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Company [Pan African Resources PLC](#)
TIDM PAF
Headline Cons. unaudited prov. results for year ended
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Pan African Resources PLC
Consolidated unaudited provisional results for the financial year ended
30 June 2008

Pan African Resources PLC
(‘Pan African’ or the ‘Company’)
(Incorporated and registered in England and Wales under the Companies Act
1985 with registered number 3937466 on 25 February 2000)
Share code on AIM: PAF
Share code on AltX: PAN
ISIN: GB0004300496

SALIENT FEATURES

- EBITDA of £13,7 million
- Gold sales of 99,078 oz
- Total cash cost of US\$ 476/oz sold
- Acquisition of Barberton Mines
- Now an unhedged gold company
- Considerable progress and encouraging results from exploration projects
- Geological footprint in West Africa enhanced through the acquisition of three gold properties in Ghana

FINANCIAL PERFORMANCE

		12 months ended 30 June 2008 (Unaudited)	12 months ended 30 June 2007 (Unaudited)
Revenue	(GBP)	39,254,557	26,684,796
Cash Mining Profit	(GBP)	13,710,819	5,804,036
Attributable profit	(GBP)	5,460,067	2,067,985
EPS	(pence)	0.52	0.35
HEPS	(pence)	0.52	0.35
Weighted average number of shares in issue		1,043,789,285	593,740,476

* HEPS - Headline Earnings Per Share - refer to calculation under
Consolidated Income Statement

Comparative information for the previous year incorporates 12 months of Barberton in terms of IFRS 3: Business Combinations as the Company's acquisition of Barberton represents a reverse takeover. The figures for the year ended 30 June 2008 incorporates 12 months of Barberton and 11 months of Pan African.

OVERVIEW

Pan African is a gold mining, development and exploration Company on the African continent with both production ounces and a portfolio of exploration assets.

The acquisition of Barberton Mines (Pty) Ltd ("Barberton") in South Africa during 2007 transformed the Company from a junior exploration company to a mid-tier gold producer with a pipeline of exploration projects. The resultant cash flow and enhanced metallurgical, engineering and mining skills base enable the Company to pursue mining and exploration projects to further grow the Company.

In addition to its 74% stake in Barberton (Shanduka Resources is a 26% shareholder), Pan African is exploring concessions in Mozambique, the Central African Republic, South Africa and Ghana. The Company is also actively seeking partnerships and Joint Ventures with other gold mining companies.

Pan African has been given first right of refusal on any gold project discovered in Africa by both Pangea Exploration (Pty) Ltd and Metorex Limited (Metorex Limited owns 55% of Pan African), the Company's largest shareholder.

Pan African is quoted on AIM, the international market for smaller growth companies operated by the London Stock Exchange under the share code "PAF", with a secondary listing on the Alternative Exchange (AltX), a division of the JSE Limited, under the share code "PAN".

OVERALL PERFORMANCE

Pan African today announces that for the year ended 30 June 2008, EBITDA was £ 13.7 million, which incorporates 12 months of Barberton and 11 months of Pan African. The Company has benefited from the robust gold price at its operations. The EBITDA was reduced by a hedging loss of £ 2.2 million. No further hedges have been entered into on gold sales after 30 June 2008. Pan African has accelerated the capital expenditure at Barberton to replace ore reserves as well as its spending at its projects in Mozambique, Ghana and the Central African Republic.

SAFETY AND TRAINING

While the Company conducts its activities with due regard for the safety of its employees and runs approved training programmes through training centres located at its mining operations, we regret to report that two fatal accidents occurred during the past 12 months. Both accidents were on the Sheba operation, one accident involved a contractor on 20 September 2007 and the other, an employee of the mine on 19 February 2008. Our sincere condolences are extended to the families of the deceased.

REVIEW OF BARBERTON MINING OPERATIONS

The three operating gold mines in the Barberton area; Fairview, Sheba and New Consort together with the Calcine dump retreatment operation produced 99,078oz of gold, an improvement on the previous year. Gold production from the mines was incremented by the retreatment of the Calcine dump. This production, together with a buoyant gold price and well controlled cost management, resulted in a strong cash flow from the operations. During the year, Barberton sold 99,078 oz, of which 10,696 oz were sold against its hedge, realising a hedging loss of £2.2 million. At the end of the current reporting period all hedge contracts had been met and gold sales in the new year will be at the spot price.

