

## Regulatory Announcement

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**Company** Pan African Resources PLC  
**TIDM** PAF  
**Headline** Unaudited Interim Results for the 6mths ended 31.12.08  
**Released** 07:00 26-Feb-09  
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Regulatory announcement

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Released 26 February 2009

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

Unaudited Interim Results

For the six months ended 31 December 2008

Pan African Resources PLC (AIM: PAF, AltX: PAN), the African gold mining company, is pleased to report its unaudited interim results for the six-months ended 31 December 2008.

### Highlights

- \* Gross gold production up 7.8% to 51,186 oz (2007: 47,486 oz)
- \* Cash-flow positive with gold sales of £24.9m up 71%.
- \* EBITDA up 114% to £8.5 million (2007: £4.0m)
- \* Headline earnings of £3.9 million (2007: £1.29m), an increase of 202%
- \* Headline EPS 0.36 pence (2007: 0.13 pence), an increase of 173%
- \* Total cash cost of US\$451/oz sold (2007: US\$514/oz sold), down 12%
- \* Significant improvement in safety
- \* Total Manica resource increased to 2.571Moz (2007 : 1.701Moz), an increase of 51%
- \* Dividend of 0.2555 pence per share declared

Financial review for six-months ending 31 December 2008

Six months ended	Six months ended 31
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		31 December 2008 (Unaudited)	December 2007 (Unaudited)
Revenue	(GBP**)	24,940,383	14,596,037
EBITDA	(GBP**)	8,552,011	4,000,872
Attributable profit	(GBP**)	2,569,804	1,294,286
EPS	(pence)	0.23	0.13
HEPS*	(pence)	0.36	0.13
Weighted average number of shares in issue		1,100,517,684	965,777,998

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

\*\*GBP - Pounds Sterling

#### Nature of the business

Pan African is a self-funding, unhedged gold mining and development company increasingly focusing on mining and near-term-production assets that will yield low-cost, high-margin projects on the African continent.

In addition to its 74% stake in Barberton (Shanduka Resources is a 26% shareholder), Pan African has been exploring and developing concessions in Mozambique, the Central African Republic and Ghana.

#### Financial Results

We were pleased that for the six months under review EBITDA increased by 114% up to £8.5 million. This resulted in a profit after tax of £4.2 million despite a £1.3 million impairment arising from the decision to terminate exploration activity in Ghana. The Company's profit is a result of higher grades and a robust gold price achieved at Barberton Mines.

The Company's tax charge increased from £1.3 million to £3.7 million, equating to an effective tax rate of 37%.

Capital expenditure increased by 49% to £2.2 million and exploration costs increased by 32% to £1.7 million.

#### Safety and Training

We are pleased to report no fatalities were recorded in the period under review, with the operations achieving 556,669 (2007: 95,226) fatality-free shifts. Reportable incidents for the period were zero (2007: 4). This improvement resulted from more active communication and training for employees and a more determined focus by management on accountability across the mines.

In addition, the Presidential Safety Audit was completed and the mine has addressed all outstanding issues.

#### Overview

##### MINING

##### Review of the Barberton Mining Operations

Production at Barberton Mines remained unhedged and an average spot gold price of US\$824/oz was received (2007: US\$721/oz). Total cash cost of US\$451/oz\* was down 12% (2007: US\$514). Tons milled were slightly down on plan and an

unsustainable, exceptionally high grade was achieved. Recovered grade is expected to be more in line with the historic average going forward.

The three operating mines in the Barberton area, Fairview, Sheba and New Consort, together with final production from the calcine dump retreatment operation produced 51,186 oz of gold, an improvement on the previous comparable period. Gold production from underground mining resulted in 47,634 oz and surface operations delivering 3,545 oz.

\*Total cash cost excludes depreciation and capital expenditure

Reserve replacement projects

Sheba - Southwell adit

The capital project was completed during the period and is now at the working-cost development stage.

Sheba - 35 ZK Decline

The winder installation has been completed and the decline was advanced 17.9 meters from the uppermost level - sinking continues.

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

Total development on the two ends amounted to 385 metres. The target area of Joe's Luck requires a further 600 meters advance on each end.

