Pan African Resources PLC
('Pan African Resources' or the 'Company' or the 'group')
(Incorporated and registered on 25 February 2000 in England and Wales under the Companies Act 1985, registration number 3937466)
Share code on AIM: PAF
Share code on JSE: PAN
ISIN: GB0004300496

Provisional audited results for the year ended 30 June 2015 and final dividend announcement

Key features reported in South African Rand ('ZAR') and Pound Sterling ('GBP')

- The group headline earnings in ZAR terms was ZAR213.6 million (2014: ZAR452.0 million) and in GBP terms was GBP11.9 million (2014: GBP26.8 million)(note 1).
- Gold production and earnings for the year were impacted negatively by inter alia, the lower grade mining cycle at Evander Gold Mining Proprietary Limited ('Evander Mines').
- The board has proposed a dividend of ZAR210 million or GBP9.9 million (2014: ZAR258 million or GBP14.9 million), equating to ZAR0.11466 per share or 0.53958p per share (2014: ZAR0.1410 per share or 0.82p per share). This dividend is subject to approval at the annual general meeting ('AGM'), which will take place on 27 November 2015. The reduced dividend is not a departure from the group's progressive dividend policy and the board will consider an interim dividend in the 2016 financial year (note 8).
- Evander Tailings Treatment Plant ('ETRP') construction was completed ahead of schedule and within budget with steady state production achieved by the end of February 2015. The ETRP was the third surface tailings retreatment plant successfully commissioned by the group, and in addition to underground mining expertise, Pan African Resources is now firmly established as a tailings retreatment operator.
- The group's net debt increased to ZAR321.1 million or GBP16.6 million (2014:ZAR101 million or GBP5.6 million), but improved substantially from ZAR458.6 million (GBP25.4 million) in December 2014.
- Phoenix Platinum Proprietary Limited ('Phoenix Platinum') PGE production increased significantly by 42.2% to 10,245oz (2014: 7,204oz) (note 2).
- Barberton Tailings Retreatment Plant ('BTRP') gold sold increased by 6.1% to 24,283oz (2014: 22,885oz).
- Overall group safety statistics improved with the group's lost time injury frequency rate ('LTIFR') and reportable injury frequency rate ('RIFR') per 1,000,000 man hours decreasing to 2.29 (2014:2.97) and 1.11(2014:1.52) respectively.
- The group regrets to report one fatality during the year under review (2014: four fatalities).

	Metric	**For the year ended 30 June 2015**		**For the year ended 30 June 2014**		**Movement**	
Revenue	(ZAR millions - GBP millions)	2,539.4	141.1	2,608.8	154.6	(2.7%)	(8.7%)
Average gold price received	(ZAR/kg – USD/oz)	446,274	1,212	433,437	1,303	3.0%	(7.0%)
Cash costs	(ZAR/kg – USD/oz)	349,410	949	298,345	897	17.1%	5.8%
All-in sustaining cash cost	(ZAR/kg – USD/oz)	402,221	1,093	349,008	1,049	15.2%	4.2%
All-in costs (note 6)	(ZAR/kg – USD/oz)	425,084	1,155	374,015	1,124	13.7%	2.8%
Adjusted EBITDA (note 3)	(ZAR millions - GBP millions)	512.1	28.4	745.5	44.2	(31.3%)	(35.7%)
Attributable earnings	(ZAR millions - GBP millions)	210.2	11.7	452.1	26.8	(53.5%)	(56.3%)
Earnings per share ('EPS')	(cents - pence)	11.48	0.64	24.74	1.47	(53.6%)	(56.5%)
Headline earnings per share ('HEPS')	(cents - pence)	11.67	0.65	24.74	1.47	(52.8%)	(55.8%)
Net debt	(ZAR millions - GBP millions)	321.1	16.6	101.0	5.6	(217.9%)	(196.4%)
Total sustaining capital expenditure	(ZAR millions - GBP millions)	242.3	13.5	164.5	9.7	(47.3)	(39.2%)
Total capital expenditure	(ZAR millions - GBP millions)	352.0	19.6	363.0	21.5	(3.0%)	(8.8%)
Net asset value per share	(cents - pence)	149.5	8.0	152.4	8.7	(1.9%)	(8.0%)
Weighted average number of shares in issue	(millions)	1,830.4	1,830.4	1,827.2	1,827.2	0.2%	0.2%
Average exchange rate	(ZAR:GBP – ZAR:USD)	18.00	11.45	16.88	10.35	6.6%	10.6%
Closing exchange rate	(ZAR:GBP – ZAR:USD)	19.30	12.29	18.01	10.59	7.2%	16.1%

Cobus Loots, CEO of Pan African Resources commented: "Despite a very difficult financial year, the board has proposed an attractive final dividend to shareholders. This proposed dividend demonstrates our confidence in the robust nature of our operations. Having implemented a number of corrective measures to resolve the issues that impacted on the 2015 financial year, the group is well positioned to deliver an improved performance in 2016. The successful commissioning of the ETRP together with Phoenix Platinum’s production and profitability ramp-up, confirms the group’s ability to grow in a value-accretive manner and to continue to enhance stakeholder value. The group’s existing cash flow generative mines and project pipeline enables us to execute our strategy of growing production with robust economics for the benefit of all our stakeholders.”

Operational
Barberton Mines Proprietary Limited (‘Barberton Mines’) (note 5)

- The operation reported one fatality for the year (2014: three fatalities).
- Average underground head grade of 10.9g/t (2014: 11.5g/t).
- As previously reported, production was negatively affected by an oil contamination within the BIOX® plant and Section 54 safety stoppages issued by the Department of Minerals Resources (‘DMR’), which resulted in the loss of 11 production days.
- Gold sold decreased by 5.2% to 105,776oz (2014: 111,623oz) (note 7).
- Revenue decreased by 2.8% to ZAR1,469 million (2014: ZAR1,511.1 million), as a result of the decrease in gold sales.
- Cash cost per kilogramme increased by 16.4% to ZAR278,859/kg (2014: ZAR239,496/kg), due to a 5.2% decrease in gold sold and a 10.3% increase in the cost of production.
- All-in sustaining cash cost per kilogramme increased by 17.5% to ZAR332,151/kg (2014: ZAR282,716/kg).
- All-in cost per kilogramme increased by 11.7% to ZAR337,317/kg (2014: ZAR302,058/kg).
- Adjusted EBITDA decreased by 17.7% to ZAR505.5 million (2014: ZAR614 million) (note 3).
- Capital expenditure incurred was lower at ZAR112.6 million (2014: ZAR151 million), the decrease was due to Barberton Mines incurring once-off capital completing the BTRP construction of ZAR40.7 million in the 2014 financial year.
- Life of mine increased to 20 years (2014: 19 years), the increased in life of mine to 20 years was due to the down dip extension of the high grade 11 Block of the main reef complex (‘MRC’) ore body by a further 170 metres. This extension to the MRC orebody has resulted in an annual increase in Barberton’s Mine mineral reserves by 236,162 ounces, thereby extending the life of mine.

Evander Mines

- The operations improved safety performance resulted in no fatalities reported for the year (2014: one fatality).
- As a result of the lower grade mining cycle the underground headgrade decreased to 4.6g/t (2014: 5.2g/t).
- Gold sold decreased by 8.5% to 70,081oz (2014: 76,556oz) largely due to the lower grade mining cycle and Section 54 safety stoppages issued by the DMR, which resulted in the loss of 9 production days.
- Revenue decreased by 5.2% to ZAR972 million (2014: ZAR1,025.8 million).
- The ETRP reached steady state production by the end of February 2015, contributing an additional 6,523oz of gold (2,494oz from tailings and 4,029oz from surface feedstock).
- Cash costs per kilogramme increased by 18.7% to ZAR455,896/kg (2014: ZAR384,150/kg), as a result of the low grade mining cycle and resultant decrease in gold sold.
- All-in sustaining cash costs per kilogramme increased by 14.0% to ZAR507,980/kg (2014: ZAR445,665/kg).
- All-in cost per kilogramme increased by 16.4% to ZAR557,553/kg (2014: ZAR478,933/kg) (note 6).
- Adjusted EBITDA decreased by 63.1% to ZAR47.4 million (2014: ZAR128.3 million) (note 3).
- Capital expenditure incurred was ZAR238.2 million (2014: ZAR210.5 million), which includes the once-off capital expenditure of ZAR95.1 million (2014: ZAR79.2 million), spent on the construction of the ETRP.
- Life of mine decreased to 16 years (2014: 17 years).

Phoenix Platinum

- Phoenix Platinum’s profitability and cash generation increased significantly during the year under review.
- Phoenix Platinum headline earnings increased significantly to ZAR15.2 million (2014: ZAR3.7 million).
- PGE production increased by 42.2% to 10,245oz (2014: 7,204oz) (note 2).
- Revenue increased by 36.9% to ZAR98.4 million (2014: ZAR71.9 million).
- The average PGE net revenue price received decreased by 3.8% to ZAR9,603/oz (2014: ZAR9,987/oz) (note 4).
- Cost per ton increased by 16.7% to ZAR259/t (2014: ZAR222/t).
- Cost per ounce of production decreased by 14.3% to ZAR6,621/oz (2014: ZAR7,723/oz).
- Adjusted EBITDA increased by 73.1% to ZAR27.7 million (2014: ZAR16 million) (note 3).
- Capital expenditure incurred was ZAR 0.6 million (2014: ZAR 0.4 million).
- Life of operation remained at 28 years (2014: 28 years).

Notes:

1. Refer to the statement of comprehensive income for a reconciliation of profit after taxation to headline earnings.
2. PGEs are platinum, palladium, rhodium, iridium, ruthenium and gold.
3. Adjusted EBITDA is represented by earnings before interest, taxation, depreciation and amortisation, impairments and loss on disposal of associate.
4. Phoenix Platinum's average PGE net revenue price received represents the value received per ounce post refining and is therefore disclosed net of refining charges.
5. Combined Barberton Mines operations include Barberton Mines mining operations and the BTRP.
6. The all-in cost per kilogramme includes once-off capital expenditure of ZAR95.1 million (2014: ZAR79.2 million), spent on the construction of the ETRP. The capital expenditure amounted to ZAR17,389/kg (2014:ZAR13,534/kg) and ZAR43,634/kg (2014:ZAR33,268/kg) of the group's and Evander Mines' all-in cost per kilogramme, respectively.
7. Barberton Mine's gold sold during the current period includes 60 kilogrammes (1,929oz) of gold sold to Rand Merchant Bank (a division of FirstRand Bank Limited) in concentrate form at 30 June 2015.
8. The GBP proposed dividend was calculated based on an exchange rate of ZAR21.25:1. The UK shareholders are to note that a revised exchange rate will be communicated prior to final approval at the AGM. Therefore the proposed dividend is approximately 0.53958p per share.

Nature of business

Pan African Resources is a mid-tier African-focused precious metals producer with a production capacity in excess of 200,000oz gold and 12,000oz of PGE's per annum. The group's assets include:

- Barberton Mines : three gold mines and the BTRP in Mpumalanga
- Evander Mines : a gold mine and the ETRP in Mpumalanga
- Phoenix Platinum : a Chrome Tailing Retreatment Plant ('CTRP') in the North West province

Pan African Resources' growth strategy is aimed at identifying and exploiting mining opportunities at margins that create stakeholder value by driving growth in our earnings, cash flows, production and in our mineral reserve and resource base, and by capturing the full precious metals mining value chain.

The group is profitable and cash generative at current gold prices, with the ability to fund all on-mine sustaining capital expenditure internally and also meet its other funding and growth commitments.

Financial performance

Key external drivers of the group's results

Exchange rates and their impact on results

All of the group's subsidiaries are incorporated in South Africa and their functional currency is ZAR. The group's business is conducted in ZAR and the accounting records are maintained in this same currency, with the exception of precious metal product sales, which are conducted in USD prior to conversion into ZAR. The ongoing review of the results of operations conducted by executive management and the board is also performed in ZAR.

The group's presentation currency is GBP due to its ultimate holding company, Pan African Resources, being incorporated in England and Wales and being dual-listed in the UK and South Africa.