		2008	2007	2006	2005	2004
Tons Milled	(t)	315,305	330,367	313,779	316,094	349,219
Headgrade	(g/t)	8.9	9.2	10.7	11.1	10.4
Overall						
Recovery	(%)	91	92	92	92	91
Production:						
Underground	(oz)	82,436	90,022	99,281	103,847	106,258
Production:						
Calcine						
Dump	(oz)	13,513	-	-	-	-
Gold Sold	(oz)	99,078	89,572	99,924	102,914	106,773
Average						
Price: Spot	(USD/oz)	823	640	528	433	397
Average						
Price:						
Hedge	(USD/oz)	451	415	438	511	455
Total Cash						
Cost USD/oz						
sold	(USD/oz)	476	465	429	427	340
Capital						
Expenditure	(GBP)	2,901,792	1,637,359	1,091,965	1,021,041	1,054,288
Exchange						
rate -						
average	(ZAR/GBP)	14,68	13,95	n/a	n/a	n/a
Exchange						
rate -						
closing	(ZAR/GBP)	15,56	14,18	n/a	n/a	n/a

* 74% of the 2008 results are attributable to the equity shareholders of Pan African

CALCINE SLIMES DAM RETREATMENT PROJECT

The calcine project commenced during the last quarter of 2007, utilising an existing treatment plant. Capital expenditure of £600,000 was spent on a new tailings facility for the project. This year it yielded 13,513oz of gold at a cash cost of US\$ 291/oz. The calcine project reached the end of its life during July 2008.

RESERVE REPLACEMENT PROJECTS

Sheba - Southwell Adit

The re-equipping of the adit, inter-levels and incline shaft was completed and the necessary development done to access a reserve block of reef. Raising on this orebody will start in the new financial year.

Sheba - 35 ZK Decline

The decline to access the Zwartkoppies reef below 35 level has commenced. The headgear section is complete and a winder is in the process of being installed. During the next financial year sinking will commence and the development of the first level will take place.

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

The Edwin Bray adit was re-equipped and the necessary services and infrastructure were reinstalled. Development of the cross-cut and airway has commenced to access Joe's Luck and Thomas orebodies. A further 800m of flat development is required, however it is envisaged that this development will enable the operation to prospect a number of prospective geological structures along the way.

Consort - 50 Level Declines

The east and west orebodies below 50 level at Consort are being accessed by two decline shafts. The headgears, inclines and infrastructure at both declines have been completed and sinking started. Both these orebodies have been drilled and evaluated. This new infrastructure to access these orebodies will be completed in 2010.

Fairview - MRC development

The development of the ramp system at Fairview continues below 60 level to access the MRC reef and stoping continues. This ramp will take mining to the 62 level, thereafter plans are being investigated to deepen the No. 3 sub-incline shaft down to 68 level.

POWER SUPPLY

Barberton has been affected by power outages in South Africa, however these have occurred mainly during off shift periods and this has not had a significant effect on underground production. In line with the rest of the mining industry power saving initiatives are being put in place to reduce total demand by 10%.

EXPLORATION PROJECTS

Manica gold project, Mozambique

Geological work continued on the Fairbride prospect area. Work comprised exploration drilling and orebody outline drilling on both the Fairbride East & West orebodies. Drilling results confirmed orebody continuation in both dip and strike extension down to a depth of 350m below surface. Resource remodelling was completed during April 2008 defining a total resource of 1.7Moz (11.45mt@ 4.61g/t), which forms the basis for the Pre-Feasibility study which is currently underway. In this study the size of

the possible mine, the location and the future economic factors are being considered. The relevant departments within the Government of Mozambique are being engaged so as to understand the financial parameters under which mining could take place. Further studies are currently underway to assess the availability and reliability of power, water and other requirements within the country.

Bogoin & Dekoa gold projects, Central African Republic

At Bogoin the 8,200m Rotary Air Blast ('RAB') drilling programme was completed leading to the narrowing down of the soil geochemical anomaly. A widely spaced 29,062m Reverse Circulation ('RC') programme has commenced over an area in excess of 800km² to test the geochemical anomalies identified. To date 2,062 m of RC drilling has been completed. The Company successfully concluded a mining convention with the government of the Central African Republic for the Dekoa prospecting area. Subsequent geological work identified several large soil geochemical anomalies at Dekoa. A 60,000 RC drilling programme to test the identified anomalies is due to commence during 2009.

Akrokerrri gold project, Ghana

An infill soil sampling programme was completed and 7,600 m of core drilling commenced to define possible extensions to the historical Akrokerrri underground mine workings. To date 2,978m of drilling has been completed. Laboratory results are expected by Q1 of the new financial year.

Kyerebosso gold project, Ghana

A 7,400 m RC drilling programme was initiated to test the proposed mineralisation model. To date 3,600 m of drilling has been completed. Final results of the first phase of the drilling programme are expected in Q2 of the new financial year.

U&N gold project, Ghana

Pan African has concluded an Earn-In Agreement to acquire 85% of an exploration property, the U&N property in Ghana from the U&N Company Limited.

The U&N property lies approximately 45km south-west of the town of Kumasi in volcanics, interbedded with clastic and chemical sediments of the early Proterozoic Birimian Supergroup. This is considered a highly prospective area with several known gold occurrences.

