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" or the "company" or the "group")

Unaudited interim results for the six months ended 31 December 2018

Chief executive officer's statement

Pan African CEO Cobus Loots commented:

"Pan African Resources is pleased to report a robust operational, financial and safety performance for the six months ended 31 December 2018. The group is now positioned as a low cost and long-life gold producer, in line with our stated strategy and our shareholders' expectations. Our combined underground and tailings operations are some of the lowest-cost gold producers in South Africa and also internationally competitive, from an all-in sustaining cost perspective. In the current reporting period, the group's all-in sustaining cost per ounce in USD terms improved materially to USD975/oz (2017: USD1,268/oz), emphasising the quality of our operations, the impact of low-cost ounces from Elikhulu and also the other business improvements implemented.

We recorded a significantly improved group safety performance during the current reporting period, with Barberton's Fairview Mine reaching its one-million fatality free shift milestone during July 2018.

The construction of our flagship Elikhulu tailings retreatment facility at Evander has been successfully completed, despite the challenges associated with delivering a project of this magnitude and complexity, on time and within budget. The plant is on track to achieve throughput of approximately 1.2-million tonnes per month in February 2019.

Barberton Mines benefited from increased underground mining flexibility at its high-grade Fairview 272 and 358 mining platforms. The Barberton tailings retreatment facility also significantly improved production, following the successful commissioning of this facility's regrind mill during May 2018.

Group profit after tax increased by 136.8% to R137.8 million (GBP: 127.3% increase to GBP7.5 million), and group earnings per share from combined operations increased by 121.4% to 7.15 cents per share (GBP: 116.7% increase to 0.39 pence per share).

Pan African has an attractive pipeline of near- to medium-term growth projects. The completion of the drilling programme at Barberton Mines' Royal Sheba prospect indicated a near-surface mineral resource of 0.37Moz. We are excited by the potential to access low-cost, near-surface ounces at Royal Sheba and will communicate results of the feasibility study to stakeholders in the near future. Barberton Mines has also started an extended exploration drilling programme at the New Consort Mine's mining right, targeting the Main Maiden Reef orebody as a potential satellite deposit for the Royal Sheba project. These projects, together with improvements to our underground ore handling and processing plant infrastructure, have the potential to significantly boost Barberton Mines' production in the coming years.

Management's key focus areas for the remainder of the 2019 financial year include a continued focus on improving our safety performance, delivering quality ounces consistent with our production guidance, optimising the performance of Elikhulu, advancing value accretive growth opportunities and strengthening the group's statement of financial position by reducing debt to allow for improved funding flexibility. We remain on track to achieve our production guidance of approximately 170,000oz for the full 2019 financial year."

Key features reported in South African rand ("ZAR" or "R") and pound sterling ("GBP")

Operational key features

- Gold production from the group's continuing mining operations (note 1) increased by 54.2% to 81,014oz (2017: 52,548oz), with robust operational performance from Barberton Mines' underground operations and the group's portfolio of tailings retreatment plants.
- Gold production from the Barberton complex increased significantly by 24.5% to 50,556oz (2017: 40,611oz).
- The Elikhulu tailings retreatment plant ("Elikhulu") contributed 15,292oz (2017: nil) of incremental low-cost ounces to group production. Elikhulu reached its nameplate capacity of 1-million tonnes throughput in October 2018 and its optimisation is continuing.
- The incorporation of the existing Evander tailings retreatment plant ("ETRP") throughput capacity of 0.2-million tonnes per month into Elikhulu was completed in December 2018, which increased Elikhulu's processing capacity to 1.2-million tonnes per month.
- Significantly improved group safety performance during the current reporting period with the lost-time injury frequency rate improving to 1.77 (2017: 4.05) per million man hours and the reportable injury frequency rate improving to 0.53 (2017:0.62) per million man hours, following the cessation of large scale underground mining at Evander Mines and the commissioning of Elikhulu.

- The drilling programme at Barberton Mines' Royal Sheba prospect was completed, indicating a near-surface mineral resource of 0.37Moz with a 900m strike and 150m down-dip extension. The total mineral resource is now 0.76Moz (8.97Mt at 2.62g/t) comprising the near-surface resource of 0.37Moz (5.85Mt at 1.96g/t) and the underground mineral resource of 0.39Moz (3.12Mt at 3.87g/t). The feasibility study on the Royal Sheba project, which will now include a review of possible near-term improvements to underground ore handling logistics/infrastructure and existing processing plant throughput capacity, will be completed in the coming months.
- The group has commenced an extended exploration drilling programme at Barberton Mines' mining right at New Consort Mine, targeting the Main Maiden Reef ("MMR") orebody as a potential satellite deposit for the Royal Sheba project.
- Evander Mines' Egoli project remains a viable underground mining project and the group is currently reviewing and assessing options to advance this project.
- The group's detailed operational and financial summaries, per entity, are disclosed on the Pan African website at http://www.panafricanresources.com/investors/financial-reports/.

Financial key features

- Group profit after taxation in ZAR terms increased by 136.8% to R137.8 million (2017: R58.2 million), while in GBP terms, group profit after taxation increased by 127.3% to GBP7.5 million (2017: GBP3.3 million).
- Group earnings before interest, taxation, depreciation and losses from discontinued operations ("EBITDA") in ZAR terms increased by 92.3% to R342.5 million (2017: R178.1 million), while in GBP terms it increased by 83.3% to GBP18.7 million (2017: GBP10.2 million).
- Earnings per share ("EPS") in ZAR terms increased by 121.4% to 7.15 cents per share (2017: 3.23 cents per share), while in GBP terms, EPS increased by 116.7% to 0.39 pence per share (2017: 0.18 pence per share).
- The effective ZAR gold price received increased by 1.1% to R557,446/kg (2017: R551,506/kg) although, in USD terms, it decreased by 4.6% to USD1,222/oz (2017: USD1,281/oz).
- Group revenue from continuing operations in ZAR terms increased by 52.8% to R1,383.0 million (2017: R904.9 million) and, in GBP terms, revenue increased by 46.8% to GBP75.3 million (2017: GBP51.3 million) due to an increase in gold ounces produced by Barberton Mines' underground mining operations, the Barberton tailings retreatment plant ("BTRP") and also the contribution from the newly commissioned Elikhulu.
- Cash cost per kilogramme decreased by 14.4% in ZAR terms to R405,216/kg (2017: R473,187/kg) and, in USD terms, the cash cost per ounce decreased by 19.2% to USD888/oz (2017: USD1,099/oz).
- All-in sustaining cost per kilogramme decreased significantly by 18.5% in ZAR terms to R444,946/kg (2017: R545,908/kg) and, in USD terms, the all-in sustaining cost per ounce decreased by 23.1% to USD975/oz (2017: USD1,268/oz).
- The group's continuing operations' all-in sustaining cost per kilogramme decreased by 5.8% in ZAR terms to R444,946/kg (2017: R472,359/kg) and, in USD terms, the all-in sustaining cost per ounce of continuing operations decreased by 11.1% to USD975/oz (2017: USD1,097/oz).
- Financing Elikhulu's construction resulted in the group's net debt increasing to R1,880.3 million (2017: R653.0 million) and in GBP terms, the net debt increased to GBP102.7 million (2017:GBP39.2 million).

