Regulatory Story

Company	Pan African Resources PLC
TIDM	PAF
Headline	Interim Results for the 6 months ended 31 December 2011
Released	07:00 22-Feb-2012
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Pan African Resources plc

(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

('Pan African' or the 'company')

Interim Results for the 6 months ended 31 December 2011

Highlights for the 6 months ended 31 December 2011

Corporate

Revenue increased by 33.7% to £51.23 million (2010: £38.33 million).

Earnings and Headline earnings per share increased by 88.7% to 1.00 pence (2010: 0.53 pence).

Earnings before interest, taxes, depreciation and amortisation ('EBITDA') increased by 86.6% to £24.17 million (2010: £12.95 million).

Attributable profit increased by 90.5% to £14.44 million (2010: £7.58 million).

Cash on hand £4.9 million (2012: £ 10.6 million) *

Unhedged and debt-free.

Mining Operations

Barberton Gold Mining Operations ('BGMO')

Gold sold increased 0.6% to 46,927oz (2010: 46,655oz).

Tons milled increased by 3.6% to 154,643t (2010: 149,231t)

Head grade increased 0.9% to 10.65g/t (2010: 10.55g/t).

Total cash cost of ZAR192,397/kg (2010: ZAR176,199/kg) for the period under review but improved to ZAR158,925/kg for the quarter ended 31 December 2011.

Phoenix Platinum Group Metals ('PGM') Retreatment Plant (from Chrome tailings)

Plant commissioned two months ahead of schedule and on budget during October 2011.

438oz of PGM contained in concentrate was produced and despatched by the end of December 2011.

Near-Term Mining Projects - Barberton Gold Tailings Retreatment Project ('BTRP')

Commenced with a Definitive Feasibility Study ('DFS').

Acquired the Harper Gold Tailings dumps representing over 3Mt of material at a grade of 1.3g/t for total consideration of £830,000.

Development projects - Manica Gold Project

Established a separate management team with the aim of listing the Manica Gold project as a separate exploration company on an international exchange in April 2012.

Significant post period acquisition - Evander Gold Mines (Pty) Ltd

Pan African Resources and Witwatersrand Consolidated Mines entered into a 50:50 joint venture on 30 January 2012 to acquire 100% of the Evander Gold Mines from Harmony Gold Mining Company for a total conditional consideration of up to ZAR 1.7 billion (£139 million).

* Cash on hand as at 17 February 2012 at the closing rate of 12.24 was £16.0 million.

Financial Summary:

		Six months ended 31 December 2011	Six months ended 31 December 2010
		(Unaudited)	(Unaudited)
Revenue	(£)	51,229,660	38,326,410
EBITDA	(£)	24,166,658	12,947,012
Attributable profit	(£)	14,437,217	7,584,317
EPS	(pence)	1.00	0.53
HEPS	(pence)	1.00	0.53
Weighted average number of shares in issue		1,444,225,674	1,421,399,407

Nature of Business

Pan African is a South African based precious metals mining group that produces approximately 95,000oz of gold and 12,000oz* of Platinum Group Metals ('PGM') per annum. The company's strategic focus is on delivering attractive shareholder returns by exploiting ore-bodies that yield high margins through a highly skilled and experienced management team. The company recently commissioned the Phoenix chrome tailings retreatment plant that extracts PGM's from chrome tailings and is planning to build a 1.2Mt per annum gold tailings retreatment plant at BGMO. This plant could increase gold production from BGMO by a further 25,000oz per annum from August 2013. The group is debt free, unhedged and is able to fund all current capital expenditure from internal cash flows. The Group is generating significant cash from operations and as at 31 December 2011 had £ 4.9 million cash on hand.

* Full production build-up is expected from May 2012

Financial Performance

Pan African is incorporated in England and Wales, its reporting currency is pound sterling (`£') and its functional currency is South African Rand ('ZAR'). Barberton Mines (Pty) Ltd (`Barberton Mines') is a South African Company and its financial statements are prepared in South African Rand (`ZAR'). When Barberton Mines' financial statements are translated into pound sterling for the purpose of Group consolidation and reporting, the average and closing ZAR:£ exchange rates for the period affect the Group consolidated financial results.

During the current period, the average ZAR: £ exchange rate was ZAR12.06 (2010: ZAR11.18) and the closing ZAR: £ exchange rate was ZAR12.54 (2010: ZAR10.28). The period-on-period change in the average and closing exchange rates of 7.9% and 22.0% respectively should be taken into account when comparing the period-on-period results.