In the year under review the average ZAR/GBP exchange rate was ZAR18.00:1 (2014: ZAR16.88:1) and the closing ZAR/GBP exchange rate was ZAR19.30:1 (2014: ZAR18.01:1). The year-on-year change in the average and closing exchange rates of 6.6% and 7.2%, respectively, must be taken into account for the purposes of translating and comparing year-on-year results.

The group records its revenue from precious metals sales in ZAR, and the deterioration in the value of the ZAR/USD exchange rate during the year had a compensating effect on the weaker USD metals price revenue received. The average ZAR/USD exchange rate was 10.6% weaker at ZAR11.45:1 (2014: ZAR10.35:1).

The commentary below analyses the current and prior period's results. Key aspects of the group's ZAR results appear in the body of this commentary and have been used as the basis against which its financial performance is measured. The gross GBP equivalent figures can be calculated by applying the exchange rates as detailed above.

Commodity prices

During the course of the year the average USD gold and PGE basket prices achieved were substantially lower than the previous year.

The group realised an average gold price of USD1,212/oz, a decrease of 7.0% from the USD1,303/oz achieved in the prior year.

The market PGE basket price (applying the Phoenix Platinum prill split) during the year decreased by 10.2% to USD1,008/oz (2014: USD1,122/oz). Phoenix Platinum achieved an average PGE basket price of USD839/oz (2014: USD965/oz), after taking into account the terms of its off-take agreement with Western Platinum Limited, a subsidiary of Lonmin Plc.

Despite the lower USD gold price, the average ZAR gold price received by the group increased by 3.0% to ZAR446,274/kg (2014: ZAR433,437/kg), as a result of the weakening of the ZAR against the USD exchange rate.

The average ZAR PGE basket price received by the group decreased by 3.8% to ZAR9,603/oz (2014: ZAR9,987/oz), also benefiting to some extent from the weaker ZAR.

Statement of profit or loss and other comprehensive income

	For the year ended 30 June 2015		For the year ended 30 June 2014		Movement	
	ZAR (millions)	GBP (millions)	ZAR (millions)	GBP (millions)	ZAR	GBP
Revenue	2,539.4	141.1	2,608.8	154.6	(2.7%)	(8.7%)
Cost of production	(1,987.4)	(110.4)	(1,795.9)	(106.4)	10.7%	3.8%
Mining profit	353.4	19.6	637.8	37.8	(44.6%)	(48.1%)
EBITDA	512.1	28.4	745.5	44.2	(31.3%)	(35.7%)
Profit after taxation	210.2	11.7	452.1	26.8	(53.5%)	(56.3%)
Headline earnings	213.6	11.9	452.0	26.8	(52.7%)	(55.6%)
EPS (cents/pence)	11.48	0.64	24.74	1.47	(53.6%)	(56.5%)
HEPS (cents/pence)	11.67	0.65	24.74	1.47	(52.8%)	(55.8%)
Weighted average number of shares in issue (millions)	1,830.4	1,830.4	1,827.2	1,827.2	0.2%	0.2%

Analysing the group's financial performance

Revenue, costs, profitability and dividends

Performance	2015 financial year commentary
Revenue	The group's revenue, year-on-year, decreased by 2.7% to ZAR2,539.4 million (2014: ZAR2,608.8 million). The decrease was predominantly due to the following reasons: 1) Gold sold decreased by 6.5% to 175,857oz (2014:188,179oz). 2) The average ZAR gold price received increased by 3% to ZAR446,274/kg (2014:433,437/kg). This increase was driven by the weakening of the average ZAR/USD exchange rate by 10.6% to ZAR11.45:1 (2014: ZAR10.35:1) and the USD gold price decreasing by 7.0% to USD1,212/oz (2014: USD1,303/oz). 3) Increased PGE revenues contributed an additional 1% year on year to the group revenue.
Average gold price and PGE price	The group realised an average gold price increase of 3% to ZAR446,274/kg (2014: ZAR433,437/kg) and an average PGE basket price received was ZAR9,603/oz (2014: ZAR9,987/oz).
Cost of production	Pan African Resources' year-on-year total cost of production increased by 10.7% to ZAR1,987.4 million (2014: ZAR1,795.9 million). - The cost of production increased with the addition of the new ETRP which reached steady

	state production by the end of February 2015. Additional tailing and surface feedstock processed resulted in a ZAR54.1 million increase in production costs. Excluding the ETRP, the effective cost increase was 7.7% year-on-year.
	- The group's salaries and wages remained well controlled and increased by 5.1% to ZAR910.8 million (2014: ZAR866.7 million). This increase was due to:
	  o The wage agreement increase being linked to the consumer price index ('CPI') plus 1% (7.15% and 6.6% granted to National Union of Mineworkers ('NUM') and United Association of South Africa ('UASA')).
	  o The average number of employee's (excluding capital employees) decreased by 2% to 3,939 (2014: 4,020).
	- The group's electricity costs increased by 8.6% to ZAR275.4 million (2014:ZAR253.7 million), being lower the Eskom increases of 12.7% as result of reduced electricity consumption, load clipping and Section 54 safety stoppages issued by the DMR.

Cash costs	The group's cost of production per kilogramme increased by 17.1% to ZAR349,410/kg (2014: ZAR298,345/kg). The 17.1% increase was due to: - Gold sold decreasing by 6.5% to 175,857oz (2014:188,179oz); - The group's total cost of production, as highlighted above, increasing by 10.7%.
All-in-sustaining cash costs	The group's all-in sustaining cash cost of production per kilogramme (including direct cost of production, royalties, associated corporate costs and overheads and sustaining capital expenditure) increased by 15.2% to ZAR402,221/kg (2014: ZAR349,008/kg). The group's all-in-sustaining cash costs were primarily impacted by: - Evander Mines' lower grade mining cycle and resultant decrease in the group's gold sold. - The group's total cost of production increasing by 10.7%.
All-in-cost	The all-in cost per kilogramme (sustaining cost of production and once-off expansion capital) increased by 13.7% to ZAR425,084/kg (2014: ZAR374,015/kg), due to: - Gold sold decreasing by 6.5% to 175,857oz (2014:188,179oz); - Once-off capital expenditure to complete the construction the ETRP which amounted to ZAR95.1 million (2014: ZAR79.2 million). The ETRP capital expenditure equated to ZAR17,389/kg (2014: ZAR13,534/kg) of the group's all-in cost per kilogramme.
Gold collar derivatives	The group entered into short term strategic hedges to protect its Evander Mines and other operations' revenue, cash flows and dividends payments against severe adverse price movements in the ZAR price of gold. During the current financial year, the group realised a pre-tax profit of ZAR44.7 million (2014: ZAR39 million) from these transactions, which are recorded under other income and expense line in the statement of comprehensive income. The transaction income was also factored into Evander Mines all-in sustaining costs.
Profit after tax and headline earnings	Profit after taxation decreased by 53.5% to ZAR210.2 million (2013: ZAR452.1 million) and the corresponding headline earnings decreased to ZAR213.6 million (2014: ZAR452.0 million), primarily due to: - The group's revenue decreasing by ZAR69.4 million. - The group's cost of production increasing by ZAR191.5 million.
EPS and HEPS	The group's EPS in ZAR was 11.48 cents (2014: 24.74 cents), a decrease of 53.6%. The group's HEPS in ZAR terms decreased by 52.8% to 11.67 cents (2014: 24.74 cents). The difference between the EPS and HEPS, was as result of adjusting the attributable earnings for the loss on disposal and the associated impairment upon the sale of Auroch Minerals NL. Refer to the statement of comprehensive income for the reconciliation between EPS and HEPS. The EPS and HEPS is calculated by applying the groups weighted average number of shares to the attributable and headline earnings, which increased by 0.2% to 1,830.4 million (2014:1,827.2 million)
Taxation	The group's total taxation charge decreased by 38.4% to ZAR74.4 million (2014: ZAR120.8

	million) due to: A reduction in gold profit margins due to the cost of production increases and lower gold ounces sold relative to the prior year. - A reduction in gold profit margins due to the cost of production increases and lower gold ounces sold relative to the prior year. - A decrease in deferred taxation as a result of Evander Mines recognising unredeemed capital of ZAR322 million (2014: ZAR139.1 million) as well as an assessed loss to be carried forward of ZAR88.1 million (2014: Nil).
Dividend	The group paid a final dividend of ZAR258 million (GBP14.9 million) during December 2014 equating to ZAR0.1410 per share (0.82p per share), and in the prior financial year ZAR240.3 million (GBP14.9 million), equating to ZAR0.1314 per share (0.80p per share). In light of market uncertainties, the board has proposed a reduced dividend of ZAR210 million or GBP9.9 million (2014: ZAR258 million or GBP14.9 million), equating to ZAR0.11466 per share or 0.53958p per share (2014: ZAR0.1410 per share or 0.82p per share). This final dividend is subject to approval at the AGM which will take place on 27 November 2015. The reduced dividend is however not a departure from the group's progressive dividend policy and the board will consider an interim dividend in the 2016 financial year. Note: The GBP proposed dividend was calculated based on an exchange rate of ZAR21.25:1. The UK shareholders are to note that a revised exchange rate will be communicated prior to final approval at the AGM. Therefore the proposed dividend is approximately 0.53958p per share.

Statement of financial position

	For the year ended 30 June 2015		For the year ended 30 June 2014		Movement	
	ZAR (millions)	GBP (millions)	ZAR (millions)	GBP (millions)	ZAR	GBP
Non-current assets	4,147.1	220.2	3,941.5	223.4	5.2%	(1.4%)
Current assets	332.3	17.2	423.4	23.5	(21.5%)	(26.8%)
Total equity	2,738.5	147.2	2,788.4	159.4	(1.8%)	(7.7%)
Non-current liabilities	1,309.5	67.9	1,144.1	63.5	14.5%	6.9%
Current liabilities	431.4	22.4	432.4	24.0	(0.2%)	(6.7%)

Non-current assets increased by 5.2% to ZAR4,147.1 billion (2014: ZAR3,941.5 billion). The increase was partly attributable to further capital expenditure during the year amounting to ZAR352.0 million (2014: ZAR363.0 million), and is detailed by operation below:

Group capital expenditure

	For the year ended 30 June 2015		For the year ended 30 June 2014		Movement	
	ZAR (millions)	GBP (millions)	ZAR (millions)	GBP (millions)	ZAR	GBP
Barberton Mines	109.3	6.1	110.3	6.5	(0.9%)	(6.2%)
BTRP	3.3	0.2	40.7	2.4	(91.9%)	(91.7%)
Evander Mines	143.1	7.9	131.3	7.8	9.0%	1.3%
ETRP	95.1	5.3	79.2	4.7	20.1%	12.8%
Phoenix Platinum	0.6	-	0.4	-	50.0%	-
Corporate	0.6	0.1	1.1	0.1	(45.5%)	-
Total capital expenditure	352.0	19.6	363.0	21.5	(3.0%)	(8.9%)

Included in non-current assets is the rehabilitation trust fund balance of ZAR312.3 million (2014: ZAR278.4 million), which increased by ZAR33.9 million as a result of growth in the underlying investment portfolio. The rehabilitation trust fund's investment portfolio comprises investments in guaranteed equity linked notes, government bonds and equities.

Current assets decreased by 21.5% to ZAR332.3 million (2014: ZAR423.4 million). This was as a result of *inter-alia*:

- A decrease in cash on hand to ZAR64.2 million (2014: ZAR101.2 million).
- Accounts receivable decreased to ZAR184.5 million (2014: ZAR210.7 million) as a result of lower outstanding gold shipments at year end relative to the prior year.
- Inventory decreased to ZAR67.6 million (2014: ZAR96.2 million) due to the Evander Mines holding lower quantities of gold bearing inventory at year end.

The group remains liquid with a net debt position of ZAR321.1 million (2014:ZAR101.0 million) at year-end, which includes a gold loan of ZAR139.6 million. The group continues to be profitable and cash flow generative, which has resulted in group's net debt being reduced from ZAR458.6 million at December 2014 to ZAR321.1 million at the end of the 2015 financial year.

