

Regulatory Story

Company [Pan African Resources PLC](#)
TIDM PAF
Headline Final Results
Released 08:00 01-Sep-2009
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Regulatory Announcement

Company Pan African Resources plc
TIDM PAF
Headline Year End Results
Released 1 September 2009

Pan African Resources PLC

(`Pan African' or the `Company' or the `Group')

(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

Consolidated unaudited provisional results for the year ended 30 June 2009

Pan African Resources PLC (AIM: PAF, AltX: PAN), the African focused gold
mining company, is pleased to report its results for the year ended 30 June
2009.

SALIENT FEATURES

Corporate:

* EBITDA increased 30% to £17.8 million (2008: £13.7 million);

* Unhedged and debt-free;

* Strengthened management team;

* Dividend of 0.02555p per share declared at the Interim results.

Mining Operations:

* Underground gold production increased by 15% to 94,909oz (2008: 82,436oz);

* Headgrade improved by 16% to 10.32g/t (2008: 8.9g/t);

* Reserve base increased by 22% to 600koz (2008: 490koz);

* Total cash cost decreased to US\$469/oz (2008: US\$476/oz).

Growth Projects:

* Acquisition of 100% stake in Phoenix Platinum Mining (Pty) Ltd ('Phoenix Platinum'), a tailings retreatment project in South Africa;

* Exploration projects in the Central African Republic ('CAR') and Ghana terminated, as drilling results did not meet Company's criteria to continue with exploration, resulting in the impairment and cessation of exploration costs in these countries.

Jan Nelson, Chief Executive Officer, commented: 'The ability of the Company to continue to demonstrate year-on-year growth in productivity, together with encouraging cost control measures, will ensure we continue to deliver

shareholder value. Early-stage exploration expenditure has been terminated, Phoenix Platinum is on schedule to further grow the revenue stream and additional productivity improvement initiatives at Barberton are set to increase the profitability of the Company. We are favourably positioned to take advantage of further value-enhancing growth opportunities.'

Presentation and conference call details:

Pan African Resources will host a presentation today, 1 September 2009, at 10.00am South African time (9:00am UK time) at the Grace Hotel in Rosebank.

The conference call dial- in numbers are:

UK: 0808 234 6771

SA: 0800 200 648

PLAYBACK will be available from 11:30am on 1 September 2009 on + 27 11 305 2030 with code 29992#

		12 Months ended	12 Months ended
		30 June 2009	30 June 2008
Revenue	(GBP)	53,000,352	39,254,557
EBITDA	(GBP)	17,864,321	13,710,819
Attributable Profit	(GBP)	4,403,535	5,460,067

EPS	(pence)	0.40	0.52
HEPS	(pence)	0.85	0.52
Weighted average number of shares in issue		1,104,367,219	1,043,789,285

Nature of Business

Pan African is a gold mining company that produces approximately 100,000oz per year. Its focus is on developing low cost, high margin production or near production projects. The Company has no debt, is unhedged and is able to fund all of its current on-mine capital from current cashflows.

Overall Performance

Financial performance

Gross Revenue from gold sales amounted to £53 million (2008: £39 million), with the total cost of production being £28.5 million (2008: £25.1 million). Tax amounted to £8.2 million (2008: £4.4 million), other expenses were £1.4 million (2008: £0.3 million), and an exploration expenditure impairment charge was £5 million (2008: £nil).

EBITDA for the year under review was £17.8 million (2008: £13.7 million). Cash operating profit at Barberton Mines (Pty) Ltd ('Barberton Mines') increased to £20.5 million (2008: £11.7 million), despite an increase in the cost of production to £28.5 million (2008: £25.1 million). Higher costs were linked to increases in the prices of consumables, electricity and wages.

The increase in mining profit is a direct result of the average spot gold price increasing to US\$867/oz (2008: US\$823/oz) and an average US\$:ZAR exchange rate of ZAR9.00 (2008: ZAR7,30). The effective ZAR gold price achieved was ZAR251,829/kg (2008: ZAR187,000/kg).

