and Sheba Mine (old order mining licence 29/2003).

These licences combined comprise the Barberton mining operations.

v. Capital Expenditure

Key	Project	12 months ended		Potential resource target
		30 June 2010	30 June 2009	
		Metres developed		(oz)
A	Sheba - 35 ZK Decline	140m	69m	5,000
B	Sheba - Edwin Bray to Thomas and Joe's Luck area	1056m	740m	15,000
C	Fairview - 60/62 Level Development	642m	817m	203,000
D	Fairview - 3 Shaft deepening	36m	Equipping & cleaning completed	350,000
E	Consort - 40 level Station establishment	29m (Station break away out of Shaft)	-	10,000

F	Consort - 50 level decline west	100m	224m	30,000
G	Consort - 37 Inter level exploration drive	97m	-	-

A Sheba - 35 ZK Decline

Shaft sinking has been completed up to 36 level and horizontal development has commenced. The hanging wall contact was intersected and development on this contact towards the cross fractures is underway.

B Sheba - Edwin Bray to Thomas and Joe's Luck orebodies

Good development rates were achieved during the financial year with the haulage development reaching its limit. The return airway must still be extended.

Exploration drilling will re-commence to delineate the full extent of the Thomas fracture.

C Fairview - 60/62 level development

This capital project has been completed with most employees being moved to the 3 shaft capital project. Normal stoping operations have now started in this area.

D Fairview - 3 Shaft deepening

The cleaning of the shaft up to 64 level has been completed and widening of the shaft between 62 and 64 level progressed well. At the end of the financial year approximately 15m of widening remained, after which the shaft equipping will commence. Thereafter all necessary work to start with the proper sinking will be done.

E Consort - 40 level exploration drive

The station was blasted out of PC Shaft and has been completed. Equipping of 40 level will commence in the new financial year with the development of the exploration drive thereafter.

F Consort - 50 level decline West

Sinking progressed to within a few metres from establishing the second station landing. The focus for the new financial year will be to sink the decline down to the third level, which will also be the last level.

G Consort - 37 Inter level exploration drive

Excellent progress was made with the development on 37 Inter level and we managed to achieve the planned advances. The area was handed over for the commencement of exploration drilling.

Maintenance Capital

The capital expenditure on maintenance of the processing plants at Barberton Mines amounted to GBP190,813 for the year, as a result of the upgrade to the plant flotation section and installation of new Jameson cells at the Sheba section. Work commenced on the extension of the tailings dam at the Fairview section of Barberton Mines and is planned to be completed over a two year period. This expenditure for the year under review amounted to GBP440,550. The installation cost for a water treatment plant at Consort, for the treatment of excess water from the process plant and tailing dams, amounted to GBP110,719 for the year.

The capital expenditure in the BIOX plant situated at Fairview included the

refurbishment of a number of the secondary tank reactors, the procurement of critical spares for the plant and the installation of a new BIOX water treatment circuit. The expenditure on the BIOX plant amounted to GBP214,050 for the year under review.

The capital expenditure on the maintenance of the engineering equipment and infrastructure totalled GBP985,478 for the year. The re-building of the load haul dumps ("LHD's") was a key focus area, in order to upgrade the mining equipment fleet, and GBP261,504 was spent on this activity during the year. The rehabilitation of shafts and headgears at the mine amounted to GBP110,244. The replacement of skips, cages and bridles, together with the upgrading of shaft safety devices and the installation of hydraulic shaft loading facilities amounted to GBP217,795. At Sheba the conversion of four battery locos and the procurement of an all-terrain forklift and maintenance vehicle amounted to GBP79,066. Expenditure at all three sections of the mine on power factor correction and solar heating amounted to GBP120,170. The replacement of obsolete compressors with modern, more efficient units and the upgrade of pumping and reticulation systems amounted to GBP128,045 for the year.

The installation of a new 250kW booster fan and further upgrades to improve the ventilation flows at Fairview and Sheba required GBP155,228 in capital expenditure. The procurement of additional self-contained self-rescuers, required for Barberton Mines to comply with current legal requirements, resulted in GBP104,225 expenditure. The combined expenditure on maintenance totalled GBP2.9 million for Barberton Mines for the year.

vi. Criminal Mining

We are pleased to report that the proactive approach to the illegal mining problem at Barberton Mines has significantly reduced criminal mining activity in terms of both intensity and severity.