Gross revenue from gold sales increased by 33.7% to £51.23 million (2010: £ 38.33 million). The increase in revenue was mainly attributed to a 34.9% period-on-period increase in the average gold spot price received of US$1,736/ oz (2010: US$1,286/oz) however the appreciation of the pound sterling against the ZAR had a negative impact on the Pound revenue. The average £:ZAR exchange rate strengthened by 7.9% to ZAR12.06 (2010: ZAR11.18). Revenue expressed in ZAR terms increased by 44.2% to ZAR 617. 80 million (2010: ZAR 428.49 million). Although the average spot gold price in the period under review increased by 34.9% to US$ 1,736 (2010: US$ 1,286), the average US$: ZAR exchange rate strengthened by 6.2% to ZAR7.58 (2010: ZAR 7.14) which had a negative impact on the ZAR revenue. The effective ZAR gold price per kilogram achieved increased by 43.3% to ZAR 423, 276/kg (2010: ZAR 295, 281/kg). Mining profit at BGMO increased by 113.4% to £28.6 million (2010: £13.4 million).

Other expenses were £1.76 million (2010: £1.35 million), and there were no impairments in the current or prior reporting period.

Cost of production increased by 1.1% to £23.20 million (2010: £22.95 million). In ZAR terms the cost of production increased by 9.0% to ZAR279.79 million (2010: ZAR256.58 million). The increase was primarily due to a hike in electricity rates by 29.6% to ZAR32.06 million, engineering and technical services up 14.8% to ZAR25.64 million and salaries and wages up 11.1% to ZAR131.43 million.

The Royalty tax charge increased 99.0% to £2.01 million (2010: £1.01 million). Income tax increased by 123.7% to £8.39 million (2010: £3.75 million) as a result of the increase in profit before tax. The effective tax rate increased by 3.1% to 36.8%.

EBITDA increased by 86.6% to £24.17 million (2010: £12.95 million) and attributable profit increased by 90.5% to £14.44 million (2010: £7.58 million). Cash on hand decreased to £4.9 million (2010: £10.6 million) mainly due to capital expenditure of £4.57 million associated with the Phoenix Platinum Group Metals Retreatment Plant and the dividend payment of £7.42 million made during the period under review.

The increase in attributable profit is primarily due to the favourable gold price. The profit margin in ZAR terms increased by 93.9% to ZAR230,879/kg (2010: ZAR119,082/kg).The total unit production cash cost increased by 9.2% to ZAR192,397/kg (2009: ZAR 176,199/kg), but improved to ZAR 158,925/kg for the quarter ended 31 December 2011.

Basic earnings per share increased by 88.7% to 1.00 pence (2010: 0.53 pence) and basic headline earnings per share increased by 88.7% to 1.00 pence (2010: 0.53 pence). In ZAR terms the basic earnings per share increased by 102.0% to 12.06 cents (2010: 5.97 cents), and basic headline earnings per share increased by 102.0% to 12.06 cents (2010: 5.97 cents).

Review of Barberton Mines

Safety & Training

We are pleased to report no fatalities occurred for the period under review. To date fatality free shifts totalled 1,329,723 and the safety performance at BGMO for the first six months of the 2012 financial year as measured by the All Injury Frequency rate ('AIFR') at 21.25 (2011: 24.82) indicates that the total number of incidents decreased during this period. However, in the period under review, the Lost Time Injury Frequency rate ('LTIFR') deteriorated to 3.09 vs. 2.61 in 2011 and Reportable Injury Frequency Rate ('RIFR') to 1.03 vs. 0.33 in 2011. In order to address these slight increases a Mining Qualification Authority accredited training program for supervisors is being implemented in order to identify and correct safety hazards.

Operating Performance

A total of 46,927oz (2010: 46,655oz) of gold was sold from BGMO (which comprises the Fairview, Sheba and New Consort sections), a slight increase of 0.6% from the previous year. Total underground production remained consistent at 45,209oz (2010: 45,385oz). Tons milled increased by 3.6% to 154,643t (2010: 149,231t). The tonnage increase was mainly due to the additional surface dump material planned during the period under review to make up for the BIOX® problems. Head grade remained constant at 10.65g/t (2010: 10.55g/t).

Operating problems were experienced in the BIOX® plant during July and August 2011 which negatively affected gold production, when the cumulative effect of breakdowns to the old high pressure blowers in the process and excess oil from a collapsed crusher bearing. These breakdowns created a lack of oxygen supply to the reactors and resulted in poor recoveries.

To ameliorate the above, electronic oil pressure controls were installed in the crusher and the outdated blowers were replaced with more efficient low pressure blowers at a capital cost of ZAR2.4 million (£0.199 million).