Pan African can earn-in 40% of the project by spending not less than US\$ 290,000 on a soil sampling exploration phase. Should the Company wish to continue work after this phase, it must spend not less than US\$ 300,000 to earn a further 45%. On completion of the BFS ('Bankable Feasibility Study') the Company may, at its election acquire the remaining 15% at a cost based on the Net Present Value ('NPV').

Barberton gold project, South Africa

All available historical exploration & geological information was collated into a spatially referenced database. This database has been used to define several exploration targets. A comprehensive airborne geophysical survey of the project will be completed to further refine

these targets. Planned fieldwork for the area during the remainder of 2008 and into the first half of 2009, includes; detailed geological field mapping, stream sediment sampling as well as a comprehensive soil sampling programme. Should the results of this work prove positive, it will be followed by a drilling programme.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital expenditure at Barberton totalled £2.9 million, which was mainly spent on underground development.

Exploration expenditure at the Company's projects in Mozambique, Central African Republic and Ghana totalled £3.1 million for the financial year. Contracted capital commitments at the end of the financial year amounted to £187,643.

Operating lease commitments, which fall due within the next year, amount to £89,269 whilst commitments of £16,822 fall due during the following four years.

CORPORATE ACTIVITY

Effective 27 July 2007, the Company acquired 74% of Barberton, for £35.6 million satisfied by the issue of 593,740,476 new shares at 6p per share. The transaction constituted a reverse takeover in terms of IFRS 3: Business Combinations. Accordingly, Barberton has been treated for accounting purposes as acquiring Pan African, the current year results incorporate a full year of Barberton and 11 months of Pan African and prior year comparatives represent the results of Barberton for 12 months prior to the transaction. IFRS 3 also requires the cost of the transaction to represent the fair value of Pan African immediately prior to the deal, being £25.7 million. The fair value of the acquired net assets of Pan African amounted to £5.9 million at acquisition, which gave rise to the recognition of goodwill amounting to £19.8 million, which is to be tested for impairment on an annual basis against the net asset value of the new Pan African group. In addition, transaction costs of £1.1 million formed part of the cost of acquisition and allocated to goodwill.

The net loss from Pan African since the date of acquisition was £ 1.9 million. If the above transaction had taken place at the beginning of the year, the impact on the group's net profit for the year would have been immaterial.

DIRECTORSHIP CHANGE

The board announced the resignation of Mr Nathan Steinberg, effective 21 February 2008, and in accordance with the undertaking given to shareholders on the acquisition of Barberton in the Readmission document, announced the appointment of Mr Maritz Smith as his successor. In addition, Mr John Hopwood was appointed to the Board as an Independent, Non-Executive Director.

The board welcomes the two new directors to the board.

SHARES ISSUED: July 2007 - June 2008

1. 593,740,476 shares issued to Metorex at 6p per share for the acquisition of Barberton.
2. 60,000,000 shares issued to Pangea Exploration (Pty) Ltd at 6p per share for the balance of Manica and the Central African Republic projects.
3. 28,122,727 share options exercised by past and current directors at an average price of 2.79p per share.

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 2008.

In the current year, the Group adopted International Financial Reporting Standards as adopted in the UK ('IFRS'). Barberton, which was acquired on 27 July 2007, applied IFRS for the year ended 30 June 2008.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of IFRS, this announcement does not itself contain sufficient disclosure information to comply fully with IFRS. Expect for share capital, share premium and the merger reserve, comparative information was extracted from the audited financial statements of Barberton for the year ended 30 June 2007. The Company expects to publish full financial statements which comply with IFRS in October 2008.

This preliminary announcement was approved by the board on 18 August 2008.

DIVIDEND

No dividend is proposed or declared (2007: nil).

FUTURE PROSPECTS

Subsequent to the acquisition of Barberton, the Company moved from being a junior exploration company, to a self-funding mining group with a substantial pipeline of exploration projects. Through the ongoing relationship with Metorex and Pangea Exploration (Pty) Ltd, the Company has first right of refusal on any gold projects discovered by these world-class companies.

Despite current turbulent markets, the Company has, through the Barberton acquisition secured cash flow to not only continue its current exploration activity, but to accelerate the exploration timetable. The exploration of highly prospective areas together with a competent management team provides significant opportunities going forward.

