Pan African Resources PLC
(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
("Pan African Resources" or the "company" or the "group")

Unaudited interim results for the six months ended 31 December 2017

Key features reported in South African Rand ("ZAR" or "R") and Pound Sterling ("GBP")

Overview
The six months ended 31 December 2017 ("current reporting period") saw the group further implement its strategy to provide not only a platform of stability at our operations at Barberton Mines and Evander Mines, but also one of improved and sustainable cash flows and production for the second half of this year and beyond. The measures taken have seen substantial changes at all of our underground operations, with the restructuring at Evander Mines and the increased investment in development at Barberton Mines.

The Elikhulu tailings retreatment plant ("Elikhulu") project remains on track to commence commercial production a number of weeks ahead of schedule, whilst the operational challenges at Barberton tailings retreatment plant ("BTRP") and the lower than anticipated recoveries are expected to be resolved following the installation of a regrind mill to assist with the processing of the coarser material encountered. The commissioning of Elikhulu will significantly advance Pan African's strategy of sourcing a substantial portion of its annual gold production from long-life, low-cost surface tailings operations. These surface tailings operations ensure sustainability in the challenging South African operating environment.

The delivery of 85,282oz for the half year, down 6.9% (2016: 91,613oz) is a credible performance in the light of the substantial challenges faced during the current reporting period. The group remained profitable despite the currency volatility, the lost production days from industrial disputes, and the technical challenges at the BTRP. The group today is positioned for a stronger second half with the results of our investment in the BTRP regrind mill and improved grades from Barberton Mines set to deliver strong production growth and lower costs over the next 12 months. The group's production guidance for the full financial year is now approximately 177,000oz-181,000oz.

Operational key features
- The group's gold production for the current reporting period reduced by 6,331oz to 85,282oz (2016: 91,613oz), primarily as a result of operational challenges encountered at Barberton Mines. Barberton Mines is positioned for an improved performance in the second half of the financial year.
- Improved overall operational and financial performance from Evander Mines.
- The Elikhulu Project is on track for commissioning early in the 2019 financial year, ahead of schedule and below budget.
- Improved safety performance from both Barberton Mines and Evander Mines.
- Barberton Mines' Royal Sheba Project's feasibility study will be completed in the 2018 financial year, with this project having the potential of increasing Barberton Mines' production by approximately 30,000oz per annum.
- Evander Mines' Egoli Project (previously 2010 Pay Channel project) mining feasibility study has been completed, with a pre-taxation internal rate of return of 46% and net present value of R1.74 billion.
- Reduced production from Barberton Mines as a result of:
    - processing challenges at the BTRP, which produced 6,289oz less compared to the prior reporting period; and
    - underground production impacted by delays in developing into Fairview's high-grade 272 and 358 platforms, as well as 11 production days lost (equivalent to 3,000oz) due to industrial action by employees and protests directed by community pressure groups.
- The group's detailed operational and financial summaries per entity are disclosed on the Pan African Resources website at http://www.panafricanresources.com/investors/financial-reports/.

Financial key features
- The group's earnings before interest taxation, depreciation and amortisation ("EBITDA") decreased to R185.6 million (2016: R476.5 million), while in GBP terms it decreased to GBP10.5 million (2016: GBP26.6 million). The EBITDA in the prior reporting period included a mark-to-market fair value gain on financial derivatives of R94.7 million compared to R19.4 million in the current reporting period.
- The group's profit after taxation in ZAR terms decreased to R58.2 million (2016: R249.8 million), while in GBP terms, the group's profit after taxation decreased to GBP3.3 million (2016: GBP14.0 million).
- Earnings per share ("EPS") decreased to 3.23 cents per share (2016: 16.58 cents per share), while in GBP terms, EPS decreased to 0.18 pence per share (2016: 0.93 pence per share).
- Group revenue from continuing operations decreased to R1,462.9 million (2016: R1,610.8 million) and, in GBP terms, group revenue decreased to GBP82.9 million (2016: GBP90.1 million) as a result of a decrease in the ZAR gold price received and gold ounces sold.
- Effective ZAR gold price received decreased by 2.4% to R551,506/kg (2016: R565,298/kg) and, in USD terms, it increased by 1.9% to USD1,281/oz (2016: USD1,257/oz).
- Due to the lower gold production, cash cost per kilogramme increased in ZAR terms to R473,187/kg (2016: R418,764/kg) and, in USD terms, the cash cost per ounce increased to USD1,099/oz (2016: USD931/oz).
- All-in sustaining cost per kilogramme increased in ZAR terms to R545,908/kg (2016: R487,765/kg) and, in USD terms, the all-in sustaining cost per ounce increased to USD1,268/oz (2016: USD1,084/oz).
- The group paid a final dividend of R185 million or GBP10.0 million (2016: R300 million or GBP17.1 million) on 21 December 2017, relating to the 2017 financial year. This dividend equated to R0.08279 per share or 0.44561 pence per share (2016: R0.1544 per share or 0.87668 pence per share).
- The sale of Phoenix Platinum Mining Proprietary Limited ("Phoenix") to Sylvania Platinum Limited for R89 million was concluded on 7 November 2017.
- Net debt remained well contained at R653 million (2016: R497 million).

Movement	For the six months ended 31 December 2017	For the six months ended 31 December 2016	Metric	Salient features	Metric	For the six months ended 31 December 2016	For the six months ended 31 December 2017	Movement
(6.9%)	**2,653**	**2,849**	(Kilogrammes)	Gold sold	(Oz)	**91,613**	**85,282**	**(6.9%)**
(9.2%)	**1,462.9**	**1,610.8**	(R millions)	Revenue – continuing operations	(GBP millions)	**90.1**	**82.9**	**(8.0%)**
(2.4%)	**551,506**	**565,298**	(R/kg)	Average gold price received	(USD/oz)	**1,257**	**1,281**	**1.9%**
13.0%	**473,187**	**418,764**	(R/kg)	Cash costs	(USD/oz)	**931**	**1,099**	**18.1%**
11.9%	**545,908**	**487,765**	(R/kg)	All-in sustaining costs (**note 1**)	(USD/oz)	**1,084**	**1,268**	**17.0%**
8.8%	**554,890**	**509,909**	(R/kg)	All-in costs (**note 1**)	(USD/oz)	**1,134**	**1,289**	**13.7%**
(61.1%)	**185.6**	**476.5**	(R millions)	Adjusted EBITDA (**note 2**)	(GBP millions)	**26.6**	**10.5**	**(60.5%)**
(76.7%)	**58.2**	**249.8**	(R millions)	Attributable earnings	(GBP millions)	**14.0**	**3.3**	**(76.4%)**
(74.4%)	**63.0**	**246.0**	(R millions)	Headline earnings	(GBP millions)	**13.8**	**3.6**	**(73.9%)**
(80.5%)	**3.23**	**16.58**	(cents)	EPS	(pence)	**0.93**	**0.18**	**(80.6%)**
(78.5%)	**3.51**	**16.32**	(cents)	Headline earnings per share ("HEPS")	(pence)	**0.91**	**0.20**	**(78.0%)**
31.4%	**653.0**	**497.0**	(R millions)	Net debt	(GBP millions)	**29.4**	**39.2**	**33.3%**
10.5%	**155.2**	**140.5**	(R millions)	Total sustaining capital expenditure	(GBP millions)	**7.9**	**8.8**	**11.3%**
242.5%	**697.0**	**203.5**	(R millions)	Total capital expenditure	(GBP millions)	**11.5**	**39.5**	**243.5%**
1.4%	**194.3**	**191.7**	(cents)	Net asset value per share	(pence)	**11.5**	**11.7**	**1.7%**
19.3%	**1,798.3**	**1,506.8**	(millions)	Weighted average number of shares in issue	(millions)	**1,506.8**	**1,798.3**	**19.3%**
(4.3%)	**13.39**	**13.99**	(R/USD)	Average exchange rate	(R/GBP)	**17.88**	**17.65**	**(1.3%)**
(9.8%)	**12.36**	**13.70**	(R/USD)	Closing exchange rate	(R/GBP)	**16.90**	**16.67**	**(1.4%)**

Note 1: The all-in sustaining cost per kilogram and all-in cost per kilogram excludes the Elikhulu capital expenditure as well as derivative fair value mark-to-market gains / expenses and relates directly to the current gold mining operations.
Note 2: Adjusted EBITDA is represented by earnings before interest, taxation, depreciation and amortisation, profit/(loss) on asset held for sale and profit/(loss) on disposal of investments.