Non-current liabilities increased by 14.5% to ZAR1,309.5 million (2014: ZAR1,144.1 million). The increase is largely attributable to the increase in the non-current portion of the revolving credit facility balance and the gold loan of ZAR314.8 million (2014: ZAR146.6 million).

Current liabilities remained relatively constant at ZAR431.4 million (2014: ZAR432.4 million), with an increase in the current portion of the revolving credit facility, the gold loan and accounts payable, off-set by a reduction in the year-end tax liability.

The decrease in the group's equity is a result of a decrease in retained earnings, due to the dividend paid of ZAR258 million (2014:ZAR240.3 million) for the 2015 financial year being more than the profit after taxation of ZAR210.2 million (2014: ZAR452.1 million) for the 2015 financial year.

Treasury and group funding

Revolving credit facility

The group has refinanced its existing revolving credit facility with a consortium of local banks. The new facility has a tenure of five years, and increases the revolving credit facility's limit from ZAR600 million to ZAR800 million, with a two year option at Pan African Resources' election (subject to the bank's credit committee approval) to increase the facility to ZAR1.1 billion. The revolving credit facility comes at a reduced margin (JIBAR plus 2.5% compared to 2.8%) and facility fee and provides Pan African Resources with access to a long-term debt facility with flexible terms at a competitive rate, which will be used to fund its organic and acquisitive growth aspirations.

Working capital and debt management

The group implemented a centralised treasury function in Pan African Resources Funding Company Proprietary Limited ('Funding Company'), a wholly-owned subsidiary of Pan African Resources, with the objective of centrally managing all aspects of the group's financial risk.

Operational performance
Review of group gold operations production summary

	Year ended 30 June	Units	Underground and surface operations			Tailings operations		Total continuing operations		
			Barberton Mines	Evander Mines	Total	BTRP	ETRP	Barberton Mines Total	Evander Mines Total	Group Total
Tonnes milled - underground	2015	*(t)*	254,673	381,986	636,659	-	-	254,673	381,986	636,659
	2014	*(t)*	263,574	395,127	658,701	-	-	263,574	395,127	658,701
Tonnes milled – surface (note 1)	2015	*(t)*	6,076	266,223	272,299	-	-	6,076	266,223	272,299
	2014	*(t)*	28,547	260,901	289,448	-	-	28,547	260,901	289,448
Tonnes milled - total underground and surface	2015	*(t)*	260,749	648,209	908,958	-	-	260,749	648,209	908,958
	2014	*(t)*	292,121	656,028	948,149	-	-	292,121	656,028	948,149
Tonnes processed – tailings(note 2)	2015	*(t)*	-	-	-	971,627	507,444	971,627	507,444	1,479,071
	2014	*(t)*	-	-	-	815,736	-	815,736	-	815,736
Tonnes processed - surface feedstock	2015	*(t)*	-	-	-	-	139,723	-	139,723	139,723
	2014	*(t)*	-	-	-	-	-	-	-	-
Tonnes processed - total tailings and surface feedstock	2015	*(t)*	-	-	-	971,627	647,167	971,627	647,167	1,618,794
	2014	*(t)*	-	-	-	815,736	-	815,736	-	815,736
Tonnes milled and processed - total	2015	*(t)*	260,749	648,209	908,958	971,627	647,167	1,232,376	1,295,376	2,527,752
	2014	*(t)*	292,121	656,028	948,149	815,736	-	1,107,857	656,028	1,763,885
Headgrade - underground	2015	*(g/t)*	10.9	4.6	7.1	-		10.9	4.6	7.1
	2014	*(g/t)*	11.5	5.2	7.7	-	-	11.5	5.2	7.7
Headgrade - surface	2015	*(g/t)*	1.4	1.1	1.1	-	-	1.4	1.1	1.1
	2014	*(g/t)*	1.3	1.4	1.4	-	-	1.3	1.4	1.4
Headgrade - total underground and surface	2015	*(g/t)*	10.7	3.2	5.3	-	-	10.7	3.2	5.3
	2014	*(g/t)*	10.5	3.7	5.8	-	-	10.5	3.7	5.8
Headgrade - tailings	2015	*(g/t)*	-	-	-	1.4	0.3	1.4	0.3	1.0
	2014	*(g/t)*	-	-	-	1.6	-	1.6	-	1.6
Headgrade - surface feedstock	2015	*(g/t)*	-	-	-	-	1.1	-	1.1	1.1
	2014	*(g/t)*	-	-	-	-	-	-	-	-
Headgrade - total tailings and surface feedstock	2015	*(g/t)*	-	-	-	1.4	0.5	1.4	0.5	1.0
	2014	*(g/t)*	-	-	-	1.6	-	1.6	-	1.6
Headgrade - total	2015	*(g/t)*	10.7	3.2	5.3	1.4	0.5	3.3	1.8	2.6
	2014	*(g/t)*	10.5	3.7	5.8	1.6	-	3.9	3.7	3.8
Recovered grade	2015	*(g/t)*	9.7	3.0	5.0	0.8	0.3	2.7	1.7	2.2
	2014	*(g/t)*	9.4	3.6	5.4	0.9	-	3.1	3.6	3.3
Overall recovery - underground operations	2015	*(%)*	91%	97%	93%	-	-	80%	93%	85%
	2014	*(%)*	90%	96%	92%	-	-	80%	96%	86%
Overall recovery - tailings operations	2015	*(%)*	-	-	-	57%	54%	57%	54%	56%
	2014	*(%)*	-	-	-	56%	-	56%	0%	56%
Gold production - underground operations	2015	*(oz)*	81,315	53,746	135,061	-	-	81,315	53,746	135,061
	2014	*(oz)*	87,979	65,956	153,935	-	-	87,979	65,956	153,935

Gold production - surface operations	2015	*(oz)*	178	9,812.53	9,990	-	-	178	9,813	9,990
	2014	*(oz)*	759	10,600	11,359	-	-	759	10,600	11,359
Gold production - tailings operations	2015	*(oz)*	-	-	-	24,283	2,494	24,283	2,494	26,776
	2014	*(oz)*	-	-	-	22,885	-	22,885	-	22,885
Gold production - surface feedstock	2015	*(oz)*	-	-	-	-	4,029	-	4,029	4,029
	2014	*(oz)*	-	-	-	-	-	-	-	
Gold sold(note 2)	2015	*(oz)*	81,493	63,558	145,051	24,283	6,523	105,776	70,081	175,857
	2014	*(oz)*	88,738	76,556	165,294	22,885	-	111,623	76,556	188,179
Average ZAR gold price received	2015	*(ZAR/KG)*	446,246	447,474	446,784	447,387	430,797	446,508	445,922	446,274
	2014	*(ZAR/KG)*	435,464	430,801	433,304	434,394	-	435,244	430,801	433,437
Average USD gold price received	2015	*(USD/oz)*	1,212	1,216	1,214	1,215	1,113	1,213	1,216	1,212
	2014	*(USD/oz)*	1,309	1,295	1,302	1,305	-	1,346	1,295	1,303
ZAR cash cost	2015	*(ZAR/KG)*	309,289	475,338	382,048	176,734	266,453	278,859	455,896	349,410
	2014	*(ZAR/KG)*	258,972	384,150	316,948	163,977	-	239,496	384,150	298,345
ZAR all-in sustaining cash costs	2015	*(ZAR/KG)*	375,914	532,767	444,644	185,280	266,453	332,151	507,980	402,221
	2014	*(ZAR/KG)*	311,756	445,665	373,776	170,111	-	282,716	445,665	349,008
ZAR all-in cost	2015	*(ZAR/KG)*	382,620	539,315	451,280	185,280	735,262	337,317	557,553	425,084
	2014	*(ZAR/KG)*	321,342	478,933	394,330	227,286	-	302,058	478,933	374,015
USD cash cost	2015	*(USD/oz)*	840	1,291	1,038	480	688	758	1,238	949
	2014	*(USD/oz)*	778	1,154	952	493		740	1,154	897
USD all-in sustaining cash cost	2015	*(USD/oz)*	1,021	1,447	1,208	503	688	902	1,380	1,093
	2014	*(USD/oz)*	937	1,339	1,123	511		874	1,339	1,049
USD all-in cost	2015	*(USD/oz)*	1,039	1,465	1,226	503	1,899	916	1,515	1,155
	2014	*(USD/oz)*	966	1,439	1,185	683		934	1,439	1,124
ZAR cash cost per tonne (note 3)	2015	*(ZAR/t)*	3,007	1,450	1,896	137	84	744	767	756
	2014	*(ZAR/t)*	2,447	1,394	1,719	143	-	751	1,394	990
Capital expenditure (note 4)	2015	*(ZAR million)*	109.3	143.1	252.5	3.3	95.1	112.6	238.2	350.8
	2014	*(ZAR million)*	110.3	210.5	320.8	40.7	-	151.0	210.5	361.5
Average exchange rate	2015	*(ZAR/USD)*	11.45	11.45	11.45	11.45	12.04	11.45	11.45	11.45
	2014	*(ZAR/USD)*	10.35	10.35	10.35	10.35	-	10.35	10.35	10.35
Revenue	2015	*(ZAR million)*	1,131.1	884.6	2,015.7	337.9	87.4	1,469.0	972.0	2,441.0
	2014	*(ZAR million)*	1,201.9	1,025.8	2,227.7	309.2	-	1,511.1	1,025.8	2,536.9
Cost of production	2015	*(ZAR million)*	783.9	939.7	1,723.7	133.5	54.1	917.4	993.8	1,911.2
	2014	*(ZAR million)*	714.8	914.7	1,629.5	116.7	-	831.5	914.7	1,746.2
All-in sustainable cost of production	2015	*(ZAR million)*	952.8	1,053.2	2,006.0	139.9	54.1	1,092.7	1,107.3	2,200.0
	2014	*(ZAR million)*	860.5	1,061.2	1,921.7	121.1	-	981.6	1,061.2	2,042.8
All-in cost of production	2015	*(ZAR million)*	969.8	1,066.2	2,036.0	139.9	149.2	1,109.7	1,215.4	2,325.1
	2014	*(ZAR million)*	886.9	1,140.4	2,027.3	161.8	-	1,048.7	1,140.4	2,189.1
Adjusted EBITDA (note 5)	2015	*(ZAR million)*	301.8	32.4	334.3	203.7	15.0	505.5	47.4	552.9
	2014	*(ZAR million)*	420.9	128.3	549.2	193.1	-	614.0	128.3	742.3

Note 1: Surface source tonnes allocated to ETRP from 1 March 2015.
Note 2: ETRP production for January and February 2015 was capitalised according to IAS16 (204,024t producing 17kg or 547oz gold).
Note 3: Split between ETRP and Surface feedstock cost per tonne is R40.9/t and R238.3/t respectively, averaging at R84/t.
Note 4: Included in the Evander Mines capital for the prior year is an amount of ZAR79.2 million relating to the construction of the ETRP.
Note 5: Adjusted EBITDA is represented by earnings before interest, taxation, depreciation and amortisation, bargain purchase gain, impairments and loss on disposal of associate.

Review of Barberton Mines

Safety

Safety is our primary priority and we strive to achieve zero fatalities in our operations. It is therefore with deep regret that we report that one of our employees, Mr Cyprein Solomon Mkhathswa (a diesel mechanic), was fatally injured on 23 April 2015. The deceased was replacing a lift cylinder by hitting the pin into position with a hammer. A tiny piece of the pin splintered and pierced his chest, resulting in Mr Mkhathswa losing his life. Subsequently, risk assessments were reviewed and precautionary measures were put in place to prevent a reoccurrence of this nature. These measures were communicated to employees and retraining of relevant staff was conducted.