Income tax increased to £8.2 million (2008: £4.4 million) as a result of an increase in the profit margin as well as the unredeemed capital balance being fully utilised in 2008.

Basic headline earnings per share improved by 63% from 0.52 pence reported in 2008 to 0.85 pence for the current year.

Safety and Training

The safety results have improved year-on-year, apart from the lost time injuries. Shifts lost and the number of reportable accidents have decreased. The Company is pleased to report no fatalities for the year. The Consort section achieved a million fatality free shifts over a seven year period and the Fairview section is approaching two million fatality free shifts. The safety of the Group's employees is of paramount importance and the Company runs approved training programmes at its mining operations.

Review of Barberton Mining Operations

Operating performance

A total of 97,353oz (2008: 99,078oz) of gold was sold from the Barberton mining operation (which comprises the Fairview, Sheba, and New Consort sections), a decrease of 1.7% from the previous year. Total underground gold production

however increased by 15% to 94,909oz (2008: 82,436oz). This was despite a 0.4% decrease in tons milled to 313,952t (2008: 315,305t), which was offset by an increase in headgrade of 15.9% to 10.32g/t (2008: 8.9g/t).

Production from the Calcine tailings dam retreatment project yielded 3,955oz of gold. No further production is expected from this project. Total mine cash costs decreased marginally by 1.47% to US\$469/oz (2008: US\$476/oz).

		2009	2008	2007	2006	2005
Tons Milled	(t)	313,952	315,305	330,367	313,779	316,094
Headgrade	(g/t)	10.32	8.9	9.2	10.7	11.1
Overall Recovery	(%)	91	91	92	92	92
Production:	(oz)	94,909	82,436	90,022	99,281	103,847
Underground						
Production: Calcine	(oz)	3,955	13,513	-	-	-
Dump						
Gold Sold	(oz)	97,353	99,078	89,572	99,924	102,914
Average Price: Spot	(US\$/oz)	867	823	640	528	433
Average Price: Hedge	(US\$/oz)	-	451	415	438	511
Total Cash Cost US\$/	(US\$/oz)	469	476	465	429	427
oz sold						

Capital Expenditure	(GBP)	4,052,440	2,901,792	1,637,359	1,091,965	1,021,041
Exchange rate - average	(ZAR/GBP)	14.39	14,68	13,95	n/a	n/a
Exchange rate - closing	(ZAR/GBP)	12.66	15,56	14,18	n/a	n/a

Reserve Replacement Projects

Sheba - Southwell adit

The re-equipping of the Western Cross and Birthday areas was completed successfully and plans are in place to commence mining in this area.

Sheba - 35 ZK Decline

The 35 ZK decline was sunk 71.7 metres and station development has commenced. A further 180m of development is required to access the main ZK orebody.

Sheba - Edwin Bray to Thomas & Joe's Luck orebodies

Exploration drilling at the Thomas orebody has been completed. The development of the 7 level haulage and the return airway continued during the year and a total of 740 metres of development was completed. The Eureka orebody was exposed and further drilling is planned in the coming year to define additional orezones. A further 600 metres of development remains to the Thomas and Joe's Luck orebodies

Consort - 45 level exploration drive

On 45 level, 227 metres of exploration development was completed and exploration drilling confirmed the up dip extension of the Bullion orebody currently being mined on 50 level. Further drilling is planned in the coming year to continue definition of the Bullion orebody.

Consort - 50 level declines

At Consort, mining flexibility remains problematic and capital development to replace ore reserves continue. At the 50W1 area, 224 metres were sunk in the two declines which are on target to open up the east and west ore bodies below 50 level. Sinking in the coming year will continue to expose the next levels.

Fairview - 60/62 level development

Development on 60 and 62 level to replace ore reserves progressed well and a total of 817 metres was completed. A further 535m development is required to complete the development required to access the MRC orebody.

