13 February 2013

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

Interim Results for the six months ended 31 December 2012

1. Key Features*

Group

- Revenue increased by 8.15% to ZAR668.14 million (2011: ZAR617.80 million).
- Attributable profit decreased by 4.30% to ZAR166.62 million (2011: ZAR174.10 million) mainly as a result of once-off transaction costs relating to the proposed acquisition of Evander Gold Mines Limited ('Evander').
- Basic and Headline Earnings per share decreased by 4.64% to 11.50 cents (2011: 12.06 cents).
- Cash of ZAR661.24 million (30 June 2012: ZAR255.39 million) on hand at 31 December 2012.

Mining Operations

Barberton Gold Mining Operations ('BGMO')

- Gold sold decreased 4.26% to 44,926oz (2011: 46,927oz).
- Underground gold production remained consistent at 42,808oz (2011: 43,355oz).
- Tonnes milled from underground decreased by 7.53% to 135,000t (2011: 146,000t).
- Head grade increased by 1.61% to 11.33g/t (2011: 11.15g/t).
- Total cash cost of ZAR233,021/kg (2011: ZAR192,397/kg).
- The Lost Time Injury Frequency rate ('LTIFR') improved to 2.16 (2011: 3.09).
- Reportable Injury Frequency Rate ('RIFR') improved to 0.62 (2011: 1.03).

Phoenix Tailings Retreatment Plant ('Phoenix')**

- First sale of 3,136oz of PGE 6E***.
- Achieved a float head grade of 3.75g/t.
- Total cash costs of USD861/oz PGE 6E.
- Achieved a LTIFR of zero.
- Achieved a RIFR of zero.

Near Term Development Projects

Barberton Tailings Retreatment Project ('BTRP')

- BTRP construction on schedule and within budget.
- Commissioning planned for 30 June 2013.
- Capital expenditure of ZAR83.14 million spent during the period under review ('H1 2013').

Acquisition of Evander

- Shareholders approved the proposed acquisition of Evander from Harmony Gold Mines Limited ('Harmony').
- Secured ZAR703 million through an oversubscribed rights offer ('Rights Offer') for purposes of settling a portion of the Evander purchase consideration.

Cash accrued until 31 December 2012 at Evander attributable to Pan African of ZAR237 million.

* To translate amounts in relation to the Statement of Comprehensive Income to £, an exchange rate of ZAR13.49 (2011: ZAR12.06) should be applied. To translate figures in relation to the Statement of Financial Position to £, an exchange rate of ZAR13.69 (30 June 2012: ZAR12.91), (31 December 2011: ZAR12.54) should be applied. See section 3 for further commentary on the effect of exchange rates.
** Phoenix is being reported without prior year comparable figures due to the plant being fully commissioned on 1 July 2012.
*** PGE 6E refers to the Platinum Group Elements

Commenting on the results, Jan Nelson, CEO said:

"The Group has delivered a solid performance in the first half in spite of severe cost pressures. We are encouraged by the progress made at BGMO, in particular with the development of the tailings retreatment project which will add a further 20,000oz per annum starting in June 2013. The Evander transaction, a game changing project for the Group, is expected to conclude in the coming weeks, on receipt of Section 11, and the integration of this project is already well underway, with a view to doubling the Group's gold production to 200,000oz in the next full financial year.

"Our focus in the next 6 months will be to deliver on volume and grade and driving costs down. The Group intends to grow the profit margin and resume the dividend payment."

Financial Summary:

		Six months ended 31 December 2012 (Unaudited)	Six months ended 31 December 2011 (Unaudited)
Revenue	(£)	49,528,638	51,229,660
EBITDA	(£)	19,220,142	24,166,658
Attributable profit	(£)	12,351,483	14,437,217
EPS	(pence)	0.85	1.00
HEPS	(pence)	0.85	1.00
Weighted average number of shares in issue		1,449,371,057	1,444,225,674
Net Asset Value		108,351,501	89,230,393

		Six months ended 31 December 2012 (Unaudited)	Six months ended 31 December 2011 (Unaudited)
Revenue	(ZAR)	668,141,327	617,801,551
EBITDA	(ZAR)	259,279,715	291,436,617
Attributable profit	(ZAR)	166,621,505	174,104,904
EPS	(cents)	11.50	12.06
HEPS	(cents)	11.50	12.06
Weighted average number of shares in issue		1,449,371,057	1,444,225,674
Net Asset Value		1,341,978,735	1,162,321,778

2. Nature of Business

Pan African is a South African based precious metals mining group ('Group') which produces approximately 95,000oz of gold and approximately 12,000oz of PGE 6E per annum. The Company's strategic focus remains the exploitation of high-grade ore-bodies that yield high margins with a low cash cost by skilled and experienced management teams. The Company has agreed to acquire Evander from Harmony, a transaction that is expected to add approximately 100,000oz of additional gold production per annum and grow the total gold production base to approximately 200,000oz per annum.

BGMO is currently constructing a 1.2Mt per annum gold tailings retreatment plant that will produce approximately 20,000 ounces of gold per annum when commissioned in June 2013. The Group is currently unhedged and is able to fund all on-mine capital expenditure from internal cash flows generated by its operations. The Group remains one of the lowest cash cost producers of gold and PGE 6E in South Africa.

3. Financial Performance

Pan African is incorporated in England and Wales, its reporting currency is pound sterling (`£') and its functional currency is South African rand ('ZAR'). All the subsidiary companies within the Group, with the exception of Explorata Limitada ("Manica")****, are South African and their financial statements are prepared in ZAR. When subsidiary companies' financial statements are translated into pound sterling for the purpose of Group consolidation and reporting, the average and closing ZAR:£ exchange rates for the period have an effect on the Group consolidated financial results.