CEO STATEMENT

Pan African Resources CEO Cobus Loots commented:

"Our group is positioned to deliver into our objective of mining relatively low-cost, high-margin and sustainable gold ounces. The past 12 months has been a watershed period during which we reassessed the sustainability of all our operations and dealt with issues causing operational disruptions. We expect improved production and cost savings in the next reporting period.

We look forward to commissioning the Elikhulu Project below budget and ahead of schedule in the coming months. In terms of medium- to long-term gold production growth, the feasibility study for the Evander Mines' Egoli Project (previously called the 2010 Pay Channel) and the work completed to date on the Royal Sheba Project at Barberton Mines, demonstrate robust economic returns in a relatively low-risk mining environment.

In light of the prevailing low ZAR gold price environment, to ensure the sustainable profitability of the group, we are reviewing our higher cost mining operations."

Group safety

We are pleased to report an improved group safety performance across all operations, with no fatalities in the current or prior reporting periods. The reportable injury frequency rate improved significantly to 0.62 (2016: 1.61) and the lost-time injury frequency rate increased marginally to 4.05 (2016: 3.96). The group's total recordable injury frequency rate reduced to 14.42 (2016: 14.81).

A notable achievement is the group-wide reduction in the number of Department of Mineral Resources ("DMR") safety stoppages ("Section 54 regulatory notices") during the current reporting period, evidencing the management team's focus on addressing previously highlighted risks and the constructive relationship with the DMR.

Evander Mines and ETRP

Evander Mines' return to profitability is encouraging and resulted from the remedial action taken to address the critical shaft infrastructure and the cost base of this operation. The 5.4% increase in gold production, and the lower cost base, were the primary contributors to an improved operational performance.

Evander Mines' underground gold operations delivered an improved performance, with gold sold increasing to 32,734oz (2016: 26,477oz) due to tonnages milled from underground mining increasing by 7.6% to 174,233t (2016: 161,872t), with the head grade also increasing by 13.0% to 6.1g/t (2016: 5.4g/t).

The existing 8 Shaft pump column experienced a number of water bursts, which contributed to lost production. This pump column will be fully reliable once the refurbishment programme is completed in April 2018. As a result of the 2017 refurbishment programme, 7 Shaft pumping and other infrastructure performed well in the current reporting period.

Development of the new high-grade "D raise" is being accelerated with the intent of it being available for mining in March 2018. This raise will contribute to increased mining flexibility and access to higher-grade areas of the 8 Shaft orebody.

Gold production at the Evander Tailings Retreatment Plant ("ETRP") reduced to 11,937oz (2016: 15,924oz). In the prior reporting period the ETRP treated more surface feedstock tonnages with additional milling capacity allocated for surface material due to the 7 Shaft infrastructure repairs during October 2016 and the resultant reduced production from underground. The ETRP's current all-in sustaining cost is R316,208/kg (2016: R245,569/kg) or USD735/oz (2016: USD546/oz). The Elikhulu Project's all-sustaining costs are forecast to be lower than the ETRP due to the economy of scale benefit. As a comparative to the ETRP all-in sustaining costs, the Elikhulu Project's feasibility study real all-in sustaining cost of R243,816/kg or USD523/oz at a ZAR:USD exchange rate of R14.5:1, which equates to USD631/oz at the prevailing ZAR:USD exchange rate of R12:1.

Barberton Mines and BTRP

Barberton Mines' gold production reduced by 8,601oz to 40,611oz (2016: 49,212oz), predominantly due to the following, with mitigating actions addressed separately:

- BTRP gold production reduced to 8,452oz (2016: 14,741oz) due to the re-mining operation moving to the lower-grade Harper dump following depletion of the Bramber dump, and the head grade reducing from 2.2g/t to 1.4g/t.

The Harper dump material has a larger coarse fraction, which resulted in processing problems and a reduction in plant recoveries to 41% (2016: 55%). A regrind mill is being installed to reduce the Harper dumps coarse fraction material which will improve material handling and recoveries. Barberton Mines' underground mining production reduced to 32,159oz (2016: 34,471oz) due to a lack of grade flexibility in the Fairview MRC orebody, which curtailed the mineable tonnes at the targeted head grade. The underground tonnes milled increased to 124,969t (2016: 123,168t), while the head grade reduced to 8.7g/t (2016: 9.4g/t).

- Gold production was adversely impacted by disruptions from pressure groups, community unrest and protected and unprotected strike action at Barberton Mines, which resulted in 11 lost production days, equivalent to approximately 3,000oz of gold. The source of the frustration from these stakeholders is driven by issues unrelated to the mine and is symptomatic of the general dissatisfaction with service delivery, inter-union conflict, and unemployment issues that currently characterise the South African mining and other sectors.

A summary of the status of remedial actions taken by management at Barberton Mines is as follows:

Segment	**Challenge**	**Remedial action**	**Status**
BTRP	Unexpected coarse fraction material encountered, resulting in reduced throughput, gold recoveries and gold production from the BTRP.	Installation of a regrind mill to assist with material handling and improved recoveries from treating the Harper dump coarse fraction material.	The regrind mill will be commissioned by April 2018.
Fairview underground mining flexibility	Limited grade flexibility within the Fairview MRC orebody, with development into new platforms delayed. Two high-grade platforms are however now available. In addition, a portion of the high-grade 101 platform was sterilised as a result of an unanticipated geological roll.	Initial production make-up strategy was to mine pillars in previously mined high-grade platforms (116 and 195 platforms). Unfortunately gold production from these platforms was less than anticipated. Development of two high-grade mining platforms in the MRC orebody to improve grade flexibility. This development is now complete.	The 358 and 272 high-grade mining platforms are available to mine in the second half of the financial year. These platforms will be available for the next two to three years, allowing sufficient time to ensure development into new mining areas is on schedule.
	Fairview mining operation is restricted by the hoisting capacity of its No 3 Decline, which is also used by employees to access workings below 42 Level and its high-grade 11-block of the MRC.	The Fairview sub-vertical shaft project will improve ore handling efficiencies and significantly reduce the time taken by employees to access high-grade mining platforms. The sub-vertical shaft project is estimated to improve production by approximately 7,000oz-10,000oz per annum.	The R105 million project is scheduled for completion over the next 24 months.
Barberton Mines	Community unrest and protected and unprotected strikes, resulting in lost production shifts.	Barberton Mines obtained court interdicts: - To halt the communities from blocking road access to the mining operations. - To halt the union's unprotected strikes - National Union of Mineworkers formally put on terms, in terms of allowing unprotected and illegal strike action. - Section 189 process in terms of the Labour Relations Act has commenced at Barberton Mines. Management is concerned that in the current difficult operating environment, further disruptions to operations may lead to material loss in employment.	We continue to engage with all stakeholders to limit disruptions of this nature in the future.

Mineral reserves and resources

The group's mineral resources and reserves, in compliance with the South African Code for Reporting of Mineral Resources and Mineral Reserves, are summarised as follows:

- Gold reserves of 11.2Moz (2016: 10.0Moz)
- Gold resources of 34.4Moz (2016: 34.9Moz)

In determining our reserves and resources, gold reserves were modelled at R550,000/kg and gold resources at R600,000/kg. During the current year the group's mineral resources and reserves were independently reviewed by SRK Consulting (South Africa) (Pty) Ltd.