By appointing a dedicated Executive, reporting directly to the Chief Executive Officer ("CEO") on this issue, an enabling environment has been created, which has resulted in a significant increase in gold production at the mine. Significant progress has also been made in engaging all stakeholders in the surrounding community (including government) to combat this problem.

Despite our success, we need to remain vigilant. However, our security effort has come at significant cost. Security costs for the financial year have increased by 237.50% to GBP2.7 million (2009: GBP0.8 million). Our focus in the coming financial year will therefore be to not compromise our current position, whilst at the same time reducing security expenditure by 25.93% to GBP2.0 million. This will be achieved through (a) making use of new advances in security technology, (b) increasing perimeter controls, (c) a new approach to security management with special reference to contractors and (d) seeking the co-operation of all stakeholders.

e. Mineral Resource Management

Gold Inventory

The total resource inventory for the Group increased, when measured in terms of gold content, by 1.16% to 4.635Moz (41.85Mt @ 3.45g/t), compared to 4.582Moz (41.52Mt @ 3.44g/t) in 2009. The increase is the result of additional drilling and underground development (at Barberton Mines), resulting in a re-definition of geological envelopes and resultant geostatistical re-evaluation.

During the year under review, the Group's reserve in gold content that is attributable to Barberton Mines increased by 6.79% to 661,000oz (2.318Mt @ 8.87g/t), compared to 619,000oz (2.38Mt @ 8.01g/t) in 2009. Further, the increase in the Mineral Reserve grade of 10.74% to 8.87g/t (2009: 8.01g/t) is extremely encouraging.

A professional mining engineer with 15 years of relevant experience was appointed on a full-time basis at Barberton Mines as MRM Manager, and the net

result of the MRM initiative at Barberton Mines is not only an improvement in the Life of Mine ("LOM"), but also an expectation that the LOM will be further increased in the near future despite current depletion rates. By applying an 85% conversion rate to the Combined Measured and Indicated Resource inventory, Barberton Mines currently indicates an improved LOM from 10 years (2009) to 15 years.

Focus has also shifted to the identification of shallow, low cost mineral resources, which can be brought to account in the near term. This approach will not only see the production profile grow, but should also impact positively on the cost structure at Barberton Mines.

Our Group Consulting Geologist is turning his attention to accelerating the exploration activities in the prospecting permit area at Barberton Mines. A regional airborne geophysical survey was completed over the permit area and a series of potentially near-surface targets have already been identified. The Company will focus on drilling these targets in the coming year, as some of the anomalies identified are equal in size to the current footprint of the Fairview mine.

Platinum Inventory

The Company is also pleased to report a South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves ("SAMREC") compliant Platinum Group Elements ("PGE") ("4E: platinum, palladium, rhodium and gold") Mineral Resource for the Phoenix Platinum project of 469,000 4E oz (4.64Mt @3.15g/t).

Previously the Group reported the Mineral Resource inventory as tailing feedstock volumes, which at the time was estimated at 4.3Mt grading at between 1.1 g/t and 4.18g/t, yielding a total of 360Koz 4E. Subsequently, the company geostatistically remodelled all resources at Phoenix Platinum.

Of the total Mineral resource 33% is located as surface sources (935Kt @ 2.45g/t) and 67% (1,277Kt @ 3.66g/t) as current arisings.

Current feasibility work indicates a LOM of 25 years, producing an estimate of 11,000oz 4E per annum.

Group MRM Strategy

The MRM initiative will continue to be a key strategic corporate focus for the Group enabling management to ensure:

- (a) that the economic value of mineral assets is optimally managed and extracted;
- (b) integration of technical and associated functional disciplines along the business value chain;
- (c) increased levels of corporate governance through continued audit and quality control; and
- (d) the creation of shareholder value.

f. Phoenix Platinum

Since the previous reporting period significant milestones have been achieved on the Phoenix Platinum project. The first of these was the signing of an exclusive terms of site agreement on 18 February 2010 with IFM. This agreement sets out the framework for concluding a formal plant site agreement. Negotiations in this regard are currently being finalised.