Barberton Mines' total recordable injury frequency rate ('TRIFR') increased to 15.87 (2014: 13.53) per 1,000,000 man hours worked, and the LTIFR increased marginally to 1.87 (2014: 1.85) per 1,000,000 man hours worked. The RIFR increased to 0.62 (2014: 0.46) per 1,000,000 man-hours worked. Barberton Mines safety record over the past three years reflects the management team's focus on continually improving on their safety performance:

Three year safety trend			
Frequency rate per 1,000,000 man hours	30 June 2012	30 June 2015	%
TRIFR	19.22	15.87	17.4%
LTIFR	3.26	1.87	74.3%
RIFR	0.74	0.62	16.2%
Fatality injury frequency rate ('FIFR')	0.18	0.16	11.1%

Operating performance

Barberton Mines' (including BTRP) gold sold decreased by 5.2% to 105,776oz (2014: 111,623oz). The total combined ZAR cash cost per kilogramme terms, increased by 16.4% to ZAR278,859 (2014: ZAR239,496/kg). The combined USD cash costs per ounce increased by 2.4% to USD758/oz (2014: USD740/oz).

Barberton Mines' (excluding BTRP) gold sold decreased by 8.2% to 81,493oz (2014: 88,738oz). Tonnes milled from mining operations decreased by 10.7% to 260,749t (2014: 292,121t), due to surface tonnes milled decreased to 6,076t (2014: 28,547t) and the underground mining operations tonnes decreased to 254,673t (2014: 263,574t). The underground head grade dropped to 10.9g/t (2014: 11.5g/t). The decrease in gold sold from underground and surface mining operations was largely due to the BIOX® plant oil contamination and operational Section 54 safety stoppages enforced by the DMR. Operational and maintenance systems have been implemented to mitigate the risk of future oil contaminations.

Gold sold from the BTRP was 24,283oz (2014: 22,885oz) for the year. Tonnes processed improved to 971,627t (2014: 815,736t) at a lower head grade of 1.4g/t (2014: 1.6g/t) which was off-set by an increase tonnes processed and an increase in plant recoveries to 57% (2014: 56%).

Barberton Mines' (excluding BTRP) ZAR cash costs per kilogramme increased by 19.4% to ZAR309,289/kg (2014: ZAR258,972/kg), while USD cash costs per ounce increased by 8.0% to USD840/oz (2014: USD778/oz). The cash cost increases were worsened by lower gold production due to the BIOX® plant's oil contamination and the DMR stoppages affecting tonnage production.

The BTRP's ZAR cash costs increased by 7.8% to ZAR176,734/kg (2014: ZAR163,977/kg) and USD cash costs per ounce were USD480/oz (2014: USD493/oz).

The total cost of production (including off-mine costs) increased by 10.3% to ZAR917.4 million (2014: ZAR831.5 million). The main year-on-year cost contributors were the following:

- Salaries and wages increased by 4.7% to ZAR387.2 million (2014: ZAR369.9 million). The salary and wages increased as a result of the wage agreement settlement, which was average CPI plus 1% (7.15% and 6.6% granted to NUM and UASA respectively). The total increase in salaries and wages was lower than the increase in the wage agreement as a result of lower incentives paid (which are linked to the mine's productivity and profitability). In addition to this the average number of employees (excluding capital employees) employed during the year decreased by 1% to 1,675 (2014: 1,690).

- Mining costs increased by 5.3% to ZAR108 million (2014: ZAR102.6 million), mainly due to an increase in vamping contractor's costs of 6.5%. The mining costs excluding the vamping contractors' remained flat year-on-year as a result of the lower tonnages mined.
- Processing costs (excluding the BTRP) decreased by 1.6% to ZAR60.8 million (2014: ZAR61.8 million) because of the lower tonnages mined and therefore processed.
- Engineering and technical services costs increased by 12.2% to ZAR71.8 million (2014: ZAR64.0 million). Barberton Mines incurred an additional cost of ZAR7.4 million for secondary support on Fairview mine to assist in accessing additional high grade pillars and panels.
- The cost of electricity increased by 11.5% to ZAR95.8 million (2013: ZAR85.9 million). Electricity costs excluding the BTRP increased by 9.3% to ZAR83.8 million (2014: ZAR76.7 million), which was lower than the average 12.7% increase in Eskom tariffs due to lower tonnages mined from underground. The electricity cost of the BTRP increased by 30.4% to ZAR12.0 million (2014: ZAR9.2 million), due to throughput tonnes processed increasing by 19.1%, combined with Eskom tariff increases of 12.7%.
- Security costs were well controlled and only increased by 3.0% to ZAR27.6 million (2014: ZAR26.8 million).
- Administration and other costs increased by 0.6% to ZAR33.4 million (2014: ZAR33.2 million).
- The BTRP operating costs increased by 14.4% to ZAR133.5 million (2014: ZAR116.7 million) as a result of the additional 155,891 tonnes processed for the year under review. There was an additional increase in the lime costs of ZAR6.1 million to assist with the BTRP thickener settlement. Installation and equipping costs also increased by ZAR7.2 million mainly due to corrosion maintenance performed on the three carbon in leach tanks at the BTRP to sustain production levels.

Barberton Mines' ZAR combined all-in cash cost per kilogramme increased by 11.7% to ZAR337,317/kg (2014: ZAR302,058/ kg). The total combined USD all-in cash cost per ounce decreased by 1.9% to USD916/oz (2014: USD934/oz). This increase in all-in cash costs was mainly as a result of the following:

- Decrease in gold sold by 5.2% to 105,776oz (2014: 111,623oz).
- Cost of production increased by 10.3% to ZAR917.4 million (2014: ZAR831.5 million).
- The increase was off-set by a decrease in capital expenditure to ZAR112.6 million (2014: ZAR151 million) with the finalisation of the BTRP construction of ZAR40.7 million in the prior year.

Capital expenditure

Total capital expenditure at Barberton Mines decreased by 25.4% to ZAR112.6 million (2014: ZAR151 million). Maintenance capital expenditure of ZAR44.2 million (2014: ZAR33.3 million) and development capital expenditure of ZAR53.7 million (2014: ZAR50.5 million) was incurred.

Expansion capital of ZAR14.7 million (2014: ZAR67.2 million) was spent on the development of the Fairview ventilation raise borehole project to improve operating environmental conditions. Expansion capital incurred in the prior year was ZAR26.5 million for Fairview ventilation raise borehole project and ZAR40.7 million for the finalisation and commissioning of the BTRP.

New ore reserve and exploration drilling projects have yielded positive results, confirming the down dip extension of the high grade 11 Block of the MRC ore body by a further 170 metres. This extension to the MRC orebody has resulted in an annual increase in Barberton's Mine mineral reserves by 236,162 ounces, thereby extending the life of mine of Barberton Mines to 20 years.

The Fairview MRC orebody has been the primary gold contributor towards gold produced at Barberton Mines. This orebody is an epigenetic hydrothermal lode-gold deposit with a strike length that ranges between 70 – 120 metres and also extending to depth. Gold mineralisation is associated with arsenopyrite and pyrite with an average reserve grade of 35 g/t that has been declared for the MRC. The mineralised widths range between 7 – 15 metres.

Recent borehole results of the 11 Block are detailed hereunder:

Borehole number	**Channel width (cm)**	**Grade (g/t)**
Bh 5940	687	53.30
Bh 5816	691	120.03
Bh 5849	1626	50.22
Bh 5864	1383	43.82

Looking ahead

Barberton aims to improve levels of production by focussing on BIOX® recoveries, increased tonnages aligned with our incentive system, in conjunction with cost containment in order to avoid margin erosion. The management team remains committed to improving their safety performance and working with the DMR to reduce safety stoppages.

The Sheba and New Consort tailings dams will provide potential future sources of tailings which has supported the increased BTRP life of operation to 15 years (2014: 12 years) The BTRP has a mineral reserve of 0.6Moz (13.4Mt @ 1.5 g/t). The BTRP payback period was 18 months since commissioning on 1 July 2013, therefore the increase in the BTRP life of operation will result in further surplus free cash flows.

Review of Evander Mines

Safety

The in-house training programme Vuka-Sizwe (Vuka means “wake up” and Sizwe means “people”) continued to promote an ongoing culture of safety awareness and teamwork. All employees at the mine completed phase four of the programme during the year, which focused on behaviour and associated consequences and choices in safety.

Evander Mines’ TRIFR increased to 6.87 (2014: 6.04) per 1,000,000 man hours worked, and the LTIFR improved to 2.66 (2014: 4.08) per 1,000,000 man hours worked. The RIFR improved to 1.54 (2014: 2.57) per 1,000,000 man hours worked. Evander Mines safety record over the past three years reflects management’s focus on continually improving on their safety performance:

Three year safety trend			
Frequency rate per 1,000,000 man hours	30 June 2012	30 June 2015	%
TRIFR	7.99	6.87	14.0%
LTIFR	4.00	2.66	33.5%
RIFR	3.07	1.54	99.4%
FIFR	0.77	-	100%

Operating performance

Pan African Resources previously communicated that Evander Mines was in a low grade mining cycle. This cycle had reduced gold production and resulted in reduced profit margins and net profits generated by Evander Mines, in comparison to the previous corresponding reporting period.

In June 2015 Pan African Resources informed shareholders that Evander Mines had now exited the low grade mining cycle and was returning to a higher grade mining areas. The turnaround at the mine has been slower than previously anticipated.

For the year under review Evander Mines’ gold sold decreased by 8.5% to 70,081oz (2014: 76,556oz). Underground and surface sources tonnes milled decreased by 1.2% to 648,209t (2014: 656,028t). The decrease in tonnes milled was largely due to challenges related to underground mining operations and infrastructure constraints, Eskom power interruptions and DMR safety stoppages.

These issues adversely impacted production output. The mine has implemented corrective actions, including improved maintenance protocols on the underground conveyor belt system, thereby improving availability of the conveyor belts from 60% to 80%. The mine also improved the monitoring and pump infrastructure of its 8 Shaft dewatering pumps, thereby reducing the risk of shaft flooding. The on-site management team has been strengthened with a renewed management focus on achieving operational and production targets.

The total cost of production (including off-mine costs) increased by 8.6% to ZAR993.8 million (2014: ZAR914.7 million). The cost of production includes additional cost in relation to the new ETRP plant and related surface feedstock. The cost of production (excluding the ETRP costs) therefore only increased by 2.7% to ZAR939.7 million.

The combined ZAR cash costs per kilogramme increased by 18.7% to ZAR455,896/kg (2014: ZAR384,150/kg). USD cash costs per ounce increased by 7.3% to USD1,238/oz (2014: USD1,154/oz). This increase was mainly as a result of the lower grade cycle which led to gold sales decreasing by 8.5% to 70,081oz (2014: 76,556oz) and the cost of production increasing by 8.6% to ZAR993.8 million (2014: ZAR914.7 million).

The main year-on-year cost contributors were the following:

- Salaries and wages increased by 5.4% to ZAR473.0 million (2014: ZAR448.9 million). The salaries and wages costs increased as a result of the chamber of mines wage agreement which was average CPI plus 1% (7.15% and 6.6% granted to NUM and UASA respectively). The increase was lower than the average chamber increase, due to the implementation of a voluntary separation programme to optimise employee numbers. The average number of employees (excluding capital employees) employed during year decreased by 2.8% to 2,247 (2014: 2,312). The ETRP employed an additional 13 employees during the year. The cost of the voluntary separation programme was ZAR12.9 million and was recorded in other income and expenses on the statement of comprehensive income and factored into Evander Mines all-in sustaining costs per kilogramme.
- Mining costs increased by 6.2% to ZAR120.3 million (2014: ZAR113.3 million) due to additional vamping in No. 2 and 3 declines, and inflationary linked cost increases.
- Processing costs increased by 174.3% to ZAR88.6 million (2014: ZAR32.3 million), due to the additional ETRP costs of ZAR51 million.
- Engineering and technical services costs increased by 1.6% to ZAR64.9 million (2014: ZAR63.9 million).
- Electricity and water costs increased by 7.1% to ZAR175.8 million (2014: ZAR164.2 million). The electricity costs that related to the ETRP amounted to ZAR2.1 million for the four months ended 30 June 2015. The increase in electricity and water excluding the ETRP increased by 5.8% to ZAR173.7 million (2014: ZAR164.2 million). The electricity Eskom tariff increase implemented for the period under review was 12.7%, however Evander Mines electricity consumption decreased due to power optimisation projects, load clipping, and Section 54 safety stoppages issued by the DMR.
- Security costs decreased by 11.8% to ZAR11.2 million (2014: ZAR12.7 million) as a result of re-negotiated rates.
- Administration and other costs decreased by 13.1% to ZAR51.3 million (2014: ZAR59.0 million) as result of management's drive to reduce unnecessary overheads during the low grade cycle.
- ETRP cost of production which is incorporated in the production costs listed above amounted to ZAR54.1 million. The ETRP costs comprises of ZAR51 million for processing costs, ZAR2.1 million for electricity and ZAR1 million for salaries.