58 ZK and MRC Horizon exploration development

A total of 128 metres was completed on 58 level and 72 metres on the 60 level to access the ZK and MRC ore bodies respectively. A further 800 metres of development is required to access the down-dip extension of the ZK orebody on 60 level. The 58 level development is approximately 100 metres from the ZK orebody.

Fairview - 3 Shaft deepening

Work to open up the No.3 sub-incline shaft bottom, to enable the deepening of the shaft, is progressing satisfactorily. Cleaning to below 64 level elevation was completed during the year. The widening of the bottom portion, between 62 and 64 levels of the No.3 sub-incline shaft, is planned whereafter shaft sinking to 68 level will commence. A further 180 metres of shaft sinking is required to reach 69 level, whereafter access to the le Roux and hope orebodies will require 200 metres of development.

Electricity

Barberton Mines embarked on power saving initiatives to reduce total demand by 10%. The largest consumer of energy is compressed air generation and the mine is in the process of replacing older compressors with modern efficient units.

Review of Near-Term Production Projects

Phoenix Platinum - South Africa

Effective May 2009, the Company acquired 100% of Phoenix Platinum Mining, for £ 5.2 million. Phoenix Platinum was acquired from Metorex Limited ('Metorex') and is now a wholly owned subsidiary.

The recent acquisition of Phoenix Platinum does not change the gold focus of the Company. Preliminary sampling and recovery results have exceeded expectations and management's proactive actions could see plant construction as early as February 2010, with production likely in December 2010. However, this production outlook is sensitive to management's ability to secure plant location.

Review of Growth Projects

Manica Gold Project - Mozambique

Since Pan African acquired the Manica gold project the resource has been increased over a three year period, from 0.50Moz to 2.571Moz. An in-house pre-feasibility study was completed in the year under review. The results of the study, as announced on 4 June 2009, indicated that a change of strategy was necessary in order to optimise project value. Work planned for the coming year will focus on regional consolidation of oxide resources with the objective to define significant non-refractory ore that can be mined from surface, requiring less capital and fast tracking potential production.

Review of Exploration Projects

Ghana and the Central African Republic ('CAR')

The results from the first phase of drilling on the projects in Ghana and the CAR have not met the Company's criteria to continue with further exploration activity. As a result exploration activity has been terminated, leading to an impairment charge of £5 million.

Capital Expenditure and Commitments

Capital expenditure at Barberton Mines totalled £4 million, of which £2.1 million was spent on development and drilling to replace current depleted gold reserves and to grow the mineable resource base. The balance of £1.9 million was spent on equipment and the maintenance of current infrastructure on the mine.

Exploration expenditure at the Company's projects in Mozambique, Central

African Republic and Ghana totalled £1.8 million for the financial year.

Contracted capital commitments at the end of the financial year amounted to £62,231. Operating lease commitments, which fall due within the next year, amount to £176,651 whilst interest bearing commitments of £20,669 fall due during the following year.

Directorship Changes

The board announced the resignation of Mr Simon Malone, effective 20 January 2009 and the resignation of Mr Charles Needham, effective 26 June 2009.

Accounting Policies and basis of preparation

The financial information set out in this announcement does not constitute the Company's statutory accounts for the year ended 30 June 2009.

The financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ('IFRS'), this announcement does not itself contain sufficient disclosure information to comply fully with IFRS. The Company expects to publish full financial statements which comply with IFRS in October 2009. This preliminary announcement was approved by the board on 28 August 2009.

Share Capital changes

1. 722 724 shares were issued to Goldiam SARL at 5.5p per share in relation to the Novation Agreement dated 21 July 2008.

2. 12 000 000 shares were issued to SEMS Exploration Services Limited and Birim Goldfields (Ghana) Limited at 6p in exchange for the licence rights of the Akrokerrri exploration property, dated 6 March 2009.

Directors Dealings

The Company was informed on 26 and 27 November 2008 that Mr Jan Nelson, the Company's Chief Executive Officer, registered the acquisition of 30,000 and 17,308 ordinary shares of 1 pence each in the Company on that day at a price of 50 South African cents per share.

