

Regulatory Announcement

Company [Pan African Resources PLC](#)
TIDM PAF
Headline Interm Results & Directorship Change
Released 07:00 21-Feb-08



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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

Interim Results

For the six months ended 31 December 2007

Change of Directorship

Pan African Resources PLC (AIM: PAF, AltX: PAN), the African based gold mining and exploration company is pleased to report its interim results for the 6 month period ended 31 December 2007.

In the Chairman's Statement below, certain operating and financial data is given for Barberton Mines (Pty) Limited (`Barberton') for the six months ended 31 December 2007. However, it should be noted that the Company completed the acquisition of 74% of Barberton on 31 July 2007. Pan African's results for the six months ended 31 December 2007 therefore include 74% of Barberton's results for the five month period from the acquisition date.

HIGHLIGHTS

Mining Operations

- * Concluded acquisition of 74% of Barberton Gold Mines (Pty) Limited in South Africa (`Barberton') effective 31 July 2007
- * EBITDA increased by £4,7 million to £4,0 million
- * Cash-flow positive following the Barberton acquisition

Exploration Projects

- * Positive drilling results from exploration projects including an increased resource at the Manica gold project, Mozambique to 1,550 Moz in situ

- * Exploration progress at Barberton ahead of schedule and showing signs of positive geological results
- * Re-evaluation of Barberton resource showing encouraging geological results
- * Exploration activity accelerated on all projects as result of cash-flow generated by mining operations
- * Geographic footprint enhanced by acquisition of Ghana projects

		Six months ended 31 December 2007 (Unaudited)	Nine months ended 31 December 2006 (Audited)
Revenue	(GBP**)	14,596,037	-
EBITDA	(GBP**)	4,000,873	-685,805
Attributable profit	(GBP**)	1,294,286	-685,805
EPS	(pence)	0.13	-0.08
*HEPS	(pence)	0.13	-0.08

*HEPS - Headline Earnings Per Share

**GBP - Great British Pound

CHAIRMAN'S STATEMENT

Interim Results for the period ended 31 December 2007

I am pleased to announce that for the six months under review, EBITDA was increased by £4.7million compared to the 9 months ended 31 December 2006 to £4.0million. The focus on accelerating capital expenditure at Barberton has paid off with several projects delivering beyond initial expectations. With the revenue derived from the Barberton operations, we have been able to accelerate activities in Mozambique and the Central African Republic. We have benefited from the strong gold price and believe our profitability is sustainable at current gold prices.

Safety and Training

While the Company conducts its activities with due regard for the safety and health of its employees and runs approved training programmes through respective training centres at its mining operations, we regret to report that a contract worker at Sheba Mine was fatally injured on 20 September 2007.

Review of Barberton Mining Operations

The three operating gold mines at Barberton - Fairview, Sheba and New Consort, together with the calcine slimes dam re-treatment referred to below, produced 47,486 oz for the period under review at a cash cost of US\$521 per ounce. Despite a decline in underground gold production, total gold production on the mine has increased. This is the result of the Company focusing on several projects since it acquired the mining complex intended to replace current mined reserves and grow them. A brief summary of these projects and the mining operations is given below:

Barberton Mine
Limited - Six
months ended 31
December

		2007	2006	2005	2004	
Tons Milled	(t)	161,455	166,377	157,452	161,980	
Headgrade	(g/t)	9.05	9.24	11.44	10.27	
Overall recovery	(%)	92	92	92	91	
Production	Underground	(oz)	43,145	45,332	53,369	48,547
	Calcine dump	(oz)	3,601	-	-	-
Sold	(oz)	47,486	45,749	52,983	50,186	
Total cash cost USD/oz sold	(USD/ oz)	521	516	415	392	
EBIDA	(GBP)	4,001	3,049	2,153	1,157	
Depreciation	(GBP)	806	1,077	1,042	1,011	

The contribution to Barberton revenues and operating costs for each of the Fairview, Sheba and New Consort mines and the surface operations for the six months ended 31 December 2007 were as follows:

Mine	Contribution to revenues	Operating costs
	%	USD/ oz sold
Fairview	35%	431
Sheba	40%	307
New Consort	21%	572
Calcine dumps	4%	260

The effective gold price received by Barberton Mines during the six months to 31 December 2007 after the impact of hedging was US\$726/oz. During that period, 4,179oz was hedged at a price of US\$453/oz under the terms of a hedging arrangement in place prior to the acquisition of Barberton by Pan African. Under the terms of this hedging arrangement, 5,787oz remains hedged at the same price

Calcine Slimes Dam Re-Treatment Project

This project was commissioned in the last quarter of 2007 at a capital cost of £500,000. Thus far the project has yielded 3601oz of gold at a cash cost of approximately US\$260 per ounce. At current treatment rates the project is expected to run for a further 12 months.

Reserve Replacement Projects

Several projects have been initiated to access areas which will serve to replace current mined areas over the course of the next two years. At the Sheba mine major equipping and development programmes are underway at the Southwell

and Edwin Bray adits to access several prospective areas while deepening the 35 ZK incline shaft to access the ZK orebody to depth.

At the New Consort mine development is underway on 50 level at 50W1 and 50E1 areas to access known ore shoot extensions. Exploration development is also progressing well on 45 level to explore the eastern extension of the 15E16 orebody with encouraging drill intersections.

Development on the 60 and 62 levels at the Fairview mine is ongoing to open the MRC orebody to depth.

Reserve Growth Projects

Three major exploration targets, the Amira, Eagles Nest and Thomas-Victory Hill areas have been identified within the current mine lease area as well as within the contiguous prospect area to the mine. A geological team has been assembled to compile all historical geological and sampling data within these areas. Work is progressing well ahead of schedule and is planned for completion by the end of Q2 2008. Based upon the results of the data compilation an exploration team will be established on the mine to follow-up prospective targets.

Power Supply

While following the period under review a number of mining companies in South Africa have been impacted by power outages, Barberton has to date not been affected. In line with the rest of the South African Mining industry, power saving initiatives are being put in place which aim to reduce electricity demand by ten percent. These initiatives are being implemented so as to have minimal impact on underground production.

Review of Exploration Projects

Manica Gold Project - Mozambique

Geological work for the period has focussed on the Fair Bride prospect where the Company is currently completing a pre-feasibility study for what could become Mozambique's first commercial gold mine. Drilling results (as previously reported) for the period under review have exceeded the Company's expectation in terms of both grade and size of the mineralised zone. Additional target areas have been followed up with drilling at the Guy Fawkes and Dots Luck prospects. A Resource upgrade is currently underway to update the drill intersections reported during the review period and is expected to be announced by Q1 2008.

Bogoin & Dekoa Gold Projects - Central African Republic

Drilling at the Bogoin project has firmed up on delineated targets. Two additional drill rigs will be operational before the end of Q2 of 2008 to accelerate exploration activity in the area. At the Dekoa project, stream sediment sampling and subsequent soil sampling have delineated several major target areas which will be followed up by drilling during Q3 and Q4 of 2008.

The Company signed a mining convention on 8 February 2007 with the Ministry of Mines, Energy and Water Affairs in the Central African Republic for the Bogoin Gold Project, providing additional comfort with political unrest in bordering countries. A similar convention is expected to be entered into for the Dekoa project in Q2 of 2008.

Akrokerry & Kyerebosso Gold Projects - Ghana

Outside of South Africa, the most significant African gold province is found in Ghana. The Company made one licence acquisition (Akrokerry) prior to the reporting period in June 2007 and on 20 February 2008 announced an earn-in agreement for the Kyerebosso project. The Company will commence data collection and drilling programs for both projects during 2008.

Capital Expenditure and Commitments

Capital expenditure at Barberton Mines totalled £1.5million, of which £1,0million was mainly spent on underground development and £500,000 on the Calcine slimes dam project.

Exploration expenditure at Pan African's projects in Mozambique, Central African Republic and Ghana totalled £1,6million for the period under review.

Contracted capital commitments at 31 December 2007 amounted to £56,500, whilst uncontracted commitments amounted to £1,000,000.