By Order of the Board

KC Spencer
Chairman

JP Nelson
Chief Executive Officer

19 August 2008

CONSOLIDATED INCOME STATEMENT

	12 months ended 30 June 2008 (Unaudited) £	12 months ended 30 June 2007 (Unaudited) £
Revenue		
Gold sales	39,254,557	26,684,796
Realisation costs	(106,277)	(60,783)
On - mine revenue	39,148,280	26,624,013
Cost of production	(25,163,675)	(21,623,538)
Depreciation	(1,965,872)	(1,865,997)
Mining Profit	12,018,733	3,134,478
Other (expenses)/income	(273,786)	803,561
Operating income before finance costs	11,744,947	3,938,039
Finance income	217,288	49,018
Finance costs	(17,006)	(35,893)
Profit before taxation	11,945,229	3,951,164
Taxation	(4,366,543)	(1,156,590)
Profit after taxation	7,578,686	2,794,574
Attributable to:		
Equity holders of the parent	5,460,067	2,067,985
Minority interests	2,118,619	726,589
	7,578,686	2,794,574
Earnings per share (pence)	0.52	0.35
Diluted earnings per share (pence)	0.51	0.35
Weighted average number of shares in issue	1,043,789,285	593,740,476
Diluted number of shares in issue	1,073,789,285	593,740,476
Headline earnings per share is calculated using the following:		
Headline earnings	5,460,067	2,067,985
Headline earnings per share (pence)	0.52	0.35
Diluted headline earnings per share (pence)	0.51	0.35

CONSOLIDATED BALANCE SHEET

	30 June 2008 (Unaudited) £	30 June 2007 (Unaudited) £
ASSETS		
Non-current assets		
Property, plant and equipment	20,069,814	20,731,502
Rehabilitation trust fund	1,739,522	1,743,648
Intangible assets	12,837,045	-
Goodwill	21,000,714	-

	55,647,095	22,475,150
Current assets		
Inventories	377,974	125,498
Trade and other receivables	2,972,776	2,185,552
Cash and cash equivalents	5,419,489	422,416
	8,770,239	2,733,466
TOTAL ASSETS	64,417,334	25,208,616
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital and premium	48,266,139	8,256,801
Hedging reserve, translation and option reserves	(956,948)	(1,449,423)
Retained income	9,450,853	3,990,786
Merger Reserve	(10,622,892)	(116,560)
Equity attributable to equity holders of parent	46,137,152	10,681,604
Minority interest	4,231,619	2,113,000
Total equity	50,368,771	12,794,604
Non - Current liabilities		
Long term liabilities - Interest bearing	16,822	115,665
Long term Provisions	2,219,954	2,284,142
Deferred Taxation	5,201,245	5,526,973
	7,438,021	7,926,780
Current liabilities		
Trade and other payables	2,754,795	1,926,944
Short term liabilities - Interest bearing	89,269	170,017
Short term Provisions	711,085	711,903
Financial instruments	-	1,092,232
Taxation	3,055,393	586,136
	6,610,542	4,487,232
TOTAL EQUITY AND LIABILITIES	64,417,334	25,208,616

CONSOLIDATED CASH FLOW STATEMENT

	12 months ended 30 June 2008 (Unaudited) £	12 months ended 30 June 2007 (Unaudited) £
Cash Generated by operations	11,971,149	5,731,600
Taxation paid	(899,743)	(16,703)
Finance costs, net	201,282	13,125
Cash inflow from operating activities	11,272,688	5,728,022
Capital Expenditure - Barberton Mines	(2,901,792)	(1,578,056)
Exploration Expenditure - Pan African	(3,111,018)	-
Shares Issued	784,909	-
Proceeds of disposal of assets	-	17,302
Barberton Transaction Costs	(1,156,630)	-
Cash outflow from financing activities	146,379	(3,710,295)
Net increase in cash equivalents	5,034,536	456,973
Cash at the beginning of period	422,416	(27,590)

Effect of foreign exchange rates	(37,463)	(6,967)
Cash at end of year	5,419,489	422,416

STATEMENT OF CHANGES IN EQUITY

	12 months ended 30 June 2008 (Unaudited) £	12 months ended 30 June 2007 (Unaudited) £
Share capital & premium		
Balance at beginning of year	8,256,801	8,055,710
Issue of shares	40,009,338	201,091
	48,266,139	8,256,801
Hedging Reserve, Translation & Option Reserves		
Balance at beginning of year	(1,449,423)	(4,019,207)
Fair value losses for the year	1,092,172	2,765,674
Share option expense for the year	338,240	34,265
Foreign Exchange Reserve	(937,937)	(230,155)
	(956,948)	(1,449,423)
Minority Interest		
Balance at beginning of year	2,113,000	1,386,411
Attributable profit	2,118,619	726,589
	4,231,619	2,113,000
Retained Income		
Balance at beginning of year	3,990,786	1,922,861
Net income for the year	5,460,067	2,067,985
	9,450,853	3,990,786
Merger Reserve		
Balance at beginning of the year	(116,560)	-
Reverse acquisition	(10,506,332)	(116,560)
	(10,622,892)	(116,560)
TOTAL	50,368,771	12,794,604

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