During the current period, the average ZAR:£ exchange rate was ZAR13.49 (2011: ZAR12.06) and the closing ZAR:£ exchange rate was ZAR13.69 (2011: ZAR12.54). The period-on-period average and closing ZAR:£ exchange rates increased by 11.86% and 9.17%, respectively. The effect of exchange rate movements should be taken into account when comparing the period-on-period results on the Statement of Financial Position and Statement of Comprehensive Income.

Statement of Comprehensive Income

Gold Operations

Revenue from gold sales expressed in ZAR terms increased by 3.79% to ZAR641.24 million (2011: ZAR617.80 million). The increase in gold revenue was largely attributable to the average ZAR gold spot price received increasing by 8.42% to ZAR458,898/kg (2011: ZAR423,276/kg).

The cost of production increased by 15.95% to ZAR324.41 million (2011: ZAR279.79 million). The increase was primarily due to increases in electricity costs of 19.46% to ZAR38.3 Million (2011: ZAR32.06 million) and labour costs by 16.97% to ZAR153.74 million (2011: ZAR131.43 million). The significant increase in labour costs at BGMO is a result of a once off adjustment made by the group to bring the pay scales in line with South African Chamber of Mine rates. Security costs decreased by 12.94% to ZAR13.12 million (2011: ZAR15.07 million).

Group profit margin decreased by 2.17% to ZAR225,877/kg (2011: ZAR230,879/kg). The total unit production cash cost increased by 21.11% to ZAR233,021/kg (2011: ZAR192,397/kg).Royalty costs decreased by 27.91% to ZAR17.51 million (2011: ZAR24.29 million) primarily as a result of increased capital expenditure related to the construction of the BTRP which also contributed to the Groups effective ZAR tax rate decreasing to 29.98% (2011:36.76%).

**** On 11th January 2013 Manica was sold to Auroch Minerals NL, resulting in an effective holding of 38.01%.

PGE Treatment Operations

Revenue from PGE 6E sales expressed in ZAR amounted to ZAR26.90 million. The effective PGE 6E price achieved was ZAR8,470/oz, and the cash cost of production achieved was ZAR7,293/oz PGE 6E.

Total cost of production amounted to ZAR23 million and comprised, *inter alia*, labour costs (ZAR6.79 million), consumables (ZAR4.77 million), refinery charges (ZAR2.80 million) and overhead costs (ZAR 2.50 million).

Group

Mining profit decreased by 8.28% to ZAR292.1 million (2011: ZAR318.46 million).

Earnings before interest, tax, depreciation and amortisation ('EBITDA') decreased by 11.03% to ZAR259.28 million (2011: ZAR291.44million) and attributable profit decreased by 4.30% to ZAR166.62 million (2011: ZAR174.10 million). In £ terms the attributable profit decreased by 14.47% to £12.35 million (2011: £14.44 million), primarily as a result of the average ZAR:£ exchange rate depreciating by 11.86% during H1 2013.

Other expenses increased 101.18% to ZAR42.75 million (2011: ZAR21.25 million) mainly as a result of once-off transaction costs relating to the Evander acquisition of ZAR9.34 million (2011: Nil). Corporate and social investment increased by 21.61% to ZAR7.54 million (2011: ZAR6.20 million) which amounted to 4.92% (2011: 3.56%) of the Groups attributable profit.

Income tax decreased by 29.49% to ZAR71.34 million (2011: ZAR101.18 million) primarily as a result of a significant increase in capital expenditure for the construction of the BTRP. The Group's effective tax rate in ZAR terms decreased to 29.98% (2011:36.76%).

Basic and headline earnings per share decreased by 4.64% to 11.50 cents (2011: 12.06 cents), in £ terms decreased by 15.00% to 0.85 pence (2011: 1.00 pence).

Statement of Financial Position

Movements in the Statement of Financial Position are calculated with reference to the 30 June 2012 in ZAR terms, due to the functional currency of the Group being ZAR. Accordingly, the closing ZAR:£ exchange rate utilised for conversion purposes to £ would is ZAR13.69 (30 June 2012: ZAR12.91) to translate the amounts to £.

Cash on hand increased significantly to ZAR661.24 million (2012: ZAR255.39 million) mainly due to cash generated by the operations and key shareholder irrevocable deposits received in relation to the Rights Offer. The cash on hand in relation to the shareholder irrevocable deposits was ZAR429.99 million and ZAR231.25 million related to the Groups operational cash resources. Property, Plant and Equipment increased by 12.77% to ZAR908.65 million (2012: ZAR805.74 million) mainly due to construction of the BTRP and on-mine capital expenditure. Trade and other payables increased by 440.02% to ZAR537.48 million (2012: ZAR99.53 million) mainly due to cash received in advance from shareholders in relation to the Rights Offer and the accrual of the associated commitment fees payable. Trade and other receivables increased by 66.49% to ZAR146.76 million (2012: ZAR88.15 million) due to increased quantities of gold being shipped on 31 December 2012 in comparison to 30 June 2012. Break fees paid to Harmony in relation to the acquisition of Evander contributed to the increase in Trade and other receivables.

4. Operational Review

4.1 BGMO

a. Safety & Training

It is with regret that BGMO reported one fatality for H1 2013. On 17 November 2012 Mr G Fourie passed away when the truck he was driving left the road, overturned and rolled down a hill at Sheba mine. Fatality free shifts for H1 2013 totalled 105,888 (2011: 1,329,723) which decreased as result of the unfortunate fatality.