In addition the following major technical milestones have been achieved:

- * The completion of a metallurgical competent person's report;

* The compilation of a SAMREC compliant resource estimate resulting in the PGM 4E's metal content increasing by 15.80% from 405,000oz to 469,000oz and the average grade by 2.60% from 3.07g/t PGM 4E's to 3.15g/t PGM 4E's; and

* Detailed process flow and engineering design was completed in June 2010. This will lead to the final capital cost estimate for the supply, construction and commissioning of the Phoenix plant in accordance with the process design criteria being completed in the third quarter of 2010.

Plant construction should commence during the second half of 2010 with commercial production forecast to start in the second half of 2011.

g. Manica Gold Project - Mozambique

The viability of the project is presently being investigated by applying a phased approach, of which assessing the oxide mining potential will be the first phase, followed by a mining option focusing on the sulphide bearing portion of the Fairbride project. The assessment of the first phase will be completed by the end of October 2010 as part of a definitive feasibility study ("DFS") to be submitted as part of an application to convert the current exploration licence to a Mining Concession towards the end of October 2010.

It is expected that the results of the DFS will be released to the market during the second half of 2010.

h. New Business

The Group reviewed 43 projects during the year under review. None of the projects reviewed fulfilled the Group investment criteria. Although we remain committed to growing our asset base, such growth will not come at the expense of the Statement of Financial Position. This is a strategy that has set the Company apart from its peer group and will continue to do so going forward.

i. Corporate Developments

On 19 June 2009, the Company announced that it had concluded an agreement with Shanduka whereby Pan African would acquire Shanduka's 26% shareholding in Barberton Mines in exchange for the issue of 295,751,549 new ordinary shares to Shanduka.

This share exchange transaction with Shanduka became effective on 21 August 2009. The board considered it prudent to simplify the Pan African Group structure by acquiring the entire issued share capital of Barberton Mines, and in doing so:

* significantly increasing the attributable gold ounces to Pan African to approximately 100,000oz per year; and

* terminating the shareholders' agreement that existed at Barberton Mines level, thereby further simplifying the operations of the Group.

On 26 June 2009, Metorex announced that it had engaged in a sale of shares exercise to dispose of its 53.37% shareholding in Pan African. In addition to its 21% shareholding in Pan African issued via the share exchange transaction detailed above, Shanduka acquired an additional 5% of the enlarged share capital of Pan African through the sale of shares exercise. As a result, Shanduka increased its shareholding in Pan African to 26%. The balance of the shares sold by Metorex was taken up by institutional investors.

On 1 July 2009, the Company announced that Barberton Mines had cancelled the Metorex management agreement for a consideration of GBP0.34 million. The outstanding consideration of GBP954,759 to acquire 100% of Phoenix Platinum was paid to Metorex on 30 September 2009.

j. Capital Expenditure and Commitments

Capital expenditure at Barberton Mines totalled GBP5.9 million, of which GBP3.0 million was spent on development and drilling to replace current depleted gold reserves and to grow the resource base. The balance of GBP2.9 million was spent on equipping the current infrastructure on the mine.

Growth project expenditure at the Group's projects in Mozambique and Phoenix Platinum totalled GBP976,373 (2009: GBP1,580,349).

At the end of the financial year the Group had contracted capital commitments of GBP111,905 (2009: GBP62,231).

Operating lease commitments, which fall due within the next year, amount to GBP204,240 (2009: GBP176,651) whilst no interest bearing commitments existed at year end (2009: GBP20,669).

The Group had no contingent liabilities in the current financial year, in the prior year GBP48,976 was recorded as a contingent liability in relation to a pending legal case, in which a settlement was reached in the current financial year.