There have been no material changes to the group's mineral reserves and resources statement for the year ended 30 June 2017.

Near- to medium-term growth projects

Elikhulu Project

The project is on track for commissioning early in the 2019 financial year, which is ahead of schedule and below budget. Capital expenditure of R671.4 million (excluding capitalised borrowing costs) has been incurred on the Elikhulu Project to date.

Although the Elikhulu Project experienced community protests during the current reporting period, the project remains ahead of plan and all capital has been contracted, which materially reduces the risk of cost overruns due to price escalations.

The re-mining contract for the project was awarded to Fraser Alexander ("Fraser"). The contract incentivises Fraser to deliver more than one-million tonnes per month.

Barberton Mines' Royal Sheba Project

The group believes that Royal Sheba has the potential to deliver approximately 30,000oz per annum at a relatively low cost. The Royal Sheba orebody forms part of the Barberton Mine complex and was historically mined on a small scale (approximately 2,000 tonnes per month) to a depth of 340 metres below surface. Due to poor economic returns resulting from the low tonnage mining profile, and the prevailing low gold price at that time, it was closed during 1996.

In the 2010 financial year, a concept study was completed with the aim of re-opening the mine as a larger, mechanised, standalone operation. The study found it was a viable proposition, but required a significant amount of capital expenditure for a new shaft system to be sunk from surface and the construction of a new gold plant.

Since the prior Royal Sheba study was completed, several synergies have been identified at the Barberton Mines complex, which indicates that the Royal Sheba orebody could be a viable economic proposition with materially lower capital investment than previously envisaged. These synergies include:

Proposed new mining method

The orebody is conducive to sub-level open stoping, a massive mechanised mining method, which can be used to extract the entire orebody at lower grades but with significantly more volumes and better efficiencies. Using this mining method, production volumes of approximately 30,000-40,000 tonnes per month can be mined.

Underground access

A development drive is currently being developed from the Sheba Mine on 23 Level (600 metres underground) towards the Royal Sheba orebody, which obviates the need for the new shaft system required by the 2010 study. A further 800 meters of development is required to access the orebody and multi-blasting is being investigated to reduce the development period from 36 months to approximately 18 months.

BTRP processing

The Royal Sheba ore is free milling and does not require Biox© processing, therefore the existing BTRP plant can be expanded at minimal cost to treat Royal Sheba's ore, resulting in a substantial capital saving.

These infrastructure synergies should contribute to progressing the Royal Sheba Project as an attractive prospect. It presents the group with an opportunity to increase its production in the medium term by an estimated 30,000oz per annum at a low capital cost.

To improve confidence in the Royal Sheba Project, a development strategy is being pursued, which entails a drilling programme of 14 surface holes totalling 12,000m, and a feasibility study, which is expected to be completed by the end of this financial year.

Mineral resources of Royal Sheba as at 30 June 2017

Royal Sheba Resource				
Category	**Tonnes**	**g/t**	**kg (Au)**	**Oz**
Measured	385,450	4.15	1,599	51,421
Indicated	1,354,240	4.35	5,891	189,398
Inferred	856,470	4.40	3,726	119,782
Total Resource	2,596,160	4.32	11,216	360,601

Evander Egoli Project (previously 2010 Pay Channel project) – Results from mining feasibility study

The Egoli Project is adjacent to the No 7 Shaft infrastructure and extends from the boundary of Taung Gold International Limited's No 6 Shaft mining right.

Shareholders were informed on 20 September 2017 that the group had initiated a mining feasibility study, conducted by DRA Global, into the viability of the Egoli Project.

The available resource of the Egoli Project orebody has increased materially (as reported on 1 February 2018) and this, together with the study's findings, are summarised as follows:

	Updated resource statement Egoli Project				Previous resource statement Egoli Project		
Category	Tonnes	Grade	Contained gold		Tonnes	Grade	Contained gold
	Million	g/t	Moz		Million	g/t	Moz
Measured	0.36	8.97	0.10		0.45	8.94	0.13
Indicated	2.92	9.87	0.93		0.70	7.11	0.16
Inferred	6.12	9.74	1.92		4.13	8.93	1.19
Total	**9.40**	**9.75**	**2.95**		**5.28**	**8.69**	**1.48**

Mineral resources are reported in accordance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves guidelines. Cut-off values are reported applying a gold price of R600,000/kg (USD1,370/oz and ZAR:USD 13.62:1). Mineral resources are reported inclusive of mineral reserves. All mineral resources reported exclude geological structures, regional pillars, middling pillars, safety pillars and shaft pillars. Mineral resources are reported as in-situ tonnes. Any discrepancies in totals are due to rounding. Mr HP Pretorius, of an independent Geological Consultant (Shango Solutions Pty Ltd), and registered with the South African Council of Natural Scientific Professionals (400051/11) was appointed as the Competent Person for the mineral resource report. Mr HP Pretorius has reviewed and approved the scientific and technical disclosures contained in this announcement.

The Egoli Project has more than one-million ounces of contained gold in measured and indicated categories. The mining feasibility highlights for the Egoli Project are:

- Initial de-watering of the declines is expected to commence during 2018.
- The mining operation will be planned to ensure waste and reef are hoisted separately.
- The life-of-mine is expected to be 14 years.
- Average recoverable gold of approximately 13,000 ounces per annum during the initial four-year development phase, and an average of approximately 65,000 ounces per annum for the remaining ten years thereafter is forecast.
- Existing available plant and shaft capacity will be used to treat mined ore.
- Peak funding requirement is forecast at approximately R572 million.
- An internal rate of return (real, pre-taxation) of 46%, with a payback period of two years following the initial four-year development period is forecast. This projection is based on an assumed gold price of USD1,287/oz and exchange rate ZAR:USD 12.50:1, equating to R517,194/kg.
- Project, pre-taxation, net present value is R1.74 billion (USD139.4 million) at a 10% real discount rate.
- An incremental all-in sustaining cost per kilogramme of approximately R275,000/kg, or USD684/oz, on average, over the life of the mine.
- An average gold recovery rate of 95% and a mine call factor of 85%.

Barberton Mines' sub-vertical shaft project at Fairview

Shareholders were previously advised that the Fairview mining operation is restricted by the hoisting capacity of its No 3 Decline, which is used to access workings below 42 Level and the high-grade 11-block of the MRC. During the period under review, Fairview started constructing a new sub-vertical shaft at a cost of approximately R105 million over a two-year period. Following the commissioning of this shaft, it is expected that productivity improvements will yield an additional 7,000oz - 10,000oz of gold per annum.

Outlook

In the 2018 financial year, the remaining key focus areas for the group, from an operational perspective, include:

- continuing with our safety and regulatory compliance improvement projects across all operations;
- ensuring construction of the Elikhulu Project progresses ahead of schedule and below budget;
- ensuring an improved sustainable and optimal operating performance at our gold mining operations;
- further improving stakeholder engagement to minimise operational stoppages;
- operational review of higher cost operations in the group; and
- production guidance is now approximately 177,000oz-181,000oz.

The group continues to evaluate acquisitive opportunities, particularly within other African jurisdictions, in accordance with the group's rigorous capital allocation criteria.

We extend our appreciation to our management teams and all other staff for their hard work and persistence during this period. Their commitment and perseverance has enabled Pan African Resources to continue operating successfully. We also thank our fellow directors and shareholders for their support.

FINANCIAL PERFORMANCE

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 operational results 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 United Kingdom ("UK") and South Africa.

During the period under review the average ZAR:GBP exchange rate was R17.65:1 (2016: R17.88:1) and the closing ZAR:GBP exchange rate was R16.67:1 (2016: R16.90:1). The period-on-period change in the average and closing exchange rates of 1.3% and 1.4%, respectively, must be taken into account for the purposes of translating and comparing period-on-period results.