Production Summary		6 months ended 31 Dec 11	6 months ended 31 Dec 10	6 months ended 31 Dec 09	6 months ended 31 Dec 08	6 months ended 31 Dec 07
Tons Milled	(t)	154,643	149,231	152,584	159,919	161,455
Head grade	(g/t)	10.65	10.55	10.11	11.40	9.05
Overall Recovery	(%)	89	91	91	91	92

Production: Underground *	(oz)	43,355	45,209	45,385	47,634	43,145
Production: Calcine Dumps / Surface Ops	(oz)	264	-	-	3 545	3 601
Gold Sold *	(oz)	46,927	46,655	45,971	51,186	47,486
Average price: spot	(US$/oz)	1,736	1,286	1,032	824	721
Average price: hedge	(US$/oz)	-	-	-	-	460
Average price: spot	(ZAR/KG)	423,276	295,281	253,510	235,338	165,782
Total cash cost	(US$/oz)	786	767	670	451	521
Total cash cost	(ZAR/KG)	192,397	176,199	164,697	134,581	114,640
EBITDA	£ '000	24,167	12,947	8,598	8,552	4,001
Depreciation	£ '000	1,536	1,909	1,375	1,066	806
Capital Expenditure	£ '000	4,567	4,076	2,199	2,282	1,532
Exchange rate - average	ZAR/£	12.06	11.18	12.48	15.13	14.05
Exchange rate - closing	ZAR/£	12.54	10.28	11.94	13.78	13.77
Exchange rate - average	(ZAR/US$)	7.58	7.14	7.64	8.88	6.94
Exchange rate - closing	(ZAR/US$)	8.12	6.65	7.39	9.55	6.86

* The variance between gold produced and sold is higher than the historical figure of between 1% to 3% and is due to the dumping of the high grade contents of the BIOX® reactors during June 2011, which was then fed back into the system during the period under review.

Capital Expenditure - Growth Projects

Project	Metres/ % Equipping completed	% Complete of budget (Progressive to YTD)	Potential Resource	Comments

The footwall

drive will

reach the target area 36 ZK in June 2012 and Sheba development along the cross fractures.	197.4	101.23%	5,000
Targets exceeded and continuing development towards the Thomas ore body.			
Edwin Bray Exploration drilling to commence in February 2012 to determine mining plan and layouts.	190.7	105.94%	15,000
25 - 560 Main Fracture area - 1,960t @ 24,71g/t has			

been

established.

27-360 Stoping area - 6,860t @ 21,14g/t exposed with Pillar Development 90m of re-equipping Sheba remaining to gain access for stoping.	75.3	82%	In reserve

35 - 10 -

382 Prospect

- 40m of

development

completed

and a

structure

carrying a

value of

9,94g/t has

been

intersected.

Development

has

progressed

through the

pegmatite

and

subsequent

cover drilling indicates a second splay of pegmatite (+/- 30m 40 Level thick), Development which still has to be Consort traversed.	126.1	110.61%	8,500
The target zone is virgin area with very good potential to pick up the upward extension of the ore body. 50 W1 decline is to be sunk for one level. The opening up of 53 SI 22 level has 50W1 Decline exposed potential Consort high grade	88.0	99.32%	30,000

reserves
that have
potential
for mining
and are
currently
being
evaluated.

52 Level at
49
Sub-Vertical
Shaft:

Re-equipment
from 50 to
52 level is
completed.

Secondary
support in
the form of
sets has
been
completed.

58%

Decline
development
to commence
in February
2012.

Pillar Development Consort 33 Level		0.00%	In reserve

Ventilation

doors and

access

services

from station

to

ventilation

door

completed.

80%

80m of

service

piping

required

prior to

de-watering.

Sampling to

be carried

out once

this is

completed.

The decline

shaft rope

raise and

box hole are

95%

complete.

Shaft

equipping

down to 40
SI 14
level is to
Equipping
be completed

in the 3rd Consort quarter of the 2012 financial year. Mineable reserves on 38 level has been identified for the 2013 financial year.	55.9	147.11%	In reserve

Project Comments	Metres/ % Equipping completed	% Complete of budget (Progressive to YTD)	Potential Resource
The development of the 64 to 62 level return airways is on-going with, 55m remaining. 3# Deepening Shaft sinking to Fairview commence in the new financial year, with	89.3	119.07%	350,000

	the opening up of the downward extension of the Hope reef.			
58 Hope Reef	Equipping is progressing well and Equipping should be completed by April 2012.	85%	80.00%	In reserve
54 Rositer Reef	The Rositer reef has been intersected and reef development is under way.	122.9	122.90%	11,000
16 Level Fairview	Re-equipping on 16 level is complete and new Opening Up blocks for stoping are being evaluated and brought	100%	100.00%	In reserve

into the

mining plan.