Movement	Six months ended 31 December 2018	Six months ended 31 December 2017	Units	Salient features	Units	Six months ended 31 December 2017	Six months ended 31 December 2018	Movement
54.2%	2,520	1,634	(Kilogrammes)	Continuing operations gold produced (note 1)	(Oz)	52,548	81,014	54.2%
(5.0%)	2,520	2,653	(Kilogrammes)	Combined operations gold produced (note 1)	(Oz)	85,282	81,014	(5.0%)
(6.5%)	2,481	2,653	(Kilogrammes)	Combined operations gold sold	(Oz)	85,282	79,765	(6.5%)
52.8%	1,383.0	904.9	(R million)	Revenue	(GBP million)	51.3	75.3	46.8%
1.1%	557,446	551,506	(R/kg)	Average gold price received	(USD/oz)	1,281	1,222	(4.6%)
(14.4%)	405,216	473,187	(R/kg)	Cash costs (note 4)	(USD/oz)	1,099	888	(19.2%)
(18.5%)	444,946	545,908	(R/kg)	All-in sustaining costs (note 2)	(USD/oz)	1,268	975	(23.1%)
17.9%	654,470	554,890	(R/kg)	All-in costs (note 2)	(USD/oz)	1,289	1,435	11.3%
92.3%	342.5	178.1	(R million)	Adjusted EBITDA (note 3)	(GBP million)	10.2	18.7	83.3%
136.8%	137.8	58.2	(R million)	Attributable earnings (combined operations)	(GBP million)	3.3	7.5	127.3%
20.9%	137.8	114.0	(R million)	Attributable earnings (continuing operations)	(GBP million)	6.5	7.5	15.4%
118.7%	137.8	63.0	(R million)	Headline earnings (note 4)	(GBP million)	3.6	7.5	108.3%
121.4%	7.15	3.23	(cents)	EPS	(pence)	0.18	0.39	116.7%
103.7%	7.15	3.51	(cents)	Headline earnings per share ("**HEPS**") (note 4)	(pence)	0.20	0.39	95.0%
187.9%	1,880.3	653.0	(R million)	Net debt (Note 4)	(GBP million)	39.2	102.7	162.0%
(57.5%)	66.0	155.2	(R million)	Total sustaining capital expenditure	(GBP million)	8.8	3.6	(59.2%)
(15.8%)	586.7	697.0	(R million)	Total capital expenditure	(GBP million)	39.5	32.0	(19.0%)
(41.1%)	114.4	194.3	(cents)	Net asset value per share (note 4)	(pence)	11.7	6.5	(44.6%)
7.2%	1,928.3	1,798.3	(million)	Weighted average number of shares in issue	(million)	1,798.3	1,928.3	7.2%
6.0%	14.19	13.39	(ZAR:USD)	Average exchange rate	(ZAR:GBP)	17.65	18.36	4.0%
16.2%	14.36	12.36	(ZAR:USD)	Closing exchange rate	(ZAR:GBP)	16.67	18.32	9.9%

Note 1: The continuing mining operations include: Barberton Mines' operations and Evander Mines' operations (Elikhulu, ETRP and the mining and vamping of the remnant high-grade stopes as part of the phased closure of the underground mining operation). The continuing mining operations excludes the discontinued Evander Mines' large-scale underground mining operation, which produced 32,734oz in the corresponding six-month period ended 31 December 2017 ("corresponding reporting period"). The group's corresponding reporting period's gold production, including discontinued operations, was 85,282oz.

Note 2: The all-in sustaining cost per kilogramme and all-in cost per kilogramme excludes derivative fair value mark-to-market gains/losses relating to the current gold mining operations. Refer to the alternative performance measure ("APM") summary report for the period ended 31 December 2018.Refer to note 16.
Note 3: Adjusted EBITDA is represented by earnings before interest, taxation, depreciation, and losses from discontinued operations. Refer to the APM summary report for the period ended 31 December 2018. Refer to note 16.
Note 4: Refer to the APM summary report for the period ended 31 December 2018. Refer to note 16.

Group safety

The group has significantly improved its safety performance in the current reporting period. The group's safety risk has reduced following the cessation of large-scale underground mining at Evander Mines and the commissioning of Elikhulu. Pan African remains committed to and focused on ensuring the safety of all our employees, while continuing to work towards a zero-harm environment.

- Fairview Mine reached its one-million fatality free shift milestone on 15 July 2018.
- The group had no fatalities during the current and corresponding reporting periods.
- The group's lost-time injury frequency rate improved significantly to 1.77 (2017: 4.05) per million man hours.
- The reportable injury frequency rate improved to 0.53 (2017: 0.62) per million man hours.

Elikhulu

- As previously communicated, Elikhulu was successfully commissioned ahead of schedule and within budget and achieved a throughput of 1-million tonnes per month during October 2018.
- The incorporation of the existing ETRP throughput capacity of 0.2-million tonnes per month into Elikhulu was completed in December 2018, which increased Elikhulu's processing capacity to 1.2-million tonnes per month.
- Elikhulu processed 3,534,278 tonnes in the four months from September 2018 to December 2018 at a recovered grade of 0.135g/t and with 15,292oz (475.6kg) of gold sold. This does not include August 2018 pre-production gold capitalised of 736oz (22.9kg) and gold inventory held in the circuit.
- Optimisation of the enlarged Elikhulu is continuing, with throughput of 1.2-million tonnes expected from February 2019.

Barberton Mines and Barberton tailings retreatment plant

- Barberton Mines produced 50,556oz (2017: 40,611oz) during the current reporting period, comprising:
  - Underground mining operations, which contributed 38,550oz (2017: 32,159oz); and
  - BTRP, which contributed 12,006oz (2017: 8,452oz).
- Barberton Mines produced 100,573oz during the 2018 calendar year and remains on track to achieve the market guidance of approximately 100,000oz for the full 2019 financial year.
- Barberton Mines' period-on-period increase in production resulted from:
  - Increased tonnages and improved recoveries at the BTRP, following the successful commissioning of the regrind mill during May 2018; and
  - Increased underground mining flexibility at the Fairview Mine high-grade 272 and 358 platforms.
- Barberton Mines successfully concluded a three-year wage agreement during September 2018 with no industrial action.

Evander Mines

- Evander Mines' continuing operations: surface operations, together with the mining and vamping of the remnant high-grade stopes, produced 15,166oz (2017: 11,937oz) and contributed positively to the group's adjusted EBITDA during the current reporting period.
- The feasibility study into the merits of mining the 8 Shaft pillar and high-grade areas in proximity to the pillar is expected to be completed by the end of February 2019, after which a decision will be made on whether to commence mining in these areas.

