Regulatory Story

Company	Pan African Resources PLC
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Headline	Results for the year ended 30 June 2012
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Pan African Resources PLC
('Pan African' or the 'Company' or the 'Group')
(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

Audited Results for the year ended 30 June 2012

Highlights and Key Matters

Group

- Gross revenue for gold sales increased by 27.65% to GBP101.1 million (2011: GBP79.2 million).
- Earnings Before Interest, Taxation, Depreciation and Amortisation ('EBITDA') increased by 57.89% to GBP45.0 million (2011: GBP28.5 million).
- Attributable profit increased by 69.77% to GBP29.2 million (2011: GBP17.2 million).
- Earnings per share ('EPS') increased by 68.33% to 2.02p (2011: 1.20p).
- Headline earnings per share ('HEPS') increased by 69.17% to 2.03p (2011: 1.20p).
- Profit margin* increased by 57.19% to US$ 918/oz (2011: US$ 584/oz).
- Gold resource inventory† increased by 4.41% to 5.92Moz (2011: 5.67Moz).
- Gold reserve inventory† increased by 16.0% to 1.16Moz (2011: 1.0Moz).
- The Group's cash balance increased by 96.04% to GBP19.8 million (2011: GBP10.1 million).
- Group capital expenditure incurred was GBP17.4 million (2011: GBP21.0 million).

Offer accepted for the acquisition of Evander Gold Mines Ltd ('Evander Gold Mines')

- On 30 May 2012 the Group entered into an agreement with Harmony Gold Mining Company Limited ('Harmony') to acquire the entire issued share capital and claims against Evander Gold Mines for a total purchase consideration of GBP116.2 million, subject to certain terms and conditions.
- Evander Gold Mines reported a net profit of GBP21.9 million for the 6 months ended 31 December 2011.
- Evander Gold Mines has an expected life of mine (excluding the reserves from the Rolspruit area that is contiguous to the current mining area) of more than ten years.
- Expected production profile of approximately 100,000 oz of gold per annum.
- Evander Gold Mines total underground resource represents 28.74Moz (110Mt @ 8.16g/t) and a reserve of 7.66Moz (28Mt @ 8.45g/t).

Mining Operations - Barberton Mines (Pty) Ltd ('Barberton Mines')

- Gold sold increased by 2.44% to 94,449oz (2011: 92,197oz).
- Capital investment of GBP10.7 million (2011: GBP6.8 million).
- Sustained a head grade in excess of 10g/t.
- Lost Time Injury Frequency Rate ('LTIFR') increased to 3.26 (2011: 2.2) and Serious Injury Frequency Rate ('SIFR') to 0.74 (2011: 0.66).

Retreatment Operations - Phoenix Platinum Mining (Pty) Ltd ('Phoenix Platinum')

- Sale of concentrate agreement concluded during November 2011.
- Hot commissioning completed in April 2012.
- Production of 3,384oz PGE 6E#.
- Ramp up phase completed by July 2012.

Near-term Production - Barberton Tailings Retreatment Project ('BTRP')

- Capital expenditure of approximately GBP23.2 million approved for project.
- Construction commenced in April 2012.
- Capital expenditure to date of GBP4.5 million.
- Commissioning scheduled for July 2013.

* Profit margin is calculated by deducting the total cash cost in US$/oz sold from the average US$/oz spot price received.
† Movement in the reserve and resource inventory includes Manica but excludes the potential impact of the Evander transaction.
# Platinum, Palladium, Rhodium, Gold, Ruthenium and Iridium.

Financial Summary

		2012	2011
Gold sales	(GBP)	101,068,596	79,208,399
EBITDA	(GBP)	45,017,891	28,540,323
Attributable profit - Owners of the parent	(GBP)	29,241,634	17,168,665
EPS	(pence)	2.02	1.20
HEPS	(pence)	2.03	1.20
Weighted average number of shares in issue		1,445,202,485	1,432,666,738

Jan Nelson, CEO of Pan African commented, "We have produced an excellent set of financial results and achieved two significant corporate milestones. Barberton mines produced a consistent 94,449oz gold at a consistently high head grade of 10g/t and we started construction on our tailings retreatment plant at Barberton. At Phoenix Platinum, we have seen significant improvement.

"We agreed terms to acquire Evander Gold Mines from Harmony, which is a game changing acquisition for us and sets us on a path to mid-tier production status. In addition, post year end we found the right opportunity for Manica in Terranova Minerals NL on the ASX.

"The impact on the year is a significantly improved profit margin up by 57.19% to US$918/oz and a 27.65% increase in revenue at just over GBP101.1 million (ZAR 1.2 billion). This was due to an excellent gold price but also as a result of stringent cost management at the mine. The first quarter sees the business in excellent health and we are very excited at the prospects 2013 will bring".

Reporting Currency Impact on Material Obligations

Shareholders should take cognisance that the Group's liabilities with regard to its current debt facility arrangements and future obligation in terms of settling the R1.5 billion purchase consideration of Evander Gold Mines, are denominated in South African Rand ('ZAR'). Although the financial information is reported in Pounds ('GBP') the Group's functional currency is ZAR, as a result the Group's liabilities above are not subject to the exchange rate movements.

Nature of Business

Pan African is a precious metals, African focused mining company.

During the reporting period, the Company remained unhedged, debt free, and was able to fund all its capital expenditure requirements from internally generated cashflows. It is the Group's intention to increase the current revolving credit facility to GBP11.62 million (secured in South African Rands ('ZAR') of 150 million) to GBP23.2 million (ZAR 300 million) to potentially fund part of the Evander Gold Mines purchase consideration.

The Company's strategy of targeting long life (a life of approximately ten years or more) projects with high grade margins and low cash cost profiles, which are either near or at production stage, enables it to consistently improve not only its resource base but also its profit margins thereby enabling the Group to ensure continued growth in shareholder value.

Offer to acquire Evander Gold Mines

On 30 May 2012 Pan African advised shareholders that it entered into an agreement ('Acquisition Agreement') with Harmony which was amended on 15 August 2012 to acquire the entire issued share capital and claims against Evander for a total purchase consideration of GBP116.2 million, subject to certain terms and conditions described below.

Background to Evander Gold Mines and rationale for the transaction

Evander Gold Mines, currently a wholly owned subsidiary of Harmony, mines and produces gold and related products and is located in Mpumalanga, South Africa. Evander Gold Mines total underground resources represent 28.74Moz (110Mt @ 8.16g/t) and a reserve of 7.66Moz (28Mt @ 8.45g/t) and its operations comprise, inter alia:

- Evander Gold Mines 8 Shaft which has an expected life of mine of more than ten years and is producing approximately 100,000 oz of gold per annum;
- Various development projects comprising Evander South, Rolspruit and Poplar;
- Evander Gold Mines Surface resources of 1.89Moz (203Mt @ 0.29g/t) comprising existing tailings dumps;
- Kinross Metallurgical processing facility and associated infrastructure and buildings;
- The Evander Gold Mines operations generated production profit, as published by Harmony, for the full year ended 30 June 2012 of GBP52 million, before tax and other charges, up from GBP16.7 million for the previous year. This was mainly the result of Harmony investing approximately GBP21 million to upgrade and improve the underground rock handling and ventilation infrastructure at Evander Gold Mines 8 shaft.

