

Regulatory Story

Company [Pan African Resources PLC](#)
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Headline Statement re acquisition of Evander Gold Mine
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Press announcement

Pan African Resources, together with Wits Gold to acquire the operating Evander Gold Mine from Harmony for R1.7 billion

Pan African Resources plc ('Pan African') and Witwatersrand Consolidated Gold Resources Limited ('Wits Gold'), collectively the 'Consortium' announced today that they have entered into an agreement with Harmony Gold Mining Company Limited ('Harmony') to acquire 100% of Harmony's interest in Evander Gold Mines Limited ('Evander'), in a 50/50 joint venture, for a total Transaction consideration of ZAR1.7 billion (GBP139 million¹).

The Transaction represents an attractive value proposition to the Consortium and will provide Pan African with an immediate increase in attributable gold resources and reserves. Undertaking this Transaction as a Consortium has created the opportunity for Pan African to bid for a better quality asset, at lower risk and financial exposure to the company.

The Evander operations are located in Mpumalanga, South Africa, and comprise the operating Evander 8 shaft, and several significant development projects namely Rolspruit, Poplar, Evander South, Libra (surface tailings resource) and the Kinross metallurgical processing plant. The total underground resource represents 32.5Moz (147Mt @ 6.88g/t)² and a reserve of 7.6Moz (29.5Mt @ 8.02g/t)². Evander 8 shaft currently has an expected life of mine of more than ten years. Evander is expected to produce between 85,000 and 95,000 ounces per annum. The Transaction adds significantly to Pan African's reserve and resource base, and provides an annual attributable share of production of approximately 45,000 ounces per annum.

The board of directors of Pan African believes that the Transaction further represents an opportunity for Pan African to materially increase its gold production profile from 95,000 to approximately 140,000 ounces per annum. In addition the Transaction provides Pan African with a significant project pipeline for future growth. The deal is expected to be significantly earnings per share accretive with minimal shareholder dilution, depending on the Transaction structure.

The purchase consideration of ZAR1.7 billion (GBP139 million)¹, less any distributions made by Evander to Harmony between 1 April 2012 and the closing date of the Transaction ("Closing Date") by way of dividends, capital reduction or share repurchases, will be payable as follows:

- * ZAR1.4 billion (GBP115 million)¹ less certain distributions, in cash on the Closing Date of the Transaction;
- * Four cash payments of ZAR25 million (GBP2million)¹ each, payable quarterly and commencing three months after the Closing Date, amounting to a total of ZAR100 million;
- * A further ZAR100 million (GBP8 million)¹ payable 19 months after Closing Date, provided the average rand gold price exceeds ZAR410,000 per kg* over the 12 preceding months. This payment can be made in either cash or shares (or a combination of both) at the election of the Consortium and should the Consortium elect to make payment wholly or partially in shares, each of Pan African and Wits Gold will issue shares to Harmony in equal rand value proportions; and

* ZAR100 million (GBP8 million)1 payable 31 months after Closing Date, provided the average rand gold price exceeds ZAR450,000 per kg* during the preceding 12 months. This payment can be made in either cash or shares (or a combination of both) at the election of the Consortium and should the Consortium elect to make payment wholly or partially in shares, each of Pan African and Wits Gold will issue shares to Harmony in equal value rand proportions.

* No payment will be due if the average gold price for the period was not achieved.

The individual Consortium members intend utilising a combination of debt, equity and operational cash flows to settle the Transaction consideration.

The Consortium will benefit from Pan African's specialist operational skill set and from Wits Gold's specialist exploration expertise, as well as the mining experience of both Companies' CEOs. The Consortium partnership will jointly control and manage the operations through a steering committee with equal representation from both Companies.

Jan Nelson CEO of Pan African commented: "Evander meets our investment criteria in all aspects and has the same ability to yield high margins as our Barberton Mining Operations. The Evander 8 Shaft orebody has gold grades in excess of 14g /t in the measured and indicated resource category, an extremely experienced management team and workforce, as well as good infrastructure. Together with Barberton, Evander will respectively increase our resource by 304% to 22.9Moz and our reserve by 390% or 4.9Moz. In addition, we will also increase our production by at least 45,000 ounces per annum. Many of our management team have been involved with the asset in the past and so we know it well. The smart solution of a partnership with Wits Gold gives us the necessary momentum to continue to deliver profitable sustainable stakeholder growth and returns and represents a first in the junior gold sector in South Africa".

Please refer to the detailed SENS announcements released by each of the Companies earlier today for further details of the Transaction.

1. Exchange rates quoted as at close of business 27 January 2012 of GBP1.00: ZAR12.20
2. Reserves and Resources quoted from Harmony 2011 Annual Report which is SAMREC and JORC compliant.

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About Pan African

Pan African is a South African based precious metals mining group that produces approximately 100,000 ounces of gold and 12,000 ounces of Platinum Group Metals per annum, with a focus on low costs and high margin. The company is focused on increasing productivity through stringent efficiency and safety improvements. Recently the company announced that headline earnings per share for the six months ended 31 December 2011 are expected to be between 83 per cent and 93 percent higher than the 0.52 pence per share generated for the six months ended 31 December 2010, due to the current gold price and also as a result of managements operational improvements and cost control at their gold producing asset, Barberton. The company has recently commissioned the Phoenix chrome tailings retreatment plant that extracts Platinum Group metals from chrome tailings and is planning to build a 1.2Mt per annum gold tailings retreatment plant at its Barberton Mining Operations.

About Wits Gold

Wits Gold is a gold and uranium company which holds 14 new order Prospecting Rights over 1,195km² in the southern Free State, Potchefstroom and Klerksdorp goldfields of the Witwatersrand Basin. These areas contain SAMREC compliant total resources of 157Moz Au and 271Mlbs U308. The Company is currently focused on fast-tracking the development of its shallow DBM Project in the southern Free State goldfield, where a pre-feasibility study is currently in progress.

The acquisition of the share in Evander Gold Mines will result in Wits Gold becoming South Africa's newest gold producer, and delivers into the Company's strategy to acquire producing assets with growth potential.

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