Mineral resources and mineral reserves

The group's mineral resources and mineral reserves, in compliance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (the SAMREC Code, 2016 edition), are summarised as follows:

- Gold mineral resources of 331.2Mt at 3.13g/t for 33.3Moz (2017: 337.9Mt at 3.17g/t for 34.4Moz)

Gold mineral resources	Tonnes Mt	Grade g/t	Gold t	Gold Moz
Barberton hard rock	15.3	7.49	115.0	3.7
BTRP	23.3	1.08	25.1	0.8
Evander underground	82.7	10.08	834.0	26.8
Elikhulu and ETRP	209.7	0.29	61.3	2.0
TOTAL	331.2	3.13	1 035.5	33.3

- Gold mineral reserves of 239.1Mt at 1.46g/t for 11.2Moz (2017: 231.8Mt at 1.50g/t for 11.2Moz)

Gold mineral reserves	Tonnes Mt	Grade g/t	Gold t	Gold Moz
Barberton hard rock	8.5	5.66	48.2	1.5
BTRP	12.5	1.36	16.9	0.5
Evander underground	27.5	8.31	228.4	7.3
Elikhulu and ETRP	190.6	0.29	54.8	1.8
TOTAL	239.1	1.46	348.4	11.2

In determining our mineral resources and mineral reserves, a gold price of R600,000/kg and R525,000/kg was used for resources and reserves, respectively. All mineral resources and mineral reserves are reported as in-situ tonnes at an estimated head grade. Mining losses, plant recovery factors and costs were used in the calculation of each respective operations cut-off grade. The mineral resources and mineral reserves are reported in accordance with the guidelines of the SAMREC Code, 2016 edition.

Mineral reserves and mineral resources related to discontinued operations have been excluded from the reported Evander Mines' underground mineral reserves and resources.

There have been no material changes to the group's mineral resource and mineral reserve statement since the year ended 30 June 2018, other than the additional mineral resources and mineral reserves added following the Royal Sheba drilling campaign which was previously announced on 30 November 2018.

Refer to the annual Mineral Resource and Mineral Reserve Report, dated 30 June 2018, as published on our website www.panafricanresources.com for more detail on the reported mineral resources and mineral reserves.

Near- to medium-term growth projects

Barberton Mines' Royal Sheba project

As previously communicated, the drilling programme on Barberton Mines' Royal Sheba prospect has been completed, indicating a near-surface mineral resource of 0.37Moz (5.85Mt at 1.96g/t) with 900m strike and 150m down-dip extension.

Barberton Mines' New Consort MMR project

The group has commenced an extended exploration drilling programme at Barberton Mines' mining right at New Consort Mine, targeting the MMR orebody as a potential satellite deposit for the Royal Sheba project.

The first phase has been defined as eight holes testing the orebody on a single 100m by 100m slice. Six drill holes have been completed to date, with the final two drill holes of phase 1 progressing according to plan.

The assay results from four of the six holes drilled indicates discrete zones of mineralisation occurring as lenses within a 40m zone in the footwall of the Consort bar up to the first serpentinite contact.

Further to this zone, the drill holes also intersected another amphibolite-serpentinite contact around 70m-80m further in the footwall. Assay results indicate pay shoots of mineralisation exist near this contact.

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. Development of top and bottom access is nearly complete with shaft development commencing in due course. Once the shaft is completed over the next two years, it is expected to improve production by an additional 7,000oz - 10,000oz of gold per annum.

Evander Mines' Egoli project (previously called the 2010 Pay Channel project)

Evander Mines' Egoli project remains an attractive growth project, and the group is currently reviewing and assessing options to advance this project.

Outlook

Key focus areas for the 2019 financial year include:
- continuing to improve our safety performance, and environmental, social and governance compliance across all operations;
- delivering on our gold production guidance of approximately 170,000oz;
- ensuring Elikhulu delivers to expectations and fully incorporating ETRP's throughput into Elikhulu's processing capacity;

- strengthening of the group's financial position by reducing debt to allow for improved funding flexibility and increased capacity; and
- focussing on advancing value accretive growth opportunities such as:
  - Royal Sheba project;
  - Evander Mines' 8 Shaft pillar project;
  - Evander Mines' Egoli project; and
  - Barberton Mines' sub-vertical shaft.

The group continues to evaluate acquisition opportunities, particularly in other African jurisdictions, in accordance with its rigorous capital allocation criteria.

FINANCIAL PERFORMANCE

Exchange rates and their impact on results

All group 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, being incorporated in England and Wales and being dual-listed in the United Kingdom ("UK") and South Africa. The group's presentation currency is expected to change to USD from GBP for the 30 June 2019 financial results.

During the current reporting period, the average ZAR:GBP exchange rate was R18.36:1 (2017: R17.65:1) and the closing ZAR:GBP exchange rate was R18.32:1 (2017: R16.67:1). The period-on-period change in the average and closing exchange rates of 4.0% and 9.9%, 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. The depreciation in the value of the ZAR:USD exchange rate during the current reporting period positively impacted the USD revenue received when translated into ZAR. In the current reporting period, the average ZAR:USD exchange rate depreciated by 6.0% to R14.19:1 (2017: R13.39:1), while the USD gold price received decreased by 4.6% to USD1,222/oz (2017: USD1,281/oz).

The commentary below analyses the current and corresponding reporting periods' 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

Discontinued operations

As a result of the sale of Phoenix Platinum Mining Proprietary Limited ("Phoenix Platinum") on 6 November 2017, and the cessation of the large-scale underground mining operations at Evander Mines on 31 May 2018, the corresponding reporting period's figures have been restated in accordance with International Financial Reporting Standards ("IFRS") 5 *Non-current assets held for sale and discontinued operations*. The loss from discontinued operations in the corresponding reporting period has been separately disclosed as a line item in the condensed consolidated statement of profit or loss and other comprehensive income.

Revenue

The group's total revenue from continuing operations, period-on-period, increased in ZAR terms by 52.8% to R1,383.0 million (2017: R904.9 million), and in GBP terms increased by 46.8% to GBP75.3 million (2017: GBP51.3 million).

Group revenue was mainly impacted by:
- Gold sold from continuing mining operations increased by 51.8% to 79,765oz (2017: 52,548oz); and
- The average ZAR gold price received increasing by 1.1% to R557,446/kg (2017: R551,506/kg).

Cost of production

Pan African's cost of production for continuing operations increased by 47.1% to R994.9 million (2017: R676.3 million), primarily impacted by:

- Barberton Mines' cost of production increasing by 10.1% to R621.3 million (2017: R564.1 million), largely due to:

- Salary and wages increasing by 7.9% to R288.8 million (2017: R267.7 million), with the increase attributed to:
  - The signing of a three-year wage agreement, with annual increases over the period of approximately 6.5% and 5.5% for National Union of Mines Workers and United Association of South Africa members, respectively.
  - Improved production performances also resulted in mining operations production incentives increasing period-on-period.
- Electricity costs increasing by 14.1% to R72.2 million (2017: R63.3 million). Barberton Mines' electricity costs, excluding the BTRP, increased by 5.6%, in line with the National Energy Regulator of South Africa's average national increase of 5.3% from 1 April 2018. The BTRP's electricity costs increased to R13.6 million (2017: R7.8 million) due to additional electricity consumed following the installation of the operation's new regrind mill.
- Mining and processing costs increased by 19.3% to R174.8 million (2017: R146.5 million). The above-inflation increase was driven primarily by the increased tonnes mined period-on-period:
  - The mining operations' tonnes milled increased by 12.3% to 140,329t (2017: 124,969t); and
  - BTRP tonnes processed increased by 23.6% to 567,109t (2017: 458,779t).
- Engineering and technical costs decreased by 6.7% to R43.4 million (2017: R46.5 million), following a reduction in secondary support costs period-on-period and other cost saving initiatives.
- Security costs increased materially by 88.1% to R33.1 million (2017: R17.6 million), with an increased focus on addressing illegal mining activities and once-off costs incurred during instances of community unrest.