Evander Gold Mines meets Pan African's investment criteria of a long life, high grade, high margin, quality asset. Upon completion of the transaction the Group will increase its underground reserve from 1.02Moz (3.9Mt @ 8.0g/t) to 8.8Moz (39.5Mt @ 6.94g/t) and its underground resource from 2.45Moz (8.3Mt @ 9.22g/t) to 34.7Moz (177Mt @ 6.08g/t). The acquisition is expected to be earnings accretive, and potentially allows the Group to double its current gold production profile. Upon completion of the transaction the single mine risk of the Group will be removed.

Transaction Terms and Conditions

Conditions Precedent ('Conditions'):
The Transaction is subject to, inter alia, the fulfilment, or where possible, waiver of the following conditions:
- The Transaction being unconditionally approved by the South African competition authorities by no later than 31 August 2012 (condition fulfilled on 26 July 2012);
- Evander Gold Mines entering into a new electricity supply agreement with Eskom by no later than 31 October 2012, on terms and conditions acceptable to Pan African (condition not yet fulfilled);
- Pan African obtaining irrevocable undertakings from Shareholders controlling no less than 50% of Pan African's issued share capital, to vote in favour of the Transaction by no later than 31 October 2012 (condition fulfilled on 3 September 2012);
- Pan African obtaining all the requisite approvals for the Transaction from the stock exchanges upon which it is listed by no later than 30 November 2012 (condition not yet fulfilled);
- Pan African obtaining approval from Shareholders for the Transaction and all resolutions ancillary to the implementation of the Transaction, by no later than 30 November 2012 (condition not yet fulfilled); and
- The parties to the Transaction ('Parties') obtaining the necessary consent for the Transaction from the Department of Mineral Resources ('DMR') in terms of section 11 of the Mineral and Petroleum Resources Development Act 28 of 2002 by no later than 30 June 2013 (condition not yet fulfilled). In terms of the Acquisition Agreement, the Purchaser is entitled to waive the Condition pertaining to Irrevocable Undertakings and each of Harmony and the Purchaser is

entitled to extend the relevant date for fulfilment of the Conditions pertaining to Shareholder Approval for a period of 30 days. The closing date for the Transaction shall be the later of 30 November 2012 or the tenth business day after which all the conditions precedent to the Transaction are fulfilled or waived, as the case may be. The intention of the Parties is that the Closing Date shall be 30 November 2012.

Except for the condition to enter into a new electricity supply agreement with Eskom (expected to occur before 31 October 2012) and obtaining the necessary consent from the DMR in terms of section 11, all other conditions not yet fulfilled can only be fulfilled upon shareholders' approval of the transaction.

Purchase Consideration

In terms of the Acquisition Agreement, Pan African shall acquire the entire issued share capital of and claims against Evander Gold Mines for a total consideration of GBP116.2 million (ZAR1.5 billion) to be settled in the following manner:

- Pan African shall pay to Harmony an amount of no less than GBP77.5 million (ZAR1 billion) ('Deposit') upon the fulfilment or waiver of all the Conditions, other than the necessary Consent for the transaction from the Department of Mineral Resources in terms of Section 11 of the Mineral and Petroleum Resources Development Act 28 of 2002; and

- Pan African shall pay to Harmony the remainder of the Purchase Consideration, being no more than GBP38.7 million (ZAR500 million), in cash, upon fulfillment of the Consent for the transaction from the Department of Mineral Resources in terms of Section 11 of the Mineral and Petroleum Resources Development Act 28 of 2002. In the event that the above condition is not fulfilled and the Transaction is not implemented, Harmony shall be required to repay the Deposit to Pan African, with interest, calculated at 5% per annum, thereon. The Deposit shall be secured by various security cessions and mortgage bonds over the assets of Evander and the gold proceeds earned by Evander Gold Mines. All cash and profits generated by Evander Gold Mines from 1 April 2012 onwards are for the benefit of Pan African.

Break Fee

- The Parties have agreed to a break fee arrangement in terms of which Pan African shall pay to Harmony a break fee of GBP3.87 million (ZAR50 million);
- The Full Break Fee was payable in two separate tranches and shall be deducted from the Purchase Consideration in the event that the Transaction is successfully implemented;
- The first tranche of the Full Break Fee is an amount of GBP1.55 million (ZAR20 million) and was paid within 5 business days of the Signature Date (paid on 31 May 2012);
- The second tranche of the Full Break Fee is an amount of GBP2.32 million (ZAR30 million) which was paid within 5 business days from the date upon which the Condition pertaining to Irrevocable Undertakings were fulfilled or waived, as the case may be (paid on 16 August 2012);
- The parties have agreed that the full break fee will be deductible from the GBP77.5 million (ZAR1 billion) deposit;
- If the Condition pertaining to Irrevocable Undertakings were not fulfilled or waived, the First Tranche Break Fee shall be non-refundable;
- The Full Break Fee shall be non-refundable in the event that the Transaction is not concluded as a result of the Condition pertaining to Shareholder Approval not being fulfilled;
- In all other instances, the Full Break Fee shall be refundable to Pan African.

Funding the Transaction

When considering the funding of the Transaction, Pan African has formulated an approach consistent with its philosophy of ensuring that its business provides profitable, sustainable stakeholder growth.

With this in mind, Pan African intends funding the Transaction through a combination of:

- Third party debt financing ('Debt Financing');
- Its current cash reserves and cash generated through the operations of and potential strategic disposals of non-core assets by Pan African and Evander Gold Mines until the Closing Date ('Cash Reserves'); and
- To the extent necessary, through the issue of new ordinary shares in the share capital of Pan African for cash.

Debt Financing

Pan African is in the process of securing additional Debt Financing from third party lenders upon terms and conditions acceptable to Pan African to a total amount not exceeding GBP46.5 million (ZAR600 million) for the Group.

Cash Resources

As at 25 September 2012 Pan African has available cash resources in the amount of approximately GBP20.2 million (ZAR261 million), a portion of which may be utilised for purposes of partially settling the Purchase Consideration. Furthermore, cash generated from Pan African's Barberton Mines and Phoenix Platinum operations up until the Closing Date may be utilised for purposes of partially settling the Purchase Consideration.

In addition, the Purchase Consideration shall be reduced by any distributions made by Evander Gold Mines from interim period profits. As a result Pan African is confident that a considerable contribution towards the partial settlement of the purchase consideration may arise from a combination of cash resources and distributions.

Equity Capital Raising

Pan African intends to finance a portion of the Purchase Consideration through the issue of new Pan African ordinary shares ('Rights Offer Shares') by way of a rights offer ('Rights Offer'), as referred to in the announcement published on 30 May 2012 ('Announcement').

Pan African authorised a bookbuild exercise ('Bookbuild') which was conducted with, inter alia, the lead institutional shareholders of the Company and Pan African's Black Economic Empowerment shareholder, Shanduka Resources, ('Bookbuild Participants') with a view to obtaining sufficient capital subscription commitment to secure the funding of a portion of the Purchase Consideration and, in particular, the potential R1 billion deposit ('Deposit') which, at Harmony's election, may become due and payable on 30 November 2012.

On 17 August 2012 Pan African announced that the Bookbuild Participants had collectively and irrevocably committed to:

- subscribe for Rights Offer Shares up to an aggregate amount of GBP54.2 million (ZAR700 million), upon the Rights Offer and the Transaction being approved by Shareholders ('Subscription Commitments'); and
- vote in favour of all the requisite resolutions ('Transaction Resolutions') pertaining to the Transaction, the Rights Offer and matters ancillary thereto ('Voting Undertakings').