Consort - 50 Level Declines

Development and equipping of the two declines totalled 55.3 metres below the uppermost level. The installation and commissioning of the winders was completed in the previous reporting period. The project remains on schedule.

Fairview - MRC development

Total development of 376.5 metres was completed, enabling access to the 62-level ore bodies. Forty metres of the 3 sub-incline shaft bottom, below 62 level has been cleaned out, on completion of the cleaning this shaft will be deepened to 68 level to provide future access to the MRC ore-body.

Production Summary

		6months ended	6monthsended	6monthsended	6monthsended	6monthsended
		31-Dec-08	31-Dec-07	31-Dec-06	31-Dec-05	31-Dec-04
TonsMilled	(t)	159,919	161,455	166,377	157,452	161,980
Headgrade	(g/t)	11.40	9.05	9.24	11.44	10.24
OverallRecovery	(%)	91	92	92	92	91
Production: Underground	(oz)	47,634	43,145	45,332	53,369	48,547
Production: CalcineDump	(oz)	3,545	3,601	-	-	-
Sold	(USD/ oz)	51,186	47,486	45,749	52,983	50,186
AveragePrice:Spot	(USD/ oz)	824	721	567	464	412
AveragePrice:Hedge	(USD/ oz)	-	460	406	430	502
TotalCashcostUSD/ ozsold	(USD/ oz)	451	514	450	394	434
EBITDA	GBP	8,552	4,001	3,049	2,153	1,157

	(000)					
Depreciation	GBP	1,066	806	1,077	1,042	1,011
	(000)					
Capital Expenditure	GBP	2,282	1,532	867	569	452
	(000)					
Exchange rate - average		15.13	14.05	13.68	11.48	11.38
Exchange rate - closing		13.78	13.77	13.78	11.06	11.00

\* 74% of the 2007 & 2008 results are attributable to the equity shareholders of Pan African; 2004 - 2006 results were attributable to Metorex Limited

#### EXPLORATION PROJECTS

Due to the global economic uncertainty and disappointing drilling results in Ghana, the management and board of Pan African have decided not to exercise the Company's rights to the Kyereboso and U&N projects and are negotiating the sale and retention of a free-carry of the Akrokerri project. The termination of these projects results in a £1.3 million impairment on the balance sheet.

In the Central African Republic ('CAR'), at Bogoin, two targets have been identified. The shear zone target and the banded-iron formation target. A gold-in-soil sampling programme was completed on the shear zone target which was followed up by an RC drilling programme totalling 16,213m. No significant gold intersections were made. Adjacent to the shear-zone target, 12 kilometres of banded-iron formation still remain untested and a gold-in-soil sampling programme has been initiated over this target. At Dekoa, also in the Central African Republic, infill gold and soil sampling has confirmed the presence of gold anomalies presenting a strike-length in excess of 25 kilometres. A bulk-sampling programme is being initiated over these anomalies.

Pan African has increased its stake in the CAR projects to a significant majority as a result of the JV partner not contributing to the project funding. The final dilution percentage is currently being audited and will be released once finalised. Future planned expenditure in the CAR has declined for the next six months to £173,600 on both projects as a result of the nature of exploration work being carried out.

At Manica in Mozambique, preliminary work completed on the pre-feasibility study indicates that the project is extremely sensitive to capital expenditure and requires additional ore to be mined in the first 2 years to address this issue. The resource estimate has been upgraded from 1.70Moz (11.5Mt @ 4.61g/t) to 2.57Moz (33.8Mt @ 2.36g/t) encouraging a drive to try to consolidate further oxide resources adjacent to the project, in an effort to make it more robust. £ 1.04 million has been allocated for this consolidation process over the next 10 months, after which the viability of the project will be reviewed.

After the period under review, the company acquired an exclusive, non-refundable option to purchase 100% of the shares in Phoenix Platinum Mining (Pty) Limited ('Phoenix') from Metorex Limited ('Metorex'). This is a platinum dump retreatment project. Test work is progressing and is expected to be completed within the allocated four month period.