The safety performance at BGMO for the first six months of the 2013 financial year as measured by the All Injury Frequency Rate ('AIFR'), was 14.81 (2011: 21.25), indicating that the total number of incidents decreased during H1 2013. The LTIFR improved to 2.16 (2011: 3.09) and RIFR to 0.62 (2011: 1.03).

b. Operating Performance

A total of 44,926oz (2011: 46,927oz) of gold was sold by BGMO (which comprises the Fairview, Sheba and New Consort sections), a decrease of 4.26% from the previous period mainly as a result of lock-up in the Biox® plant. This lock-up is expected to be recovered in the third quarter.. Total underground production remained relatively consistent at 42,808oz (2011: 43,355oz), whilst the total surface production increased to 783oz (2011: 264oz).Tonnes milled from underground operations decreased by 7.53% to 135,000t (2011: 146,000t) and was mainly attributable to lower tonnages milled at the Sheba mine due to a mechanical failure of the ZK winder bull gear and shaft refurbishment at Fairview limiting hoisting capacity. Tonnes milled from surface operations increased by 162.50% to 21,000t (2011: 8,000t).

The headgrade from underground operations increased by 1.61% to 11.33g/t (2011:11.15g/t).

c. BGMO Production Summary

		6 months ended	6 months ended	6 months ended	6 months ended	6 months ended
		31-Dec-12	31-Dec-11	31-Dec-10	31-Dec-09	31-Dec-08
Tonnes Milled – Underground	(t'000)	135	146	149	153	160
Tonnes Milled – Surface	(t'000)	21	8	-	-	-
Tonnes Milled – Total	(t'000)	156	155	149	153	160
Headgrade – Underground	(g/t)	11.33	11.15	10.55	10.11	11.40
Headgrade – Surface	(g/t)	1.65	1.65	-	-	-
Recovered Grade	(g/t)	8.95	9.44	9.57	9.25	10.36
Overall Recovery	(%)	90	89	91	91	91
Production: Underground	(oz)	42,808	43,355	45,209	45,385	47,634
Production: Surface/Calcine	(oz)	783	264	-	-	3,545
Gold Sold	(oz)	44,926	46,927	46,655	45,971	51,186
Average price: spot	(US$/oz)	1,685	1,736	1,286	1,032	824
Average price: spot	(ZAR/KG)	458,898	423,276	295,281	253,510	235,338
Total cash cost	(US$/oz)	856	786	767	670	451
Total cash cost	(ZAR/KG)	233,021	192,397	176,199	164,697	134,581
Total cost per ton	(ZAR/t)	2,086	1,816	1,713	1,543	1,340
EBITDA	ZAR '000	281,038	291,437	144,752	107,297	129,372
Depreciation	ZAR '000	21,404	18,529	21,341	17,157	16,122
Capital Expenditure	ZAR '000	121,641	55,070	45,567	27,449	34,517
Exchange rate – average	ZAR/GBP	13.49	12.06	11.18	12.48	15.13
Exchange rate – closing	ZAR/GBP	13.69	12.54	10.28	11.94	13.78
Exchange rate – average	(R/US$)	8.47	7.58	7.14	7.64	8.88
Exchange rate – closing	(R/US$)	8.47	8.12	6.65	7.39	9.55

d. Capital Expenditure – Growth Projects

Project	Metres/ % Equipping Completed	% Completed of Budget (Progressive YTD)	Potential Resource Oz	Comments
Sheba Edwin Bray – Thomas Sections	70	116.7%	10,000	The Thomas Reef Structure was intersected and current development is focusing on determining the strike extent of this structure. Sampling of the structure has yielded results of 12g/t. The elevation of this reef drive is around 168m above the 7 level elevation. The mining configuration of this block is being finalised.
Sheba Pillar Development	99.2	82.7%	9,000	Positive progress was made developing and equipping the area. Mining began in the ore resource blocks that were exposed during the first H1 2013.
Consort 50 West 1 Decline West	73	104.3%	26,000	The shaft was sunk to 53 level elevation, and equipping of the 52 level reef box will now be completed. This will be followed by the waste development on 52 level to expose the reef structure. Only once the reef structure has been exposed on 52 level, will development resume on 53 level.
Consort 40 Level Development	137.4	114.5%	10,000	Development is progressing towards the serpentinite footwall contact.
Consort MMR Pillar Development	86.8	86.8%	3,200	The exploration drilling platform was completed and drilling commenced in January 2013. The team was moved up to 20 level where the Consort SI 2 Shaft must be equipped for ore and a separate travelling way. Once this is complete, development will commence westward between the Consort Ivaura and MMR faults.
Fairview 62 Level development	278.8	116.2%	49,580	Excellent progress is being made with this project, which will access additional high grade areas.
Fairview 3# Deepening and Refurbishment	10	33.3%	344,920	The shaft is being refurbished from 62 level to 64 level. The final track alignment is on-going. Development of the return airway from 64 level to 62 level commenced in December 2012. The return airway has been shotcreted from 64 level to the face position.
Fairview 11 Level Royal Reef	Only Equipping	100.0%	13,000	This project is progressing well and on plan.
Fairview 1# Opening Up	80m of Development & Equipping	100.0%	24,000	Development is currently being done on 22 level in order to expose the down-dip extension of the Fairview Geel reef.
Totals	**835.2**	**98.3%**	**489,700**	

e. Maintenance Capital

The major capital expenditure per discipline is summarised as follows:

Description	6 months ended 31 Dec 2012 Cost ZAR'000	6 months ended 31 Dec 2011 Cost ZAR'000	Impact on Production
Mining Capital	2,982	4,082	To sustain current production levels
Engineering Capital	10,351	7,396	To sustain current production levels
Metallurgical Plants and Biox © Capital	3,169	7,341	To sustain current production levels
Safety and Environment Capital	590	1,314	To sustain current production levels
General Capital	1,365	5,204	To sustain current production levels
Total	18,457	25,337	

f. Mineral Resources Management

Exploration Drilling

During H1 2013 a total of 8,443.5m (2011: 7,740m) of exploration drilling was completed underground at BGMO and the following significant intersections are reported:

Section	Borehole Number	Drill Width (cm)	Grade (g/t)	Description
Fairview	Bh 5899	100	7.02	Strike extension to the North-East of the MRC 11 block at depth.
	EBR 19	72	162.50	Free gold on Thomas Reef
	36 ZK 990-02	87	28.47	Intersection on hanging wall of 990 Cross Fracture
	STOCK 07	71	27.02	Down-dip extension of Stock work body
	22-480-01	118	22.04	Strike extension of current working in old area
	STOCK 07	90	21.54	Down-dip extension of Stock work body
	STOCK 07	65	18.28	Down-dip extension of Stock work body
	SW 07	52	14.21	Mineralisation in the foot wall of the porphyry dyke in Sheba West area
	33ZKH 12	61	7.73	Mineralisation on ZK Formation contact
	SW 06	100	12.85	Mineralisation in the foot wall of the porphyry dyke in Sheba West area
Sheba	33ZKH 15	93	10.46	Mineralisation on ZK Formation contact
	3#7-25	261	60.80	Confirming mineralized structure position for mining design
	3#7-29	94	50.30	Confirming mineralized structure position for mining design
	3#7-27	188	48.05	Confirming mineralized structure position for mining design
	40L6	91	36.70	Footwall Lens Mineralisation of the updip of the 45 body East of pegmatite
	3#7-28	94	31.50	Confirming mineralised structure position for mining design
	3#7-25	261	30.92	Confirming mineralised structure position for mining design
	3#7-29	94	29.40	Confirming mineralised structure position for mining design
	3#7-29	94	28.00	Confirming mineralised structure position for mining design
	3#7-26	87	20.00	Confirming mineralised structure position for mining design
	3#7-24	261	11.71	Confirming mineralised structure position for mining design
	3#7-28	94	11.30	Confirming mineralised structure position for mining design
New Consort	3#7-26	87	10.00	Confirming mineralised structure position for mining design

Development results

	New Consort		Fairview		Sheba	
	Metres	g/t	Metres	g/t	Metres	g/t
Reef	261.9	3.43	437.6	10.99	547.9	4.07
Stope Development	227.6	8.44	62.4	19.15	221.1	5.97
Capital	288.4	-	438.9	-	167.0	-
Waste working cost	355.7	-	246.8	-	597.1	-
Waste Total	644.1	-	685.7	-	764.1	-
Total	1,777.7	-	1871.4	-	2,297.2	-

4.2 Phoenix

The chrome tailings retreatment plant ('CTRP') was designed to treat sulphide material from International Ferrous Metals Limited's ('IFM') Lesedi Mine. IFM initially supplied Phoenix with sulphide-rich material from its Lesedi underground operations. However, IFM cut back drastically on operations at Lesedi in January 2012 and started mining oxidised material from the open cast section. This resulted in oxidised tailings being blended into the Phoenix feedstock.

The metallurgy of oxidised tailings negatively affects recovery and concentrate grade in the CTRP. This in turn results in poor PGM concentrate production. The oxide versus sulphide ratio has increased since beginning November 2012 and 100% oxide material is now being mined by IFM. The Group is currently expediting an additional Tailings Storage Facility ('TSF') that will allow management at Phoenix to bypass oxidised tailings. The TSF will be completed within the next 7 months and the Group will expect recoveries and revenue to increase significantly at this time.

Phoenix is currently implementing the following to address the issue of oxidised feedstock:

- increase of feed tonnages into the plant to increase PGE 6E content;
- investigating methods to improve oxide material recoveries;
- complete the new TSF to bypass oxide tailings; and
- Focus on further operating cost reductions.

a. Safety & Training

Phoenix continues to achieve excellent safety targets with the LTIFR and RIFR remaining at zero. All employees were trained to ensure safety risk compliance.

b. Operating Performance

A total of 3,136oz of PGE 6E were sold. The ounces produced are lower than anticipated due to a reduction in head grade of 16.67% to 3.75g/t versus the budgeted head grade of 4.50g/t. Recoveries also reduced by 42.42% to 19% versus a budget of 33%. The oxidised tailings received from IFM is the main contributing factor to this decrease.

c. Phoenix Production Summary

		6 Months Ended 31 Dec 2012
Sales	(ZAR)	26,904,459
Oz Dispatched	(oz)	3,136
DMT Tonnages	(t)	893
Plant Recoveries	(%)	19
Head Grade	(g/t)	3.75
Float Feed Tonnes	(t)	121,160
Basket Price	($/oz)	1,013
Exchange Rate	($/ZAR)	8.47
Cost Per Plant Feed Ton	($/t)	19.60
Cost Per PGE 6E	($/oz)	861
Plant Feed Tonnes	(t)	138,561
Total Operating Cost	(ZAR'000)	23
Depreciation	(ZAR'000)	6,024
EBITDA	(ZAR'000)	1,946
Capital Expenditure	(ZAR'000)	1,042

d. Growth Projects

Project	% Completed of Budget (Progressive YTD)	Potential Resource Oz	Amount Spent ZAR'000	Comments
TSF EIA application	44%	0	656	The scoping document has been submitted according to the Mineral and Petroleum Resources Development Act (MPRDA) and the National Environmental Development Act (NEMA).

e. Maintenance Capital

CTRP	Cost ZAR'000	Impact on production
Re-mining enclosure	104	Safety and Health improvement.
Construction works	66	Environmental compliance.
Telescopic handler	778	Maintenance
Batch Float machine	81	To improve float recoveries.
Laboratory equipment	14	To improve float recoveries.
Total	1,043	

5. Near-Term Development Projects

5.1 BTRP

Construction of the BTRP on a site adjoining the Bramber TSF began in April 2012, and the following major construction milestones were achieved:

a. Construction Update

Civils Construction

All civil work has been completed. The thickener, furnace room, change house and offices are progressing according to schedule.