Maintenance Capital

Metallurgy Plants

Metallurgical Plants	Cost	Category	Impact on production
Sheba - Concentrate truck	ZAR1,300,000	Replacement	Safety and maintenance improvement.
Sheba - Pump replacements	ZAR200,000	Replacement	To improve mine water run off control.
BIOX ® - Air equipment machinery	ZAR2,250,000	Replacement	To improve Biox recoveries.
BIOX ® Instrumentation equipment	ZAR500,000	Replacement	To improve Biox recoveries.

Engineering

Engineering	Cost	Category	Impact on production
Winder ropes	ZAR1,190,000	Replacement	Legal and safety requirement.
Compactors and utility vehicles	ZAR1,070,000	Replacement	Safety and grade control in 11 block.
12 Ton tipper truck	ZAR1,101,000	Replacement	Safety and maintenance improvement.
Fairview 2# refurbishment	ZAR2,004,000	Maintenance	Safety and legal requirement.
Load haul dumpers	ZAR2,426,000	Maintenance	Safety and production requirement.

Mineral Resources Management

Exploration Drilling

During the period under review a total of 7,740m (2010: 7,604.5m) of exploration drilling was completed underground at Barberton Mines and the following significant intersections are reported:

Section	Borehole Number	Drill width (cm)	Grade (g/t)	Description
	Bh 5849	1,626	50.22	MRC ore body down-dip extension
Fairview	Bh 5864	1,383	43.82	MRC ore body down-dip extension

	Bh 5861	77	21.20	Rositer down-dip extension
	24-460 - 01	104	13.45	Stope prospect drilling
	29 ST 20	764	15.70	Stock work extension
	29Stock23	63	30.08	Stock work extension
	29Stock24	113	34.14	Stock work extension
	33 MRC W37	86	10.30	MRC footwall structure
	3340-W42	100	14.80	Prospect drilling for Birthday Northern Limb
Sheba	3340-W42	91	15.13	Prospect drilling for Birthday Northern Limb
	3340-W42	73	10.82	Prospect drilling for Birthday Northern Limb
	36 ZK W01	82	42.71	ZK ore body below 35 level
	36 ZK W02	74	35.20	ZK ore body below 35 level
	36 ZK W02	34	15.98	ZK ore body below 35 level
	36 ZK W02	40	10.04	ZK ore body below 35 level
	36ZK 02	75	11.32	ZK ore body below 35 level
	EB 09	64	13.64	Mineralised structure in the Moodies quartzite
	20IV-4	188	21.45	Ivora mineralisation below 20 level
	3#7-1	64	25.20	3 Shaft resource extension
	3#7-1	64	88.90	3 Shaft resource extension
	3#7-1	64	72.70	3 Shaft resource extension
	3#7-2	256	33.78	3 Shaft resource extension
	3#7-3	256	19.93	3 Shaft resource extension
	3#7-3	64	44.70	3 Shaft resource extension
	3#7-5	87	23.20	3 Shaft resource extension
	3#7-6	246	19.71	3 Shaft resource extension
	3#7-6	87	14.40	3 Shaft resource extension
New Consort	3#7-7	97	69.15	3 Shaft resource extension
	3#7-8	82	21.80	3 Shaft resource extension
	3#7-9	164	26.45	3 Shaft resource extension
	3#CT-6	192	55.77	3 Shaft resource extension
	3#CT-8	64	10.50	3 Shaft resource extension
	37NE-2	97	30.30	37 Level new ore body exploration
	37NE-3	97	17.50	37 Level new ore body exploration
	37NE-3	97	32.40	37 Level new ore body exploration
	37NE-4	97	29.50	37 Level new ore body exploration
	37NE-5	100	111.00	37 Level new ore body exploration

37XC-16	87	11.00	37 Level new ore body exploration
37XC-18	91	23.80	37 Level new ore body exploration

Development results

A total of 1,617.6 m (2010: 1,636.7m) of development was completed on working cost. Capital development totalled 1,095.8 m (2010: 429.6m) of which the majority, 481.9m (44%) was done at Sheba with 348.8m (32%) at Fairview and 265.1m (24%) at Consort. The capital development at Fairview was focussed at deepening of the number 3 sub-vertical shaft, the Hope and Rositer reefs.