The Group had guarantees of GBP334,044 (2009: GBP225,285) in favour of the South African electricity public utility company, Eskom, and guarantees of GBP253,178 (2009: GBP1,579) in favour of the DMR at year end.

k. Directorship Changes

It is with deep regret that the board of Pan African reports the untimely death of Mr John Hopwood on 19 March 2010. John brought a great deal of wisdom and experience to the board of Pan African and will be sorely missed. The following were directors during the year under review:

Mr K C Spencer*

Mr J P Nelson

Mr R G Still*

Mr C M Ramaphosa (appointed 17 September 2009)

M R M Smith (appointed 17 September 2009)

Mr J A J Loots (appointed 26 August 2009)

Mr M Smith (resigned 26 August 2009)

MR J G Hopwood* (deceased 19 March 2010)

* Independent

1. Basis of Preparation of Financial Statements

Investors should consider non-Generally Accepted Accounting Principles ("GAAP") financial measures shown in this preliminary announcement in addition to, and not as a substitute for or as superior to, measures of financial performance reported in accordance with International Financial Reporting Standards ("IFRS"). The IFRS results reflect all items that affect reported performance and therefore it is important to consider the IFRS measures alongside the non-GAAP measures.

JSE Limited listing

The Company has a dual primary listing on JSE Limited ("JSE") and the Alternative Investment Market ("AIM") of the London Stock Exchange. The company previously maintained a secondary listing on the Alternative Exchange (Altx") market of the JSE. The transfer to the Main Board of the JSE was implemented on

1 December 2009.

The preliminary announcement has been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS, the AC 500 standards as issued by the Accounting Practices Board ("APB") and the information as required by International Accounting Standards ("IAS") 34: Interim Financial Reporting.

The Group's South African external auditors have issued their opinion on the Group's Annual Financial Statements for the year ended 30 June 2010. The audit was conducted in accordance with International Standards on Auditing. They have expressed an unmodified opinion on the Annual Financial Statements from which the Group's preliminary announcement was derived. A copy of their audit report is available for inspection at the Company's registered office. Any reference to future financial performance included in these Group Financial Statements has not been reviewed or reported on by the Group's South African external auditors.

AIM Listing

The financial information for the year ended 30 June 2010 does not constitute statutory accounts as defined in sections 435 (1) and (2) of the United Kingdom ("UK") Companies Act 2006. Statutory accounts for the year ended 30 June 2009 have been delivered to the Registrar of Companies and those for 2010 will be delivered following the Company's annual general meeting. The UK external auditors have reported on these accounts. Their report was unqualified, did not include a reference to any matters to which auditors draw attention by way of emphasis of matter and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The Group announcement (the Group's financial statements) has been prepared in accordance with IFRS and International Financial Reporting Interpretation Committee ("IFRIC") interpretations adopted for use by the European Union, with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Approval and Annual Report

The Group expects to publish full financial statements which comply with IFRS in September 2010. The Group's preliminary announcement was approved by the board on 30 August 2010.

m. Accounting Policies

The preliminary announcement has been prepared using accounting policies that comply with IFRS which are consistent with those applied in the financial statements for the year ended 30 June 2010 (prior year end) 2009, except for the following changes:

- * IAS 1: Presentation of Financial Statements. This standard now requires the disclosure of a Statement of Comprehensive Income. Consequently, certain income and expense items previously reported in the Statement of Recognised Income and Expense are now included in the Statement of Comprehensive Income. In addition, a Statement of Changes in Equity has also been disclosed in terms of the revised standard. Any other new standards and interpretations issued by the International Accounting Standards Board ("IASB") not yet effective for the period under review will have no impact on the Group's financial results.
- * IFRS 8: Operating Segment, this standard replaces IAS 14 Segment Reporting, and now requires the disclosure on information about the components of the Group and Company that management use to make decisions about operating matters.
- * Mining exploration - Change in Accounting Policy on Greenfield prospects:

Previously expenditure on exploration activities on Greenfield prospects was capitalised until the viability of the mining venture was proven. If the mining venture was subsequently considered non-viable, the expenditure was charged against income when that fact became known.

Exploration expenditure is now expensed in the year in which it is incurred. When a decision is taken by the directors that a mining property/project is potentially commercially viable (normally when the project has reached the prefeasibility stage, once it is considered probable that future economic benefits will be realised and that development may be commissioned) all further directly attributable pre-production expenditure is capitalised. Capitalisation of the pre-production expenditure ceases when commercial levels of production are achieved, at which stage the respective assets are depreciated.