Structural, Mechanical Erection and Piping

Construction of the carbon in leach ('CIL') tanks has progressed well and all nine tanks have been constructed to their full height. Mechanical strengthening remains to be completed.

Electrical Installations

The substation design was finalised and documentation submitted for quality review. Quotations were received and orders placed to move the Eskom overhead lines that are currently running through the planned TSF area.

The forecast schedule of the BTRP Project is summarised below:

Description	Date
Construction Completion	1 April 2013
Cold Commissioning	1 May 2013
Wet Commissioning	1 June 2013
Hot Commissioning	30 June 2013

b. BTRP Capital Expenditure

	Historical Capital			Forecasted Capital		
Description	**Prior Financial Year Capital Spent ZAR'000**	**Capital Spent - 31 December 2012 ZAR'000**	**Capital Spent to Date ZAR'000**	**Forecasted Capital to Complete ZAR'000**	**Full Project Forecasted Capital Costs ZAR'000**	**Date of Final Completion**
Construction and Infrastructure	42,819	81,716	124,535	107,626	232,161	September 2013
Quantity Surveying	-	550	550	1,759	2,309	September 2013
Environmental	503	223	726	237	963	February 2013
BTRP Tailings Storage Facility	-	652	652	57,598	58,250	October 2013
Harper Dumps Purchased	10,000	-	10,000	-	10,000	Completed
TSF Land Purchased	2,095	-	2,095	-	2,095	Completed
Total	**55,417**	**83,141**	**138,558**	**167,220**	**305,778**	

6. Acquisition of Evander

Pan African entered into an agreement in terms of which Emerald Panther Investments 91 Proprietary Limited ("EP"), a wholly owned subsidiary of the Company, will purchase all the shares of and claims against Evander from Harmony for ZAR1.5 billion during May 2012 ("Evander Transaction"). The Evander Transaction remains subject to the consent of the Minister of Mineral Resources in accordance with section 11 of the MPRDA. Once the Evander Transaction becomes unconditional, EP will be required to pay the purchase consideration in cash to Harmony. The aggregate cash flows accumulated at Evander from April 2012 will be acquired by EP, and totalled ZAR237 million as at the end of December 2012.

Refer to Harmony's website for the most recent results of Evander at http://www.harmony.co.za/investors.

7. Disposal of Manica

Pan African announced on 29 August 2012 that it had entered into an agreement to dispose of 100% of its Manica Gold Project ("Manica") to ASX quoted Auroch Minerals Mozambique (Pty) Ltd, a wholly owned subsidiary of Auroch Minerals NL ("Auroch), for a total potential purchase consideration of AUD 6 million (£4 million / ZAR52.4 million) payable in cash and 96,666,668 shares in Auroch, subject to certain terms and conditions.

On the 31 December 2012 all the conditions precedent to the agreement were met and as a result on 11 January 2013 20,900,000 Auroch ordinary shares were issued to Pan African, and a further 4,100,000 Auroch ordinary shares are expected to be issued to the Company in February 2013. Payment of the balance of the purchase consideration in shares and cash is deferred until the achievement of certain milestones in accordance with the agreement between Pan African and Auroch.

On 11th January 2013 the Company held an effective holding of 38.01% in Auroch.

8. Capital Expenditure and Commitments

Capital expenditure at BGMO totalled £9.02 million (2011: £4.57 million) and comprised, development capital of £1.49 million (2011: £2.47 million), maintenance capital of £1.39 million (2011: £2.10 million) and BTRP capital of £6,16 million (2011:Nil).

Capital expenditure on Phoenix totalled £0.08 million (2011:£4.57 million).

There was £24.43 million (2011: £0.57 million) of outstanding orders contracted for capital commitments at the end of H1 2013 at BGMO and £Nil (2011: £0.5 million) outstanding at Phoenix.

Operating lease commitments, which fall due within the next year, amounted to £0.038 million (2011: £0.179 million) as at 31 December 2013.

In ZAR terms the Capital Expenditure and Commitments were:

Capital expenditure at BGMO totalled ZAR121.64 million (2011: ZAR55.07 million) and comprised, development capital of ZAR20.04 million (2011: ZAR29.73 million), maintenance capital of ZAR18.46million (2011: ZAR25.34 million) and BTRP capital of ZAR83.14 million (2011: Nil).

Capital expenditure on Phoenix totalled ZAR1.05 million (2011: ZAR55.11 million).

There was ZAR334.5 million (2011: ZAR6.87 million) of outstanding orders contracted for capital commitments at the end of H1 2013 at BGMO and ZAR Nil (2011: ZAR6.0million) outstanding at Phoenix.

Operating lease commitments, which fall due within the next year, amounted to ZAR0.46 million (2011: ZAR2.16million) as at 31 December 2013.