The Subscription Commitments were given by the Bookbuild Participants at an issue price of R1.90 per Rights Offer Share ('Subscription Price'). The aggregate Voting Undertakings secured by Pan African represent approximately 57% of the current total issued ordinary shares of the Company ('Shares').

In terms of the Subscription Commitments, the Bookbuild Participants have committed to, inter alia:

- follow their rights in terms of the Rights Offer; and/or
- apply for so many excess Rights Offer Shares in terms of the Rights Offer, so as to ensure a total minimum capital commitment to the Rights Offer of GBP54.2 million (ZAR700 million) ('Secured Capital').

The combination of the Subscription Commitments, the Voting Undertakings and the Secured Capital allows Pan African and/ or Special Purpose Vehicle ('SPV') to:

- discharge its/their obligations to Harmony in respect of a portion of the Purchase Consideration (or the Deposit, as the case may be); and
- extend the Rights Offer to both the JSE and AIM markets and thereby allow the majority of its Shareholders trading or residing within jurisdictions that are not restricted from participating in the Rights Offer (further details of which will be set out in the Rights Offer circular to Shareholders) to participate in the Rights Offer.

On 3 September 2012 Pan African signed the Bookbuild commitment agreements.

The Subscription Price constitutes a discount of approximately:

- 3.7% relative to the closing price of the Shares as traded on the exchange operated by the JSE Limited ('JSE') on 30 May 2012, being the date when the Evander transaction was announced;
- 3.7% relative to the volume weighted average Share price as traded on the JSE for the 30 trading days ended on 30 May 2012; and
- 4.2% relative to the volume weighted average Share price as traded on the JSE over the period from the Announcement date up to and including 15 August 2012, being the period during which the Bookbuild was conducted.

Pan African will compensate the Bookbuild Participants for providing the Subscription Commitments by paying them a liquidity fee equal to 2% of the Secured Capital.

The Bookbuild outcome is summarised in the table below.

Bookbuild Participants	Voting undertakings (Shares)	Subscription Commitments (Rands)
Investec Asset Management	141,785,423	231,000,000
Coronation Asset Management	160,000,000	220,000,000
Shanduka Gold	366,168,585	125,000,000
Allan Gray	97,074,447	75,000,000
Public Investment Corporation	39,894,492	19,282,500
Directors and others*	18,942,752	29,717,500
Total voting undertakings/ subscription comments	823,865,699	700,000,000

*Including JP Nelson, RG Still and JAJ Loots, being directors of Pan African ('Directors') and who hold or represent certain direct and/or other indirect/non-beneficial Shares. No other Directors hold Shares as at the date of this announcement.

**Total Voting Undertakings will represent 56.9% of the current shares in issue.

Pro Forma Financial Effects and Salient Dates

The pro forma financial effects of the Transaction on the reported financial information of Pan African, as well as the salient dates and times relating to the implementation of the Transaction will be announced by Pan African as soon as they have been determined.

Categorisation and Circular

The Transaction is classified as a category 1 transaction for Pan African in accordance with Section 9 of the JSE Limited Listings Requirements. A circular containing further information pertaining to the Transaction will be posted, together with a notice of a general meeting, to Shareholders in due course.

Financial Performance

Key drivers of the Group's results:

Exchange Rates

Pan African is incorporated in England and Wales, and its reporting currency is pounds sterling ('GBP'). Barberton Mines and Phoenix Platinum are South African incorporated companies, and their functional and reporting currency is ZAR. Manica is a Mozambican incorporated company and its functional and reporting currency is Meticals ("MZN").

When Barberton Mines, Phoenix Platinum and the Company financial statements are translated into GBP for the purposes of Group consolidation and reporting, the annual average and year-end closing ZAR:GBP exchange rates affect the Group consolidated financial results. In the current financial year, the average ZAR:GBP exchange rate was 12.27:1 (2011: 11.11:1), and the closing ZAR:GBP exchange rate was 12.91:1 (2011: 10.94:1). The year-on-year change in the average and closing exchange rates of 10.44% and 18.01% respectively must be taken into account for the purposes of comparing year-on-year results.

The annual average and year-end closing ZAR:US$ exchange rates were, 7.75:1 (2011: 6.99:1), and the closing ZAR:US$ exchange rate was 8.27:1 (2011: 6.83:1). The year-on-year change in the average and closing exchange rates of 10.87% and 21.08% respectively must be taken into account for the purposes of comparison.

Furthermore, when Manica financial statements are translated into GBP for the purposes of Group consolidation and reporting, the year-end closing MZN:GBP exchange rate affects the Group consolidated financial results. In the current financial year the average MZN:GBP exchange rate was 42.76:1(2011: 52.64:1) and the closing MZN:GBP exchange rate was 43.25:1(2011: 45.33:1). The year-on-year change in the average and closing exchange rates of 18.77% and 4.59% respectively must be taken into account for the purposes of comparing year-on-year results.

Commodity Prices

During the year, the Group realised an average gold price of US$ 1,694/oz (ZAR422,215/kg), an increase of 24.01% (37.64%) from US$ 1,366/oz (ZAR306,757/kg). During the reporting period, the gold price varied between a low of US$ 1,483.00/oz and a high of US$ 1,985/oz. In ZAR terms the gold price varied between a low of ZAR 321,608/kg and a high of ZAR 467,512/kg.

Platinum Group Metals ('PGM') prices were lower during the year under review averaging US$ 992/oz primarily because of the slowdown in the global economy, however short-term supply pressure should support prices at current levels for the next year which will be our first year of reporting PGM revenue from Phoenix Platinum.

Inflation and cost escalation

The Group experienced cost of production inflation in ZAR terms of 12.39% during the year under review. The impact of inflation on the Group's unit costs was mitigated to some extent by the Group's cost and efficiency improvement initiatives.

Statement of Comprehensive Income

Gross revenue from gold sales increased by 27.65% to GBP101.1 million (2011: GBP79.2 million). The increase in revenue was mainly attributed to a 24.01% increase in the average US$ gold spot price received to US$1,694/oz (2011: US$1,366/oz). The increase in gross revenue was however negatively impacted by the appreciation of the GBP against the ZAR during the reporting period, the GBP appreciating by 10.44% from ZAR:GBP 11.11 to 12.27. The average US$:ZAR exchange rate was 10.87% weaker at ZAR7.75 compared to the previous year (2011: ZAR6.99), which positively impacted revenue received in ZAR. The effective ZAR gold price was 37.64% higher at ZAR422,215/kg (2011: ZAR306,757/kg).

Group mining profit grew by 67.21% to GBP51.5 million (2011: GBP30.8 million).The profit margin in ZAR terms also substantially increased by 74.38% to ZAR228,855/kg (2011: ZAR131,237/kg) due to the favourable gold price received during the year under review.The total cash cost per kilogram increased by 10.16% to ZAR193,360/kg (2011: ZAR175,520/kg). In US$ terms the total cash cost per ounce decreased by 0.64% to US$776/oz (2011: US$781/oz).

Cost of production only increased by 1.77% to GBP46.1 million (2011: GBP45.3 million). In Rand terms, cost of production increased by 12.39% to ZAR566.0 million (2011: ZAR503.6 million).This increase is mainly attributable to a 27.13% increase in electricity costs to ZAR62.8 million (2011: ZAR49.4 million), engineering and technical services costs increasing by 21.65% to ZAR50.00 million (2011: ZAR41.1 million) and salary, wages and other staff expenses increasing by 18.72% to ZAR275.9 million (2011: ZAR232.4 million).These increases were offset by the reduction in security costs, which were down by 12.76% to ZAR29.4 million (2011: ZAR33.7 million) and processing costs reducing by 5.11% to ZAR50.1 million (2011: ZAR52.8 million).