- Evander Mines' cost of production increased to R373.6 million (2017: R112.2 million), mainly due to:
  - Elikhulu's processing costs of R113.4 million during the four months from 1 September 2018 to 31 December 2018. Elikhulu's cash cost per kilogramme during the period was R239,639/kg or USD517/oz.
  - ETRP and surface-source operations costs decreased to R46.1 million (2017: R112.2 million) mainly due to a reduction in surface feedstock tonnages to 67,832t (2017: 184,161t).
  - Remnant mining and vamping of remaining high-grade stopes was R214.1 million (2017: nil).

Realisation costs

Group realisation costs decreased to R10.4 million (2017: R25.1 million), largely due to the depletion of available gold recovery projects previously undertaken in the Evander Mines' Kinross metallurgical plant.

Depreciation costs

Depreciation from continuing operations increased to R97.1 million (2017: R45.1 million). The group incurred an additional R41.3 million in depreciation, following the commissioning of Elikhulu on 1 September 2018. The depreciation charge is calculated based on the available units of production (tonnes milled and processed) over the life of the mining operation.

Other expenditure and finance income/costs

Other expenditure increased to R28.5 million (2017: R22.1 million). In the current reporting period, the group recorded lower mark-to-market fair-value gains of R8.9 million (2017: R19.4 million) on financial derivatives entered into as part of a gold price hedging programme.

Finance costs increased to R80.9 million (2017: R14.3 million), due to an increase in net debt as a result of the construction spend on Elikhulu.

Taxation

The group's taxation charge increased to R33.0 million (2017: R12.1 million), due to an increase in the group's profitability and comprised of:
- an increase in the current taxation charge to R25.2 million (2017: R1.8 million); and
- a decrease in deferred taxation to R7.8 million (2017: R10.3 million).

EPS and HEPS

The group's combined EPS in ZAR increased by 121.4% to 7.15 cents (2017: 3.23 cents), while in GBP terms, EPS increased by 116.7% to 0.39 pence per share (2017: 0.18 pence per share).

The group's combined HEPS in ZAR increased by 103.7% to 7.15 cents (2017: 3.51 cents), while in GBP terms, HEPS increased by 95.0% to 0.39 pence per share (2017: 0.20 pence per share).

The group's continuing EPS and HEPS in ZAR increased by 12.8% to 7.15 cents (2017: 6.34 cents), while in GBP terms, continuing EPS and HEPS increased by 8.3% to 0.39 pence per share (2017: 0.36 pence per share).
For further details refer to the reconciliation between basic earnings and headlines earnings in the APM summary report. Refer to note 16.

Net debt and cash flows

The group's net debt increased to R1,880.3 million (2017: R653.0 million), comprised of:

- Total debt facilities utilised at 31 December 2018 of R1,815.4 million (2017: R771.7 million);
- Gold prepayments of R115.0 million (2017: nil); and
- Cash and cash equivalents of R50.1 million (2017: R118.7 million).

Refer to a detailed summary of the group's net debt in the APM summary report. Refer to note 16.

Cash generated by operations after dividends increased to R316.6 million (2017: R22.2 million after dividends), due to an improved production performance from Barberton Mines and the maiden production contribution from Elikhulu, which resulted in additional operational cash flows being generated. In the corresponding reporting period, the group paid a net dividend of R148.9 million.

The cash outflows from investing activities decreased to R574.1 million (2017: R634.2 million), predominantly due to:

- Capital expenditure incurred on Elikhulu decreasing to R494.8 million (2017: R511.7 million);
- Capital expenditure incurred on operations reducing to R91.8 million (2017: R185.3 million), following the cessation of Evander Mines' underground mining operation; and
- Cash received from the sale of Phoenix Platinum of R89.0 million in the corresponding reporting period.

Net cash inflows from financing activities decreased to R295.0 million (2017: R570.5 million), largely due to a lower utilisation of the debt facilities to fund the construction of Elikhulu.

Senior debt restructure

The group's existing revolving credit facility which terminates in June 2020, is being restructured with an extended repayment profile to 2022. Under the restructured revolving credit facility, the available commitment will reduce over time as follows:

- Up to 15 June 2020: R1 billion
- 15 June 2020: R750 million
- 15 December 2020: R725 million
- 15 June 2021: R700 million
- 15 September 2021: R650 million
- 15 December 2021: R600 million
- 15 March 2022: R550 million
- 15 June 2022: R500 million

Pan African has received credit approval from its lead bank, First Rand Bank Limited, for the implementation of the restructured revolving credit facility, which should be effective from 30 June 2019. The facility of R1 billion, used to fund a portion of the construction costs of the Elikhulu project continues to amortise consistent with its original redemption profile.

DIRECTORSHIP CHANGES AND DEALINGS

No directorship changes took place during the period under review.

The following director dealings in securities took place:

Mr JAJ Loots entered into the following contract for difference derivatives ("CFDs"):

- On 20 September 2018, entered into a CFD for 64,280 shares at average of 8.25 pence per share.
- On 21 September 2018, entered into a CFD for 50,000 shares at average of 8.50 pence per share.

Mr JAJ Loots held 668,675 shares and 514,280 CFDs at period end, representing approximately 0.05% of the total issued shares.

Mr KC Spencer transferred 3,000,000 shares at R1.75 per share in an off-market transaction from the Strode Trust into his personal capacity on 17 October 2018. Following this transaction, Mr KC Spencer held 3,000,000 shares at period end, representing approximately 0.13% of the total issued shares.

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 group 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.

AIM LISTING

The financial information for the period ended 31 December 2018 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.

FORWARD-LOOKING INFORMATION

Any forward-looking information contained in this report is the sole responsibility of the directors and has not been reviewed or reported on by the group's external auditor.

Cobus Loots	Deon Louw
Chief Executive Officer	Financial Director

20 February 2019

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six months ended 31 December 2018

Contents

		Page
Primary statements		
1.	Condensed consolidated statement of financial position	10
2.	Condensed consolidated statement of profit or loss and other comprehensive income	11
3.	Condensed consolidated statement of changes in equity	12
4.	Condensed consolidated statement of cash flows	12
Notes to the condensed consolidated interim financial statements		
1.	Basis of preparation of the financial statements and accounting policies	13
2.	Critical accounting judgements and key sources of estimation uncertainty	14
3.	Segmental reporting	15
4.	Net finance (expenses)/income	18
5.	Taxation	18
6.	Financial instruments	19
7.	Borrowings and financial covenants	20
8.	Capital expenditure	21
9.	Share capital	21
10.	Disposals and acquisitions	21
11.	Commitments and contingent liabilities	21
12.	Related party transactions	21
13.	Going concern	22
14.	Events after the reporting period	22
15.	Correction of prior period errors	22
16.	Alternative performance measures summary	23