	New Consort		Fairview		Sheba	
	Metres	g/t	Metres	g/t	Metres	g/t
Reef	241.4	6.15	198.0	2.89	531.8	3.71
Stope Development	187.7	6.76	176.4	5.5	31.1	8.49
Capital	265.1	-	348.8	-	481.9	-
Waste working cost	441	-	434	-	742.6	-
Waste Total	706.1	-	782.8	-	1,224.5	-

Review of Phoenix Platinum

Construction of the Phoenix Plant by Basil Read Matomo Projects exceeded expectations when cold commissioning commenced in October 2011. First concentrates were produced on 29 November 2011 two months ahead of schedule. Frazer Alexander carried out the construction of the Tailings Storage Facility Extension and the completion thereof dovetailed with the early commencement of tailings treatment by the plant. Some 150,000 man hours where expended during the construction phase without a time lost accident.

A five year Sale of Concentrate Agreement was concluded with Western Platinum Limited (a subsidiary of Lonmin Plc) in November 2011.

The plant is in the process of progressing towards full production. During this period various practical feedstock blends will be bulk treated and conditions examined for optimisation and enhancements tested to maximise the process. Full production is expected from May 2012.

Near-Term Mining projects - BTRP

During the period under review, Basil Read - Matomo commenced with a DFS on the final design for the BTRP. The detailed design for the new tailings storage facility has also commenced, while the Environmental Impact Assessment study is progressing on schedule.

The Harper Gold Tailings dumps which are situated within close proximity to the Bramber Tailings dump, and representing over 3Mt of material at a grade of 1.3g /t, was acquired for total consideration of £830,000.

Development Projects - Manica Gold Project

During the period under review a separate management team was established to list the Manica Gold project as a separate exploration company on an international exchange. Good progress has been made to achieve a separate listing in April 2012.

Capital Expenditure and Commitments

Capital expenditure at Barberton totalled £4.57 million of which Development Capital was £2.47 million and Maintenance Capital was £2.10 million.

Capital expenditure on Phoenix Platinum totalled £4.57 million.

There were £0.57 million outstanding orders contracted for capital commitments at the end of the period at Barberton and £0.5 million outstanding at Phoenix.

Operating lease commitments, which fall due within the next year, amounted to £ 0.147 million (2010: £0.179 million)

9. Directorship Change

The Following changes took place in December 2011:

Non-Executive Directors:

Mr. Cyril Ramaphosa resigned as chairman of the board.

Mr. Keith Spencer replaced Mr. Cyril Ramaphosa as chairman of the board.

Ms. Phuti Malabi replaced Mr. Keith Spencer as Deputy Chairman of the board.

Executive Directors:

Mr. Cobus Loots resigned as Financial Director but will remain as a non-executive director.

Ms. Busi Sitole has been appointed as Financial Director.

10. Shares Issued

During the period under review the company announced the issue and allotment of 923,650 new ordinary shares in respect of share options exercised:

On 28 October 2011, 200,000 shares issued to Mr. F. Chadwick at 6 pence per share.

On 24 November 2011, 723,650 shares issued to Mr. D. Negri at 6 pence per share.

11. Dividend

The Company has adopted a policy whereby dividends are considered and, deemed appropriate by the Board, declared on an annual basis. Pan African will consider a final dividend subsequent to the finalisation of financial year-end results. The consideration of any dividend will take account of cash flow requirements and growth plans, whilst recognising that where possible, the payment of a dividend on a consistent basis increases shareholder value.

During the period under review the company declared and paid a final dividend for 2011 of 0.5135 pence per share totalling £7.42 million.

1. Going Concern

The board is satisfied that the Group is a going concern for the foreseeable future, and have adopted the going-concern basis in preparing these interim results.

2. 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 2011.

The interim results have been prepared and presented in accordance with, and containing the information required by IFRS on Interim Financial Reporting, IAS 34. The financial information included in the interim results 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 interim results have not been reviewed or reported on by the Company's external auditors.

Johannesburg Stock Exchange (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 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.

AIM Listing

The financial information for the period ended 31 December 2011 does not constitute statutory accounts as defined in sections 435 (1) and (2) of the United Kingdom ("UK") 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.

Segmental 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 segments which the Group reviews the business activities of are: Mining Operations, Near-Term Mining Operations and Development Projects.

Directors' Dealings

The Company was notified on Tuesday 18 October 2011 that Pangea Exploration (Pty) Ltd ("Pangea"), a private company of which Mr Rob Still is a director, had declared a dividend in specie (the "Dividend") to its shareholders on 1 October 2011.

Mr Still is also a trustee of the Alexandra Trust a major shareholder of Pangea. The Alexandra Trust received 12,430,900 ordinary shares of 1 pence each in the Company ("Shares") at a price of ZAR1.46 per Share, with a total value of ZAR18,149,114 as a consequence of the Dividend.