The group records its revenue from precious metals sales in ZAR and the strength in the value of the ZAR:USD exchange rate during the period under review had a negative impact on the USD revenue received when translated into ZAR. The average ZAR:USD exchange rate was 4.3% stronger at R13.39:1 (2016: R13.99:1).

The commentary below analyses the current and prior reporting 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.

Analysing the group's financial performance

Revenue

The group's total revenue from continuing operations, period-on-period, decreased in ZAR terms by 9.2% to R1,462.9 million (2016: R1,610.8 million) and in GBP terms decreased by 8.0% to GBP82.9 million (2016: GBP90.1 million).

Group revenue was mainly impacted by:

1) The average ZAR gold price received decreasing by 2.4% to R551,506/kg (2016: R565,298/kg), as a result of the average ZAR:USD exchange rate strengthening by 4.3% to R13.39:1 (2016: R13.99:1) and the USD gold price received increasing by 1.9% to USD1,281/oz (2016: USD1,257/oz).
2) Gold ounces sold decreased by 6.9% to 85,282oz (2016: 91,613oz).

Cost of production

Pan African Resources' cost of production inflation was well contained, with the cost of production increasing by 5.4% to R1,228.0 million (2016: R1,165.6 million).

The main cost contributors that impacted the period-on-period cost increase during the current reporting period are summarised as follows:

- Group gold operations' salaries and wages (represents 43.2% of the gold cost of production) increased by 2.9% to R530.4 million (2016: R515.6 million). Salaries and wages increased in line with the gold labour agreements signed at the respective operation, but this was off-set by the reduction in labour costs at Evander Mines due to the retrenchment of employees.
- The group's electricity costs (represents 15.6% of the gold cost of production) increased by 4.6% to R191.5 million (2016: R183.0 million). The increase is higher than the National Energy Regulator of South Africa's approved average national increase of 2.2% from 1 April 2017, as a result of increased tonnages mined by the respective underground mining operations.
- The group's mining and processing costs (represents 25.6% of gold cost of production) increased by 3.9% to R314.4 million (2016: R302.6 million).
- The group's engineering and technical costs (represents 8.3% of gold cost of production) increased by 11.3% to R101.4 million (2016: R91.1 million). The above-inflation increase is predominantly due to the additional maintenance work on Evander Mines, specifically the repairs associated with Evander Mines 8 Shaft's 10 stage pump column repairs.

The group's cost of gold production per kilogramme increased by 13.0% to R473,187/kg (2016: R418,764/kg). The increase is mainly attributed due to the group's sold gold decreasing by 6.9% to 85,282oz (2016: 91,613oz) and the 5.4% increase in cost of production.

The group's all-in sustaining cost of gold production per kilogramme (including direct cost of production, royalties, associated corporate costs and overheads, and sustaining capital expenditure, excluding cost-collar mark-to-market expenses) increased by 11.9% to R545,908/kg (2016: R487,765/kg). In USD terms the all-in sustaining cost per ounce increased to USD1,268/oz (2016: USD1,084/oz). The group's all-in sustaining costs were primarily impacted by an increase in gold production costs and a decrease in gold sold.

The all-in gold cost per kilogramme (sustaining cost of production and once-off expansion capital, but excluding the Elikhulu Project capital) increased by 8.8% to R554,890/kg (2016: R509,909/kg). The groups once-off capital period-on-period decreased by 62.6% to R23.5 million (2016: R62.9 million), due to the completion of the BTRP cyanide detoxification plant and Fairview's ventilation refrigeration and infrastructure.

Realisations costs

The group's realisation costs decreased marginally to R27.1 million (2016: R27.7 million). The realisation costs relate predominantly to refining charges rendered by refiners.

Depreciation costs

Depreciation from continuing operations increased by 3.3% to R104.8 million (2016: R101.5 million). The depreciation charge is based on the available units of production over the life of the operations.

Other expenditure and income

Other expenditure reduced to R13.3 million (2016: R34.9 million other income). In the current reporting period, the group recorded lower mark-to-market fair-value gains of R19.4 million (2016: R94.7 million) on financial derivatives.

Finance costs decreased to R14.3 million (2016: R19.0 million), predominantly due to the group's average debt in the reporting period declining relative to the prior reporting period. Interest incurred on the Elikhulu Project is capitalised, which further contributed to a reduced finance cost.

Discontinued operation

The group's discontinued operations represent Phoenix in the current reporting period and both Phoenix and Uitkomst Colliery Pty Ltd ("Uitkomst") in the prior reporting period as both of these operations have been disposed of.

The group's discontinued operations recorded a loss of R6.8 million in the current reporting period represented by Phoenix's loss for the period 1 July – 7 November 2017. This loss comprised of R1.9 million in operational losses and a R4.9 million loss on asset held for sale. In the prior reporting period Phoenix and Uitkomst collectively contributed R19.3 million to the group.

Taxation

The group's total taxation charge decreased to R17.6 million (2016: R90.4 million) as result of a decrease in the group's profit before taxation.

The taxation charge comprised of:
- a decrease in the current taxation charge by 96.8% to R1.8 million (2016: R56.8 million); and
- a decrease in the deferred taxation to R15.8 million (2016: R33.6 million), mainly due to the reduction of the long-term deferred taxation rate to 23.1% from 28% and 25.5% for Barberton Mines and Evander Mines, respectively.

EPS and HEPS

The group's EPS in ZAR decreased by 80.5% to 3.23 cents (2016: 16.58 cents). The group's HEPS in ZAR decreased by 78.5% to 3.51 cents (2016: 16.32 cents). The difference between the EPS and HEPS is reconciled below.

The EPS and HEPS are calculated by applying the group's weighted average number of shares in issue to the attributable and headline earnings. The weighted average number of shares in issue increased by 19.3% to 1,798.3 million shares (2016: 1,506.8 million shares). The increase in shares was attributed to the additional 291.5 million shares issued in the equity raise concluded on 12 April 2017 for the equity tranche of the Elikhulu Project.

The weighted average number of shares period-on-period in issue for calculating earnings per share is reconciled below:

	31 December 2017	**31 December 2016**
Shares in issue at beginning of the calendar year	1,506.8	1,943.2
Elimination of shares held by PAR Gold	-	(436.4)
Issue of shares – vendor placement (date 12 April 2017)	291.5	-
Weighted average shares in issue at end of six months period	1,798.3	1,506.8

Total headline earnings per share is calculated as follows:

	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**
	GBP million	**GBP million**	**ZAR million**	**ZAR million**
Basic earnings all operations	3.3	14.0	58.2	249.8
Adjustments:				
Profit on disposal of investment	-	(0.2)	-	(4.6)
Taxation on profit realised on disposal of investment	-	-	-	1.0
Profit on disposal of property plant and equipment	-	-	-	(0.3)
Taxation on profit realised on property plant and equipment sale	-	-	-	0.1
Loss on asset held for sale	0.3	-	4.9	-
Headline earnings	3.6	13.8	63.1	246.0
Headline earnings per share	0.20	0.91	3.51	16.32
Diluted headline earnings per share	0.20	0.91	3.50	16.31

Continuing operations headline earnings per share is calculated as follows:

	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	GBP million	GBP million	ZAR million	ZAR million
Basic earnings continuing operations	3.7	12.9	65.0	230.5
Adjustments:				
Profit on disposal of investment	-	(0.2)	-	(4.6)
Taxation on profit realised on disposal of investment	-	-	-	1.0
Profit on disposal of property plant and equipment	-	-	-	(0.3)
Taxation on profit realised on property plant and equipment sale	-	-	-	0.1
Headline earnings	3.7	12.7	65.0	226.7
Headline earnings per share	0.21	0.84	3.61	15.05
Diluted headline earnings per share	0.21	0.84	3.61	15.04

Net debt

The group net debt increased to R653.0 million (2016: R497.0 million). This comprised of total debt facilities utilised at 31 December 2017 of R771.7 million (2016: R565.4 million), and cash holdings of R118.7 million (2016: R68.4 million).