9. Directorship Change

There were no directorship changes during H1 2013.

10. Shares Issued

During H1 2013 the Company announced the issue and allotment of 3,000,000 new ordinary shares in respect of share options issued on 16 August 2007 which were exercised at a price of 7p for a total consideration of £0.21 million.

Furthermore, the Company obtained approval from its shareholders to issue 370,071,902 new Pan African ordinary shares in terms of the Rights Offer so as to raise funds for the settlement of a portion of the Evander Transaction purchase consideration. The Rights Offer was successfully concluded during January 2013.

11. Dividend

The Company has adopted a policy whereby dividends are considered and, if deemed appropriate by the board of directors of the Company ('Board'), declared on an annual basis. Pan African will consider a final dividend subsequent to the finalisation of financial year-end results. The consideration of any dividend will take account of cash flow requirements and growth plans, whilst recognising that where possible, the payment of a dividend on a consistent basis increases shareholder value.

During H1 2013 the Company has not declared a dividend as result of raising equity capital to fund the Evander Transaction. The dividend for the previous financial year was 0.5135 pence per share totalling £7.42 million.

12. Going Concern

The Board is satisfied that the Group is a going concern for the foreseeable future, and have adopted the going-concern basis in preparing these interim results

13. Accounting Policies

The accounting policies applied in compiling the interim results are in terms of International Financial Reporting Standards ('IFRS') and consistent with those applied in preparing the Group's annual financial statements for the year ended 30 June 2012.

The financial information set out in this announcement does not constitute the Company's statutory accounts for the half year ended 31 December 2012.

The interim results have been prepared and presented in accordance with, and containing the information required by IFRS on Interim Financial Reporting, International Accounting Standards ('IAS') 34. The financial information included in the interim results has been prepared in accordance with the recognition and measurement criteria of IFRS. This announcement does not itself contain sufficient disclosure information to comply fully with IFRS.

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

14. Johannesburg Stock Exchange 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.

15. AIM Listing

The financial information for the period ended 31 December 2012 does not constitute statutory accounts as defined in sections 435 (1) and (2) of the United Kingdom Companies Act 2006.

The Group announcement (the Group's financial statements) 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.

16. Segmental Reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services in a particular business sector (operating segment), which is subject to risk and rewards that are different to those of other segments. The segments which the Group reviews the business activities of are: Mining Operations, Near-Term Mining Operations and Development Projects.

17. Directors' Dealings

No director dealings occurred during period under review other than certain directors of the Company disclosing their intention to deal in the Company's shares for purposes of the Rights Offer.

The following directors' dealings were committed to during H1 2013 and subsequently taken up after in January 2013 in respect of the Rights Offer:

- On 14 January 2013 Mr. JAJ Loots was issued 16,575 shares at ZAR1.90 for a total consideration of ZAR31,492.50.
- On 14 January 2013 Mr. JP Nelson was issued 13,157 shares at ZAR1.90 for a total consideration of ZAR24,998.30.
- On 14 January 2013 Mr. RG Still was issued 510,000 shares at ZAR1.90 for a total consideration of ZAR969,000.00.
- On 14 January 2013 the Alexandra Trust of which Mr. RG Still is a trustee was issued 3,169,880 shares at ZAR1.90 for a total consideration of ZAR6,022,772.10.
- On 14 January 2013 Pangea Exploration (Pty) Ltd of which Mr. RG Still is a director was issued 457,418 shares at ZAR1.90 for a total consideration of ZAR869,094.20.
- On 16 January 2013 The Alexandra Family Trust of which Mr. RG Still is a trustee took up shares pursuant to the excess shares in terms of the Company's R703 million rights offer. The trust was issued 72,836 shares at R1.90 for a total consideration of R138,388.40.

Shanduka Gold (Pty) Ltd subscribed for 70,189,473 shares in the Rights offers resulting in a shareholding of 23.96% post the Right offer.

18. Significant events post the reporting period

Evander Transaction Funding

The Group completed the raising of ZAR703 million through the Rights Offer. Pan African implemented the Rights Offer through the issue of 370,071,902 new Pan African ordinary shares at a subscription price of ZAR1.90 or 14 pence per Rights Offer share. The Rights Offer closed on Friday, 11 January 2013. Pan African received subscription applications for a total of 645,898,862 Rights Shares, equating to 175% of the available Rights Shares.

Pan African has successfully agreed the terms for a new revolving credit facility ("RCF") of ZAR600 million during January 2013 which shall replace the previous RCF currently held at BGMO when the Evander Transaction becomes unconditional.

The Groups cash resources on hand at 31 December 2012 was ZAR231.25 million for the Group excluding the shareholder irrevocable cash held, and Evander had a further ZAR237 million on hand, of which ZAR150 million is planned to be utilised to settle a portion of the Evander Transaction purchase consideration due to Harmony.

Disposal of Manica

On 11th January 2013 Auroch issued 20,900,000 ordinary shares to the Company, resulting in an effective holding of 38.01%.

Jan Nelson was also appointed as a Non-Executive Director to Auroch on 11th January 2013.

With effect from 11th January 2013, Auroch will be accounted for within the Group as an investment in an associate.

19. The Future

Despite rising cost pressures and lower output mainly as a result of gold lock-up in the BIOX® plant at BGMO, a higher gold price and continued high grades resulted in a solid performance from the Group. The Group continued to fund the construction of the BTRP from cash flow amounting to ZAR83 million with a further investment of ZAR38 million allocated to maintenance of infrastructure and finding new ore-bodies.