The change in Mining Exploration accounting policy did not impact current-year or prior-year financial results.

n. Segment Reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services in a particular business sector (operating segment), which is subject to risk and rewards that are different to those of other segments. The Group's business activities were conducted through three business segments, firstly in Barberton Mines located in Barberton South Africa, and the Group's corporate and exploration activities and Phoenix Platinum. The Chief Executive Officer reviews the operations in this manner.

o. Share Capital Changes

On 21 August 2009, 295,751,549 ordinary shares were issued in terms of the share exchange agreement between Pan African Resources and Shanduka at 65 cents per share.

On 10 June 2010, 1,200,000 ordinary shares were issued at 4.0p per share for cash in relation to share options exercised.

p. Directors' Dealings

As at 30 June 2010 the CEO, Mr J P Nelson held 122,442 shares in Pan African Resources. Mr J P Nelson, purchased 75,134 shares at 95 cents per share on 16 October 2009.

As at 30 June 2010 the Financial Director, Mr J A J Loots, held 130,000 shares, purchased at 76 cents per share on 24 February 2010.

Mr R G Still is a director of Pangea Exploration (Proprietary) Limited ("Pangea") and a trustee of a family trust which owns 33.33% of Pangea. Mr R G Still, an independent Non-Executive Director of Pan African, is therefore deemed to have an indirect, non-beneficial interest in Pangea's holding in the Company. Pangea holds 2.67% of the current issued share capital of Pan African.

q. Going Concern

The board confirms that the business is a going concern and that it has reviewed the business' working capital requirements in conjunction with its future funding capabilities for at least the next 12 months and has found them to be adequate.

The Group is debt free and has a profit margin of approximately 27.47% after capital expenditure and depreciation at Barberton Mines. Should the need arise the Group can cease most exploration and capital activities, and by doing so conserve cash.

r. Events After the Reporting Period

Subsequent to the year end, an additional 4,000,000 ordinary shares have been

issued at 4.0p per share on 25 August 2010 for cash, in relation to share options exercised.

s. Dividends

The board of Directors proposes a final dividend for the year ended 30 June 2010 of GBP5.26 million, which calculated on 1,413,540,711 issued shares currently outstanding, equates to 0.3723p per share (2009: interim dividend of 0.2555p declared), to be approved by shareholders at the forthcoming annual general meeting of the Company.

t. Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. The Directors are required by the IAS Regulation to prepare the Group financial statements under IFRS as adopted by the European Union and have also elected to prepare the parent company financial statements in accordance with IFRS's as adopted by the European Union. The financial statements are also required by law to be properly prepared in accordance with the UK Companies Act 2006.

IAS 1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the IASB's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. However, directors are also required to:

- * properly select and apply accounting policies;
- * present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- * provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the UK Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

u. The Future

We believe that one can only build a house that can weather the storm on a strong foundation. We further believe that the building of such a house is a process and not an event, and that the process requires a systematic approach. Building a mining house is no different and therefore, let us reflect on the foundation that the Group has completed:

- * Strong operational management team that continues to deliver strong operational performance;
- * Experienced project development team;
- * Experienced board that ensures the requisite technical and financial controls are in place;

- * High quality assets with low-cost base and significant upside potential;
- * Strong Statement of Financial Position that allows a platform for further growth; and
- * Strategic alignment to Shanduka in terms of sustainable growth.

How has our approach translated into shareholder value Allow the numbers to speak for themselves over a three year period:

- * Increase in profit after tax over three years of 91.32%;
- * Increase in HEPS over three years of 109.80%;
- * Increase in underground gold production over three years of 18.25%;
- * Decrease in serious accident rate over three years of 64.52%;
- * Increase in capital expenditure over three years of 103.95%;
- * Increase in measured and indicated resource over three years of 58%;
- * Acquisition of Barberton Mines for less than US\$200/oz at current prevailing gold price of US\$1,200/oz;
- * Acquisition of near term CTRP business for less than US\$140/oz at current prevailing 4 PGM basket price of US\$1,350/oz; and
- * Cash in bank growing by 435.56% and no debt.