Estimates show the capital expenditure is expected to be £6.9 million, resulting in a pay-back of less than one year; life of operation is estimated to be between five and seven years from existing surface tailings, which can be extended to 18 years with the addition of underground arisings. 4PGE\* production is anticipated at between 10,000 - 15,000 oz/annum, assuming conservative 4PGE basket prices.

\* PGE = Platinum Group Elements (4PGE = Platinum, Palladium, Rhodium and Gold)

#### Capital expenditure and commitments

Capital expenditure at Barberton mines totalled £2.28 million (this excludes surface exploration costs at Barberton Mines) of which roughly half was spent

on underground development and the rest on engineering, maintenance and repair.

Exploration expenditure on all our projects totalled £1.68 million.

There were no material contracted capital commitments at the end of the period.

Operating lease commitments, which fall due within the next year, amount to £ 48,010.

#### Shares Issued July 2008 - December 2008

722,274 shares were issued to Goldiam SARL at 5.5 pence per share for the acquisition of gold exploration licences in the Central African Republic.

#### Directorship Change

Mr Simon Malone retired from the Pan African Board on 20 January 2009. The Company would like to thank him for his valued efforts and assistance and wishes him all the best for his retirement.

#### Accounting Policies

The financial information set out in this announcement does not constitute the Company's statutory accounts for the half year ended 31 December 2008.

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.

The unaudited interim results have been prepared and presented in accordance with, and containing the information required by IFRS on Interim Financial Reporting, IAS 34.

#### Dividend declaration

Dividend No 1 of 0.2555 pence per share has been declared in respect of the six months ended 31 December 2008. The last day to trade ('cum' the dividend) on the JSE in order to participate in the dividend will be Friday, 13 March 2009. The shares will commence trading 'ex' the dividend from the commencement of business on Wednesday, 18 March 2009 on the LSE and on Monday, 16 March 2009 on the JSE. The record date on the LSE and JSE will be Friday 20 March 2009.

The dividend is declared in the currency of the United Kingdom and will be paid on Wednesday, 8 April 2009. Shareholders whose shares are held on the United Kingdom register will receive payment in sterling. Shareholders whose shares are held on the South African register will receive payment in South African rand at the ruling rate on Thursday, 5 March 2009.

Share certificates may not be lodged with the South African transfer secretaries for dematerialisation / rematerialisation from Monday, 16 March 2009 to Friday, 20 March 2009, both dates inclusive.

#### Future Prospects

The focus of Pan African continues to move up the value chain to projects at the point of pre-feasibility to assets near / in production. The Company's mining operations at Barberton provide funding to find and develop new projects and advanced-staged mining opportunities.

The Directors believe global macroeconomic fundamentals support a favourable gold price in the medium-term and the combination of activities at our mining, and more advanced exploration assets are expected to deliver satisfactory results for the next reporting period. Production plan is sustainable and the Company remains on track to produce 100,000 oz/annum.

The Company continues to evaluate and acquire projects that will deliver high margins and low costs with significant upside potential and believe that in the current environment of tight credit, the strong balance sheet compares Pan African favourably to its peers.

By order of the Board

K C Spencer

J P Nelson

Chairman

Chief Executive Officer

26 February 2009

Consolidated Income Statement

	6 months ended 31 Dec 08 (Unaudited) £	6 months ended 31 Dec 07 (Unaudited) £
Revenue		
Gold sales	24,940,383	14,596,037
Realisation costs	63,532	70,630
On - mine revenue	24,876,851	14,525,407
Cost of production	14,099,512	9,995,471
Depreciation	1,065,720	806,369
Mining Profit	9,711,619	3,723,567
Other (expenses) / income	(885,413)	(529,064)
Operating income before finance costs	8,826,206	3,194,503
Finance income	434,700	99,479
Finance costs	(6,007)	(9,696)
Impairment of Intangible Asset	(1,339,915)	
Profit before taxation	7,914,984	3,284,286
Taxation	3,705,065	1,347,912
Profit after taxation	4,209,919	1,936,374
Attributable to:		
Equity holders of the parent	2,569,804	1,294,286
Minority interests	1,640,115	642,088
	4,209,919	1,936,374
Earnings per share (pence)	0.23	0.13
Diluted earnings per share (pence)	0.23	0.11
Weighted average number of shares in issue	1,100,517,684	965,777,998
Diluted number of shares in issue	1,111,517,684	1,136,689,165
Headline earnings per share is calculated using the following :		
Headline earnings	3,909,719	1,294,286
Headline earnings per share (pence)	0.36	0.13
Diluted headline earnings per share (pence)	0.35	0.11