Evander Mines' ZAR combined all-in cash cost per kilogramme increased by 16.4% to ZAR557,553/kg (2014: ZAR478,933/kg). The total combined USD all-in cash cost per ounce decreased by 5.3% to USD1,515/oz (2014: USD1,439/oz). This increase in all-in cash costs was mainly as a result of the following:

- Decrease in gold produced by 8.5% to 70,081oz (2014: 76,556oz);
- cost production increased by 8.6% to ZAR993.8 million (2014: ZAR914.7 million); and
- once-off expansion capital related to the ETRP plant construction of ZAR95.1 million (2014: ZAR79.2 million), equating to ZAR43,597/kg (2014: ZAR33,268/kg).

ETRP

Pan African Resources remains focused on creating stakeholder value through unlocking the potential of its organic surface and brownfields exploration projects. In this regard, Evander Mines successfully commissioned its ETRP and the first gold was eluted in January 2015. The ETRP has now ramped-up processing to its capacity of 180,000 to 200,000 tonnes per month at 0.3g/t of tailings and 1.1g/t of surface feedstock. Gold production from the ETRP was on target and its recoveries from tailings sources are currently above plan at 48% (plan 42%), while additional surface sources aided in increasing the ETRP overall recovery to 53.7%.

The ETRP was operational for four months of the current financial year and its ZAR cash costs per kilogramme amounted to ZAR266,453/kg, equating to USD cash costs per ounce of USD688/oz. The ETRP contributed an additional 2,494 ounces of gold from its tailings sources and 4,029 ounces from surface feedstock.

The total construction capital spend on the ETRP was approximately ZAR174.3 million, which was substantially below the original ZAR200 million project budget.

Capital expenditure

Total capital expenditure at Evander Mines was ZAR238.2 million (2014: ZAR210.5 million). Maintenance capital expenditure was ZAR38.6 million (2014: ZAR27.9 million) and development capital expenditure was ZAR104.5 million (2014: ZAR103.4 million). Expansion capital related to the ETRP plant construction was ZAR95.1 million (2014: ZAR79.2 million).

Looking ahead

Evander Mines will assess the merits of developing the Evander South brownfield project ('Evander South Project') to further boost production levels.
Evander Mines will continue to investigate the viability of constructing the Elikhulu tailings retreatment plant to treat slimes at about 12 million tonnes per annum at a headgrade of 0.28g/t, with a specific focus on reducing the overall project capital.

Review of platinum tailings operations
Review of Phoenix Platinum

	Year ended 30 June	Units	Tailings operations Phoenix Platinum
Tonnes processed - tailings	2015	*(t)*	262,119
	2014	*(t)*	251,182
Headgrade - tailings	2015	*(g/t)*	3.31
	2014	*(g/t)*	3.65
Overall recovery	2015	*(%)*	44%
	2014	*(%)*	29%
PGE Sold	2015	*(oz)*	10,245
	2014	*(oz)*	7,204
Average ZAR PGE price received	2015	*(oz)*	9,603
	2014	*(oz)*	9,987
Average USD PGE price received	2015	*(USD/oz)*	839
	2014	*(USD/oz)*	965
ZAR cash cost	2015	*(ZAR/Oz)*	6,621
	2014	*(ZAR/Oz)*	7,723
ZAR all-in sustaining cash costs	2015	*(ZAR/KG)*	7,016
	2014	*(ZAR/KG)*	7,977
ZAR all-in cost	2015	*(ZAR/KG)*	7,016
	2014	*(ZAR/KG)*	7,977
USD cash cost	2015	*(USD/oz)*	578
	2014	*(USD/oz)*	746
USD all-in sustaining cash cost	2015	*(USD/oz)*	613
	2014	*(USD/oz)*	771
USD all-in cost	2015	*(USD/oz)*	613
	2014	*(USD/oz)*	771
ZAR cash cost per tonne	2015	*(ZAR/t)*	259
	2014	*(ZAR/t)*	222
Capital expenditure	2015	*(ZAR million)*	0.6
	2014	*(ZAR million)*	0.4
Average exchange rate	2015	*(ZAR/USD)*	11.45
	2014	*(ZAR/USD)*	10.35
Revenue	2015	*(ZAR million)*	98.4
	2014	*(ZAR million)*	71.9
Cost of Production	2015	*(ZAR million)*	67.8
	2014	*(ZAR million)*	55.6
All-in sustainable cost of production	2015	*(ZAR million)*	71.9
	2014	*(ZAR million)*	57.5
All-in cost of production	2015	*(ZAR million)*	71.9
	2014	*(ZAR million)*	57.5
Adjusted EBITDA	2015	*(ZAR million)*	27.7
	2014	*(ZAR million)*	16.0

Safety

Phoenix maintained its excellent safety record, with no injuries recorded.

Operating performance

Phoenix Platinum made good progress on improving operations in the year under review, with PGE ounces sold increased by 42.2% to 10,245oz PGE (2014: 7,204oz PGE). Overall plant recoveries increased significantly to 44% (2014: 29%). The cessation of International Ferro Metals Limited ('IFL') operations at Skychrome, which mined mainly oxidised material, was replaced with sulphide material from its underground operation at Lesedi mine. This increase in sulphide material resulted in an improvement in the quality of feedstock being treated and was the main contributor to the higher plant recoveries achieved.

Pan African Resources' shareholders are referred to the regulatory announcement published on 26 August 2015 by IFL, and a follow-on announcement by Pan African Resources on the 27 August 2015, whereby IFL announced that as a result of deteriorating business conditions, its South African subsidiary, International Ferro Metals (SA) Proprietary Limited ('IFMSA'), has entered into Business Rescue. Business Rescue is a statutory means of enabling a financially distressed company to continue business, under the supervision of a Business Rescue Practitioner, protected from its creditors.

Phoenix Platinum is situated on the IFMSA property and a portion of the feedstock for the Phoenix Platinum's operation (currently approximately 20%) is obtained from tailings arising from IFMSA's current processing activities. Phoenix Platinum is not solely reliant on material from IFMSA and has alternative sources of feedstock. Phoenix Platinum sources electricity, water and certain other services from IFMSA.

At this stage, Phoenix Platinum is not in a position to fully assess the impact of the Business Rescue proceedings in relation to the operation. Phoenix Platinum and Pan African Resources will work closely with the IFMSA Business Rescue Practitioner to ensure that the operations and interests of Phoenix Platinum are safeguarded, which includes the services currently provided by IFMSA. All stakeholders will be kept informed as these discussions progress.

Phoenix Platinum will be looking at alternative feedstock from its Elandskraal and Kroondal tailings dams to maintain production and mitigate any shortfalls arising from IFMSA.

The effective average ZAR PGE basket price received decreased by 3.8% to ZAR9,603/oz (2014: ZAR9,987/oz). Cost per ounce of production decreased by 14.3% to ZAR6,621/oz (2014: ZAR7,723/oz). In USD terms the PGE basket price received decreased by 13.1% to USD839/oz (2014: USD965/oz). The USD cash costs per ounce decreased by 22.5% to USD578/oz (2014: USD746/oz).

The total cost of production increased by 21.9% to ZAR67.8 million (2014: ZAR55.6 million). The main year-on-year cost contributors were the following:

- Salary and wages increased by 10.7% to ZAR19.6 million (2014: ZAR17.7 million), comprising a standard increase of 7.5% granted to the employees and also incentive bonus scheme for achieving production and profit targets.
- Processing costs increased by 30.9% to ZAR43.6 million (2014: ZAR33.3 million). The plant produced concentrate with a higher chrome content, this together with increased tonnages delivered to the smelter, resulted in additional chrome and refining charges of ZAR13.7 million (2014: ZAR7.2 million).
- Electricity costs increased by 2.8% to ZAR3.7 million (2014: ZAR3.6 million). Phoenix Platinum electricity costs increases were below Eskom's tariff increase of 12.7% due to the optimisation of the plants mill to reduce power consumption.

Capital expenditure

Total capital expenditure at Phoenix Platinum remained steady at ZAR0.6 million (2014: ZAR0.4 million).

Looking ahead

Phoenix Platinum aims to optimise resources from Elandskraal and Kroondal to maintain production and profitability. On 29 June 2015 Phoenix Platinum signed a new agreement to secure the PGE rights to the Elandskraal surface resource. The haulage contract to transport the Elandskraal material to Phoenix Platinum has been awarded and processing will commence during September 2015. During the new financial year the Elandskraal material will be batch treated in the CTRP to conduct re-agent suite test work.

During the 2016 financial year, 60,000 tonnes of the Kroondal surface resource will be processed in the CTRP. Re-agent test work will be conducted on this material during the latter part of year.

Group expansion/growth projects

An internal technical team from Evander Mines has been assigned to assess the merits of developing the Evander South Project to the level of a preliminary economic assessment. The Evander South Project is an attractive mining opportunity whereby the Kimberley reef can potentially be exploited at shallow depths, commencing at 300 metres below surface. Evander South has an estimated mineral resource of 4.9Moz (20.1Mt @ 7.7g/t).

In light of the positive results of the ETRP, Pan African Resources will undertake a preliminary economic assessment on the viability of constructing 'Elikhulu', a tailings retreatment plant at Evander Mines which can potentially treat slimes at a processing capacity of up to 12 million tonnes per annum and at a headgrade of 0.28g/t from the Winkelhaak, Leslie and Kinross tailings storage facilities. The total mineral resource for Elikhulu is 165 million tonnes at 0.28g/t (1.5Moz).

Acquisition of Uitkomst Colliery

In executing our strategy of creating shareholder value by identifying and acquiring attractive, cash generative operating mining assets, the group entered into agreements to acquire the Uitkomst colliery (the 'Colliery') during June 2015. The Colliery, located close to the town of Utrecht in KwaZulu Natal in South Africa, is a high grade thermal export quality coal deposit with metallurgical applications. Once all the conditions precedent to the agreement are met, the Colliery will be acquired from Oakleaf Investments Holding 109 Proprietary Limited ('Oakleaf') and Shanduka Resources Proprietary Limited ('Shanduka') for a cash consideration of ZAR200 million. The Colliery is an existing operational mine and the acquisition is expected to be earnings and cash flow accretive to Pan African Resources. It contains a coal resource of 25.7 million tonnes, of which 22.1 million tonnes can be classed as measured or indicated, in accordance with the SAMREC code. The area also has additional exploration potential. Current operations at the Colliery demonstrate that it can readily produce yields of high grade coal suitable for export or local metallurgical markets. The Colliery currently sells approximately 400,000 tonnes of coal per annum.

The acquisition will be funded from an existing RCF and internally generated cash flows. The acquisition still remains subject to approval by the DMR in terms of section 11 of the Mineral and Petroleum Resources Development Act ('MPRDA'). The group's exposure to coal, through this acquisition, also provides a natural hedge against an anticipated increase in rising energy prices in South Africa. The Colliery acquisition is not a divergence of the group's strategy and precious metals focus, but rather an opportunity to add to the group's cash flow and earnings base.

Auroch Mineral NL ('Auroch')

Auroch is an exploration company focusing on developing and exploring the Manica Gold Project ('Manica') in Mozambique. Pan African Resources previously owned Manica. Manica was sold to Auroch during January 2013 and, as part of the transaction consideration, Pan African Resources was issued 42% of the total issued share capital of Auroch.

On 17 November 2014, the Group announced the completion of the disposal of its interest in Auroch for a total amount of ZAR8.1 million (AUD0.85 million) in full and final settlement of all amounts owing.

Even though the total settlement was less than the AUD2 million settlement previously agreed upon, the transaction allowed for earlier payment and provided completion certainty for the group, enabling it to maintain its focus on the core asset portfolio.