Turning the Company around from a loss making explorer to a gold producer, which soon will also yield platinum production, has taken only three years in a challenging global environment. During this period the share price has remained unchanged. However, management has focused on getting the basics right. This clearly sets the Company apart from its peers. In addition, the ability to continue the payment of a dividend should in the future further realise the value in an increased share price.

Our success is the result of a team effort and the continued support and patience from our shareholders. The foundation is solid and we are now able to take advantage of major growth opportunities to build Pan African into a significant mining house.

By order of the Board,

J P Nelson

J A J Loots

Chief Executive Officer

Financial Director

30 August 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	30 June 2010	30 June 2009
	(Audited)	(Audited)
	GBP	GBP
REVENUE		
Gold sales	68,506,394	53,000,352
Realisation costs	(162,791)	(140,546)

On - mine revenue	68,343,603	52,859,806
Cost of production	(40,553,886)	(28,504,686)
Depreciation	(3,125,093)	(2,360,431)
Mining Profit	24,664,624	21,994,689
Other (expenses) / income	(1,929,787)	(1,465,336)
Impairment costs	(335,401)	(5,025,463)
Royalty costs	(837,378)	-
Net income before finance income and finance costs	21,562,058	15,503,890
Finance income	661,645	816,754
Finance costs	(67,915)	(9,933)
Profit before taxation	22,155,788	16,310,711
Taxation	(7,655,913)	(8,219,425)
Profit after taxation	14,499,875	8,091,286
OTHER COMPREHENSIVE INCOME:		
Foreign currency translation differences	2,379,762	3,649,901
Total comprehensive income for the year	16,879,637	11,741,187
PROFIT ATTRIBUTABLE TO:		
Owners of the parent	14,277,232	4,403,535
Non-controlling interest	222,643	3,687,751
	14,499,875	8,091,286
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	16,809,093	7,485,801
Non-controlling interest	70,544	4,255,386
	16,879,637	11,741,187
Earnings per share (pence)	1.04	0.40
Diluted earnings per share (pence)	1.03	0.40
Weighted average number of shares in issue	1,366,268,709	1,104,367,219
Diluted number of shares in issue	1,379,880,423	1,107,248,663
Headline earnings per share is calculated :		
Basic earnings	14,277,232	4,403,535
Add : Impairment Cost	335,401	5,025,463

Headline earnings	14,612,633	9,428,998
Headline earnings per share (pence)	1.07	0.85
Diluted headline earnings per share (pence)	1.06	0.85

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	30 June 2010	30 June 2009
	(Audited)	(Audited)
	GBP	GBP
ASSETS		
Non-current assets		
Property, plant and equipment and mineral rights	37,495,010	31,801,235
Other intangible assets	13,087,880	12,038,616
Goodwill	21,000,714	21,000,714
Rehabilitation trust fund	2,740,546	2,357,266
	74,324,150	67,197,831
Current assets		
Inventories	1,126,374	358,363
Trade and other receivables	3,794,659	2,201,213
Cash and cash equivalents	12,756,262	2,389,301
	17,677,295	4,948,877
TOTAL ASSETS	92,001,445	72,146,708
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	14,095,406	11,125,891
Share premium	49,732,830	37,899,997
Translation reserve	4,495,865	1,964,004
Share option reserve	754,394	549,690
Retained income	25,814,783	11,537,551
Realisation of equity reserve	(10,701,093)	-
Merger reserve	(10,705,308)	(10,705,308)
Equity attributable to owners of the parent	73,486,877	52,371,825
Non-controlling interest	-	3,988,577
Total equity	73,486,877	56,360,402

Non - Current liabilities		
Long term provisions	3,338,198	2,933,105
Deferred taxation	8,092,332	6,752,432
	11,430,530	9,685,537
Current liabilities		
Trade and other payables	5,041,754	3,719,787
Short term liabilities - Interest bearing	-	20,669
Short term provisions	1,465,299	1,151,895
Payable to other group companies	-	954,759
Current tax liability	576,985	253,659
	7,084,038	6,100,769
TOTAL EQUITY AND LIABILITIES	92,001,445	72,146,708