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1. AS AT 31 DECEMBER 2018

	Unaudited 31 December 2018 GBP million	Unaudited 31 December 2017 GBP million	Audited 30 June 2018 GBP million	Unaudited 31 December 2018 R million	Unaudited 31 December 2017 R million	Unaudited 30 June 2018 R million
ASSETS						
Non-current assets						
Property, plant and equipment and mineral rights	217.1	263.7	192.8	3,977.2	4,396.0	3,488.3
Goodwill	21.0	21.0	21.0	303.5	303.5	303.5
Other intangible assets	-	0.1	-	0.6	1.8	0.6
Deferred taxation	5.1	0.5	6.2	93.0	7.7	112.3
Long-term inventory	0.6	0.7	0.6	10.3	11.6	10.3
Long-term receivables	1.3	2.6	1.3	23.4	42.8	24.0
Investments	6.8	5.5	3.1	124.3	91.5	56.7
Rehabilitation funds	20.2	21.4	20.1	369.8	357.5	364.3
	272.1	**315.5**	**245.1**	**4,902.1**	**5,212.4**	**4,360.0**
Current assets						
Inventories	4.1	4.0	2.7	74.7	66.0	48.9
Current taxation asset	0.5	0.8	0.7	9.3	13.5	12.5
Trade and other receivables	11.9	14.7	14.8	218.1	244.7	268.6
Current portion of long-term receivables	1.0	-	0.9	19.1	-	17.2
Financial instruments assets	-	0.3	0.2	-	5.8	4.0
Cash and cash equivalents	2.7	7.1	0.7	50.1	118.7	12.6
	20.2	**26.9**	**20.0**	**371.3**	**448.7**	**363.8**
TOTAL ASSETS	**292.3**	**342.4**	**265.1**	**5,273.4**	**5,661.1**	**4,723.8**
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital	22.3	22.3	22.3	318.8	318.8	318.8
Share premium	144.6	145.4	144.6	2,247.4	2,261.4	2,247.4
Translation reserve	(44.1)	(34.2)	(42.8)	-	-	-
Share option reserve	1.7	1.2	1.6	24.6	17.2	24.6
Retained earnings	37.5	126.6	30.0	299.2	1,776.4	161.4
Realisation of equity reserve	(10.7)	(10.7)	(10.7)	(140.6)	(140.6)	(140.6)
Treasury capital reserve	(15.6)	(25.4)	(15.6)	(385.2)	(548.6)	(385.2)
Merger reserve	(10.7)	(10.7)	(10.7)	(154.7)	(154.7)	(154.7)
Other reserves	(0.1)	(2.2)	(3.0)	(2.5)	(36.1)	(55.0)
Equity attributable to owners of the parent	**124.9**	**212.3**	**115.7**	**2,207.0**	**3,493.8**	**2,016.7**
Total equity	**124.9**	**212.3**	**115.7**	**2,207.0**	**3,493.8**	**2,016.7**
Non-current liabilities						
Long-term provisions	13.5	11.9	15.1	248.2	198.1	273.4
Long-term liabilities	90.5	43.7	86.5	1,657.6	729.1	1,565.0
Deferred taxation	14.4	40.3	14.3	263.0	671.1	259.5
	118.4	**95.9**	**115.9**	**2,168.8**	**1,598.3**	**2,097.9**
Current liabilities						
Trade and other payables	31.5	27.7	27.7	577.3	460.2	505.2
Financial instruments liability	0.1	-	-	1.7	-	-
Current portion of long-term liabilities	16.7	5.6	5.2	305.3	93.3	93.5
Current taxation liability	0.7	0.9	0.6	13.3	15.5	10.5
	49.0	**34.2**	**33.5**	**897.6**	**569.0**	**609.2**
TOTAL EQUITY AND LIABILITIES	**292.3**	**342.4**	**265.1**	**5,273.4**	**5,661.1**	**4,723.8**

2. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2018

Continuing operations	Unaudited six months ended 31 December 2018 GBP million	Unaudited and restated (note 1) six months ended 31 December 2017 GBP million	Unaudited six months ended 31 December 2018 R million	Unaudited and restated (note 1) six months ended 31 December 2017 R million
Revenue	**75.3**	**51.3**	**1,383.0**	**904.9**
Gold sales	75.3	51.3	1,383.0	904.9
Realisation costs	(0.6)	(1.4)	(10.4)	(25.1)
Net revenue	**74.7**	**49.9**	**1,372.6**	**879.8**
Gold cost of production	(54.2)	(38.3)	(994.9)	(676.3)
Mining depreciation	(5.3)	(2.6)	(97.1)	(45.1)
Mining profit	**15.2**	**9.0**	**280.6**	**158.4**
Other expenses	(1.4)	(1.2)	(28.5)	(22.1)
Royalty costs	(0.4)	(0.2)	(6.7)	(3.3)
Net income before finance income and finance costs	**13.4**	**7.6**	**245.4**	**133.0**
Finance income	0.3	0.4	6.3	7.4
Finance costs	(4.4)	(0.8)	(80.9)	(14.3)
Profit before taxation	**9.3**	**7.2**	**170.8**	**126.1**
Taxation	(1.8)	(0.7)	(33.0)	(12.1)
Profit after taxation - continuing operations	**7.5**	**6.5**	**137.8**	**114.0**
Loss from discontinued operations	-	(3.2)	-	(55.8)
Profit after taxation	**7.5**	**3.3**	**137.8**	**58.2**
Other comprehensive income:				
Fair value movement investment measured at fair value through other comprehensive income	3.7	(2.2)	67.6	(36.1)
Taxation on investment measured at fair value through other comprehensive income	(0.8)	-	(15.1)	-
Foreign currency translation differences	(1.2)	2.7	-	-
Total comprehensive income for the year	**9.2**	**3.8**	**190.3**	**22.1**
Profit attributable to:				
Owners of the parent	7.5	3.3	137.8	58.2
Total comprehensive income attributable to:				
Owners of the parent	9.2	3.8	190.3	22.1
	pence	pence	cents	cents
Earnings per share	0.39	0.18	7.15	3.23
Diluted earnings per share	0.39	0.18	7.15	3.23
Earnings per share - continuing operations	0.39	0.36	7.15	6.34
Diluted earnings per share - continuing operations	0.39	0.36	7.15	6.33
Weighted average number of shares in issue	1,928.3	1,798.3	1,928.3	1,798.3
Diluted number of shares in issue	1,928.3	1,798.9	1,928.3	1,798.9

Note 1: The corresponding reporting period's figures have been restated in accordance with IFRS 5.

3. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2018

	Unaudited six months ended 31 December 2018 GBP million	Unaudited six months ended 31 December 2017 GBP million	Unaudited six months ended 31 December 2018 R million	Unaudited six months ended 31 December 2017 R million
Shareholder's equity at the beginning of the period	115.7	216.6	2,016.7	3,620.5
Other comprehensive income	1.7	0.4	52.5	(36.1)
Profit for the period	7.5	3.3	137.8	58.2
Dividends paid	-	(10.0)	-	(185.0)
Reciprocal dividend - PAR Gold Proprietary Limited ("PAR Gold")	-	2.0	-	36.2
Total equity	**124.9**	**212.3**	**2,207.0**	**3,493.8**

4. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2018

	Unaudited six months ended 31 December 2018 GBP million	Unaudited and restated (note 1) six months ended 31 December 2017 GBP million	Unaudited six months ended 31 December 2018 R million	Unaudited and restated (note 1) six months ended 31 December 2017 R million
Net cash generated by operations after taxation, royalty and finance cost and before dividends	**17.0**	**8.5**	**316.6**	**171.1**
Dividends paid	-	(10.2)	-	(185.0)
Reciprocal dividend - PAR Gold	-	2.1	-	36.1
Cash inflow from operating activities	**17.0**	**0.4**	**316.6**	**22.2**
Cash outflow from investing activities	**(31.3)**	**(36.2)**	**(574.1)**	**(634.2)**
Cash inflow from financing activities	**16.4**	**32.7**	**295.0**	**570.5**
Net increase/(decrease) in cash equivalents	2.1	(3.1)	37.5	(41.5)
Cash at the beginning of period	0.7	9.4	12.6	160.2
Effect of foreign currency rate changes	(0.1)	0.8	-	-
Cash and cash equivalents at end of period	**2.7**	**7.1**	**50.1**	**118.7**

Note 1: Relates to the correction of a prior period error, addressing the reclassification of the payment of cash settled share options from financing activities to operating activities. Refer to note 15.

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

The accounting policies applied in compiling the condensed consolidated interim financial statements are in accordance with 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 2018.

The financial information set out in this announcement does not constitute the company's statutory accounts for the period ended 31 December 2018.

The interim results have been prepared and presented in accordance with, and containing the information required by IAS 34, 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 group's external auditor.

Adoption of new accounting standards

IFRS 15 *Revenue from contracts with customers*

The group has adopted IFRS 15 as of 1 July 2018. The implementation of IFRS 15 has not had any impact on revenue recognition (timing or quantum) for the sale of gold by the group.

The standard describes a five step approach for the recognition of revenue:

- Identify the contract(s) with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract(s).
- Recognise revenue when (or as) the entity satisfies a performance obligation.

The group's only revenue is from the sale of gold, which is a commodity product and is priced relative to quoted benchmarks. Sales contracts contain a single obligation to deliver gold at which time title and risk pass to the purchaser. The quantum and price of gold ounces traded is agreed upfront between parties.

Sales contracts have a single performance obligation. The price is based on observable market inputs which are clearly defined within the contract.

IFRS 9 *Financial instruments*

The group has adopted IFRS 9 as of 1 July 2018. The requirements of IFRS 9 represents a change from IAS 39 *Financial instruments: recognition and measurement*. The impact of the change in accounting policy is disclosed below.

IFRS 9 contains three principal classification categories for financial instruments: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Refer to the table below for a summary of the classification changes upon the transition to IFRS 9.

IFRS 9 replaces the "incurred loss model" in IAS 39 with an "expected loss" model. The new impairment model applies to financial assets measured at amortised cost and financial assets measured at FVOCI. Under IFRS 9 credit losses are recognised earlier than IAS 39. An assessment was performed to determine the expected credit loss of financial assets. The group has recognised expected credit losses of R1 million (GBP0.1 million) (2017: nil) in the current reporting period.

IFRS 9 indicates a revised approach to hedge accounting, however this has not impacted the group as the group does not apply hedge accounting.

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the group's financial assets and liabilities at 31 December 2018.

	New classification under IFRS 9	Original classification under IAS 39
Financial assets		
Cash and cash equivalents	Measured at amortised cost	Loans and receivables
Long-term receivables	Measured at amortised cost	Loans and receivables
Current portion of long-term receivables	Measured at amortised cost	Loans and receivables
Trade receivables	Measured at amortised cost	Loans and receivables
Investment	Measured at FVTOCI	Available-for-sale
Rehabilitation funds	Measured at FVTPL	Measured at FVTPL
Financial instruments asset	Measured at FVTPL	Measured at FVTPL
Financial liabilities		
Trade and other payables	Measured at amortised cost	Measured at amortised cost
Revolving credit facility	Measured at amortised cost	Measured at amortised cost
Term loan facility	Measured at amortised cost	Measured at amortised cost
Employee share ownership plan ("ESOP") liability	Measured at FVTPL	Measured at FVTPL
Financial instruments liability	Measured at FVTPL	Measured at FVTPL
Cash settled share options liability	Measured at FVTPL	Measured at FVTPL

Accounting standards issued but not yet effective

IFRS 16 *Leases*

The new standard will replace IAS 17 *Leases* and eliminates the classification of leases as either operating leases or finance leases by the lessee. IFRS 16 is effective for the group for the year ended 30 June 2020. Classification of leases by the lessor under IFRS 16 continues as either an operating or finance lease, as was the treatment under IAS 17. Lease arrangements will give rise to the recognition by the lessee of an asset, representing the right to use the leased item, and a related liability for future lease payments. Lease costs will be recognised in the statement of profit and loss in the form of depreciation of the right-of-use asset over the lease term, and finance charges which represents the unwinding of the discount on the lease liability.

Management has reviewed service contracts within the group and are currently evaluating the accounting impacts of applying the new standard.

It is expected that the adoption of IFRS 16 will result in an increase in lease liabilities representing the present value of future payments under arrangements currently classified as operating leases, along with a corresponding increase in property, plant and equipment for the right-of-use asset, together with an increase in depreciation and finance costs.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, the directors are required to make certain judgements, estimates and assumptions that are not readily apparent from other sources that may materially affect the carrying amounts of assets and liabilities, the reported revenue and expense during the reported period and the related disclosures. The estimates and judgements are based on historical experience, current and expected future economic conditions and other factors. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements in applying the group's accounting policies

The following are the critical judgement areas, apart from those involving estimations, that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the condensed consolidated interim financial statements.

- Discontinued operation

  Due to the cessation of mining at Evander Mines' large-scale underground operations, which includes 8 Shaft, 7 Shaft and the run-of-mine circuit in the Kinross metallurgical plant on 31 May 2018, the financial results for the six months ended 31 December 2017 from the Evander Mines' large-scale underground operations were classified as a discontinued operation. Judgement was required to determine the allocation of the financial results between Evander Mines' continuing and discontinuing operations.

  Management has performed an assessment to ensure that the Evander Mines' large-scale underground operations meets the requirements to be classified as a discontinued operation and the financial results have been appropriately allocated for the six months ended 31 December 2017.

- Elikhulu capitalisation date

  Given the nature of Elikhulu, a key area of judgement was the date of commissioning which required determination of when Elikhulu was in the location and condition for it to be operating in the manner intended by management.

Pan African Resources has applied a guiding principle that once the plant achieves commercial production, it is operating in the manner as intended by management. At the beginning of the month in which the project achieved commercial production, the various assets, by major component, are recorded in the fixed asset register and are subject to depreciation over their respective useful lives.

Commercial production is assumed when management can demonstrate that the plant is able to materially achieve the technical design parameters established by the feasibility study and it is probable that future economic benefits will be generated by the plant.

Commercial production was achieved during the month of September 2018 and thus the commissioning date of Elikhulu was 1 September 2018. Refer to note 8 for amounts capitalised to Elikhulu in the current period. In total R1.93 billion (GBP105.1 million) has been capitalised to the project since construction commenced.