Dividend

A dividend of 0.2555 pence per share was declared at the Interim Results. The dividend was declared in the currency of the United Kingdom and paid on Wednesday, 8 April 2009. No further dividend is being declared. Future dividends will be determined by the Board, after considering the Group's cashflow requirements and growth options.

Post Balance Sheet Events

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

This share exchange transaction with Shanduka became effective on 21 August 2009 and allows Shanduka to appoint two representatives to the Board of Pan African in a non-executive capacity.

On 26 June 2009, Metorex announced that it had engaged in a book building exercise to dispose of its 53,4% shareholding in Pan African. In addition to its 21% shareholding in Pan African issued via the share exchange transaction detailed above, Shanduka announced that it would acquire an additional 5% of the enlarged share capital of Pan African through the book build. 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.

The following changes to the Board of Pan African have been proposed and will be confirmed at the upcoming Board meeting:

- * Mr. Cyril Ramaphosa, Executive Chairman of Shanduka Group (Proprietary) Limited, will be appointed as Non-Executive Chairman.
- * Mr. Keith Spencer will remain on the Board as independent, Non-Executive Deputy Chairman.
- * Mr. Rowan Smith from Shanduka Group will be appointed as a Non-Executive Director.
- * Mr. Maritz Smith, previously a representative of Metorex, has resigned with immediate effect as Financial Director; Mr. Cobus Loots will replace him as Financial Director.
- * Mr. John Hopwood, Mr. Rob Still and Mr. Jan Nelson remain members of the Board.

On 1 July 2009, the Company announced that Barberton Mines had cancelled the Metorex management agreement for a consideration of £314,000. The Company also announced that the outstanding consideration of £954,759 to acquire 100% of

Phoenix Platinum would be paid to Metorex by no later than 30 September 2009.

During August 2009, Barberton Mines reached 2-year agreements with both the National Union of Mineworkers ('NUM') and the Underground Association of South Africa ('UASA') on wage increases. The percentage increases which include all the changed benefits came to 13% for NUM and 11% for UASA employees. The second year increase will be the average Consumer Price Index ('CPI') plus 1 % with a guaranteed minimum of 7.5%. The Company and Unions will also return to the negotiation table if the gold price falls below ZAR190,000/kg.

Future Prospects

The Company is now a fully independent business and operator with a newly structured and empowered board. Full ownership of the flagship Barberton Mines and the near-term production Phoenix Platinum project will not only be future earnings enhancing, but will also sustain self-funding, profitable growth and the pursuit of opportunistic acquisitions.

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By order of the Board

K C Spencer J P Nelson

Chairman Chief Executive Officer

1 September 2009

Financial Statements

Consolidated Income Statement

	Year ended	Year ended
	30 June 09	30 June 08
	(Unaudited)	(Audited)
	£	£
Revenue		
Gold sales	53 000 352	39 254 557
Realisation costs	(140 546)	(106 277)
On - mine revenue	52 859 806	39 148 280
Cost of production	(28 504 686)	(25 163 675)
Depreciation	(2 360 431)	(1 965 872)
Mining Profit	21 994 689	12 018 733
Other (expenses) / income	(1 465 336)	(273 786)
Operating income before finance costs	20 529 353	11 744 947

Finance income	816 754	217 288
Finance costs	(9 933)	(17 006)
Impairment costs	(5 025 463)	
Profit before taxation	16 310 711	11 945 229
Taxation	(8 219 425)	(4 366 543)
Profit after taxation	8 091 286	7 578 686
Attributable to:		
Equity holders of the parent	4 403 535	5 460 067
Minority interests	3 687 751	2 118 619
	8 091 286	7 578 686
Earnings per share (pence)	0.40	0.52
Diluted earnings per share (pence)	0.39	0.51
Weighted average number of shares in issue	1 104 367 219	1 043 789 285