The increase in net debt was largely due to R511.7 million of capital expenditure being incurred on the Elikhulu Project in the current reporting period.

Summary of the long-term debt liabilities:

	Revolving credit facility		Evander Mines gold loan		Elikhulu term facility		Total	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	ZAR (millions)	ZAR (millions)	ZAR (millions)	ZAR (millions)	ZAR (millions)	ZAR (millions)	ZAR (millions)	ZAR (millions)
Non-current portion	610.5	458.7	-	-	95.1	-	705.6	458.7
Current portion	66.1	52.8	-	53.9	-	-	66.1	106.7
Total	676.6	511.5	-	53.9	95.1	-	771.7	565.4

The group's performance against the revolving credit facility debt covenant limits are summarised below:

	Measurement	December 2017	December 2016
Net-debt-to-equity ratio	Must be less than 1:1	0.19	0.17:1
Net-debt-to-adjusted EBITDA ratio	Must be less than 2.5:1	2.25	0.48:1
Interest cover ratio	Must be greater than 4 times	4.62	21.99
Debt service cover ratio	Must be greater than 1.3 times	1.85	-

Capital expenditure

Group capital expenditure for the current reporting period has been summarised per operation in the table below:

	Continuing Operations				Discontinued Operations	Group Total
	Barberton Mines	Evander Mines	Elikhulu	Corporate	Phoenix	
	ZAR million	ZAR million	ZAR million	ZAR million	ZAR million	ZAR million
Development capital	35.2	30.4	-	-	-	65.6
Maintenance capital	17.5	72.1	-	0.6	6.0	96.2
Sustaining capital total	52.7	102.5	-	0.6	6.0	161.8
Expansion capital	18.7	4.8	511.7	-	-	535.2
Total capital expenditure	71.4	107.3	511.7	0.6	6.0	697.0

Cash flow summary

Cash generated by operations (after dividends) decreased by R14.6 million to R29.1 million (2016: R43.7 million), due to the lower gold production and operating cash costs increasing by 13.0% to R473,187/kg (2016: R418,764/kg).

The 2017 financial year dividend payment of R185.0 million (2016: R300.0 million) was made on 21 December 2017.

The cash outflows from investing activities increased to R634.2 million (2016: R173.1 million), largely due to:

- capital expenditure incurred on Elikhulu of R511.7 million (2016: R17.8 million);
- capital expenditure incurred on operations of R185.3 million (2016: R185.7 million);
- contributions into the rehabilitation trust of R26.2 million (2016: nil); and
- cash received from the sale of Phoenix of R89.0 million (2016: R30.4 million proceeds from the sale of a listed investment and property plant and equipment).

Net cash inflows from financing activities increased to R563.6 million (2016: R145.2 million), largely due to the utilisation of the debt facilities to fund operational and project capital expenditure.

COMMITMENTS REPORTED IN ZAR AND GBP

The group identified no material contingent liabilities in the current or prior reporting period.

The group had contracted outstanding open orders at period end of R1.1 billion (2016: R106.3 million), or GBP64.3 million (2016: GBP6.3 million). Outstanding orders in the current reporting period related primarily to the Elikhulu Project.

Authorised commitments for the remainder of the 2018 financial period, not yet contracted for, totalled R170.4 million (2016: R169.9 million) or GBP10.2 million (2016: GBP10.1 million).

At 31 December 2017, the group had guarantees in place of R24.6 million (2016: R24.6 million) or GBP1.5 million (2016: GBP1.4 million) in favour of Eskom Holdings SOC Limited, and R14.0 million (2016: R33.5 million) or GBP0.8 million (2016: GBP2 million) in favour of the DMR.

Operating lease commitments, which fall due within the next financial year, amounted to R1.8 million (2016: R3.7 million) or GBP0.1 million (2016: GBP0.2 million).

FAIR VALUE INSTRUMENTS

Financial instruments measured at fair value are 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, which are observable for the asset or liability.
Level 3: Fair value is determined on inputs not based on observable market data.

Level 1 financial instruments:
Pan African Resources holds 13,064,381 shares in MC Mining Ltd (Previously known as Coal of Africa Ltd). The investment was fair valued at R91.5 million or GBP5.5 million (2016: nil), at the reporting date. The fair value of the listed investment is treated as Level 1 of the fair value hierarchy, as the share price is quoted on a stock exchange.

The group's rehabilitation trust funds are valued at R357.5 million (2016: R319.5 million) or GBP21.4 million (2016: GBP18.9 million), which comprise investments in guaranteed equity-linked notes and interest-bearing call accounts.

Level 2 financial instruments:
During the current and prior reporting period, the group had exposure to financial derivatives comprising a cost-collar hedge. The mark-to-market value of this cost collar asset at 31 December 2017 was R5.8 million or GBP0.3 million (2016: R20.2 million liability or GBP1.2 million liability)

The group's cash settled share option liability, which is valued on a mark-to-market basis according to the company's quoted share price, amounted to R46.3 million or GBP 2.8 million (2016: R57.8 million or GBP3.4 million).

Level 3 financial instruments:
The group's employee share ownership plan ('ESOP') liability is accounted for on a cash settled share option basis and valued on a mark-to-market basis on the net present value of the discounted future cash flows applicable to the beneficiaries of the schemes. The ESOP liability was R1.9 million or GBP0.1 million (2016: R5.6 million or GBP0.3 million).

BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

The accounting policies applied in compiling the interim results are in terms of International Financial Reporting Standards ("IFRS") adopted by the European Union and South Africa, which are consistent with those applied in preparing the group's annual financial statements for the year ended 30 June 2017.

The financial information set out in this announcement does not constitute the company's statutory accounts for the period ended 31 December 2017.

The interim results have been prepared and presented in accordance with, and containing the information required by IAS 34: Interim Financial Reporting, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council.

The interim results have not been reviewed or reported on by the company's external auditors.

JSE LIMITED LISTING

The company has a dual primary listing on the main board of the JSE Limited ("JSE") and the Alternative Investment Market ("AIM") of the London Stock Exchange.

The preliminary announcement has been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS, the AC 500 standards as issued by the Accounting Practices Board and the information as required by IAS 34: Interim Financial Reporting.

AIM LISTING

The financial information for the period ended 31 December 2017 does not constitute statutory accounts as defined in sections 435 (1) and (2) of the Companies Act 2006.

The group's announcement has been prepared in accordance with IFRS and International Financial Reporting Interpretation Committee interpretations adopted for use by the European Union, with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

DIRECTORSHIP CHANGES AND DEALINGS

No directorship changes took place during the period under review.

However, the following director dealings in securities took place:

- On 29 September 2017, Mr JAJ Loots entered into a contract for difference derivative ("CFDs") for 200,000 shares at average of GBP12.747p per share. Mr JAJ Loots had 688,765 shares at period end, representing 0.03% of total issued shares.

- On 29 September 2017, Mr GP Louw purchased 45,000 shares at an average price of R2.35 per share. Mr GP Louw had 182,450 shares outstanding at period end, representing 0.01% of total issued shares.

- On 6 October 2017, Mr T Mosololi purchased 20,000 shares at R2.30. Mr T Mosololi had 50,000 shares outstanding at period end, representing 0.01% of total issued shares.

SHARES ISSUED

No additional issuance of shares during the current reporting period.

GOING CONCERN

The board confirms that the business is a going concern and that it has reviewed the group's working capital requirements in conjunction with its future funding capabilities for at least the next twelve months and has found them to be adequate. The group has a R1 billion revolving credit facility from a consortium of South African banks as well as access to general banking facilities of R100 million. At 31 December 2017, the group had borrowing capacity on the revolving credit facility of R325 million (GBP19.5 million) to assist in funding working capital requirements. The group is exposed to a number of macro-economic risk, including the gold price and the prevailing ZAR:USD exchange rate. Furthermore, the group is exposed to industrial action and an uncertain regulatory environment, which may have an adverse impact on the group's future results. Management is not aware of any other 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 discretionary exploration and certain capital expenditure activities to conserve cash on the short to medium term and curtail loss making operations.