Following this off-market transaction Mr Still's total direct, beneficial interest in Pan African remains unchanged at 2,000,000 Shares, representing 0.14% of the issued share capital of the Company as well as his total indirect, non-beneficial interest of 16,755,308 Shares representing 1.16% of the issued share capital of the Company. Mr Still did not receive any direct or indirect benefit from this off-market transaction.

The Company was notified between Friday 28 October and Tuesday 1 November 2011 that Pangea Exploration (Pty) Ltd ("Pangea"), a private company of which Mr Rob Still is a director, had sold the following Shares at the following prices:

277,863 Shares at R1.7056 per share

322,137 Shares at R1.7131 per share

45,708 Shares at R1.72 per share

54,292 Shares at R1.70 per share

300,000 Shares at R1.70 per share

The above shares were sold by Pangea in order to provide funding for other potential projects. Following the above on market transactions Pangea holds 3,324,408 Shares, representing 0.23% of the issued capital of the Company. Mr Still's total direct, beneficial interest in Pan African remains unchanged at 2,000,000 Shares, representing 0.14% of the issued share capital of the Company as well as his total indirect, non-beneficial interest of 15,755,308 Shares representing 1.09% of the issued share capital of the Company.

Mr Still did not receive any direct or indirect benefit from the above transactions.

Significant events post the reporting period

Acquisition of Evander Gold Mines

On 30 January 2012 Pan African and Witwatersrand Consolidated Mines ('Wits Gold') announced that the parties had entered into a 50:50 joint venture to acquire 100% of the Evander Gold Mines from Harmony Gold Mining Company for a total conditional consideration of up to ZAR 1.7 billion (approximately £ 139 million). The transaction represents an opportunity for Pan African to materially increase its gold production profile by 50,000 ounces as well as adding a significant project pipeline for future growth. The implementation of the Transaction is subject to the fulfilment of a number of conditions as set out in the transaction announcement of 30 January 2012.

Barberton Gold Tailings Retreatment Project ('BTRP')

On 1 February 2012 the Company announced that the Board had approved Phase One of the BTRP, which will recover gold from the retreatment of the gold tailings situated close to BGMO. It is anticipated that the BTRP will increase the production profile at Barberton by 25,000 ounces per annum.

The Future

Despite falling short on planned gold production, due to operating problems experienced in the BIOX® plant during the start of the reporting period, a high gold price and significant effort by the Barberton team to increase production and manage cash cost allowed us to report record earnings for the Group.

Barberton remains one of the lowest cash cost producers in the South African Mining industry. Despite significant inflationary pressures the cash cost reported for the second quarter of the reporting period fell to ZAR158, 000/kg. This once again highlights that our focus on mining and developing quality ore-bodies with experienced management teams and a skilled workforce remains a competitive advantage that will allow us to continue to grow our profit margin and dividend.

The commissioning of the Phoenix CTRP ahead of schedule and on budget further demonstrates the Group's ability to develop projects in addition to managing mining operations. The Group now produces both gold and PGM's and offers investors this unique investment exposure. At an expected operating cash cost of US$466/oz of 4E this project will be one of the lowest cash cost producers of PGM's in the South African industry - again highlighting our competitive advantage in terms margin delivery.

The BTRP is the next organic growth project to be developed and once commissioned should increase Barberton's annual production by 25,000oz from August 2013. Although the project will recover gold, it is similar to Phoenix in that it will reclaim surface tailings that requires no underground mining and as a result places it on the lower end of the cost curve. This project will allow us to grow our profit margin once again.

The announcement post the reporting period of the acquisition of Evander Gold Mines from Harmony in a 50:50 Joint Venture with Wits Gold, gives the Group;

Access to 50,000oz of attributable production at a cash cost of less than ZAR215,000/kg

Additional attributable profits

Newly upgraded underground infrastructure (ZAR256 million invested by Harmony on Evander 8 Shaft over the last year)

An attributable underground reserve of 3.8Moz at a recovered grade of 8.02g/t

An attributable underground resource of 16.26Moz at a grade of 6.88g/t in situ

Two shallow development projects at depths of between 225m and 1000m below surface

A significant surface tailings resource - 100Mt grading 0.29g.t on an attributable basis

A further highly experienced management team and skilled workforce

This acquisition of the asset removes the concentrated asset risk of the Group and the partnership with Wits Gold and payment structure will allow the Group to acquire a sizeable, quality asset without:

Negatively impacting any potential dividend

Requiring any issuing of equity subject to cash flow from Evander and the quantum of debt funding secured.