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	30 June 2010	30 June 2009
	(Audited)	(Audited)
	GBP	GBP
NET CASH FROM OPERATING ACTIVITIES	18,325,307	8,567,361
INVESTING ACTIVITIES		
Additions to property, plant and equipment, mineral rights	(5,935,346)	(4,318,425)
Additions to intangibles	(976,373)	(1,580,349)
Funding of rehabilitation trust fund	147,458	193,347
Cash outflow on acquisition of subsidiary	-	(4,205,144)
NET CASH USED IN INVESTING ACTIVITIES	(6,764,261)	(9,910,571)
FINANCING ACTIVITIES		
Borrowings Raised	-	1,145,710
Borrowings repaid	(954,759)	(190,952)
Shares issued	48,000	-
Share issue costs	(5,866)	-
NET CASH (USED BY)/FROM FINANCING ACTIVITIES	(912,625)	954,758
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	10,648,421	(388,452)
Cash and cash equivalents at the beginning of the year	2,389,301	5,419,489

Effect of foreign exchange rate changes		(281,460)	(2,641,736)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		12,756,262	2,389,301

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium account	Translation reserve	Share option reserve	Retained earnings
Balance at 30 June 2008	10,998,664	37,267,475	(1,118,262)	285,312	9,946,021
Issue of shares	127,227	632,522	-	-	-
Current year movement	-	-	3,082,266	-	-
Profit for the year	-	-	-	-	4,403,535
Dividend Paid	-	-	-	-	(2,812,005)
Share Based payment - Charge for the year	-	-	-	264,378	-
Balance at 30 June 2009	11,125,891	37,899,997	1,964,004	549,690	11,537,551

30 June 2009

Issue of shares	2,969,515	11,838,699	-	-	-
Share issue costs	-	(5,866)	-	-	-
Current year movement	-	-	2,531,861	-	-
Profit for the year	-	-	-	-	14,277,232
Share Based payment - Charge for the year	-	-	-	204,704	-
Balance at 30 June 2010	14,095,406	49,732,830	4,495,865	754,394	25,814,783

30 June 2010

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Realisation of equity reserve	Merger reserve	Non-controlling interest	Total
Balance at 30 June 2008	- (10,705,308)		3,694,869	50,368,771
Issue of shares	-	-	-	759,749
Current year movement	-	-	567,635	3,649,901
Profit for the year	-	-	3,687,751	8,091,286
Dividend Paid	-	-	(3,961,678)	(6,773,683)
Share Based payment - Charge for the year	-	-	-	264,378
Balance at 30 June 2009	- (10,705,308)		3,988,577	56,360,402
Issue of shares	(10,701,093)	-	(4,059,121)	48,000
Share issue costs	-	-	-	(5,866)
Current year movement	-	-	(152,099)	2,379,762
Profit for the year	-	-	222,643	14,499,875
Share Based payment - Charge for the year	-	-	-	204,704
Balance at 30 June 2010	(10,701,093)	(10,705,308)	-	73,486,877

CONSOLIDATED SEGMENT REPORT FOR THE YEAR ENDED 30 JUNE 2010

30 JUNE 2010

	Barberton Mines	Phoenix Platinum	Corporate and growth projects	Group
	GBP	GBP	GBP	GBP
REVENUE				
Gold sales	68,506,394	-	-	68,506,394
Realisation costs	(162,791)	-	-	(162,791)