Operating lease commitments, which fall due within the next year, amount to £82,770, whilst commitments of £123,140 fall due during the next four years.

Directorship Change

The Board is pleased to announce the appointment of Mr Maritz Smith effective 21 February 2008 as the Company's Finance Director on a full time basis in line with the undertaking given to shareholders on the completion of the Barberton acquisition. Mr Smith replaces Mr Nathan Steinberg who has held the position of Finance Director on a part time basis. Mr Smith was principally involved in the maintenance and preparation of these interim financial statements.

The Board of Directors wishes to thank Mr Steinberg for his dedication and proficiency during his long tenure as Financial Director.

Mr Smith (aged 31) is an employee and alternate director of Metorex Limited. He obtained a BComm (Hons) Accounting Degree from the University of Johannesburg in 1998 and after completing his articles with Deloitte & Touche in 2001, he qualified as a Chartered Accountant. Mr Smith remained with Deloitte & Touche until 2002 when he joined the Metorex Group as Group Accountant. After three years, Mr Smith was promoted to Chief Financial Officer of Metorex Limited in 2005, the position he retains today.

The Company advises that there are no further details relating to the appointment of Mr Smith which it is obliged to disclose under Schedule 2 paragraph (g) of the AIM rules.

Dividend

No dividend is declared for the six months ended 31 December 2007. Pan African will focus on funding requirements for current and new exploration projects as well as capital growth projects at Barberton.

Future Prospects

With the acquisition of Barberton, Pan African Resources moved from a junior exploration company to a mid-tier exploration and gold producing company. Pan African's association with Pangea Exploration and Metorex brings additional exploration capacity and mining skills. This positions the Company to actively seek early and advanced stage mining opportunities to compliment its own greenfield portfolio.

We believe global macroeconomic fundamentals support a favourable gold price in the medium-term and the combination of activities at our mining, grassroots and more advanced exploration assets are expected to deliver robust results for the next reporting period.

By order of the Board

K C Spencer
Chairman
21 February 2008

Consolidated Income Statement

	Six months ended	Nine months ended
	31 December 2007	31 December 2006
	(Unaudited)	(Audited)
	£	£
Revenue		
Gold sales	14,596,037	-
Realisation costs	70,630	-
Net on - mine revenue	14,525,407	-
Cost of production	9,995,471	-
Depreciation	806,369	-
Mining Profit	3,723,567	-
Other expenses	(529,064)	(713,514)
Operating income before finance costs	3,194,503	(713,514)
Finance income	99,479	27,709
Finance costs	(9,696)	-
Profit before taxation	3,284,286	(685,805)
Taxation	1,347,912	-
Profit after taxation	1,936,374	(685,805)
Attributable to:		
Equity holders of the parent	1,294,286	(685,805)
Minority interests	642,088	-
	1,936,374	(685,805)
Earnings per share (pence)	0.13	(0.17)
Diluted earnings per share (pence)	0.11	(0.17)
Weighted average number of shares in issue	965,777,998	407,753,235
Diluted number of shares in issue	1,136,689,165	463,476,871
Headline earnings per share is calculated using the following :		
Income attributable to ordinary shareholders	1,294,286	(685,805)

Discontinued operations	-	345,208
Headline earnings	1,294,286	(340,597)
Headline earnings per share (pence)	0.13	(0.08)
Diluted headline earnings per share (pence)	0.11	(0.08)

Condensed Consolidated Balance Sheet

	31 December 2007	30 June 2007
	(Unaudited)	(Audited)
	£	£
BALANCE SHEET		
ASSETS		
Non-current assets		
Property, plant and equipment	21,980,856	-
Rehabilitation trust fund	1,806,063	-
Intangible assets	20,998,818	6,312,030
	44,785,737	6,312,030
Current assets		
Inventories	295,178	-
Trade and other receivables	2,467,484	294,365
Bank balances and cash	1,045,045	326,847
	3,807,707	621,212
TOTAL ASSETS	48,593,444	6,933,242
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital and premium	32,628,161	8,256,801
Hedging reserve, translation and option reserves	(17,688)	296,162
Retained income	5,285,072	(4,206,214)
Merger Reserve	(6,189,681)	1,560,000
Equity attributable to equity holders of parent	31,705,864	5,906,749
Minority interest	2,632,217	-
Total equity	34,338,081	5,906,749