The Group successfully obtained shareholder approval for the Evander transaction and secured irrevocable undertakings from key institutional investors to fund part of the acquisition of Evander to a total of ZAR703 million. In addition a RCF of ZAR600 million was signed with two South African banks. Since 1 April 2012 Evander generated ZAR237 million in free cash flow attributable to Pan African. In addition the Group had a cash balance of ZAR661 million as at the end of the reporting period. The Evander transaction will double Group gold production, significantly increase revenue and profits and impact positively on market capitalisation.

The Group furthermore divested of the Manica project to Auroch Minerals NL for cash and shares and the board believes that its shareholding in this project will add significant shareholder value in the future.

The focus in the coming six months will be to:

- conclude the Evander transaction and successfully integrate the operation
- complete the construction of the BTRP and commission the plant

The Group and Managements main focus will be on the safe delivery of production targets (volume and grade) and cost reductions.

Jan Nelson
Chief Executive Officer

Neal Reynolds
Acting Financial Director

13 February 2013

20. Consolidated Statement of Comprehensive Income for the period ended 31 December 2012

	Group	
	31 December 2012 (Unaudited)	31 December 2011 (Unaudited)
	£	£
Revenue		
Gold sales	47,534,238	51,229,660
Platinum Sales	1,994,400	-
Realisation costs	(89,012)	(84,965)
On - mine revenue	49,439,626	51,144,695
Cost of production - Gold	(24,048,124)	(23,201,120)
Cost of production - Platinum	(1,705,022)	-
Depreciation	(2,033,201)	(1,536,448)
Mining Profit	21,653,279	26,407,127
Other expenses	(3,168,636)	(1,762,357)
Royalty costs	(1,297,702)	(2,014,560)
Net income before finance income and finance costs	17,186,941	22,630,210
Finance income	547,668	223,324
Finance costs	(94,718)	(26,069)
Profit before taxation	17,639,891	22,827,465
Taxation	(5,288,408)	(8,390,248)
Profit after taxation	12,351,483	14,437,217
Other comprehensive income:		
Foreign currency translation differences	(4,501,247)	(8,533,732)
Total comprehensive income for the year	7,850,236	5,903,485
Profit attributable to:		
Owners of the parent	12,351,483	14,437,217
	12,351,483	14,437,217
Earnings per share	0.85	1.00
Diluted earnings per share	0.85	0.99
Weighted average number of shares in issue	1,449,371,057	1,444,225,674
Diluted number of shares in issue	1,456,619,851	1,452,808,064
Net Asset Value	108,351,501	89,230,393
Headline earnings per share is calculated :		
Basic earnings	12,351,483	14,437,217
Adjustments:	-	-
Headline earnings	12,351,483	14,437,217
Headline earnings per share	0.85	1.00
Diluted headline earnings per share	0.85	0.99

21. Consolidated Statement of Financial Position as at 31 December 2012

	Group		
	31 December 2012 (Unaudited) £	31 December 2011 (Unaudited) £	30 June 2012 (Audited) £
ASSETS			
Non-current assets			
Property, plant and equipment and mineral rights	66,373,510	59,516,827	62,411,655
Other intangible assets	-	13,332,945	-
Goodwill	21,000,714	21,000,714	21,000,714
Rehabilitation trust fund	2,574,825	2,669,022	2,662,934
	89,949,049	**96,519,508**	**86,075,303**
Current assets			
Inventories	2,023,413	1,487,066	1,868,735
Trade and other receivables	10,720,089	7,000,352	6,828,047
Cash and cash equivalents	48,301,167	4,994,854	19,782,179
	61,044,669	**13,482,272**	**28,478,961**
Assets held for sale	12,145,808	-	13,135,215
TOTAL ASSETS	**163,139,526**	**110,001,780**	**127,689,479**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	14,512,623	14,449,643	14,482,623
Share premium	48,940,879	50,982,790	51,149,299
Translation reserve	(6,438,756)	(223,190)	(1,937,509)
Share option reserve	958,932	799,227	904,902
Retained income	71,784,224	44,628,324	59,432,741
Realisation of equity reserve	(10,701,093)	(10,701,093)	(10,701,093)
Merger reserve	(10,705,308)	(10,705,308)	(10,705,308)
Equity attributable to owners of the parent	**108,351,501**	**89,230,393**	**102,625,655**
Total equity	**108,351,501**	**89,230,393**	**102,625,655**
Non - Current liabilities			
Long term provisions	2,939,853	2,994,493	3,043,954
Long term liabilities	652,356	237,357	868,881
Deferred taxation	11,428,288	9,320,441	10,088,530
	15,020,497	**12,552,291**	**14,001,365**
Current liabilities			
Trade and other payables	39,260,503	6,947,074	7,709,729
Current tax liability	507,025	1,272,022	3,352,730
	39,767,528	**8,219,096**	**11,062,459**
TOTAL EQUITY AND LIABILITIES	**163,139,526**	**110,001,780**	**127,689,479**

22. Consolidated Cash flow Statement for the period ended 31 December 2012

	Six months ended 31 December 2012 (Unaudited) £	Six months ended 31 December 2011 (Unaudited) £
Cash Generated by operations	15,500,905	23,585,992
Taxation paid	(5,675,218)	(6,824,551)
Royalty paid	(1,187,205)	(1,724,084)
Dividends paid	-	(7,416,176)
Net Finance Income	452,950	197,255
Cash inflow from operating activities	9,091,432	7,818,436
Cash outflow from investing activities	(9,104,868)	(9,140,205)
Cash inflow from financing activities	31,626,645	59,197
Net increase/(decrease) in cash equivalents	31,613,209	(1,262,572)
Cash at the beginning of period	19,782,179	10,123,822
Effect of foreign currency rate changes	(3,094,221)	(3,866,396)
Cash at end of year	48,301,167	4,994,854