Other expenses increased 110.71% to GBP5.9 million (2011: GBP2.8 million) largely due to once off costs associated with the Evander Gold Mines acquisition amounting to GBP0.9 million, costs related to the sale of Manica amounting to GBP0.5 million, community project costs of GBP1.2 million and cash settled share option expense of GBP0.8 million. The Royalty charge for the year increased by 58.33% to GBP3.8 million (2011: GBP2.4 million) due to increased revenue.

EBITDA for the year under review was GBP45.0 million (2011: GBP28.5 million), an increase of 57.89%. EPS increased by 68.33% to 2.02p (2011: 1.20p) and HEPS were up 69.17% to 2.03p (2011: 1.20p), supported by increased revenue from gold sales. The HEPS was slightly higher in comparison to the EPS due to an impairment charge of assets of GBP0.05 million. The impairments relates to Barberton Mines Segalla plant which is held for sale, the net book value was impaired to the Agreement Sale price. Group income tax increased by 41.30% to GBP13.0 million (2011: GBP9.2 million), in line with the increase in profits before tax. During the year under review South Africa's gold mining income tax formula was reduced upon the introduction of withholding tax on dividends that replaced the secondary tax on companies, resulting in the ZAR effective tax rate of Barberton Mines decreasing to 29.1% (2011: 34.5%).

Accounting for the Phoenix project

The construction of the Phoenix CTRP ('Chrome Tailings Retreatment Plant') was completed in early November 2011, with hot commissioning commencing thereafter and the first concentrate being produced at the beginning of December 2011. During the testing phase, all the expenditures incurred were capitalised and the plant was declared to be brought into use for accounting purposes in July 2012.

Statement of Financial Position

Statement of financial position improved significantly during the year. The increase was however partly offset by the effects of the stronger closing GBP currency against the Rand which resulted in a negative translation reserve of GBP1.9 million in 2012 compared with a positive translation reserve of GBP8.3 million in 2011.

Current assets, excluding assets held for sale, increased by 80.38% to GBP28.5 million (2011: GBP15.8 million). This was primarily as a result of a higher cash balance and an increase in debtors due to the higher value of gold shipped on the last day of the financial year compared to the previous year. Net asset value ('NAV') per share increased by 13.06% to 7.10p (2011: 6.28p) and tangible NAV per share increased by 22.83% to 4.73p (2011: 3.85p).

Non-current assets decreased by 11.51% to GBP86.1 million (2011: GBP97.3 million), mainly due to assets which have been classified as held-for-sale.

These assets relate to Manica assets and the Barberton Mines Segalla plant. Pan African entered into an agreement with Terranova Minerals NL to sell the Group's interest in the Manica project, detailed further under'Events after the reporting period' section below. This transaction is expected to be finalised within the next financial year.

Current liabilities increased by 23.33% to GBP11.1 million (2011: GBP9.0 million) due to outstanding income and royalty tax. The Group remains debt free with an untapped revolving credit facility of GBP11.62 million.

Statement of Cash Flow

The Group's cash and cash equivalents increased by 96.04% to GBP19.8 million (2011: GBP10.1 million). This increase was mainly due to increased cash generated from operations of GBP30.6 million (2011: GBP16.6 million), up by 84.34% from 2011 after making significant payments including dividends of GBP7.4 million (2011: GBP5.4 million), income tax of GBP8.4 million (2011: GBP8.3 million) and royalty charge of GBP3.3 million (2011: GBP2.4 million). Cash used in investing activities in the amount of GBP17.4 million mainly related to capital expenditures for Barberton's maintenance and development capital expenditures, Phoenix and Barberton Tailings Project.

Review of Barberton Mines

Safety & Training

It is with regret that we have to report that on 29 May 2012 at approximately 19h20 an underground general shaft worker, Mr. Christopher Makhosonke Hlela, was fatally injured when a measuring flask of a rock loading station at the Fairview No 3 Shaft bottom dislodged and struck him.

The failure of the measuring flask could not be foreseen or detected by weekly inspections and no single action was identified as the reason for the death of Mr. Christopher Makhosonke Hlela. No person contravened the requirements of the Act or Regulations, however, the following actions were recommended and have been implemented at the mine:

- The mine must revise the design, construction, operation and maintenance of box fronts, chutes and measuring flasks;
- The code of practice for the safe operation of draw points, tipping points, rock passes and box fronts must be revised. The code of practice must include the timely replacement of parts of the equipment that may fail. (Reliability centred maintenance);
- Procedures and training must be amended to provide for the changes in the risk assessment and code of practice. All relevant persons must be re-trained;
- A system of inspections and planned task observations must be implemented to ensure compliance to training, rules and legislation.

The Group remains committed to the safety and health of all its employees and continues to review its procedures on a regular basis as part of its focus on a behaviour based safety approach.

The LTIFR increased to 3.26 (2011: 2.2) and the SIFR increased to 0.74 (2011: 0.66).

The Total Recordable Injury Frequency Rate ('RIFR') also increased to 25.1 (2011: 22.6). Although Barberton Mines showed a slight decline on its year-on-year safety performance results are below the 2014 targets as set by the DMR.

In addition to the robust safety, health, environment and community (’SHEC’) implemented during the previous year, the strategic focus remains on:

- The improvement of health and safety performance through the setting and achievement of goals, taking into account stakeholder expectations and industry leading practices;
- The implementation and measurement of SHEC systems and their successes to provide a working environment that is conducive to the Company's SHEC charter;
- The management of the day to day operational risks in the workplace and the insurance that employees have to have the relevant skills to perform work related tasks in a safe manner, has taken priority.

Operating Performance

Barberton Mines sold 94,449oz of gold during the year, an increase of 2.44% from the previous year (2011: 92,197oz). Mining operations accounted for 308,095 tons milled, an increase of 4.02% from the prior year (2011: 296,200 tons). The increase in tons milled was mostly due to surface stockpiles totalling 26,054 tons (at a headgrade of 1.8g/t), yielding 1,068oz of gold.

Head grade and overall recoveries remained relatively constant at 10.45g/t (2011: 10.55g/t) and 91.22% (2011: 90.80%) respectively.

Total cash costs per ounce decreased by 0.64% to US$776/oz (2011: US$781/oz). However in Rand per kilogram terms, total cash costs increased by 10.16% to ZAR193,360/kg (2011: ZAR175,520/kg).

Total capital expenditure at Barberton Mine increased by 57.35% to GBP10.7 million (2011: GBP6.8 million). Maintenance capital expenditure of GBP3.1 million (2011: GBP3.6 million) and development capital expenditure of GBP3.1 million (2011: GBP3.2 million) were incurred. The BTRP capital expenditure at the end of the financial year totalled GBP4.5 million.