Other significant sources of estimation uncertainty

The following are areas of significant estimation:

- Rehabilitation and decommissioning provision:

  At each reporting date the group estimates the rehabilitation and decommissioning provision. A change in estimate will impact the carrying amount of the liability and corresponding decommissioning asset. There is judgement in the input assumptions used in determining the estimated rehabilitation and decommissioning provision. Inputs used which require judgement include:
  - closure costs which are determined in accordance with regulatory requirements,
  - inflation rate, which has been adjusted for a long-term view, and
  - risk-free rate, which is compounded annually and linked to the life-of-mine.

- Assessing the recoverable amount associated with long-lived assets
  - Mining operations require significant technical and financial resources to operate. Their value may be sensitive to a range of characteristics unique to each asset and key sources of estimation uncertainty which include ore reserve estimates and cash flow projections.

3. SEGMENTAL 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 (Elikhulu, ETRP and the mining and vamping of the remnant high-grade stopes as part of the phased closure of the underground mining operation), located in Evander, South Africa;
- Corporate, located in Johannesburg, South Africa; and
- Pan African Resources Funding Company Proprietary Limited (“Funding Company”), located in Johannesburg, South Africa.

Discontinued operations

- Phoenix Platinum, located near Rustenburg, South Africa; and
- Evander Mines’ underground operations (including 8 Shaft, 7 Shaft and the run-of-mine circuit in the Kinross Metallurgical plant), located in Evander, South Africa.

The executive committee, which is considered the chief operating decision maker, reviews the operations in accordance with the disclosures presented above.

CONSOLIDATED UNAUDITED SEGMENT REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2018

	Six months ended 31 December 2018					Six months ended 31 December 2017							
	Continuing operations					Continuing operations				Discontinued operations			
	Barberton Mines	Evander Mines (note 3)	Corporate	Funding Company	Group	Barberton Mines	Evander Mines (Continuing operations) (note 3)	Corporate	Funding Company	Phoenix Platinum (note 4)	Evander Mines (Discontinued operations) (note 3)	Reclassification (note 8)	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
Revenue													
Gold sales (note 1)	46.5	28.8	-	-	75.3	39.7	11.6	-	-	-	31.6	(31.6)	51.3
Platinum sales	-	-	-	-	-	-	-	-	-	1.4	-	(1.4)	-
Realisation costs	(0.2)	(0.4)	-	-	(0.6)	(0.2)	(1.2)	-	-	-	(0.1)	0.1	(1.4)
Net revenue	46.3	28.4	-	-	74.7	39.5	10.4	-	-	1.4	31.5	(32.9)	49.9
Gold cost of production	(33.8)	(20.4)	-	-	(54.2)	(32.0)	(6.3)	-	-	-	(31.3)	31.3	(38.3)
Platinum cost of production	-	-	-	-	-	-	-	-	-	(1.6)	-	1.6	-
Mining depreciation	(2.8)	(2.5)	-	-	(5.3)	(2.2)	(0.4)	-	-	-	(3.4)	3.4	(2.6)
Mining profit	9.7	5.5	-	-	15.2	5.3	3.7	-	-	(0.2)	(3.2)	3.4	9.0
Other (expenses)/income (note 2)	(0.3)	1.3	(2.4)	-	(1.4)	(0.4)	0.7	(1.5)	-	-	0.6	(0.6)	(1.2)
Adjustment on sale of asset held for sale	-	-	-	-	-	-	-	-	-	(0.3)	-	0.3	-
Royalty costs	(0.2)	(0.2)	-	-	(0.4)	(0.2)	-	-	-	-	(0.2)	0.2	(0.2)
Net income / (loss) before finance income and finance costs	9.2	6.6	(2.4)	-	13.4	4.7	4.4	(1.5)	-	(0.5)	(2.8)	3.3	7.6
Finance income	-	0.1	0.1	0.1	0.3	0.1	0.1	0.2	-	-	0.3	(0.3)	0.4
Finance costs	-	0.2	-	(4.6)	(4.4)	-	-	-	(0.8)	-	-	-	(0.8)
Profit /(loss) before taxation	9.2	6.9	(2.3)	(4.5)	9.3	4.8	4.5	(1.3)	(0.8)	(0.5)	(2.5)	3.0	7.2
Taxation	(1.5)	-	(0.3)	-	(1.8)	(0.5)	0.2	(0.4)	-	0.1	(0.3)	0.2	(0.7)
Profit /(loss) after taxation before inter-company charges	7.7	6.9	(2.6)	(4.5)	7.5	4.3	4.7	(1.7)	(0.8)	(0.4)	(2.8)	3.2	6.5
Loss after taxation from discontinued operations	-	-	-	-	-	-	-	-	-	-	-	(3.2)	(3.2)
Profit /(loss) after taxation before inter-company charges	**7.7**	**6.9**	**(2.6)**	**(4.5)**	**7.5**	**4.3**	**4.7**	**(1.7)**	**(0.8)**	**(0.4)**	**(2.8)**	**-**	**3.3**
Inter-company transactions													
Management fees	(0.9)	(0.7)	1.7	(0.1)	-	(0.8)	(0.1)	1.1	(0.1)	-	(0.1)	-	-
Inter-company interest charges	0.1	(4.6)	(0.2)	4.7	-	(0.2)	-	(0.2)	0.7	-	(0.3)	-	-
Profit /(loss) after taxation after inter-company charges	6.9	1.6	(1.1)	0.1	7.5	**3.3**	**4.6**	**(0.8)**	**(0.2)**	**(0.4)**	**(3.2)**	**-**	**3.3**
Segmental assets (total assets excluding goodwill)	78.4	179.9	10.4	2.6	271.3	75.5	230.4	10.3	5.2	-	-	-	321.4
Segmental liabilities	30.3	36.3	1.7	99.1	167.4	27.8	52.9	2.8	46.6	-	-	-	130.1
Goodwill	21.0	-	-	-	21.0	21.0	-	-	-	-	-	-	21.0
Net assets (excluding goodwill) (note 5)	48.1	143.6	8.7	(96.5)	103.9	47.7	177.5	7.5	(41.4)	-	-	-	191.3
Capital expenditure (note 6)	5.0	27.0	-	-	32.0	4.1	35.1	-	-	0.3	-	-	39.5
Adjusted EBITDA (note 7)	12.0	9.1	(2.4)	-	18.7	6.9	4.8	(1.5)	-	(0.2)	0.6	(0.4)	10.2

Note 1: All gold sales were made in South Africa and the majority of revenue (more than 90%) was generated from South African financial institutions.

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

Note 3: During the prior financial reporting period, Evander Mines underground mining operations ceased mining on 31 May 2018. The Evander Mines' Elikhulu, ETRP and the mining and vamping of the remnant high-grade stopes at Evander, as part of the phased closure of the underground mining operation, remain as continuing operations.

Note 4: Phoenix Platinum was classified as held for sale and as a discontinued operation at 30 June 2017. The disposal was concluded on 6 November 2017.

Note 5: All assets are held within South Africa, and the segmental assets and liabilities presented, exclude inter-company balances.

Note 6: Capital expenditure comprises of additions to property plant and equipment and mineral rights and intangible assets.

Note 7: Adjusted EBITDA is represented by earnings before interest, taxation, depreciation and losses from discontinued operations.

Note 8: Relates to the reclassification of operations as discontinued.