During the reporting period prior to the date of disposal, the group consolidated ZAR2.3 million (2014: ZAR2.9 million) of Auroch's exploration and corporate costs, which is disclosed in the statement of profit or loss and other comprehensive income under 'Loss in Associate'. In derecognising the 42% investment in Auroch the group further recognised an impairment of ZAR1.0 million and a loss on disposal of investment of ZAR2.4 million in the statement of profit or loss and other comprehensive income.

Commitments reported in ZAR and GBP

The group had identified no contingent liabilities in the current or prior financial period.

The group had outstanding open orders contracted for at year end of ZAR22.8 million (2014: ZAR89.8 million) or GBP1.2 million (2014: GBP5 million).

Authorised commitments for the new financial year not yet contracted for totalled ZAR271.1 million (2014: ZAR343.3 million) or GBP14 million (2014: GBP19 million).

The group had guarantees in place of ZAR24.6 million (2014: ZAR24.6 million) or GBP1.3 million (2014: GBP1.4 million) in favour of Eskom and ZAR14.0 million (2014: ZAR14.0 million) or GBP0.8 million (2014: GBP0.8 million) in favour of the DMR.

Operating lease commitments, which fall due within the next year, amounted to ZAR4.0 million (2014: ZAR2.6 million) or GBP0.2 million (2014: GBP0.1 million).

The group has committed ZAR200 million (GBP10.4 million) in the financial year to Oakleaf and Shanduka, upon completion of the conditions precedent to the purchase agreement.

Fair value investments

Financial instruments that are measured at fair value grouped into levels 1 to 3 based on the extent to which fair value is observable.

The levels are classified as follows:

Level 1 - fair value is based on quoted prices in active markets for identical financial assets or liabilities;
Level 2 - fair value is determined using inputs other than quoted prices included within level 1 that are observable for the asset or liability; and
Level 3 - fair value is determined on inputs not based on observable market data.

The group values its ZAR312.3 million (2014: ZAR278.4 million) or GBP16.2 million (2014:GBP15.5 million) rehabilitation trust funds which comprise of investments in guaranteed equity linked notes, government bonds and equities according to level 1 quoted prices in an active market.

During the year, the company purchased 1,750,850 shares for ZAR18.9 million (GBP1 million) in a listed available-for-sale investment. The investment is valued according to level 1 quoted prices in an active market.

Basis of preparation of the provisional summarised consolidated financial statements

Investors should consider non-Generally Accepted Accounting Principles ('non-GAAP') financial measures shown in this provisional 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.

The provisional audited results announcement is only a summary of the information in the Integrated Report and does not contain full or complete details. Any investment decision by investors and/or shareholders should be based on consideration of the final Integrated Report to be published on SENS and the Company's website as a whole.

JSE Limited listing

The Company has a dual primary listing on JSE Limited ('JSE') in South Africa and the AIM market ('AIM') of the London Stock Exchange ('LSE').

This provisional announcement has been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS and SAICA Financial Reporting Guides as issued by the Accounting Practice Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council, and the minimum information as required by International Accounting Standards ('IAS') 34: Interim Financial Reporting.

The group's South African external auditors, Deloitte & Touche, have issued their opinions on the group's consolidated financial statements and the provisional summarised consolidated financial statements for the year ended 30 June 2015. The audit was conducted in accordance with International Standards on Auditing. Deloitte & Touche have expressed unmodified opinions on the group's consolidated financial statements and the provisional summarised consolidated financial statements. The copies of their audit reports are available for inspection at the Company's registered office. Any reference to future financial performance included in this provisional report have not been reviewed or reported on by the group's South African external auditors.

The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of that report together with the accompanying financial information from the issuer's registered office.

These provisional summarised consolidated financial statements are extracted from the audited group consolidated financial statements. The directors take full responsibility for the preparation of the provisional summarised audited results and confirm that the financial information has been correctly extracted from the underlying group consolidated financial statements.

AIM listing

The financial information for the year ended 30 June 2015 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 2014 have been delivered to the Registrar of Companies and those for 2015 will be delivered following the Company's AGM. Deloitte LLP, the external auditor registered in the UK, have reported on these accounts for the year ended 30 June 2015. 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 interpretations adopted for use by the European Union, with those parts of the UK Companies Act 2006 applicable to companies reporting under IFRS.

Directorship changes

The following changes took place during the period under review:

Appointments:

- Mr RM Smith was appointed as an independent non-executive director effective from 8 September 2014.
- Mr JAJ Loots was appointed the Chief executive officer effective 1 March 2015.
- Mr GP Louw was appointed Financial director effective 1 March 2015.

Resignations:

- Mr RG Still resigned as a non-executive director effective 1 July 2014.
- Ms P Mahanyele resigned as a non-executive director effective 30 June 2015.
- Mr RA Holding resigned as Chief executive officer effective 1 March 2015. To ensure that MR RA Holdings experience and knowledge is retained by the group, an exclusive consulting agreement was concluded with him, effective 1 March 2015. This arrangement will be for a minimum period of one year.

Shares issued

On 19 March 2015 1,500,000 shares were issued at 5 pence per share to Mr KC Spencer’s family trust (‘Strode Trust’) upon exercising historical share options.

During the prior financial year 7,160,500 shares were issued in relation to share options exercised:

- 9 September 2013 : 3,000,000 shares issued at 5 pence per share.
- 16 October 2013 : 2,063,000 shares were issued as follows:
  - 1,213,000 shares issued at 5 pence per share.
  - 850,000 shares issued at 4 pence per share.
- 10 February 2014 : 282,500 shares were issued at 4 pence per share.
- 20 February 2014 : 965,000 shares were issued at 4 pence per share.
- 5 June 2014 : 850,000 shares were issued at 4 pence per share.

Directors' dealings

Financial Year 30 June 2015

On 19 March 2015 1,500,000 shares were issued at 5 pence per share to Mr KC Spencer’s Strode Trust, upon exercising historical share options.

At 30 June 2015 the Strode Trust held a total of 3,000,000 shares (2014: 1,500,000).

During the year under review Mr T Mosololi participated in the following transactions in the Company's shares:

- On 6 March 2015, purchased 2,000 shares at ZAR2.04 per share.
- On 9 March 2015, purchased 28,000 shares at ZAR2.07 per share

At 30 June 2015 Mr T Mosololi held a total of 30,000 shares (2014: nil).

Financial Year 30 June 2014

Mr JAJ Loots had purchased 50,000 shares at ZAR2.23 per share 17 September 2013. At 30 June 2014 Mr JAJ Loots held a total of 231,575 shares (2013: 181,575).

Mr RG Still is a trustee of a family trust ('The Alexandra Trust'). Mr RG Still is therefore deemed to have an indirect, non-beneficial interest in The Alexandra Trust's holding in the Company.

The Alexandra trust had the following dealings in shares:

- 01 October 2013, sold 360,916 shares at ZAR2.70 per share.
- 02 to 06 May 2014, sold 4,312,700 shares at an average price of ZAR2.70 per share.

At 30 June 2014 the Alexandra Trust held a total of 7,000,000 shares (2013: 11,673,616).

Dividend

The group paid a final dividend of ZAR258 million or GBP14.9 million (2013: ZAR240.3 million or GBP14.7 million) during December 2014 relating to the 2014 financial year, equating to ZAR0.1410 or 0.82p (2013: ZAR0.1314 or 0.80p per share).

Proposed final dividend for approval at the AGM

In light of market uncertainties, the board has proposed a reduced dividend of ZAR210 million or GBP9.9 million (2014: ZAR258 million or GBP14.9 million), equating to ZAR0.11466 per share or 0.53958p per share (2014: ZAR0.1410 per share or 0.82p per share). This proposed final dividend is subject to approval at the AGM which will take place on 27 November 2015. The reduced dividend is not a departure from the group's progressive dividend policy and the board will consider an interim dividend in the 2016 financial year.

Assuming the dividend is approved by the shareholders, the following salient dates would apply:

Currency conversion date	Friday, 27 November
Last date to trade on the exchanges	Friday, 4 December
Ex-Dividend date on the JSE	Monday, 7 December
Ex-Dividend date on the LSE	Thursday, 10 December
Record date	Friday, 11 December
Payment date	Thursday, 24 December

The GBP proposed dividend was calculated based on an exchange rate of ZAR21.25:1. The UK shareholders are to note that a revised exchange rate will be communicated prior to final approval at the AGM. Therefore the proposed dividend is approximately 0.53958p per share.

The local dividends tax rate is fifteen percent per ordinary share for shareholders who are liable to pay the dividends tax would receive a net dividend of ZAR0.09746 per share (0.45864p per share). The Company's South African income tax reference number is 9154588173 and it has 1,831,494,763 shares currently in issue.

Going concern

The board confirms that the business is a going concern and that it has reviewed the business' working capital requirements in conjunction with its future funding capabilities for at least the next 12 months, and has found them to be adequate. The group has a ZAR800 million revolving credit facility ('RCF') from a consortium of South African banks (and a two year accordion option subject to the banks credit committee approval of ZAR300 million), and access to general banking facilities ('GBF') of ZAR100 million. At 30 June 2015 the group had capacity on the RCF and GBF facilities of ZAR555.0 million and ZAR100.0 million, respectively, and cash on hand of ZAR64.2 million to assist in funding working capital requirements. Management are not aware of any material uncertainties which may cast significant doubt on the group's ability to continue as a going concern. Should the need arise the group can cease most exploration and capital expenditure activities to conserve cash.

Events after the reporting period

Evander Mines employee share ownership programme

In the 2016 financial year, Evander Mines implemented an employee share ownership programme which is similar to that implemented at Barberton Mines in June 2015. A newly established employee trust will effectively own 5% of the issued share capital of Evander Mines. The transaction was financed by Evander Mines with preference share funding attracting a real return of 2% per annum and with limited dilution to Pan African Resources' shareholders. A portion of dividends declared is retained to repay the notional financing. The portion retained ranges from 50% to 80%, over the 10 year vesting period of the scheme.

IFL announcement regarding business rescue

Pan African Resources' shareholders are referred to the regulatory announcement published on 26 August 2015 by IFL, whereby IFL announced that as a result of deteriorating business conditions, its South African subsidiary IFMSA, has entered into Business Rescue. Business Rescue is a statutory means of enabling a financially distressed Company to continue business, under the supervision of a Business Rescue Practitioner, protected from its creditors.

Phoenix Platinum is situated on the IFMSA property, and a portion of the feedstock for the Phoenix Platinum's operation (currently approximately 20%) is obtained from tailings arising from IFMSA's current processing activities. Phoenix Platinum is not solely reliant on material from IFMSA, and has alternative sources of feedstock. Phoenix Platinum sources electricity, water and certain other services from IFMSA.

At this stage, Phoenix Platinum is not in a position to fully assess the impact of the Business Rescue proceedings on the operation. Phoenix Platinum and Pan African Resources will work closely with the IFMSA Business Rescue Practitioner to ensure that the operations and interests of Phoenix Platinum are safeguarded, which includes the services currently provided by IFMSA. All stakeholders will be kept informed as these discussions progress.

Acquisition of Uitkomst colliery

As detailed above, the group entered into agreements to acquire the Colliery during June 2015. Once all the conditions precedent to the agreement are met, the Colliery will be acquired from Oakleaf and Shanduka for a cash consideration of ZAR200 million. The Colliery is an existing operational mine and the acquisition is expected to be earnings and cash flow accretive to Pan African Resources. It contains a coal resource of 25.7 million tonnes, of which 22.1 million tonnes can be classed as measured or indicated, in accordance with the SAMREC code. The area also has additional exploration potential. Current operations at the Colliery demonstrate that it can readily produce yields of high grade coal suitable for export or local metallurgical markets. The Colliery currently sells approximately 400,000 tonnes of coal per annum.

The acquisition still remains subject to approval by the DMR in terms of the MPRDA section 11 mining rights transfer to Pan African Resources.

Accounting policies

The provisional announcement has been prepared using accounting policies that comply with the 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 2015 and prior year end 30 June 2014.