The group believes that managements proven track record for extracting value at BGMO can be duplicated at Evander.

Our objective for the remainder of the financial year is to improve on the reported results for the period under review.

Jan Nelson	Busi Sitole
Chief Executive Officer	Financial Director

22 February 2012

Consolidated Statement of Comprehensive Income for the period ended 31 December 2011

	Group	
	31 December 2011	31 December 2010
	(Unaudited)	(Unaudited)
	£	£
Revenue		
Gold sales	51,229,660	38,326,410
Realisation costs	(84,965)	(75,604)
On - mine revenue	51,144,695	38,250,806
Cost of production - Gold	(23,201,120)	(22,949,762)
Depreciation	(1,536,448)	(1,908,836)
Mining Profit	26,407,127	13,392,208
Other expenses	(1,762,357)	(1,346,045)
Royalty costs	(2,014,560)	(1,007,987)
Net income before finance income and finance costs	22,630,210	11,038,176
Finance income	223,324	414,657
Finance costs	(26,069)	(19,868)
Profit before taxation	22,827,465	11,432,965
Taxation	(8,390,248)	(3,848,648)
Profit after taxation	14,437,217	7,584,317
Other comprehensive income:		
Foreign currency translation differences	(8,533,732)	4,676,586
Total comprehensive income for the year	5,903,485	12,260,903
Profit attributable to:		
Owners of the parent	14,437,217	7,584,317

Non-controlling interest	-	-
	14,437,217	7,584,317

Earnings per share	1.00	0.53
Diluted earnings per share	0.99	0.53
Weighted average number of shares in issue	1,444,225,674	1,421,399,407
Diluted number of shares in issue	1,452,808,064	1,426,159,912
Headline earnings per share is calculated :		
Basic earnings	14,437,217	7,584,317
Adjustments: Impairment	-	-
Headline earnings	14,437,217	7,584,317
Headline earnings per share	1.00	0.53
Diluted headline earnings per share	0.99	0.53

Consolidated Statement of Financial Position as at 31 December 2011

	Group		
	31 December 2011	31 December 2010	30 June 2011
	(Unaudited)	(Unaudited)	(Audited)
	£	£	£
ASSETS			
Non-current assets			
Property, plant and equipment and mineral rights	59,516,827	44,422,134	59,052,015
Other intangible assets	13,332,945	17,247,371	14,214,426
Goodwill	21,000,714	21,000,714	21,000,714
Rehabilitation trust fund	2,669,022	3,073,793	3,013,385

	96,519,508	85,744,012	97,280,540
Current assets			
Inventories	1,487,066	1,740,777	1,457,202
Trade and other receivables	7,000,352	4,886,229	4,254,401
Cash and cash equivalents	4,994,854	10,630,963	10,123,822
	13,482,272	17,257,969	15,835,425
TOTAL ASSETS	110,001,780	103,001,981	113,115,965
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	14,449,643	14,440,406	14,440,406
Share premium	50,982,790	50,752,830	50,932,830
Translation reserve	(223,190)	9,172,451	8,310,542
Share option reserve	799,227	807,924	861,450
Retained income	44,628,324	28,022,935	37,607,283
Realisation of equity reserve	(10,701,093)	(10,701,093)	(10,701,093)
Merger reserve	(10,705,308)	(10,705,308)	(10,705,308)
Equity attributable to owners of the parent	89,230,393	81,790,145	90,746,110
Total equity	89,230,393	81,790,145	90,746,110

Group

31 December 2011 31 December 2010 30 June 2011

	(Unaudited)	(Unaudited)	(Unaudited)
	£	£	£
Non - Current liabilities			
Long term provisions **	2,994,493	3,735,682	3,386,591
Long term liabilities **	237,357	-	181,285
Deferred taxation	9,320,441	9,717,443	9,841,695
	12,552,291	13,453,125	13,409,571
Current liabilities		-	
Trade and other payables *	6,947,074	5,437,913	8,193,750
Short term provisions	-	1,689,122	-
Current tax liability	1,272,022	631,676	766,534
	8,219,096	7,758,711	8,960,284
TOTAL EQUITY AND LIABILITIES	110,001,780	103,001,981	113,115,965

* Trade and other payables at 30June 2011 includes an amount of £1,465,299 (£41,411 for the Company) relating to the leave pay accrual which was classified as a short term provision in the prior year. This is in accordance with IAS: 19 Employee Benefits. The leave pay accrual balance as at 30 June 2010 was £1,151,895.

