

Regulatory Story

Company [Pan African Resources PLC](#)
TIDM PAF
Headline Manica - Pro Forma Financial Effects Statement
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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)

AIM Code: PAF

JSE Code: PAN

ISIN: GB0004300496

ISIN for Nil Paid Rights: GB00B85FJG40 (JSE Code: PANN)

ISIN for Fully Paid Rights: GB00B8RCBP62

("Pan African" or the "Company")

UPDATE REGARDING THE DISPOSAL OF THE MANICA GOLD PROJECT ("MANICA") TO AUROCH MINERALS NL ("AUROCH") AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

Pan African shareholders ("Shareholders") are referred to the announcement published by the Company on 29 August 2012 ("Announcement") regarding the disposal of 100% of Manica to Auroch Minerals Mozambique (Pty) Ltd, a wholly owned subsidiary of Auroch (Auroch was previously named Terranova Minerals NL) ("Transaction"). Certain terms of the Transaction have now been amended as detailed below and the unaudited pro forma financial effects of the Transaction ("Financial Effects") are set out below.

Jan Nelson, CEO of Pan African commented:

"The board of Pan African believes that the management team at Auroch will add significant value to this project and that Pan African shareholders will realise value from this transaction in time."

2. AMENDMENT TO THE TRANSACTION TERMS

Pan African and Auroch have agreed to amend the terms and conditions of the Transaction as follows:

- * Pan African was to receive the first portion of the Purchase Consideration comprising AUD2 million ("Initial Cash Consideration") and 25 million shares in Auroch ("Consideration Shares") upon the fulfilment or, where possible, waiver of the conditions precedent to the Transaction ("Completion"). However, payment of the cash portion of the Initial Cash Consideration has now been deferred for a period of up to 18 months from Completion and the issue of 4,100,000 of the Consideration Shares shall only be issued to Pan African upon the receipt by Auroch of the requisite approval by its shareholders to issue such shares ("Shareholder Approvals"). Auroch has undertaken to obtain the Shareholder Approvals by the end of February 2013; and
- * the total purchase consideration payable by Auroch in terms of the Transaction ("Purchase Consideration") to Pan African in cash and new

shares in Auroch ("AOU Shares"), shall be limited to a maximum of AUD80 million. The value of the Purchase Consideration shall be calculated with reference to the aggregate value of the cash paid and the value of the AOU Shares (calculated with reference to the closing price of such shares the day before their issue) issued to Pan African as payment of the Purchase Consideration. Any adjustment required shall only be made through a reduction in the number of AOU Shares issued to Pan African i.e. the cash portion of the Purchase Consideration shall remain unchanged and only the number of AOU Shares to be issued in terms of the Transaction may be adjusted.

The adjustments to the Transaction terms described above were agreed so as to allow Auroch to comply fully with its obligations in terms of the Transaction agreements whilst obtaining further certainty with respect to the extent that its shareholders would be diluted through the future issue of AOU Shares for purposes of settling the Purchase Consideration.

3. FINANCIAL EFFECTS OF THE TRANSACTION

The table below sets out the Financial Effects. The Financial Effects have been prepared for illustrative purposes only, in order to provide information about how the Transaction might have affected Shareholders had the Transaction been implemented on the dates indicated in the notes below.

Due to their nature, the Financial Effects may not fairly present the financial position or the effect on earnings of Pan African after the Transaction. The preparation of the Financial Effects is the responsibility of Pan African's directors.

The Financial Effects have been prepared using accounting policies that comply with International Financial Reporting Standards ("IFRS") and that are consistent with those applied in the published audited results of Pan African for the year ended 30 June 2012.

The figures included in the "Before the Transaction" column of the Financial Effects have been extracted from the "After the Transaction and Rights Offer" column of the pro forma financial effects pertaining to the acquisition of Evander Gold Mines Limited and the related rights offer ("Acquisition and Rights Offer") by the Company as contained in the announcement published by the Company on 7 November 2012 ("Evander Announcement"). The Financial Effects are therefore presented after accounting for the pro forma financial effects of the Acquisition and Rights Offer.

In order to comply with the requirements of the JSE Limited Listings Requirements, the Financial Effects have been prepared on the assumption that all the milestones (as more fully described in the Announcement), in terms of which the deferred portions of the Purchase Consideration shall be paid to Pan African, are met. The Financial Effects therefore account for the entire Purchase Consideration, comprising AOU Shares and cash, being received by Pan African on 1 July 2011 for purposes of the Statement of Comprehensive Income and 30 June 2012 for purposes of the Statement of Financial Position. This results in Auroch being consolidated as a subsidiary of Pan African in accordance with IFRS for purposes of the Financial Effects. The resultant effect is that any profit on the sale of Manica is not accounted for in the Financial Effects. Pan African therefore emphasises that it is highly unlikely that Auroch will become a subsidiary of Pan African in the near future and as such, the Financial Effects presented below may not truly reflect the actual outcome of the Transaction.

	Before the Transaction	After the Transaction	Change %
Earnings per share (pence)	5.32	5.23	(1.69)
Diluted earnings per share (pence)	5.30	5.21	(1.70)

Headline earnings per share (pence)	2.37	2.28	(3.80)
Diluted headline earnings per share (pence)	2.36	2.27	(3.81)
Net asset value per share (pence)	10.02	9.93	(0.90)
Tangible net asset value per share (pence)	8.14	7.91	(2.83)
Number of shares in issue	1 818 334 263	1 818 334 263	-
Weighted average number of shares in issue	1 815 274 388	1 815 274 388	-
Diluted number of shares in issue	1 823 359 844	1 823 359 844	-

Notes:

1. The "Before the Transaction" column has been extracted from the "After the Transaction and Rights Offer" column contained in the Evander Announcement.
2. The Financial Effects have been prepared on the assumption that the Transaction was concluded and all the deferred payments were paid in full on 1 July 2011 for purposes of the Statement of Comprehensive Income and by 30 June 2012 for purposes of the Statement of Financial Position.
3. The Financial Effects are prepared on the assumption that Pan African received 96 666 668 AOU Shares at an average price of AUD0.29 (GBP0.19) per share (being the closing price for an AOU Share the day before the Announcement) and cash in the amount of AUD6 000 000 (GBP3 900 000) as full payment of the Purchase Consideration. The Financial Effects have therefore been prepared on the assumption that the total value of the Purchase Consideration amounts to AUD34 033 334 (GBP22 121 667).
4. The Financial Effects have been prepared on the assumption that Pan African controls Auroch following the issue of AOU Shares to the Company as part payment of the Purchase Consideration. Auroch has therefore been consolidated by Pan African in accordance with IFRS.
5. For purposes of this announcement and the Financial Effects, Australian Dollars have been converted to British Pounds using an exchange rate of AUD1.54:GBP1.00.

4. CATEGORISATION AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

The Transaction has been categorised as a category 2 transaction in accordance with the JSE Limited Listings Requirements.

Holders of Pan African securities are referred to the cautionary announcement published by the Company on 7 November 2012 and are advised that caution is no longer required to be exercised when dealing in the Company's securities.

Johannesburg
14 December 2012

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For further information on Pan African, please visit the website at
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