Diluted number of shares in issue	1 117 367 219	1 073 789 285
Headline earnings per share is calculated :		
Headline earnings	9 428 998	5 460 067
Headline earnings per share (pence)	0.85	0.52
Diluted headline earnings per share (pence)	0.84	0.51
Consolidated Balance Sheet		
	30 June 2009	30 June 2008
	(Unaudited)	(Audited)
	£	£
ASSETS		
Non-current assets		
Property, plant and equipment and Mineral Rights	31 801 235	20 069 814
Rehabilitation trust fund	2 357 266	1 739 522

Intangible assets	12 038 616	12 837 045
Goodwill	21 000 714	21 000 714
	67 197 831	55 647 095
Current assets		
Inventories	358 363	377 974
Trade and other receivables	2 201 213	2 972 776
Cash and cash equivalents	2 389 301	5 419 489
	4 948 877	8 770 239
TOTAL ASSETS	72 146 708	64 417 334
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	11 125 891	10 998 664
Share Premium	37 899 997	37 267 475
Translation Reserve	2 531 639	(1 118 262)
Share Option Reserve	549 690	285 312

Retained income	11 537 551	9 946 021
Merger Reserve	(10 705 308)	(10 705 308)
Equity attributable to equity holders of parent	52 939 460	46 673 902
Minority interest	3 420 942	3 694 869
Total equity	56 360 402	50 368 771
Non - Current liabilities		
Long term liabilities - Interest bearing	-	16 822
Long term Provisions	2 933 105	2 219 954
Deferred Taxation	6 752 432	5 201 245
	9 685 537	7 438 021
Current liabilities		
Trade and other payables	3 719 787	2 754 795
Short term liabilities - Interest bearing	20 669	89 269
Short term Provisions	1 151 895	711 085
Payable to another Group Company	954 759	-

Current Tax Liabilities	253 659	3 055 393
	6 100 769	6 610 542
TOTAL EQUITY AND LIABILITIES	72 146 708	64 417 334

Group Consolidated Cash Flow Statement

	Group	
	£	
	2009	2008
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	7 582 060	11 239 529
INVESTING ACTIVITIES		
Dividends received		
Additions to property, plant and equipment, mineral rights	(4 318 424)	(3 031 659)
Additions to intangibles	(1 580 349)	(2 652 270)
Loans to subsidiaries		
Funding of rehabilitation trust fund	193 347	4 126

Cash (outflow) / inflow on acquisition of subsidiary	(4 205 144)	226 164
NET CASH USED IN INVESTING ACTIVITIES	(9 910 571)	(5 453 639)
FINANCING ACTIVITIES		
Borrowings Raised	1 145 710	
Borrowings repaid	(190 952)	(179 591)
Shares Issued		784 624
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	954 759	605 033
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(1 373 752)	6 390 923
Cash and cash equivalents at the beginning of the period	5 419 489	422 416
Effect of foreign exchange rate changes	(1 656 436)	(1 393 850)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2 389 301	5 419 489

Group Statement of Changes in Equity

Minority	Share Total	Share	Share	Preference	Hedging and Retained	Share	Merger
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payment -

Charge for

the year

Current year - - - - -

merger

Balance at 30	11 125	37 899	-	2 531 639	11 537 549 690	(10	3
420 56 360							
June 2009	891	997			551	705 308)	
942 402							

ENDS

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

Enquiries:

Pan African

Resources

Jan Nelson, CEO

+27 (0) 11 243 2900

Nicole Spruijt,

Public Relations

+27 (0) 11 243 2900

RBC Capital Markets

Martin Eales

+44 (0) 20 7029 7881

Barnard Jacobs

Mellet Corporate

Finance

(Proprietary)

Limited

Natalie Di-Sante

+27 (0) 11 750 0207

Sholto Simpson

+27 (0) 11 750 0213

St James's Corporate

Services Limited

Phil Dexter

+44 (0) 20 7499 3916

FD Beachhead Media &

Investor Relations

Jennifer Cohen

+27 (0) 11 214 2401

Louise Brugman

+27 (0) 11 214 2415

+27 (0) 83 504 1186

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