EVENTS AFTER THE REPORTING PERIOD

The group entered into a restructured BEE transaction on 16 January 2018 in terms of which the current BEE equity shareholdings in the company (held via interests in PAR Gold Proprietary Limited ("PAR Gold")) was replaced with BEE shareholdings in Emerald Panther Investments 91 Proprietary Limited ("SA Holdco"), a subsidiary of the Company (the "Transaction"). SA Holdco will house all Pan African's South African mining operations, following implementation of the Transaction. Where the previous BEE ownership structure terminates during December 2018, the new BEE structure will only terminate on 31 December 2021, which is a three-year extension of the original BEE transaction. Refer to the groups' new organisational structure at https://www.panafricanresources.com/about-overview/company-structure/.

SEGMENT REPORTING

A segment is a distinguishable component of the group engaged in providing products or services in a particular business sector or segment, which is subject to risks and rewards different from those of other segments. The group's business activities were conducted through the following business segments:

Continuing operations:
- Barberton Mines (including BTRP), located in Barberton, South Africa;
- Evander Mines (including ETRP and Elikhulu), located in Evander, South Africa;
- Corporate; and
- Pan African Resources Funding Company Proprietary Limited ("Funding Company").

Discontinued operations:
- Phoenix, located near Rustenburg, South Africa, disposed of during the current reporting period; and
- Uitkomst Colliery, located in Newcastle, South Africa, disposed of during the prior reporting period.

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

Cobus Loots
Chief Executive Officer

Deon Louw
Financial Director

13 February 2018

Pan African Resources Plc
Condensed statement of profit or loss and other comprehensive income for the six month period ended 31 December 2017

	31 December 2017 (Unaudited) GBP millions	31 December 2016 (Unaudited) GBP millions	31 December 2017 (Unaudited) ZAR millions	31 December 2016 (Unaudited) ZAR millions
Revenue	**82.9**	**90.1**	**1,462.9**	**1,610.8**
Gold sales	82.9	90.1	1,462.9	1,610.8
Realisation costs	(1.5)	(1.5)	(27.1)	(27.7)
On - mine revenue	**81.4**	**88.6**	**1,435.8**	**1,583.1**
Gold cost of production	(69.6)	(65.2)	(1,228.0)	(1,165.6)
Mining depreciation	(5.9)	(5.7)	(104.8)	(101.5)
Mining profit	**5.9**	**17.7**	**103.0**	**316.0**
Other (expenses)/income	(0.8)	1.9	(13.3)	34.9
Profit on disposal of investment	-	0.3	-	4.6
Royalty costs	(0.3)	(0.9)	(6.1)	(16.7)
Net income before finance income and finance costs	**4.8**	**19.0**	**83.6**	**338.8**
Finance income	0.7	0.1	13.3	1.1
Finance costs	(0.8)	(1.1)	(14.3)	(19.0)
Profit before taxation	**4.7**	**18.0**	**82.6**	**320.9**
Taxation	(1.0)	(5.1)	(17.6)	(90.4)
Profit after taxation	**3.7**	**12.9**	**65.0**	**230.5**
Discontinued operations				
(Loss)/profit from discontinued operations	(0.4)	1.1	(6.8)	19.3
Profit after taxation	**3.3**	**14.0**	**58.2**	**249.8**
Other comprehensive income:				
Fair value movement on available for sale investment	(2.2)	(0.3)	(36.1)	(6.3)
Foreign currency translation differences	2.7	22.4	-	-
Total comprehensive income for the period	**3.8**	**36.1**	**22.1**	**243.5**
Profit attributable to:				
Owners of the parent	**3.3**	**14.0**	**58.2**	**249.8**
Total comprehensive income attributable to:				
Owners of the parent	**3.8**	**36.1**	**22.1**	**243.5**
Earnings per share	0.18	0.93	3.23	16.58
Diluted earnings per share	0.18	0.93	3.23	16.57
Weighted average number of shares in issue	1,798.3	1,506.8	1,798.3	1,506.8
Diluted number of shares in issue	1,798.9	1,507.6	1,798.9	1,507.6

Condensed consolidated statement of financial position as at 31 December 2017

	31 December 2017 (Unaudited) GBP million	30 June 2017 (Audited) GBP million	31 December 2016 (Unaudited) GBP million	31 December 2017 (Unaudited) ZAR million	30 June 2017 (Unaudited) ZAR million	31 December 2016 (Unaudited) ZAR million
ASSETS						
Non-current assets						
Property, plant and equipment and mineral rights	263.7	224.7	228.0	4,396.0	3,810.7	3,854.0
Other intangible assets	0.1	0.1	0.1	1.8	1.2	2.1
Deferred taxation asset	0.5	0.8	1.6	7.7	12.9	27.1
Long-term inventory	0.7	0.7	0.2	11.6	11.6	3.7
Long-term receivables	2.6	2.5	-	42.8	43.0	-
Goodwill	21.0	21.0	21.0	303.5	303.5	303.5
Investments	5.5	7.5	-	91.5	127.6	-
Rehabilitation trust fund	21.3	18.9	19.0	357.5	320.6	319.5
	315.4	**276.2**	**269.9**	**5,212.4**	**4,631.1**	**4,509.9**
Current assets						
Inventories	4.0	5.1	6.2	66.0	85.6	105.4
Current taxation asset	0.8	1.1	0.9	13.5	18.1	14.9
Trade and other receivables	14.7	13.7	16.4	244.7	233.1	276.8
Financial instruments assets	0.3	0.0	0.0	5.8	-	-
Cash and cash equivalents	7.1	9.4	4.0	118.7	160.2	68.4
	26.9	**29.3**	**27.5**	**448.7**	**497.0**	**465.5**
Non-current assets held for sale	-	5.6	0.1	-	95.2	1.3
TOTAL ASSETS	**342.3**	**311.1**	**297.4**	**5,661.1**	**5,223.3**	**4,976.7**
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital	22.3	22.3	19.4	318.8	318.8	269.7
Share premium	145.4	145.4	108.9	2,261.4	2,261.4	1,638.6
Translation reserve	(34.2)	(36.8)	(36.2)	-	-	-
Share option reserve	1.2	1.2	1.2	17.2	17.2	17.2
Retained earnings	126.6	131.3	127.4	1,776.4	1,867.0	1,806.9
Realisation of equity reserve	(10.7)	(10.7)	(10.7)	(140.6)	(140.6)	(140.6)
Treasury capital reserve	(25.4)	(25.4)	(25.4)	(548.6)	(548.6)	(548.6)
Merger reserve	(10.7)	(10.7)	(10.7)	(154.7)	(154.7)	(154.7)
Other reserves	(2.2)	-	-	(36.1)	-	-
Equity attributable to owners of the parent	**212.3**	**216.6**	**173.9**	**3,493.8**	**3,620.5**	**2,888.5**
Non-current liabilities						
Long-term provisions	11.9	11.7	12.1	198.1	197.7	205.8
Long-term liabilities	43.7	12.3	29.6	729.1	208.4	499.9
Deferred taxation liability	40.3	38.9	49.7	671.1	660.5	839.3
	95.9	**62.9**	**91.4**	**1,598.3**	**1,066.6**	**1,545.0**
Current liabilities						
Trade and other payables	27.6	27.1	21.6	460.2	458.9	365.7
Financial instruments liabilities	-	-	1.2	-	-	20.2
Current portion of long-term liabilities	5.6	4.1	7.7	93.3	70.3	130.0
Current taxation liability	0.9	-	1.6	15.5	0.8	27.3
	34.1	**31.2**	**32.1**	**569.0**	**530.0**	**543.2**
Liabilities directly associated with assets held for sale	-	0.4	-	-	6.2	-
TOTAL EQUITY AND LIABILITIES	**342.3**	**311.1**	**297.4**	**5,661.1**	**5,223.3**	**4,976.7**