Production Summary

Financial Year:		2012	2011	2010	2009	2008
Tonnes Milled	(t)	308,095	296,200	313,167	313,952	315,305
Headgrade	(g/t)	10.45	10.55	10.61	10.32	8.90
Overall Recovery	(%)	91	91	91	91	91
Production: Underground	(oz)	93,381	92,043	97,483	94,909	82,436
Production: Surface material	(oz)	1,068	-	-	3,955	13,513
Gold Sold	(oz)	94,449	92,197	98,091	97,353	99,078
Average Price: Spot	(R/kg)	422,215	306,757	267,876	251,740	193,159
Average Price: Hedge	(R/kg)	-	-	-	-	105,850
Average Price: Spot	(US$/oz)	1,694	1,366	1,098	867	823
Average Price: Hedge	(US$/oz)	-	-	-	-	451
Total Cash Cost US$/oz sold	(US$/oz)	776	781	650	469	476
Total Cash Cost R/Kg sold	(R/Kg)	193,360	175,520	158,711	136,178	111,272
Total Cost per Ton	(R/t)	1,844	1,707	1,537	1,313	1,088
Total Mining Cost per Ton	(R/t)	1,830	1,648	1,486	1,256	1,045
Capital Expenditure	(GBP)	10,741,230	6,773,729	5,918,271	4,052,665	2,901,792
Exchange rate - average	(ZAR/GBP)	12.27	11.11	11.93	14.39	14.68
Exchange rate - closing	(ZAR/GBP)	12.91	10.94	11.53	12.66	15.56
Exchange rate - average	(ZAR/US$)	7.75	6.99	7.59	9.03	7.30
Exchange rate - closing	(ZAR/US$	8.27	6.83	7.65	7.72	7.80

Capital Expenditure

Organic Growth Projects

During the year under review, a total of GBP10.7 million was spent on capital expenditure, of which GBP3.1 million was for capital development projects.

The drilling progress of the projects for the period are summarised below:

Project	2012 (metres)	2011 (metres)	Resource target (oz)
Sheba – 36ZK	359	294	6,000
Sheba – Edwin Bray to Thomas and Joe's Luck area	303	491	17,000
54 Level Rossiter orebody	123	0	11,000
Fairview – 3 Shaft Deepening	109	149	278,000
Consort – 40 level station establishment	267	34	10,000
Consort – 50 Level Decline West	197	123	26,000

Sheba – 36 ZK
Good progress was made with this projectand a mineable block has been delineated (36ZK 1030 Hanging Wall 2820tons @ 13.82g/t) and stoping will commence in the next financial year. Further exploration drilling will be conducted during the next financial year to delineate the various Cross Fractures (1010, 990, 970 and 950 X/Fractures).

Sheba – Edwin Bray, Thomas and Joe's Luck area
Incline development towards the high grade surface borehole intersections was carried out during the period under review. Additional infill exploration drilling is in progress for the next financial year.

Fairview – 54 Level Rossiter Orebody
This project has been completed and as a result the indicated resource block was converted to a measured resource (50g/t over a 3,8m). On reef mining is in progress.

Fairview – 3 Shaft Deepening
Good progress was made with this project, where the development of a return airway was designed to provide sufficient ventilation at workable temperature. A further change was made to commence with a decline towards the 68 level downdip of the 11 high grade block.
Consort – 40 Level Development
Development to the east through the pegmatite was successful. Development on the shale will continue in the next financial year. Further exploration drilling from strategic points will target the position of the footwall lens/serpentinite to determine the extent of mineralisation.

Consort – 50 Level Decline West
A station was successfully established on 52 level and the shaft decline will be developed to 53 level in the new financial year.

On-Mine Development
The on-mine development for the period under review is summarised below:

On-Mine Development for 2012	New Consort metres	New Consort g/t	Fairview metres	Fairview g/t	Sheba metres	Sheba g/t
Reef Development	548	4.04	581	8.45	1,057	3.38
Stope Development	357	5.47	229	6.10	73	7.46
Waste Development	1,348	-	1,563	-	2,527	-
Total Development	2,253	-	2,363	-	3,657	-
Capital	590	-	510	-	1,059	-

Maintenance Capital (excluding BTRP)

The maintenance capital at Barberton Mines amounted to GBP3.1 million. Expenditure on processing plant maintenance capital was GBP0.19 million for the year, as a result of purchasing of a new concentrator truck in relation to the Sheba plant and installation of new pumps at Sheba and Consort Plants. The BIOX® Plant incurred GBP0.27 million in upgrading compressors and blowers. The total metallurgical maintenance and replacement expenditure for the year under review amounted to GBP0.7 million.

The capital expenditure on the maintenance of engineering equipment and infrastructure totalled GBP1.4 million for the year. Upgrading the mining equipment fleet was a key focus area during the year, with expenditure of GBP0.2 million to re-build load haul dumpers. The purchase of front end loader and tipper truck cost GBP0.2 million. Expenditure on the refurbishment of shafts and headgears amounted to GBP0.2 million.

The balance of the maintenance capital was largely spent on the final implementation of a new financial system for GBP0.24 million and replacement of light vehicles for GBP0.7 million.

Projects

Review of Phoenix Platinum

The Phoenix project has a total South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves ('SAMREC') compliant resource of 493,000 ounces PGM 4E's (4,853,000 tons at 3.16g/t PGM 4E's in situ).

The project is expected to produce 211,000 ounces PGM 6E's at a plant recovery of 45% over the 17-year life of the operation with a planned annual retreatment capacity of 240,000 tons. The total capital cost required to construct and commission the plant was GBP8.5 million (ZAR104 million). The cost for the plant was funded from existing cash resources within the Group. A sale of concentrate agreement was concluded with Western Platinum Limited ('WPL'), a subsidiary of Lonmin PLC, during November 2011.

The construction of the CTRP was completed in November 2011 with the first low grade concentrate delivered to WPL at the end of January 2012.

During the hot commissioning phase the metallurgists continued with CTRP stabilisation to achieve steady state concentrate production. The International Ferro Metals Limited ('IFM') feed source to the CTRP prior to January 2012 originated from the IFM Lesedi underground operations and this sulphide rich tailings material was the basis of the original CTRP project flotation test work. Due to financial considerations IFM drastically cut back on the Lesedi underground tons and moved mining operations to the low cost opencast oxidised ore section at Skychrome.

This opencast material being highly oxidised, contains poor quality chrome and low PGE grades. Feeding this current arisings material into the CTRP is not ideal as the highly oxidised tailings do not float properly. The metallurgy of oxidised tailings negatively affects recovery and grade, leading to poor PGE concentrate production. The oxide to sulphide ratio contained in the run of mine ore from the IFM opencast pits will reduce proportionately with the increase in depth of the mining cut. Various options are being investigated to address the effect of the highly oxidised feed source, recoveries and final concentrate grade.

Production Summary

		Dec 2011	Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	Jun 2012
Plant Feed	(t)	11,625	14,239	19,327	18,382	15,616	21,994	23,281
Head Grade	(g/t)	4,21	3,32	4,22	4,20	4,63	3,92	4,64
Overall Plant Recovery	(%)	28	9	20	17	20	27	24
Percent Cr(2)O(3)	(%)	2,46	2,57	2,39	2,4	1,94	2,87	2,81
Ounces Produced 6E PGE	(oz)	439	122	587	405	439	777	705
	($/oz)	961	940	1,048	1,028	990	929	918
Basket Price Received								
	(ZAR/oz)	7,853	7,523	8,015	7,785	7,733	7,537	7,681
	($/oz)	727	2,575	577	882	781	586	664
Total Cash Cost								
	(ZAR/oz)	5,938	20,599	4,414	6,678	6,102	4,756	5,560
	($/oz)	27	22	18	19	22	21	20
Cash Cost Per Ton								
	(ZAR/oz)	224	176	134	147	172	168	168
Capital Expenditure	($/oz)	195,545	854,882	2,126,370	553,910	271,745	0	958,446
Exchange Rate- Average	(ZAR/oz)	8,17	8,00	7,65	7,57	7,81	8,11	8,37

BTRP project

As a consequence of successful metallurgical test work carried out on composite drill hole samples drilled during the previous financial year, the potential of retreating the Bramber tailings dam was assessed in a feasibility study. The project viability was confirmed in an independent review by Venmyn Rand (Pty) Limited and during November 2011 the Company's board of directors ('Board') approved capital of GBP23.2 million (ZAR300 million) for the BTRP project at Barberton Mines.