Segment reporting

A segment is a distinguishable component of the group that is engaged in providing products or services in a particular business sector or segment, which is subject to risk and rewards that are different from those of other segments. The group's business activities were conducted through five business segments:
- Barberton Mines (including BTRP), located in Barberton South Africa;
- Evander Mines (including ETRP), located in Evander South Africa;
- Phoenix Platinum, located near Rustenburg South Africa;
- Corporate and growth projects and;
- Funding Company.

The Executive committee reviews the operations in accordance with the disclosures presented above.

Pan African Resources outlook

Pan African Resources remains focused on creating stakeholder value through unlocking the potential of its organic surface and brownfields development projects. Some of the initiatives to positively enhance the life of mine of our assets include:

- Continued exploration at the Fairview Mine in Barberton, which has yielded positive results, confirming the down dip extension of the high grade 11 Block of the MRC ore body by a further 170 metres. This extension has resulted in an increase in the gold mineral reserves by 236,162 ounces, thereby extending the life of mine to 20 years.

- A project team has been assembled at Evander Mines to conduct a preliminary economic assessment for the Elikhulu project, the results of which will provide guidance on the merits of the project. Elikhulu is a tailings retreatment plant which can potentially treat slimes at a processing capacity of up to 12 million tonnes per annum and at a head grade of 0.28g/t from the Winkelhaak, Leslie and Kinross tailings storage facilities. The total mineral resource for Elikhulu is 165Mt at 0.28g/t (1.5Moz).

- An internal technical team from Evander Mines has been assigned to assess the merits of developing the Evander South Project to the level of a preliminary economic assessment. The Evander South Project is an attractive mining opportunity whereby the Kimberley reef can potentially be exploited at shallow depths of approximately 300 metres below surface.

- Completion of the acquisition and integration of the Uitkomst Colliery into the group.

Appreciation

I extend my thanks and appreciation to Ron Holding, the outgoing chief executive officer. Ron’s experience and expertise remains available to the group, through an exclusive consulting arrangement as the group’s technical adviser.

We welcome Deon Louw who joined us on 1 March 2015 as financial director to further boost our executive management team.

On behalf of the executive team, we extend our thanks to our management, our mine managers and all staff for their hard work and persistence that continues to allow Pan African Resources to operate successfully. We also thank our fellow directors for their support and guidance.

We look forward to an exciting year ahead, despite the challenging environment for gold miners globally, and aim to further enhance shareholder value.

Cobus Loots	Deon Louw
Chief Executive Officer	Financial Director

16 September 2015

Summary Consolidated Financial Statements

Summarised Consolidated Statement of Financial Position at 30 June 2015

	30 June 2015 (Audited) GBP	30 June 2014 (Audited) GBP	30 June 2015 (Unaudited) ZAR (note 1)	30 June 2014 (Unaudited) ZAR (note 1)
ASSETS				
Non-current assets				
Property, plant and equipment and mineral rights	181,532,780	185,375,968	3,503,582,652	3,338,621,179
Other intangible assets	202,488	214,330	3,908,021	3,860,082
Deferred taxation	327,748	366,567	6,325,533	6,601,879
Goodwill	21,000,714	21,000,714	303,491,812	303,491,812
Investments	904,818	-	17,462,996	-
Investments in associate	-	1,009,545	-	10,558,872
Rehabilitation trust fund	16,181,925	15,458,291	312,311,153	278,403,816
	220,150,473	**223,425,415**	**4,147,082,167**	**3,941,537,640**
Current assets				
Inventories	3,502,569	5,341,128	67,599,584	96,193,722
Current tax asset	827,298	854,568	15,966,858	15,390,775
Trade and other receivables	9,559,010	11,696,380	184,488,890	210,651,809
Cash and cash equivalents	3,328,850	5,618,323	64,246,802	101,186,004
	17,217,727	**23,510,399**	**332,302,134**	**423,422,310**
Non-current assets held for sale	-	-	-	-
TOTAL ASSETS	**237,368,200**	**246,935,814**	**4,479,384,301**	**4,364,959,950**
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	18,314,947	18,299,947	244,752,779	244,480,271
Share premium	94,846,046	94,792,516	1,323,632,626	1,322,660,134
Translation reserve	(56,402,515)	(47,545,320)	-	-
Share option reserve	1,035,888	1,154,891	13,957,178	15,965,957
Retained income	110,850,201	114,106,005	1,452,863,957	1,500,694,965
Realisation of equity reserve	(10,701,093)	(10,701,093)	(140,624,130)	(140,624,130)
Merger reserve	(10,705,308)	(10,705,308)	(154,707,759)	(154,707,759)
Other reserves	(70,679)	(5,529)	(1,364,097)	(99,569)
Equity attributable to owners of the parent	**147,167,487**	**159,396,109**	**2,738,510,554**	**2,788,369,869**
Total equity	**147,167,487**	**159,396,109**	**2,738,510,554**	**2,788,369,869**
Non-current liabilities				
Long term provisions	12,249,367	12,033,167	236,412,781	216,717,341
Long term liabilities	16,312,982	8,141,317	314,840,546	146,625,129
Deferred taxation	39,288,059	43,353,577	758,259,537	780,797,921
	67,850,408	**63,528,061**	**1,309,512,864**	**1,144,140,391**
Current liabilities				
Trade and other payables	16,797,600	17,219,749	324,193,676	310,127,663
Short term liabilities - Interest bearing	1,443	-	27,847	-
Current portion of long term liabilities	5,047,478	4,754,803	97,416,327	85,634,001
Current tax liability	503,784	2,037,092	9,723,033	36,688,026
	22,350,305	**24,011,644**	**431,360,883**	**432,449,690**
TOTAL EQUITY AND LIABILITIES	**237,368,200**	**246,935,814**	**4,479,384,301**	**4,364,959,950**

Note 1: The ZAR figures have been included for illustrative purposes only.

Summarised Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2015

	30 June 2015 (Audited) GBP	30 June 2014 (Audited) GBP	30 June 2015 (Unaudited) ZAR	30 June 2014 (Unaudited) ZAR
Revenue				
Gold sales	135,611,436	150,288,898	2,441,005,844	2,536,876,593
Platinum sales	5,465,447	4,262,160	98,378,038	71,945,269
Realisation costs	(690,538)	(349,454)	(12,429,687)	(5,898,786)
On - mine revenue	**140,386,345**	**154,201,604**	**2,526,954,195**	**2,602,923,076**
Gold cost of production	(106,644,655)	(103,099,110)	(1,919,603,778)	(1,740,312,981)
Platinum cost of production	(3,768,530)	(3,294,975)	(67,833,541)	(55,619,174)
Mining depreciation	(10,337,211)	(10,023,361)	(186,069,804)	(169,194,334)
Mining profit	**19,635,949**	**37,784,158**	**353,447,072**	**637,796,587**
Other income (expenses)	249,776	(1,449,853)	4,495,973	(24,473,514)
Loss in associate	(127,950)	(173,177)	(2,291,239)	(2,923,222)
Loss on disposal of associate	(139,970)	(11,848)	(2,429,880)	(200,000)
Impairments	(58,424)	-	(1,014,239)	-
Royalty costs	(1,647,297)	(2,019,066)	(29,651,339)	(34,081,834)
Net income before finance income and finance costs	**17,912,084**	**34,130,214**	**322,556,348**	**576,118,017**
Finance income	348,959	687,185	6,281,253	11,599,688
Finance costs	(2,458,287)	(878,064)	(44,249,162)	(14,821,716)
Profit before taxation	**15,802,756**	**33,939,335**	**284,588,439**	**572,895,989**
Taxation	(4,132,789)	(7,154,742)	(74,390,185)	(120,772,050)
Profit after taxation	**11,669,967**	**26,784,593**	**210,198,254**	**452,123,939**
Other comprehensive income:				
Fair value adjustment on investments	(70,679)	-	(1,364,097)	-
Other Movements	5,529	(5,529)	99,569	(99,569)
Foreign currency translation differences	(8,857,195)	(25,378,975)	-	-
Total comprehensive income for the year	2,747,622	1,400,089	208,933,726	452,024,370
Profit attributable to:				
Owners of the parent	11,669,967	26,784,593	210,198,254	452,123,939
Total comprehensive income attributable to:				
Owners of the parent	2,747,622	1,400,089	208,933,726	452,024,370
Earnings per share	0.64	1.47	11.48	24.74
Diluted earnings per share	0.64	1.46	11.48	24.69
Weighted average number of shares in issue	1,830,422,160	1,827,207,555	1,830,422,160	1,827,207,555
Diluted number of shares in issue	1,830,967,266	1,831,339,174	1,830,967,266	1,831,339,174
Headline earnings per share is calculated :				
Basic earnings	11,669,967	26,784,593	210,198,254	452,123,939
Adjustments (note 1):				
Loss on disposal of associate	139,970	11,848	2,429,880	200,000
Loss on disposal of property plant, mineral right and equipment	149	(20,497)	2,679	(345,982)
Impairments	58,424	-	1,014,239	-
Headline earnings	**11,868,510**	**26,775,944**	**213,645,052**	**451,977,957**
Headline earnings per share	0.65	1.47	11.67	24.74
Diluted headline earnings per share	0.65	1.46	11.67	24.68

Note 1: The headline earnings adjustments highlighted above did not have any taxation implications to the group.

Summarised Consolidated Statement of cash flows
For the year ended 30 June 2015

	30 June 2015 (Audited)	30 June 2014 (Audited)	30 June 2015 (Unaudited)	30 June 2014 (Unaudited)
	GBP	GBP	ZAR	ZAR
NET CASH GENERATED FROM OPERATING ACTIVITIES	**5,364,480**	**22,170,353**	**95,659,359**	**360,338,271**
INVESTING ACTIVITIES				
Additions to property, plant and equipment and mineral rights	(19,528,616)	(21,461,839)	(351,515,099)	(362,275,828)
Additions to other intangible assets	(25,740)	(38,617)	(463,320)	(651,859)
Investments acquired	(1,037,677)	-	(18,825,000)	-
Proceeds on disposals of Associate	277,732	145,366	4,834,253	3,387,086
NET CASH USED IN INVESTING ACTIVITIES	**(20,314,301)**	**(21,355,090)**	**(365,969,166)**	**(359,540,601)**
FINANCING ACTIVITIES				
Proceeds from borrowings	27,898,927	22,955,725	500,000,000	400,000,000
Borrowings repaid	(14,728,154)	(22,431,453)	(262,552,468)	(376,881,317)
Settlement of equity share option costs	(303,067)	-	(5,321,928)	-
Shares issued	68,530	348,559	1,245,000	5,688,215
NET CASH FROM FINANCING ACTIVITIES	**12,936,236**	**872,831**	**233,370,604**	**28,806,898**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,013,585)	1,688,094	(36,939,203)	29,604,568
Cash and cash equivalents at the beginning of the year	5,618,323	4,768,916	101,186,004	71,581,436
Effect of foreign exchange rate changes	(275,888)	(838,687)	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**3,328,850**	**5,618,323**	**64,246,801**	**101,186,004**

Summarised Audited GBP Consolidated Statement of Changes in Equity for the period 30 June 2015

	Share Capital	Share Premium	Translation reserve	Share option reserve	Retained income	Realisation of equity reserve	Merger reserve	Other reserves	Total
	GBP	GBP	GBP	GBP	GBP	GBP	GBP	GBP	GBP
Balance at 30 June 2013	**18,228,342**	**94,515,562**	**(22,166,345)**	**1,031,955**	**102,005,124**	**(10,701,093)**	**(10,705,308)**	**-**	**172,208,237**
Issue of shares	71,605	276,954	-	-	-	-	-	-	348,559
Total comprehensive income	-	-	(25,378,975)	-	26,784,593	-	-	(5,529)	1,400,089
Dividends paid	-	-	-	-	(14,683,712)	-	-	-	(14,683,712)
Share based payment - charge for the year	-	-	-	122,936	-	-	-	-	122,936
Balance at 30 June 2014	**18,299,947**	**94,792,516**	**(47,545,320)**	**1,154,891**	**114,106,005**	**(10,701,093)**	**(10,705,308)**	**(5,529)**	**159,396,109**
Issue of shares	15,000	53,530	-	-	-	-	-	-	68,530
Total comprehensive income	-	-	(8,857,195)	-	11,669,967	-	-	(65,150)	2,747,622
Dividends paid	-	-	-	-	(14,925,771)	-	-		(14,925,771)
Share based payment - charge for the year	-	-	-	(119,003)	-	-	-	-	(119,003)
Balance at 30 June 2015	**18,314,947**	**94,846,046**	**(56,402,515)**	**1,035,888**	**110,850,201**	**(10,701,093)**	**(10,705,308)**	**(70,679)**	**147,167,487**