Condensed consolidated statement of changes in equity for the six month period ended 31 December 2017

	Six months ended 31 December 2017 (Unaudited)	Six months ended 31 December 2016 (Unaudited)	Six months ended 31 December 2017 (Unaudited)	Six months ended 31 December 2016 (Unaudited)
	GBP million	**GBP million**	**ZAR million**	**ZAR million**
Shareholder's equity as start period	216.6	151.0	3,620.5	2,874.4
Share option reserve	-	0.1	-	3.2
Other comprehensive income/(expense)	0.4	22.1	(36.1)	(6.3)
Profit for the period	3.3	14.0	58.2	249.8
Dividends paid	(10.0)	(17.1)	(185.0)	(300.0)
Reciprocal dividend	2.0	3.8	36.2	67.4
Total equity	**212.3**	**173.9**	**3,493.8**	**2,888.5**

Condensed consolidated cash flow statement for the six month period ended 31 December 2017

	Six months ended 31 December 2017 (Unaudited) GBP million	Six months ended 31 December 2016 (Unaudited) GBP million	Six months ended 31 December 2017 (Unaudited) ZAR million	Six months ended 31 December 2016 (Unaudited) ZAR million
Profits before tax continuing operations	4.7	18.3	82.6	328.4
(Losses)/profits from discontinued operations	(0.2)	1.1	(7.6)	19.3
Profits from operations	**4.5**	**19.4**	**75.0**	**347.7**
Summary of adjustments:				
Royalties	0.3	1.0	6.1	17.3
Depreciation (note 1)	6.0	6.5	105.2	115.8
Gold loan deliveries	(1.5)	(1.6)	(26.6)	(27.9)
Fair value adjustments	-	(5.0)	4.0	(89.3)
Net finance costs	0.1	1.0	1.0	18.0
Operating profit before working capital changes	**9.4**	**21.3**	**164.7**	**381.6**
(Increase)/decrease in trade and other receivables	(0.9)	(2.3)	(11.5)	0.9
Increase/(decrease) in inventory	1.1	(1.8)	19.6	(18.3)
Increase in trade and other payables	0.5	3.3	14.7	7.4
Effect of foreign exchange rate changes on working capital	(0.6)	(0.3)	-	-
Net cash generated by operations before taxation, royalty and finance costs	**9.5**	**20.2**	**187.5**	**371.6**
Taxation refund/(paid)	0.4	(3.5)	7.6	(59.6)
Royalty paid	(0.4)	(1.1)	(6.5)	(18.7)
Net finance costs paid	(0.6)	(1.0)	(10.6)	(17.0)
Net cash generated by operations after taxation, royalty and finance costs	**8.9**	**14.6**	**178.0**	**276.3**
Dividends paid	(10.2)	(17.1)	(185.0)	(300.0)
Reciprocal dividend	2.1	3.9	36.1	67.4
Cash inflow from operating activities	**0.8**	**1.4**	**29.1**	**43.7**
Cash outflow from investing activities	**(36.2)**	**(9.5)**	**(634.2)**	**(173.1)**
Cash inflow from financing activities	**32.3**	**8.8**	**563.6**	**145.2**
Net (decrease)/increase in cash equivalents	**(3.1)**	**0.7**	**(41.5)**	**15.8**
Cash at the beginning of period	9.4	2.6	160.2	52.6
Effect of foreign currency rate changes	0.8	0.7	-	-
Cash and cash equivalents at end of period	**7.1**	**4.0**	**118.7**	**68.4**

Note 1: Depreciation comprises mining and non-mining depreciation.

Condensed GBP Segment Report for the six month period ended 31 December 2017

	31 December 2017							31 December 2016							
	Continuing operations				Discontinued operations			Continuing operations				Discontinued operations			
	Barberton Mines	Evander Mines	Corporate	Funding Company	Phoenix (Note 4)	Reclassification	Group	Barberton Mines	Evander Mines	Corporate	Funding Company	Phoenix	Uitkomst (Note 3)	Reclassification	Group
	GBP million	GBP million	GBP million	GBP million	GBP million	GBP million	GBP million	GBP million	GBP million	GBP million	GBP million	GBP million	GBP million	GBP million	GBP million
Revenue															
Gold sales (Note 1)	39.7	43.2	–	–	–	–	82.9	48.8	41.3	–	–	–	–	–	90.1
Platinum sales	–	–	–	–	1.4	(1.4)	–	–	–	–	–	2.4	–	(2.4)	–
Coal sales	–	–	–	–	–	–	–	–	–	–	–	–	12.6	(12.6)	–
Realisation costs	(0.2)	(1.3)	–	–	–	–	(1.5)	(0.3)	(1.2)	–	–	–	–	–	(1.5)
On - mine revenue	39.5	41.9	–	–	1.4	(1.4)	81.4	48.5	40.1	–	–	2.4	12.6	(15.0)	88.6
Gold cost of production	(32.0)	(37.6)	–	–	–	–	(69.6)	(29.4)	(35.8)	–	–	–	–	–	(65.2)
Platinum cost of production	–	–	–	–	(1.6)	1.6	–	–	–	–	–	(2.3)	–	2.3	–
Coal cost of production	–	–	–	–	–	–	–	–	–	–	–	–	(10.6)	10.6	–
Depreciation	(2.2)	(3.7)	–	–	–	–	(5.9)	(2.5)	(3.2)	–	–	(0.4)	(0.3)	0.7	(5.7)
Mining Profit	5.3	0.6	–	–	(0.2)	0.2	5.9	16.6	1.1	–	–	(0.3)	1.7	(1.4)	17.7
Other (expenses)/income (Note 2)	(0.4)	1.1	(1.5)	–	–	–	(0.8)	4.5	(0.5)	(2.1)	–	0.1	–	(0.1)	1.9
Profit on disposal of investment	–	–	–	–	–	–	–	–	–	0.3	–	–	–	–	0.3
Loss on sale of asset held for sale	–	–	–	–	(0.3)	0.3	–	–	–	–	–	–	–	–	–
Royalty costs	(0.2)	(0.1)	–	–	–	–	(0.3)	(0.7)	(0.2)	–	–	–	–	–	(0.9)
Net income / (loss) before finance income and finance costs	4.7	1.6	(1.5)	–	(0.5)	0.5	4.8	20.4	0.4	(1.8)	–	(0.2)	1.7	(1.5)	19.0
Finance income	0.1	0.4	0.2	–	–	–	0.7	–	–	–	0.1	–	–	–	0.1
Finance costs	–	–	–	(0.8)	–	–	(0.8)	–	–	–	(1.1)	–	–	–	(1.1)
Profit /(loss) before taxation	4.8	2.0	(1.3)	(0.8)	(0.5)	0.5	4.7	20.4	0.4	(1.8)	(1.0)	(0.2)	1.7	(1.5)	18.0
Taxation	(0.5)	(0.1)	(0.4)	–	0.1	(0.1)	(1.0)	(5.4)	0.1	0.2	–	0.1	(0.5)	0.4	(5.1)
Profit /(loss) after taxation before inter-company charges	4.3	1.9	(1.7)	(0.8)	(0.4)	0.4	3.7	15.0	0.5	(1.6)	(1.0)	(0.1)	1.2	(1.1)	12.9
Profit/(loss) after taxation from discontinued operations	–	–	–	–	–	(0.4)	(0.4)	–	–	–	–	–	–	1.1	1.1
Profit /(loss) after taxation before inter-company charges	**4.3**	**1.9**	**(1.7)**	**(0.8)**	**(0.4)**	**–**	**3.3**	**15.0**	**0.5**	**(1.6)**	**(1.0)**	**(0.1)**	**1.2**	**–**	**14.0**
Inter-company transactions															
Management fees	(0.8)	(0.2)	1.1	(0.1)	–	–	–	(0.6)	(0.6)	1.4	–	(0.1)	(0.1)	–	–
Inter-company interest charges	(0.2)	(0.3)	(0.2)	0.7	–	–	–	–	(0.3)	–	0.5	–	(0.2)	–	–
Profit /(loss) after taxation after inter-company charges	3.3	1.4	(0.8)	(0.2)	(0.4)	–	3.3	**14.4**	**(0.4)**	**(0.2)**	**(0.5)**	**(0.2)**	**0.9**	**–**	**14.0**
Segmental assets (Total assets excluding goodwill)	75.5	230.4	10.3	5.2	–	–	321.4	69.4	174.0	7.9	(2.4)	11.4	16.2	–	276.5
Segmental liabilities	27.8	52.8	2.7	46.6	–	–	129.9	28.2	57.0	2.9	30.3	0.7	4.6	–	123.7
Goodwill	21.0	–	–	–	–	–	21.0	21.0	–	–	–	–	–	–	21.0
Net assets (excluding goodwill)	47.7	177.6	7.6	(41.4)	–	–	191.5	41.2	117.0	5.0	(32.7)	10.7	11.6	–	152.8
Capital expenditure	4.0	35.1	–	–	0.3	–	39.1	4.7	6.2	–	–	0.2	0.3	–	11.4