Detailed engineering process and flow design, to treat approximately 1.2Mt per annum, was carried out by Basil Read Matomo. When in production the BTRP will increase the annual gold production profile at Barberton Mines by 20,000 to 25,000 oz. With a cost structure of US$700/oz this
project is well in line with the Company's strategy of developing low cost-high margin projects.

The construction of the BTRP on a site adjoining the Bramber Tailings Storage Facility ('TSF') is well underway and on target to commence cold commissioning in April 2013. Additional land adjacent to the current tailings dam extension has been acquired for a TSF and the Environmental Impact Assessment ('EIA') is due to be completed by December 2012. The TSF will be ready for use when the commissioning phase of the BTRP begins by end April 2013.

The life of the BTRP project has been augmented by auger drilling on an additional 6Mt of tailings at the Harper dumps (at Fairview) and the Consort Tailings dam, extending the Life of Project from three to ten years.

Final commissioning is scheduled to be completed in June 2013 and production build up is planned from July 2013.

Review of Manica Gold

During the period under review the Group entered into negotiations with certain strategic partners to divest of the project. A separate management team was put in place to (a) assist the Group with its divestment strategy and (b) ensure compliance with its current obligations on the project. The Group's divestment strategy allows for the project to be disposed for a consideration of cash and shares over a period of 3 years. During this period the Group will remain a non-controlling shareholder and will not assume management nor financial responsibility for advancing the project. Further details of the status of this strategy are provided in the 'Events after the reporting period' section below.

Capital Expenditure

Capital expenditure at Barberton Mines totalled GBP10.7 million, of which development capital was GBP3.1 million, maintenance capital was GBP3.1 million and BTRP Capital was GBP4.5 million.

Capital expenditure on Phoenix Platinum totalled GBP6.7 million.

There was GBP12.3 million in outstanding orders contracted for capital commitments at the end of the period at Barberton Mines and GBPnil outstanding at Phoenix Platinum.

Operating lease commitments, which fall due within the next year, amounted to GBP0.12 million (2011: GBP0.19 million).

Basis of Preparation of Financial Statements

Investors should consider non-Generally Accepted Accounting Principles ('GAAP') financial measures shown in this preliminary announcement in addition to, and not as a substitute for or as superior to, measures of financial performance reported in accordance with International Financial Reporting Standards ('IFRS'). The IFRS results reflect all items that affect reported performance and therefore it is important to consider the IFRS measures alongside the non-GAAP measures.

JSE Limited listing

The Company has a dual primary listing on JSE Limited ('JSE') and the AIM 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.

The Group's South African external auditors, Deloitte & Touche, have issued their opinion on the Group's Annual Financial Statements for the year ended 30 June 2012. The audit was conducted in accordance with International Standards on Auditing.They have expressed an unmodified opinion on the Annual Financial Statements from which the Group's preliminary announcement was derived. A copy of their audit report is available for inspection at the Company's registered office. Any reference to future financial performance included in these Group Financial Statements has not been reviewed or reported on by the Group's South African external auditors.

AIM Listing

The financial information for the year ended 30 June 2012 does not constitute statutory accounts as defined in sections 435 (1) and (2) of the United Kingdom ('UK') Companies Act 2006 but has been derived from those accounts. Statutory accounts for the year ended 30 June 2011 have been delivered to the Registrar of Companies and those for 2012 will be delivered following the Company's annual general meeting. The UK external auditors (Deloitte LLP) have reported on these accounts for the year ended 30 June 2012. Their report was unqualified, did not include a reference to any matters to which auditors draw attention by way of emphasis of matter and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. These statutory accounts have been prepared in accordance with IFRS and IFRS Interpretations Committee ('IFRIC') interpretations adopted for use by the European Union, with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Directorship Change
The following changes took place in the financial year ended 30 June 2012:

Non-Executive Directors

- Mr Cyril Ramaphosa resigned as chairman of the board. (14 December 2011)
- Mr Keith Spencer replaced Mr Cyril Ramaphosa as chairman of the board. (14 December 2011)
- Ms Phuti Mahanyele replaced Mr Keith Spencer as Deputy Chairman of the board. (14 December 2011)
- Ms Hester Hickey was appointed to the board as chairperson of the audit committee. (12 April 2012)

Executive Directors

- Mr Cobus Loots resigned as Financial Director and remained as a non-executive director. (14 December 2011)
- Ms Busi Sitole was appointed as Financial Director. (14 December 2011)

Shares Issued

During the year under review, the Company announced the issue and allotment of 4,221,650 new ordinary shares in respect of share options exercised:

- On 28 October 2011 200,000 shares issued to F. Chadwick at 7 pence per share.
- On 24 November 2011 723,650 shares issued to D Negri at 6 pence per share.
- On 3 April 2012 500,000 shares issued to N. Spruijt at 7 pence per share.
- On 27 April 2012 450,000 shares issued to C. Strydom at 7 pence per share.
- On 27 April 2012 850,000 shares issued to C. Strydom at 5 pence per share.
- On 27 April 2012 288,000 shares issued to P. Human at 7 pence per share.
- On 27 April 2012 850,000 shares issued to P. Human at 5 pence per share.
- On 27 April 2012 360,000 shares issued to R. Le Roux at 7 pence per share.

Dividend

The Pan African board previously stated that the company's policy is to pay an annual dividend, subject to the capital requirements of the company. This policy has not changed. However, taking into account the funding required to implement the Evander Gold Mines transaction and the concomitant proposed rights offer, and following discussions with major shareholders, the board of directors has decided to forego the declaration of a dividend in respect of the 2012 financial year. A final dividend for the year ended 30 June 2011 of GBP7.4 million was paid.

The board remains committed to continue with the company's dividend policy and intends to resume the dividend payment in the 2013 financial year, normal legal and commercial considerations permitting. Pan African is positive that the Evander Gold Mines transaction, once implemented, will further support the Group's cash flows and drive to enhance shareholder returns through dividends.

Going Concern

The Group is currently generating significant levels of cash from its operations, is debt free and has a revolving credit facility of GBP11.62 million with a major bank which it has not yet utilised. However, the terms of its agreement to acquire Evander Gold Mines from Harmony will require it to make a significant cash payment (approximately GBP116 million) once all the outstanding conditions precedent have been met. The directors currently envisage that the required funding will be met by a combination of existing cash, additional equity (for which irrevocable shareholder undertakings of GBP54 million have been obtained), cash held by Evander Gold Mines and debt funding. The level of debt funding required is expected to exceed the capacity of the current revolving credit facility but we have secured credit committee approval from a major bank for the required increase in the size of the facility secured and the Company is satisfied that the remaining steps to obtain final approval are procedural in nature.