On - mine revenue	68,343,603	-	-	68,343,603
Cost of production	(40,553,886)	-	-	(40,553,886)
Depreciation	(3,125,093)	-	-	(3,125,093)
Mining Profit	24,664,624	-	-	24,664,624
Other (expenses) / income	(173,988)	-	(1,755,799)	(1,929,787)
Impairment costs	-	-	(335,401)	(335,401)
Royalty costs	(837,378)	-	-	(837,378)
Net income before finance income and finance costs	23,653,258	-	(2,091,200)	21,562,058
Finance income	193,155	-	468,490	661,645
Finance costs	(67,836)	-	(79)	(67,915)
Profit before taxation	23,778,577	-	(1,622,789)	22,155,788
Taxation	(7,655,913)	-	-	(7,655,913)
Profit after taxation	16,122,664	-	(1,622,789)	14,499,875
OTHER COMPREHENSIVE INCOME:				
Foreign currency translation differences	1,936,738	443,024	-	2,379,762
Total comprehensive income for the year	18,059,402	443,024	(1,622,789)	16,879,637
Segmental Assets	43,420,283	4,858,063	22,722,385	71,000,731
Segmental Liabilities	18,049,443	85,206	379,919	18,514,568
Goodwill	-	-	-	21,000,714
Net Assets	25,370,840	4,772,857	22,342,466	52,486,163
Capital Expenditure	5,918,271	-	17,075	5,935,346

CONSOLIDATED SEGMENT REPORT FOR THE YEAR ENDED 30 JUNE 2010 (continued)

30 JUNE 2009

	Barberton Mines	Phoenix Platinum	Corporate and growth projects	Group
	GBP	GBP	GBP	GBP
REVENUE				
Gold sales	53,000,352	-	-	53,000,352
Realisation costs	(140,546)	-	-	(140,546)

On - mine revenue	52,859,806	-	-	52,859,806
Cost of production	(28,504,686)	-	-	(28,504,686)
Depreciation	(2,360,431)	-	-	(2,360,431)
Mining Profit	21,994,689	-	-	21,994,689
Other (expenses) / income	(100,324)	-	(1,365,012)	(1,465,336)
Impairment costs	-	-	(5,025,463)	(5,025,463)
Royalty costs	-	-	-	-
Net income before finance income and finance costs	21,894,365	-	(6,390,475)	15,503,890
Finance income	703,549	-	113,205	816,754
Finance costs	(9,244)	-	(689)	(9,933)
Profit before taxation	22,588,670	-	(6,277,959)	16,310,711
Taxation	(8,219,425)	-	-	(8,219,425)
Profit after taxation	14,369,245	-	(6,277,959)	8,091,286
OTHER COMPREHENSIVE INCOME:				
Foreign currency translation differences	3,301,475	348,426	-	3,649,901
Total comprehensive income for the year	17,670,720	348,426	(6,277,959)	11,741,187
Segmental Assets	31,965,438	4,447,159	14,733,397	51,145,994
Segmental Liabilities	14,619,687	31,585	1,135,034	15,786,306
Goodwill	-	-	-	21,000,714
Net Assets	17,345,751	4,415,574	13,598,363	35,359,688
Capital Expenditure	4,052,655	4,831,606	265,770	9,150,031

CORPORATE INFORMATION

Corporate Office	Registered Office
Cradock Heights	St James's Corporate Services
21 Cradock Avenue	6 St James's Place
Rosebank	London
Johannesburg	SW1A 1NP
South Africa	Office: + 44 (0) 207 499 3916
Office: + 27 (0) 11 243 2900	Facsimile: + 44 (0) 207 491 1989
Facsimile: + 27 (0) 11 880 1240	

ENDS

For further information on Pan African Resources please visit the website at www.panafricanresources.com

ENQUIRIES

Pan African Resources

Jan Nelson (CEO) +27 (0) 11 243 2900

Chief Executive Officer jnelson@paf.co.za

Cyril Ramaphosa +27 (0) 11 243 2900

Non-Executive Chairman

Nicole Spruijt +27 (0) 11 243 2900

Public Relations & Administration nicole@paf.co.za

RBC Capital Markets

Martin Eales /Brett Jacobs +44 (0) 20 7029 7881

Nominated Advisor & Broker (UK) martin.eales@rbccm.com

Macquarie First South Advisers

Melanie de Nysschen / Annerie Britz +27 (0) 11 583 2000

melanie.denysschen@macquarie.com

JSE Sponsor

St James's Corporate Services Limited

Phil Dexter +44 (0) 20 7499 3916

Company Secretary & Investor Relations phil.dexter@corpserv.co.uk

Hansard Communications +44 (0) 20 7245 1100

Justine James jjames@hansardcomms.com

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