Note 1: All gold sales were made in the Republic of South Africa and the majority of revenue was generated from selling gold to South African financial institutions through the group's Funding Company.

Note 2: Other (expenses)/income exclude inter-company management fees and dividend received.

Note 3: The disposal of Pan African Resources Coal Holdings Proprietary Limited and Uitkomst was completed on 30 June 2017.

Note 4: The disposal of Phoenix was completed on 7 November 2017.

Condensed ZAR Segment Report for the six month period ended 31 December 2017

	31 December 2017							31 December 2016							
	Continuing operations				Discontinued operations			Continuing operations				Discontinued operations			
	Barberton Mines	**Evander Mines**	**Corporate**	**Funding Company**	**Phoenix (Note 4)**	**Reclassification**	**Group**	**Barberton Mines**	**Evander Mines**	**Corporate**	**Funding Company**	**Phoenix**	**Uitkomst (Note 3)**	**Reclassification**	**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**	**ZAR million**	**ZAR million**	**ZAR million**
Revenue															
Gold sales (Note 1)	700.3	762.6	-	-	-	-	1,462.9	872.9	737.9	-	-	-	-	-	1,610.8
Platinum sales	-	-	-	-	24.7	(24.7)	-	-	-	-	-	42.5	-	(42.5)	-
Coal sales	-	-	-	-	-	-	-	-	-	-	-	-	225.0	(225.0)	-
Realisation costs	(2.9)	(24.2)	-	-	-	-	(27.1)	(6.0)	(21.7)	-	-	-	-	-	(27.7)
On - mine revenue	697.4	738.4	-	-	24.7	(24.7)	1,435.8	866.9	716.2	-	-	42.5	225.0	(267.5)	1,583.1
Gold cost of production	(564.1)	(663.9)	-	-	-	-	(1,228.0)	(526.2)	(639.4)	-	-	-	-	-	(1,165.6)
Platinum cost of production	-	-	-	-	(28.2)	28.2	-	-	-	-	-	(41.1)	-	41.1	-
Coal cost of production	-	-	-	-	-	-	-	-	-	-	-	-	(189.0)	189.0	-
Depreciation	(38.3)	(66.5)	-	-	-	-	(104.8)	(44.1)	(57.3)	-	-	(7.7)	(6.2)	13.9	(101.4)
Mining Profit	95.0	8.0	-	-	(3.5)	3.5	103.0	296.6	19.5	-	-	(6.3)	29.8	(23.5)	316.1
Other (expenses)/income (Note 2)	(7.7)	20.0	(25.6)	-	0.7	(0.7)	(13.3)	80.1	(9.3)	(36.4)	0.5	1.4	2.6	(4.0)	34.9
Profit on disposal of investment	-	-	-	-	-	-	-	-	-	4.6	-	-	-	-	4.6
Loss on sale of asset held for sale	-	-	-	-	(4.9)	4.9	-	-	-	-	-	-	-	-	-
Royalty costs	(2.9)	(3.2)	-	-	-	-	(6.1)	(13.0)	(3.7)	-	-	-	(0.6)	0.6	(16.7)
Net income / (loss) before finance income and finance costs	84.4	24.8	(25.6)	-	(7.7)	7.7	83.6	363.7	6.5	(31.8)	0.5	(4.9)	31.8	(26.9)	338.9
Finance income	1.2	7.5	3.2	1.4	0.2	(0.2)	13.3	(0.2)	0.1	0.3	0.9	-	0.1	(0.1)	1.1
Finance costs	-	-	(0.2)	(14.1)	-	-	(14.3)	-	-	-	(19.0)	-	(0.3)	0.3	(19.0)
Profit /(loss) before taxation	85.6	32.3	(22.6)	(12.7)	(7.5)	7.5	82.6	363.5	6.6	(31.5)	(17.6)	(4.9)	31.6	(26.7)	321.0
Taxation	(9.5)	(2.1)	(5.7)	(0.3)	0.7	(0.7)	(17.6)	(95.8)	1.5	4.0	-	0.9	(8.5)	7.6	(90.3)
Profit /(loss) after taxation	76.1	30.2	(28.3)	(13.0)	(6.8)	6.8	65.0	267.7	8.1	(27.5)	(17.6)	(4.0)	23.1	(19.1)	230.7
Profit/(loss) after taxation from discontinued operations	-	-	-	-	-	(6.8)	(6.8)	-	-	-	-	-	-	19.1	19.1
Profit /(loss) after taxation before inter-company charges	**76.1**	**30.2**	**(28.3)**	**(13.0)**	**(6.8)**	**-**	**58.2**	**267.7**	**8.1**	**(27.5)**	**(17.6)**	**(4.0)**	**23.1**	**-**	**249.8**
Inter-company transactions															
Management fees	(14.6)	(3.3)	18.9	(1.0)	-	-	-	(11.6)	(10.2)	24.8	-	(1.2)	(1.8)	-	-
Inter-company interest charges	(4.4)	(5.0)	(3.0)	12.4	-	-	-	(0.7)	(5.8)	(3.4)	9.1	0.8	-	-	-
Profit /(loss) after taxation after inter-company charges	**57.1**	**21.9**	**(12.4)**	**(1.6)**	**(6.8)**	**-**	**58.2**	**255.4**	**(7.9)**	**(6.1)**	**(8.5)**	**(4.4)**	**21.3**	**-**	**249.8**
Segmental assets (Total assets excluding goodwill)	1,258.8	3,840.3	171.7	86.7	-	-	5,357.5	1,172.3	2,941.4	133.1	(40.0)	192.6	273.3	-	4,672.7
Segmental liabilities	463.9	882.4	43.8	777.3	-	-	2,167.4	476.0	962.9	47.0	512.0	11.3	79.3	-	2,088.5
Goodwill	303.5	-	-	-	-	-	303.5	303.5	-	-	-	-	-	-	303.5
Net assets (excluding goodwill)	794.9	2,957.9	127.9	(690.6)	-	-	3,190.1	696.3	1,978.5	86.1	(552.0)	181.3	194.0	-	2,584.2
Capital expenditure	71.4	619.0	0.6	-	6.0	-	697.0	83.5	111.8	0.3	-	2.9	5.0	-	203.5

Note 1: All gold sales were made in the Republic of South Africa and the majority of revenue was generated from selling gold to South African financial institutions through the group's Funding Company.

Note 2: Other (expenses)/income exclude inter-company management fees and dividend received.

Note 3: The disposal of Pan African Resources Coal Holdings Proprietary Limited and Uitkomst was completed on 30 June 2017.

Note 4: The disposal of Phoenix was completed on 7 November 2017.

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