The Group's ability to fund the transaction and meet the working capital needs of the enlarged Group thereafter is also sensitive to a number of other factors including, but not limited to, changes in gold price, production rates and cost levels. We have therefore produced cash flow forecasts and run sensitivities in respect of the above factors as well as considering the potential impact on our funding position of a national strike in the South African mining sector between now and the completion of the transaction. In the event there are unexpected adverse changes to the Group's cash flows, the directors are confident that the Group could manage its financial affairs in a number of ways, including a reduction in discretionary capital expenditure, obtaining additional debt funding and, in the event of a short term downturn, a focus on higher grade ores and working capital management.

Having taken into consideration the above factors, the diretors believe that the Group's forecasts and projections show that the Company and Group will be able to complete the Evander Gold Mines acquisition, meet all its other contractual commitments and have adequate resources to continue in operational existence for the foreseeable future, being 12 months from the date of this report. Accordingly, the directors continue to adopt the going concern basis in preparing the results for the year ended 30 June 2012.

Events After the reporting period

Acquisition of Evander Gold Mines from Harmony

On 17 August 2012 Pan African issued an update on the Evander acquisition status. Pan African announced that 57% of the shareholders had committed to vote in favour of the transaction and that it had secured GBP54.2 million (ZAR700 million) through rights offer commitments. Pan African has made a further payment of GBP2.5 million (ZAR30 million) to Harmony in respect of the second tranche of the break fee in terms of the Agreement. Therefore, the full Break Fee, being an amount of GBP4.1 million (ZAR50 million), has been paid by Pan African to Harmony. Pan African and Harmony have furthermore agreed that the Break Fee shall be set off against the GBP77.5 million (ZAR1 billion) Deposit. The balance of the Deposit (if it becomes payable, at Harmony's election) shall therefore constitute a total amount of GBP73.6 million (ZAR950 million).

As discussed earlier in this document the Secured Capital, in addition to Pan African's existing cash funds available and, to the extent necessary, draw-downs by Pan African from existing debt funding facilities, will be sufficient to allow Pan African to make payment of the Deposit. Pan African intends to fund the balance of the Purchase Consideration through a combination of, inter alia, third party debt financing and funds generated from Pan African's existing operations. Further details are outlined in the SENS announcement dated 17 August 2012.

The Group is in the process of finalising the debt component of GBP46.5 million (ZAR600 million) required for part of the financing of the Evander transaction.

Disposal of Manica Gold Project

On 29 August 2012 Pan African announced that it entered into an agreement to dispose of 100% of its Manica Gold Project ('Manica') to Auroch Minerals Mozambique (Pty) Ltd, a wholly owned subsidiary of Terranova Minerals NL, for a total potential purchase consideration of AUD 6 million (GBP 4 million / ZAR 52.4 million) payable in cash and 96,666,668 shares in Terranova, subject to certain terms and conditions more fully described in the SENS announcement dated 29 August 2012.

Accounting Policies

The preliminary announcement has been prepared using accounting policies that comply with the International Financial Reporting Standards ('IFRS') adopted by the European Union and South Africa, which are consistent with those applied in the financial statements for the year ended 30 June 2012 and prior year end 30 June 2011.

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.

The Alexandra Trust, of which Mr Still is a trustee, is a major shareholder of Pangea and accordingly received 12,430,900 ordinary shares of 1 pence each in the Company at a price of ZAR1.46 per share, with a total value of ZAR18,149,114 as a consequence of the dividend in specie.

The Company was notified between Friday 28 October and Tuesday 1 November 2011, that Pangea had sold the 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 Company was notified on Friday 30 March 2012 that Pangea had disposed of 1,530,612 ordinary shares of 1 pence each in the Company at ZAR1.96 per share for a total value of ZAR3,000,000.

The above mentioned shares were sold by Pangea in order to finance new business. Following these off market transactions, Pangea holds 1,793,796 shares, representing 0.12% of the issued share 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 14,224,696 shares representing 0.98% of the issued share capital of the Company.

Segment 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 (Barberton Mines), Near-Term Mining Operations (Phoenix Platinum) and Development Projects (Manica).

Renewal of cautionary announcement

Shareholders are referred to the announcements published by the Company on 17 August 2012 and 29 August 2012 wherein Shareholders were advised to continue exercising caution when dealing in the Company's shares until such time as the pro forma financial effects relating to the acquisition of Evander Gold Mines and the disposal of Manica have been published, respectively.

Accordingly, Pan African shareholders are advised to continue exercising caution when dealing in the Company's shares until such time as the pro forma financial effects relating to the acquisition of Evander Gold Mines and the disposal of Manica have been published.

Pan African Outlook - The Future

The offer to acquire Evander Gold Mines from Harmony marks a significant milestone in the future growth of the company. On successful completion the transaction will allow the Group to double gold production output. Mineral reserves will increase from just over 1Moz to close 9Moz ensuring a sustainable future. A pipeline of brownfield projects will become available around current mining areas that can be developed to unlock future value. Such development will be funded from internal cash flows without impeding on future dividend payments.

No major project development will be undertaken without shareholder approval and the Group will continue through strategic partnerships to exploit further growth opportunities within the precious metals sector in South Africa. The Group believes that significant opportunities will become available in the gold and platinum sectors in South Africa as the major mining houses start divesting of their South African assets to gain a more international footprint.

The Group will continue to differentiate itself from its peer group and pursue its strategy of investment into ore bodies with high grades, high margins and a long life. Our people, through their actions, will produce the results and we will continue to invest in their well-being and skills upliftment.

I would like to offer my sincere thanks to my fellow Directors and to all the Staff at the Corporate Office and the Operations for their tireless efforts during a very successful year. We would also like to thank all the shareholders for their continued support and we look forward to continuing our journey as an emerging mid-tier precious metals producer.

Jan Nelson
Chief Executive Officer

Busi Sitole
Financial Director

Condensed Consolidated Statement of Comprehensive Income
for the year ended 30 June 2012

	Group	
	30 June 2012 (Audited) GBP	30 June 2011 (Audited) GBP
Revenue		
Gold sales	101,068,596	79,208,399
Realisation costs	(163,217)	(157,763)
On-mine revenue	100,905,379	79,050,636
Cost of production	(46,122,811)	(45,345,417)
Depreciation	(3,259,010)	(2,885,243)
Mining Profit	51,523,558	30,819,976
Other expenses	(5,916,227)	(2,796,657)
Impairment	(48,238)	-
Royalty costs	(3,848,450)	(2,368,239)
Net income before finance income and finance costs	41,710,643	25,655,080
Finance income	652,267	802,022
Finance costs	(136,765)	(40,128)
Profit before taxation	42,226,145	26,416,974
Taxation	(12,984,511)	(9,248,309)
Profit after taxation	29,241,634	17,168,665
Other comprehensive income:		
Foreign currency translation differences	(10,248,051)	3,814,677
Total comprehensive income for the year	18,993,583	20,983,342
Profit attributable to:		
Owners of the parent	29,241,634	17,168,665
Non-controlling interest	-	-
	29,241,634	17,168,665
Total comprehensive income attributable to:		
Owners of the parent	18,993,583	20,983,342
Non-controlling interest	-	-
	18,993,583	20,983,342

Condensed Consolidated Statement of Comprehensive Income
for the year ended 30 June 2012 (continued)

	Group	
	30 June 2012 (Audited) GBP	30 June 2011 (Audited) GBP
Earnings per share	2.02	1.20
Diluted earnings per share	2.01	1.19
Weighted average number of shares in issue	1,445,202,485	1,432,666,738
Diluted number of shares in issue	1,453,287,941	1,438,824,573
Headline earnings per share is calculated		
Basic earnings	29,241,634	17,168,665
Adjustments		
Impairments	48,238	-
Loss of sale of asset	17,922	-
Headline earnings	29,307,794	17,168,665
Headline earnings per share	2.03	1.20
Diluted headline earnings per share	2.02	1.19