Non - Current liabilities		
Long term liabilities - Interest bearing	47,553	-
Long term Provisions	2,358,875	-
Deferred Taxation	7,161,578	-
	9,568,006	-
Current liabilities		
Trade and other payables	2,603,939	1,026,493
Short term liabilities - Interest bearing	157,779	-
Short term Provisions	768,444	-
Derivative instrument	1,157,195	-
	4,687,357	1,026,493
TOTAL EQUITY AND LIABILITIES	48,593,444	6,933,242

Condensed Consolidated Cash Flow Statement

	Six months ended	Nine months ended
	31 December 2007	31 December 2006
	(Unaudited)	(Audited)
	£	£
Cash Generated/(absorbed) by operations	4,604,148	(274,639)
Minorities distributions	(49,379)	-
Taxation paid	(607,085)	-
Finance costs net	89,783	27,709
Cash inflow/(outflow) from operating activities	4,037,467	-246,930
Cash outflow from investing activities	(3,982,702)	(877,066)
Cash inflow from financing activities	(69,668)	-
Net decrease in cash equivalents	(14,903)	(1,123,996)
Cash at the beginning of year	326,847	1,874,652
Reverse acquisition	733,101	-
Cash at end of period	1,045,045	750,656

Condensed Statement of Changes in Equity

	Six months ended	Nine months ended
	31 December 2007	31 December 2006
	(Unaudited)	(Unaudited)
	£	£
Shareholders' equity at start of period	5,906,749	6,330,902
Reverse acquisition	24,818,679	-
Hedging, translation and share option reserves	(313,850)	164,579
Net income for the period	1,294,286	(685,805)
Minorities interest	2,632,217	-
Total equity	34,338,081	5,809,676

Notes to the Financial Statements

1. Accounting Policies

The Group has adopted International Financial Reporting Standards (IFRS) with the first set of financial information published under IFRS being the financial statements for the six months ended 31 December 2007. The date of transition was 1 July 2007. The first time adoption of IFRS had no impact on the comparative figures as contained in the financial statements. The unaudited interim results have been prepared and presented in accordance with IAS 34, Interim Financial Reporting.

2. Share Capital

In summary, the ordinary shares issued by the Company in the six months ended 31 December 2007 were as follows:

(1) 31 July 2007: 593,740,476 shares to Metorex Limited at 6 pence per share - To acquire the 74% Metorex stake in Barberton Mines Limited.

(2) 31 July 2007: 48,000,000 shares to Pangea Exploration (Pty) Ltd at 6 pence per share - To acquire their 20% stake in the Manica Gold Project.

(3) 31 July 2007: 12,000,000 shares to Pangea Exploration (Pty) Ltd at 6 pence per share - To extinguish all future obligations relating to the exploration properties in the Central African Republic.

(4) 18 September 2007: 1,250,000 shares to Mr. T Kroepelien (a previous director of the Company) at 4 pence per share - Exercise of options granted.

(5) 18 September 2007: 2,750,000 to Mr. T Kroepelien (a previous director of the Company) at 4 pence per share - Exercise of options granted.

(6) 18 September 2007: 822,727 shares to Mr. M A Burne at 4 pence per share - Exercise of options granted as part of a subscription on 13 August 2004 when White Knight Investments plc (previous name of Pan African Resources plc) acquired Mistral Resource Development Corporation.

(7) 18 September 2007: 1,500,000 shares to Mr. T A Ward at 4 pence per share - Exercise of options granted as part of a subscription on 13 August 2004 when White Knight Investments plc (previous name of Pan African Resources plc) acquired Mistral Resource Development Corporation.

(8) 18 September 2007: 800,000 shares to Mr. H Bellingham at 4 pence per share - Exercise of options granted as part of a subscription on 13 August 2004 when White Knight Investments plc (previous name of Pan African Resources plc) acquired Mistral Resource Development Corporation.

ENDS

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

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