23. Consolidated Statement of Changes in Equity for the period ended 31 December 2012

	Six months ended 31 December 2012 (Unaudited) £	Six months ended 31 December 2011 (Unaudited) £
Shareholders' equity at start of period	102,625,655	90,746,110
Net Share (Costs)/Issues	(2,178,420)	59,197
Share Option Reserve	54,030	(62,223)
Other Comprehensive Income	(4,501,247)	(8,533,732)
Profit for the period	12,351,483	14,437,217
Dividend	-	(7,416,176)
Total Equity	108,351,501	89,230,393

24. Consolidated Segment Report for the period ended 31 December 2012

	31 December 2012				31 December 2011			
	BGMO	Phoenix	Corporate and Growth Projects	Group	BGMO	Phoenix	Corporate and Growth Projects	Group
	£	£	£	£	£	£	£	£
Revenue								
Gold sales	47,534,238	-	-	47,534,238	51,229,660	-	-	51,229,660
Platinum Sales	-	1,994,400	-	1,994,400	-	-	-	-
Realisation costs	(89,012)	-	-	(89,012)	(84,965)	-	-	(84,965)
On - mine revenue	47,445,226	1,994,400	-	49,439,626	51,144,695	-	-	51,144,695
Cost of production gold	(24,048,124)	-	-	(24,048,124)	(23,201,120)	-	-	(23,201,120)
Cost of production platinum	-	(1,705,022)	-	(1,705,022)	-	-	-	-
Depreciation	(1,586,655)	(446,546)	-	(2,033,201)	(1,536,448)	-	-	(1,536,448)
Mining Profit	21,810,447	(157,168)	-	21,653,279	26,407,127	-	-	26,407,127
Other expenses	(1,266,372)	(145,153)	(1,757,111)	(3,168,636)	(1,203,656)	(131,801)	(426,900)	(1,762,357)
Royalty costs	(1,297,702)	-	-	(1,297,702)	(2,014,560)	-	-	(2,014,560)
Net income before finance income and finance costs	19,246,373	(302,321)	(1,757,111)	17,186,941	23,188,911	(131,801)	(426,900)	22,630,210
Finance income	38,851	-	508,817	547,668	29,227	4,998	189,099	223,324
Finance costs	(94,718)	-	-	(94,718)	(26,069)	-	-	(26,069)
Profit before taxation	19,190,506	(302,321)	(1,248,294)	17,639,891	23,192,069	(126,803)	(237,801)	22,827,465
Taxation	(5,336,644)	48,236	-	(5,288,408)	(8,392,325)	2,077	-	(8,390,248)
Profit after taxation	13,853,862	(254,085)	(1,248,294)	12,351,483	14,799,744	(124,726)	(237,801)	14,437,217

	31 December 2012				30 June 2012			
Segmental Assets*	59,061,456	18,352,064	64,725,292	142,138,812	48,864,455	19,617,673	38,206,637	106,688,765
Segmental Liabilities	20,881,848	62,098	33,844,079	54,788,025	23,552,791	275,378	1,235,655	25,063,824
Goodwill	-	-	-	21,000,714	-	-	-	21,000,714
Net Assets (excluding goodwill)	38,179,608	18,289,965	30,881,213	87,350,787	25,311,664	19,342,295	36,970,982	81,624,941
Capital Expenditure	9,017,135	77,457	10,276	9,104,868	10,739,237	6,672,468	13,202	17,424,906

* All assets are held within South Africa, with the exception of assets relating to Manica £ 9,179,774 (2011: £ 9,983,544) which are held in Mozambique.

Appendix 1: Consolidated Statement of Comprehensive Income in ZAR terms for the period ended 31 December 2012

	Group	
	31 December 2012 (Unaudited)	**31 December 2011** (Unaudited)
	ZAR	**ZAR**
Revenue		
Gold sales	641,236,871	617,801,551
Platinum Sales	26,904,456	-
Realisation costs	(1,200,772)	(1,024,631)
On - mine revenue	666,940,555	616,776,920
Cost of production – Gold	(324,409,193)	(279,792,759)
Cost of production – Platinum	(23,000,747)	-
Depreciation	(27,427,881)	(18,528,719)
Mining Profit	292,102,734	318,455,442
Other expenses	(42,744,900)	(21,253,057)
Royalty costs	(17,506,000)	(24,294,487)
Net income before finance income and finance costs	231,851,834	272,907,898
Finance income	7,388,041	2,693,165
Finance costs	(1,277,746)	(314,378)
Profit before taxation	237,962,129	275,286,685
Taxation	(71,340,624)	(101,181,781)
Profit after taxation	166,621,505	174,104,904
Other comprehensive income:		
Foreign currency translation differences	(60,721,822)	(102,912,119)
Total comprehensive income for the year	105,899,683	71,192,785
Profit attributable to:		
Owners of the parent	166,621,505	174,104,904
	166,621,505	174,104,904
Earnings per share	11.50	12.06
Diluted earnings per share	11.44	11.98
Weighted average number of shares in issue	1,449,371,057	1,444,225,674
Diluted number of shares in issue	1,456,619,851	1,452,808,064
Net Asset Value	1,341,978,735	1,162,321,778
<u>Headline earnings per share is calculated :</u>		
Basic earnings	166,621,505	174,104,904
Adjustments:	-	-
Headline earnings	**166,621,505**	**174,104,904**
Headline earnings per share	11.50	12.06
Diluted headline earnings per share	11.44	11.98

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