Condensed Consolidated Statement of Financial Position
at 30 June 2012

	Group	
	30 June 2012 (Audited) GBP	30 June 2011 (Audited) GBP
ASSETS		
Non-current assets		
Property, plant and equipment and mineral rights	62,411,655	59,052,015
Other intangible assets	-	14,214,426
Goodwill	21,000,714	21,000,714
Rehabilitation trust fund	2,662,934	3,013,385
	86,075,303	97,280,540
Current assets		
Inventories	1,868,735	1,457,202
Trade and other receivables	6,828,047	4,254,401
Cash and cash equivalents	19,782,179	10,123,822
	28,478,961	15,835,425
Assets held for sale	13,135,215	-
TOTAL ASSETS	127,689,479	113,115,965
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	14,482,623	14,440,406
Share premium	51,149,299	50,932,830
Translation reserve	(1,937,509)	8,310,542
Share option reserve	904,902	861,450
Retained income	59,432,741	37,607,283
Realisation of equity reserve	(10,701,093)	(10,701,093)
Merger reserve	(10,705,308)	(10,705,308)
Equity attributable to owners of the parent	102,625,655	90,746,110
Total equity	102,625,655	90,746,110
Non - Current liabilities		
Long term provisions	3,043,954	3,386,591
Long-term liabilities	868,881	181,285
Deferred taxation	10,088,530	9,841,695
	14,001,365	13,409,571
Current liabilities		
Trade and other payables	7,709,729	8,193,750
Current tax liability	3,352,730	766,534
	11,062,459	8,960,284
TOTAL EQUITY AND LIABILITIES	127,689,479	113,115,965

Condensed Consolidated Statement Of Cash Flows
For the year ended 30 June 2012

	Group	
	30 June 2012 (Audited) GBP	30 June 2011 (Audited) GBP
NET CASH GENERATED FROM OPERATING ACTIVITIES	30,575,270	16,610,289
INVESTING ACTIVITIES		
Additions to property, plant and equipment, mineral rights	(17,424,906)	(21,033,991)
Evander break-fee deposit	(1,548,779)	-
Additions to intangibles	(505,273)	(800,619)
Funding of rehabilitation trust fund	115,970	122,145
NET CASH USED IN INVESTING ACTIVITIES	(19,362,988)	(21,712,465)
FINANCING ACTIVITIES		
Shares issued	258,686	1,545,000
NET CASH FROM FINANCING ACTIVITIES	258,686	1,545,000
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	11,470,968	(3,557,176)
Cash and cash equivalents at the beginning of the year	10,123,822	12,756,262
Effect of foreign exchange rate changes	(1,812,611)	924,736
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	19,782,179	10,123,822

Condensed Consolidated Statement of Changes in Equity
for the year ended 30 June 2012

	Share Capital	Share premium account	Translation reserve	Share option reserve	Retained earnings	Realisation of equity reserve	Merger reserve	Total
	GBP	GBP	GBP	GBP	GBP	GBP	GBP	GBP
Balance at 30 June 2010	14,095,406	49,732,830	4,495,865	754,394	25,814,783	(10,701,093)	(10,705,308)	73,486,877
Issue of shares	345,000	1,200,000	-	-	-	-	-	1,545,000
Total comprehensive income	-	-	3,814,677	-	17,168,665	-	-	20,983,342
Dividend paid	-	-	-	-	(5,376,165)	-	-	(5,376,165)
Share Based payments	-	-	-	107,056	-	-	-	107,056
Charge for the year								
Balance at 30 June 2011	14,440,406	50,932,830	8,310,542	861,450	37,607,283	(10,701,093)	(10,705,308)	90,746,110
Issue of shares	42,217	216,469	-	-	-	-	-	258,686
Total comprehensive income	-	-	10,248,051)	-	29,241,634	-	-	18,993,583
Dividends paid	-	-	-	-	(7,416,176)	-	-	(7,416,176)
Share Based payments	-	-	-	43,452	-	-	-	43,452
Charge for the year								
Balance at 30 June 2012	14,482,623	51,149,299	(1,937,509)	904,902	59,432,741	(10,701,093)	(10,705,308)	102,625,655

Consolidated Segmented Report
for the year ended 30 June 2012

	30 June 2012				30 June 2011			
	Barberton Mines	Phoenix Platinum	Corporate and Growth Projects	Group	Barberton Mines	Phoenix Platinum	Corporate and Growth Projects	Group
Revenue								
Gold sales	101,068,596	-	-	101,068,596	79,208,399	-	-	79,208,399
Realisation costs	(163,217)	-	-	(163,217)	(157,763)	-	-	(157,763)
On-mine revenue	100,905,379	-	-	100,905,379	79,050,636	-	-	79,050,636
Cost of production	(46,122,811)	-	-	(46,122,811)	(45,345,417)	-	-	(45,345,417)
Depreciation	(3,259,010)	-	-	(3,259,010)	2,885,243)	-	-	(2,885,243)
Mining Profit	51,523,558	-	-	51,523,558	30,819,976	-	-	30,819,976
Other expenses **	(1,484,792)	(59,957)	(4,371,478)	(5,916,227)	(288,930)	(12,943)	(2,494,784)	(2,796,657)
Impairment costs	(48,238)	-	-	(48,238)	-	-	-	-
Royalty costs	(3,848,450)	-	-	(3,848,450)	(2,368,239)	-	-	(2,368,239)
Net income / (loss)before finance income and finance costs	46,142,078	(59,957)	(4,371,478)	41,710,643	28,162,807	(12,943)	(2,494,784)	25,655,080
Finance income	96,202	4,911	551,154	652,267	29,065	-	772,957	802,022
Finance costs	(136,765)	-	-	(136,765)	(40,128)	-	-	(40,128)
Profit /(loss) before taxation	46,101,515	(55,046)	(3,820,324)	42.226.145	28,151,744	(12,943)	(1,721,827)	26,416,974
Taxation	(13,058,128)	73,617	-	(12,984,511)	(9,251,933)	3,624	-	(9,248,309)
Profit /(loss) after taxation	33,043,387	18,571	(3,820,324)	29,241,634	18,899,811	(9,319)	(1,721,827)	17,168,665
Other comprehensive income:								
Foreign currency translation differences	(3,840,331)	550,605	(6,958,325)	(10,248,051)	1,737,540	269,848	1,807,289	3,814,677
Total comprehensive income / (loss) for the year	29,203,056	569,176	(10,778,649)	18,993,583	20,637,351	260,529	85,462	20,983,342

*Costs directly attributable to Phoenix Platinum, along with attributable overheads, are capitalised to capital under construction
** Other expenses are excluding inter-company management fees and dividends

Segmental Assets	48,864,455	19,617,673	38,206,637	106,688,765	43,333,140	16,990,521	31,791,590	92,115,251
Segmental Liabilities	23,552,791	275,378	1,235,655	25,063,824	20,212,973	1,556,006	600,876	22,369,855
Goodwill	-	-	-	21,000,714	-	-	-	21,000,714
Net Assets (excluding goodwill)	25,311,664	19,342,295	36,970,982	81,624,941	23,120,167	15,434,515	31,190,714	69,745,396
Capital Expenditure	10,739,237	6,672,468	13,202	17,424,907	6,773,729	14,079,722	180,540	21,033,991

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