** Long term liabilities at 30June 2011 include an amount of £115,418 relating to the post-retirement benefits which was classified as a long term provision in the prior year. This is in accordance with IAS: 19 Employee Benefits. The post-retirement benefits balance as at 30 June 2010 was £136,602.

Consolidated Cash flow Statement for the period ended 31 December 2011

	Six months ended 31 December 2011	Six months ended 31 December 2010
	(Unaudited)	(Unaudited)
	£	£
Cash Generated by operations	23,585,992	15,928,379
Taxation paid	(6,824,551)	(3,587,061)

Royalty paid	(1,724,084)	(1,065,267)
Dividends paid	(7,416,175)	(5,376,165)
Net Finance Income	197,255	394,789
Cash inflow from operating activities	7,818,437	6,294,675
Cash outflow from investing activities	(9,140,205)	(8,500,858)
Cash inflow from finance activities	59,197	1,365,000
Net decrease in cash equivalents	(1,262,571)	(841,183)
Cash at the beginning of period	10,123,822	12,756,262
Effect of foreign currency rate changes	(3,866,396)	(1,284,116)
Cash at end of year	4,994,855	10,630,963

Consolidated Statement of Changes in Equity for the period ended
31 December 2011

	31 December 2011 (Unaudited)	31 December 2010 (Unaudited)
Shareholders equity at start of period	90,746,110	73,486,877
Share Issue	59,197	1,365,000
Share Option Reserve	(62,223)	53,530
Other Comprehensive Income	(8,533,732)	4,676,586
Profit for the period	14,437,217	7,584,317
Dividend	(7,416,176)	(5,376,165)
Total Equity	89,230,393	81,790,145

Consolidated Segment Report for the period ended 31 December 2011

31 December 2011

Barberton Mines

Phoenix

Corporate Group

Platinum and

Growth

Projects

£ £ £

£

Revenue

Gold sales 51,229,660 -

- 51,229,660

Realisation costs	(84,965)	-	-	(84,965)
On - mine revenue	51,144,695	-	-	51,144,695
Cost of production	(23,201,120)	-	-	(23,201,120)
Depreciation	(1,536,448)	-	-	(1,536,448)
Mining Profit	26,407,127	-	-	26,407,127
Other expenses	(1,203,656)	(131,801)	(426,900)	(1,762,357)
Royalty costs	(2,014,560)	-	-	(2,014,560)
Net income/(loss) before finance income and finance costs	23,188,911	(131,801)	(426,900)	22,630,210
Finance income	29,227	4,998	189,099	223,324
Finance costs	(26,069)	-	-	(26,069)
Profit/(loss) before taxation	23,192,069	(126,803)	(237,801)	22,827,465
Taxation	(8,392,325)	2,077	-	(8,390,248)
Profit/(loss) after taxation	14,799,744	(124,726)	(237,801)	14,437,217

31 December 2011

Segmental Assets	55,310,901	18,656,764	15,033,401	89,001,066
Segmental Liabilities	20,344,317	89,565	337,505	20,771,387
Goodwill	-	-	-	21,000,714
Net Assets (excluding goodwill)	34,966,584	18,567,199	14,695,896	68,229,679
Capital Expenditure	4,566,352	4,566,448	7,405	9,140,205

31 December 2010

	Barberton Mines	Phoenix Platinum	Corporate and Growth	Group

Projects

	£	£	£	£
Revenue				
Gold sales	38,326,410	-	-	38,326,410
Realisation costs	(75,604)	-	-	(75,604)
On - mine revenue	38,250,806	-	-	38,250,806
Cost of production	(22,949,762)	-	-	(22,949,762)
Depreciation	(1,908,836)	-	-	(1,908,836)
Mining Profit	13,392,208	-	-	13,392,208
Other expenses	(772,076)	-	(573,969)	(1,346,045)
Royalty costs	(1,007,987)	-	-	(1,007,987)
Net income/(loss) before finance income and finance costs	11,612,145	-	(573,969)	11,038,176
Finance income	10,252	-	404,405	414,657
Finance costs	(19,868)	-	-	(19,868)
Profit/(loss) before taxation	11,602,529	-	(169,564)	11,432,965
Taxation	(3,848,648)	-	-	(3,848,648)
Profit/(loss) after taxation	7,753,881	-	(169,564)	7,584,317

30 June 2011

Segmental Assets	43,333,140	16,990,521	31,791,590	92,115,251
Segmental Liabilities	20,212,973	1,556,006	600,876	22,369,855
Goodwill	-	-	-	21,000,714
Net Assets (excluding goodwill)	23,120,167	15,434,515	31,190,714	69,745,396
Capital Expenditure	6,773,729	14,079,722	180,540	21,033,991

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