Consolidated Balance Sheet

	6 months ended	Year ended
	31 December 2008	30 June 2008
	(Unaudited)	(Audited)
	£	£
ASSETS		
Non-current assets		
Property, plant and equipment	24,031,808	20,069,814
Rehabilitation trust fund	1,964,278	1,739,522
Intangible assets	13,311,565	12,837,045
Goodwill	21,000,714	21,000,714
	60,308,365	55,647,095
Current assets		
Inventories	374,345	377,974
Trade and other receivables	3,138,027	2,972,776
Cash and cash equivalents	7,717,725	5,419,489
	11,230,097	8,770,239
Total Assets	71,538,462	64,417,334
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	11,005,891	10,998,664
Share Premium	37,299,997	37,267,475
Translation Reserve	1,046,373	-1,118,262
Share Option Reserve	363,812	285,312
Retained income	12,515,825	9,946,021
Merger Reserve	(10,705,308)	(10,705,308)
Equity attributable to equity holders of parent	51,526,590	46,673,902
Minority interest	4,444,153	3,694,869
Total Equity	55,970,743	50,368,771
Non - Current liabilities		
Long term liabilities - Interest bearing	-	16,822
Long term Provisions	2,500,017	2,219,954
Deferred Taxation	6,150,434	5,201,245
Total Non-Current Liabilities	8,650,451	7,438,021
Current liabilities		
Trade and other payables	,048,417	2,754,795
Short term liabilities - Interest bearing	48,010	89,269
Short term Provisions	1,011,417	711,085

Financial Instruments		-
Current Tax Liabilities	2,809,425	3,055,393
Total Current Liabilities	6,917,269	6,610,542
TOTAL EQUITY AND LIABILITIES	71,538,463	64,417,334

Condensed Consolidated Cash Flow Statement

	Six months ended 31 December 2008 (Unaudited) £	Six months ended 31 December 2007 (Unaudited) £
Cash Generated by operations	10,401,503	4,604,148
Minorities Distributions	(890,831)	(49,379)
Taxation Paid	(4,240,562)	(607,085)
Finance Cost, net	428,693	89,783
Cash inflow from operating activities	5,698,803	4,037,467
Cash outflow from investing activities	(4,056,420)	(3,982,702)
Cash (outflow) from finance activities	(44,374)	(69,668)
Net Increase/ (Decrease) in cash equivalents	1,598,009	(14,903)
Cash at the beginning of period	5,419,489	326,847
Reverse Acquisition	-	733,101
Effect of Foreign Currency rate changes	700,227	-
Cash at end of year	7,717,725	1,045,045

Condensed Statement of Changes in Equity

	Six months ended 31 December 2008 (Unaudited)	Six months ended 31 December 2007 (Unaudited)
Shareholders equity at start of period	50,368,771	5,906,749
Share Issue	39,749	-
Reverse Acquisition	-	24,818,679
Translation and Share Option Reserve	2,243,135	- 313,850
Net Income for the period	2,569,804	1,294,286
Minorities Interest	749,284	2,632,217
Total Equity	55,970,743	34,338,081

ENDS

Martin Bevelander: a registered competent person with the South African Council for Natural Science Professions ('SACNASP'), signed off on the resource statement for Manica.

Deon van der Heever: an independent competent person registered with SACNASP, signed off on the block and geostatistical model for Manica

Frans Chadwick: a professional surveyor and registered with the Professional Land and Technical Surveyors ('PLATO') signed off on the resource statement for Barberton Mines Limited.

For further information on Pan African Resources plc, please visit the website at [www.panafricanresources.com](http://www.panafricanresources.com)

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