Summarised Unaudited ZAR Consolidated Statement of Changes in Equity for the period 30 June 2015

	Share Capital	Share Premium	Share option reserve	Retained income	Realisation of equity reserve	Merger reserve	Other reserves	Total
	ZAR	ZAR	ZAR	ZAR	ZAR	ZAR	ZAR	ZAR
Balance at 30 June 2013	**243,305,216**	**1,318,146,974**	**13,890,798**	**1,288,834,738**	**(140,624,130)**	**(154,707,759)**	**-**	**2,568,845,837**
Issue of shares	1,175,055	4,513,160	-	-	-	-		5,688,215
Other reserve	-	-	-	-	-	-	(99,569)	(99,569)
Total comprehensive income	-	-	-	452,123,939	-	-	**-**	452,123,939
Dividends paid	-	-	-	(240,263,712)	-	-	-	(240,263,712)
Share based payment - charge for the year	-	-	2,075,159	-	-	-	-	2,075,159
Balance at 30 June 2014	**244,480,271**	**1,322,660,134**	**15,965,957**	**1,500,694,965**	**(140,624,130)**	**(154,707,759)**	**(99,569)**	**2,788,369,869**
Issue of shares	272,508	972,492	-	-	-	-	-	**1,245,000**
Total comprehensive income	-	-	-	210,198,254	-	-	(1,264,528)	208,933,726
Dividends paid	-	-	-	(258,029,262)	-	-	-	(258,029,262)
Share based payment - charge for the year	-	-	(2,008,779)	-	-	-	-	(2,008,779)
Balance at 30 June 2015	**244,752,779**	**1,323,632,626**	**13,957,178**	**1,452,863,957**	**(140,624,130)**	**(154,707,759)**	**(1,364,097)**	**2,738,510,554**

Summarised Audited Consolidated GBP Segment Report for the period ended 30 June 2015

	30 June 2015						30 June 2014					
	Barberton Mines	Evander Mines	Phoenix Platinum	Corporate and Growth Projects	Funding Company	Group	Barberton Mines	Evander Mines	Phoenix Platinum	Corporate and Growth Projects	Funding Company	Group
	GBP	GBP	GBP	GBP	GBP	GBP	GBP	GBP	GBP	GBP	GBP	GBP
Revenue												
Gold sales (note 1)	81,609,692	54,001,744	-	-	-	135,611,436	89,520,058	60,768,840	-	-	-	150,288,898
Platinum Sales	-	-	5,465,447	-	-	5,465,447	-	-	4,262,160	-	-	4,262,160
Realisation costs	(534,421)	(156,117)	-	-	-	(690,538)	(269,403)	(80,051)	-	-	-	(349,454)
On - mine revenue	81,075,271	53,845,627	5,465,447	-	-	140,386,345	89,250,655	60,688,789	4,262,160	-	-	154,201,604
Gold cost of production	(50,434,360)	(56,210,295)	-	-	-	(106,644,655)	(48,989,722)	(54,109,388)	-	-	-	(103,099,110)
Platinum cost of production	-	-	(3,768,530)	-	-	(3,768,530)	-	-	(3,294,975)	-	-	(3,294,975)
Depreciation	(4,008,467)	(5,963,753)	(364,991)	-	-	(10,337,211)	(3,905,925)	(5,558,837)	(558,599)	-	-	(10,023,361)
Mining Profit	26,632,444	(8,328,421)	1,331,926	-	-	19,635,949	36,355,008	1,020,564	408,586	-	-	37,784,158
Other expenses(note 2)	(966,703)	5,057,581	(163,390)	(3,676,779)	(933)	249,776	(1,704,438)	857,879	(20,576)	(566,710)	(16,008)	(1,449,853)
Loss from associate	-	-	-	(127,950)	-	(127,950)	-	-	-	(173,177)	-	(173,177)
Loss on disposal of associate	-	-	-	(139,970)	-	(139,970)	(11,848)	-	-	-	-	(11,848)
Impairment costs	-	-	-	(58,424)	-	(58,424)	-	-	-	-	-	-
Royalty costs	(1,595,802)	(51,495)	-	-	-	(1,647,297)	(2,185,136)	166,070	-	-	-	(2,019,066)
Net income / (loss) before finance income and finance costs	24,069,939	(3,322,335)	1,168,536	(4,003,123)	(933)	17,912,084	32,453,586	2,044,513	388,010	(739,887)	(16,008)	34,130,214
Finance income	109,514	167,047	11,186	53,290	7,922	348,959	173,405	344,903	-	168,877	-	687,185
Finance costs	(246,094)	(918,923)	(1,136)	(13,164)	(1,278,970)	(2,458,287)	(35,333)	(7,743)	-	(31)	(834,957)	(878,064)
Profit /(loss) before taxation	23,933,359	(4,074,211)	1,178,586	(3,962,997)	(1,271,981)	15,802,756	32,591,658	2,381,673	388,010	(571,041)	(850,965)	33,939,335
Taxation	(5,956,861)	2,270,047	(336,439)	(89,033)	(20,503)	(4,132,789)	(8,969,604)	1,828,847	(172,379)	145,372	13,022	(7,154,742)
Profit /(loss) after taxation before inter-company charges	17,976,498	(1,804,164)	842,147	(4,052,030)	(1,292,484)	11,669,967	23,622,054	4,210,520	215,631	(425,669)	(837,943)	26,784,593
Inter-company transactions												
Management fees	(1,666,667)	(1,248,661)	(152,777)	3,068,105	-	-	(509,479)	(337,678)	(29,620)	876,777	-	-
inter-company interest	(57,776)	(1,230,25	(4,605)	(16,450)	1,309,082	-	-	(863,345)	-	-	863,345	-

charges		1)										
Profit /(loss) after taxation after inter-company charges	16,252,055	(4,283,076)	684,765	(1,000,375)	16,598	11,669,967	23,112,575	3,009,497	186,011	451,108	25,402	26,784,593
Segmental Assets (Total assets excluding goodwill)	55,423,588	146,705,365	10,850,893	2,454,933	932,707	216,367,486	57,519,959	152,476,424	12,427,761	3,482,325	28,631	225,935,100
Segmental Liabilities	21,528,150	52,987,201	933,753	1,973,835	12,777,774	90,200,713	23,135,981	62,144,046	622,536	1,519,598	117,544	87,539,705
Goodwill	21,000,714	-	-	-	-	21,000,714	21,000,714	-	-	-	-	21,000,714
Net Assets (excluding goodwill)	33,895,438	93,718,164	9,917,140	481,098	(11,845,067)	126,166,773	34,383,978	90,332,378	11,805,225	1,962,727	(88,913)	138,395,395
Capital Expenditure	6,255,556	13,233,333	33,333	33,333	-	19,555,555	8,944,360	12,468,962	24,027	63,107	-	21,500,456

Summarised Unaudited Consolidated ZAR Segment report for the period ended 30 June 2015

	30 June 2015						30 June 2014					
	Barberton Mines	Evander Mines	Phoenix Platinum	Corporate and Growth Projects	Funding Company	Group	Barberton Mines	Evander Mines	Phoenix Platinum	Corporate and Growth Projects	Funding Company	Group
	ZAR' million	ZAR' million	ZAR' million	ZAR' million	ZAR' million	ZAR' million	ZAR' million	ZAR' million	ZAR' million	ZAR' million	ZAR' million	ZAR' million
Revenue												
Gold sales (note 1)	1,469.0	972.0	-	-	-	2,441.0	1,511.1	1,025.8	-	-	-	2,536.9
Platinum Sales	-	-	98.4	-	-	98.4	-	-	71.9	-	-	71.9
Realisation costs	(9.6)	(2.8)	-	-	-	(12.4)	(4.5)	(1.4)	-	-	-	(5.9)
On - mine revenue	1,459.4	969.2	98.4	-	-	2,527.0	1,506.6	1,024.4	71.9	-	-	2,602.9
Gold cost of production	(907.8)	(1,011.8)	-	-	-	(1,919.6)	(826.9)	(913.4)	-	-	-	(1,740.3)
Platinum cost of production	-	-	(67.8)	-	-	(67.8)	-	-	(55.6)	-	-	(55.6)
Depreciation	(72.2)	(107.3)	(6.6)	-	-	(186.1)	(65.9)	(93.8)	(9.4)	-	-	(169.1)
Mining Profit	479.4	(149.9)	24.0	-	-	353.5	613.8	17.2	6.9	-	-	637.9
Other (expenses)/income (note 2)	(17.4)	91.0	(2.9)	(66.2)	-	4.5	(28.8)	14.5	(0.3)	(9.8)	(0.3)	(24.7)
Bargain purchase	-	-	-	-	-	-	-	-	-	-	-	-
Loss from associate	-	-	-	(2.3)	-	(2.3)	-	-	-	(2.9)	-	(2.9)
Loss on disposal of associate	-	-	-	(2.4)	-	(2.4)	(0.2)	-	-	-	-	(0.2)
Impairment costs	-	-	-	(1.0)	-	(1.0)	-	-	-	-	-	-
Royalty costs	(28.7)	(1.0)	-	-	-	(29.7)	(36.9)	2.8	-	-	-	(34.1)
Net income / (loss) before finance income and finance costs	433.3	(59.9)	21.1	(71.9)	-	322.6	547.9	34.5	6.6	(12.7)	-	576.0
Finance income	2.0	3.0	0.2	1.0	0.1	6.3	2.9	5.8	-	2.9	-	11.6
Finance costs	(4.4)	(16.5)	-	(0.2)	(23.1)	(44.2)	(0.6)	(0.1)	-	-	(14.1)	(14.8)
Profit /(loss) before taxation	430.9	(73.4)	21.3	(71.1)	(23.0)	284.7	550.2	40.2	6.6	(9.8)	(14.1)	572.8
Taxation	(107.2)	40.9	(6.1)	(1.7)	(0.4)	(74.5)	(151.4)	30.9	(2.9)	2.5	0.2	(120.7)
Profit /(loss) after taxation	323.7	(32.5)	15.2	(72.8)	(23.4)	210.2	398.8	71.1	3.7	(7.3)	(13.9)	452.1
Inter-company transactions												
Management fees	(30.0)	(22.5)	(2.7)	55.2	-	-	(8.6)	(5.7)	(0.5)	14.8	-	-
inter-company interest charges	(1.0)	(22.1)	(0.2)	(0.3)	23.6	-	-	(14.6)	-	-	14.6	-
Profit /(loss) after taxation after inter-company charges	292.7	(77.1)	12.3	(17.9)	0.2	210.2	390.2	50.8	3.2	7.5	0.7	452.1
Segmental Assets (Total assets excluding goodwill)	1,069.7	2,831.4	209.4	47.4	18.0	4,175.9	1,035.9	2,746.1	223.8	55.1	0.5	4,061.4
Segmental Liabilities	415.5	1,022.7	18.0	38.1	246.6	1,740.9	416.7	1,119.2	11.2	27.4	2.1	1,576.6
Goodwill	303.5	-	-	-	-	303.5	303.5	-	-	-	-	303.5
Net Assets (excluding goodwill)	654.2	1,808.7	191.4	9.3	(228.6)	2,435.0	619.2	1,626.9	212.6	27.7	(1.6)	2,484.8
Capital Expenditure	112.6	238.2	0.6	0.6	-	352.0	151.0	210.5	0.4	1.1	-	363.0

Note 1: All gold sales were made in the Republic of South Africa and the majority of revenue was generated from sales via Rand Refinery (Pty) Ltd and Institutional banks.
Note 2: Other expenses exclude inter-management fees and dividend received

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