	Six months ended 31 December 2018					Six months ended 31 December 2017							
	Continuing operations					Continuing operations				Discontinued operations			
	Barberton Mines	Evander Mines (note 3)	Corporate	Funding Company	Group	Barberton Mines	Evander Mines (Continuing operations) (note 3)	Corporate	Funding Company	Phoenix Platinum (note 4)	Evander Mines (Discontinued operations) (note 3)	Reclassification (note 8)	Group
	R million	R million	R million	R million	R million	R million	R million	R million	R million	R million	R million	R million	R million
Revenue													
Gold sales (note 1)	853.8	529.2	-	-	1,383.0	700.3	204.6	-	-	-	558.1	(558.1)	904.9
Platinum sales	-	-	-	-	-	-	-	-	-	24.7	-	(24.7)	-
Realisation costs	(3.4)	(7.0)	-	-	(10.4)	(2.9)	(22.2)	-	-	-	(2.0)	2.0	(25.1)
Net revenue	850.4	522.2	-	-	1,372.6	697.4	182.4	-	-	24.7	556.1	(580.8)	879.8
Gold cost of production	(621.3)	(373.6)	-	-	(994.9)	(564.1)	(112.2)	-	-	-	(551.7)	551.7	(676.3)
Platinum cost of production	-	-	-	-	-	-	-	-	-	(28.2)	-	28.2	-
Mining depreciation	(50.9)	(46.2)	-	-	(97.1)	(38.3)	(6.8)	-	-	-	(59.7)	59.7	(45.1)
Mining Profit	178.2	102.4	-	-	280.6	95.0	63.4	-	-	(3.5)	(55.3)	58.8	158.4
Other (expenses)/income (note 2)	(5.1)	23.9	(47.3)	-	(28.5)	(7.7)	11.2	(25.6)	-	0.7	8.6	(9.3)	(22.1)
Adjustment on sale of asset held for sale	-	-	-	-	-	-	-	-	-	(4.9)	-	4.9	-
Royalty costs	(4.1)	(2.6)	-	-	(6.7)	(2.9)	(0.4)	-	-	-	(2.8)	2.8	(3.3)
Net income / (loss) before finance income and finance costs	169.0	123.7	(47.3)	-	245.4	84.4	74.2	(25.6)	-	(7.7)	(49.5)	57.2	133.0
Finance income	0.3	1.9	2.3	1.8	6.3	1.2	1.6	3.2	1.4	0.2	6.0	(6.2)	7.4
Finance costs	-	(0.5)	-	(80.4)	(80.9)	-	-	(0.2)	(14.1)	-	-	-	(14.3)
Profit /(loss) before taxation	169.3	125.1	(45.0)	(78.6)	170.8	85.6	75.8	(22.6)	(12.7)	(7.5)	(43.5)	51.0	126.1
Taxation	(28.1)	(0.7)	(3.5)	(0.7)	(33.0)	(9.5)	3.4	(5.7)	(0.3)	0.7	(5.5)	4.8	(12.1)
Profit /(loss) after taxation before inter-company charges and discontinued operations	141.2	124.4	(48.5)	(79.3)	137.8	76.1	79.2	(28.3)	(13.0)	(6.8)	(49.0)	55.8	114.0
Loss after taxation from discontinued operations	-	-	-	-	-	-	-	-	-	-	-	(55.8)	(55.8)
Profit /(loss) after taxation before inter-company charges	**141.2**	**124.4**	**(48.5)**	**(79.3)**	**137.8**	**76.1**	**79.2**	**(28.3)**	**(13.0)**	**(6.8)**	**(49.0)**	**-**	**58.2**
Inter-company transactions													
Management fees	(17.3)	(12.0)	30.3	(1.0)	-	(14.6)	(0.9)	18.9	(1.0)	-	(2.4)	-	-
Inter-company interest charges	1.6	(83.9)	(3.7)	86.0	-	(4.4)	-	(3.0)	12.4	-	(5.0)	-	-
Profit /(loss) after taxation after inter-company charges	**125.5**	**28.5**	**(21.9)**	**5.7**	**137.8**	**57.1**	**78.3**	**(12.4)**	**(1.6)**	**(6.8)**	**(56.4)**	**-**	**58.2**
Segmental assets (total assets excluding goodwill)	1,435.5	3,295.8	190.3	48.3	4,969.9	1,258.8	3,840.4	171.7	86.7	-	-	-	5,357.6
Segmental liabilities	554.3	665.9	30.9	1,815.3	3,066.4	463.9	882.3	43.8	777.3	-	-	-	2,167.3
Goodwill	303.5	-	-	-	303.5	303.5	-	-	-	-	-	-	303.5
Net assets (excluding goodwill) (note 5)	881.2	2,629.9	159.4	(1,767.0)	1,903.5	794.9	2,958.1	127.9	(690.6)	-	-	-	3,190.3
Capital expenditure (note 6)	90.9	495.0	0.8	-	586.7	71.4	619.0	0.6	-	6.0	-	-	697.0
Adjusted EBITDA (note 7)	219.9	169.9	(47.3)	-	342.5	122.7	81.0	(25.6)	-	(2.8)	10.2	(7.4)	178.1

Note 1: All gold sales were made in South Africa and the majority of revenue (more than 90%) was generated from South African financial institutions.

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

Note 3: During the prior financial reporting period, Evander Mines underground mining operations ceased mining on 31 May 2018. The Evander Mines' Elikhulu, ETRP and the mining and vamping of the remnant high-grade stopes at Evander, as part of the phased closure of the underground mining operation, remain as continuing operations.

Note 4: Phoenix Platinum was classified as held for sale and as a discontinued operation at 30 June 2017. The disposal was concluded on 6 November 2017.

Note 5: All assets are held within South Africa, and the segmental assets and liabilities presented, exclude inter-company balances.

Note 6: Capital expenditure comprises of additions to property plant and equipment and mineral rights and intangible assets.

Note 7: Adjusted EBITDA is represented by earnings before interest, taxation, depreciation and losses from discontinued operations.

Note 8: Relates to the reclassification of operations as discontinued.

4. NET FINANCE (EXPENSES)/INCOME

	Unaudited six months ended 31 December 2018 GBP million	Unaudited six months ended 31 December 2017 GBP million	Unaudited six months ended 31 December 2018 R million	Unaudited six months ended 31 December 2017 R million
Interest received – bank	0.1	0.3	1.6	4.8
Interest received – other	0.1	-	2.8	-
Interest received - rehabilitation funds	0.1	0.1	1.9	2.6
	0.3	**0.4**	**6.3**	**7.4**
Interest expense – bank	(4.4)	(0.8)	(80.4)	(14.3)
Interest expense – other	-	-	(0.5)	-
	(4.4)	**(0.8)**	**(80.9)**	**(14.3)**
Net finance (expenses)/income (note 1)	**(4.1)**	**(0.4)**	**(74.6)**	**(6.9)**

Note 1: The net finance (expenses)/income from financial assets and liabilities that are not measured at fair value through profit or loss except for interest received from rehabilitation funds.

5. TAXATION

	Unaudited six months ended 31 December 2018 GBP million	Unaudited six months ended 31 December 2017 GBP million	Unaudited six months ended 31 December 2018 R million	Unaudited six months ended 31 December 2017 R million
INCOME TAXATION EXPENSE				
South African normal taxation				
- current year	1.4	0.1	25.2	1.8
Deferred taxation				
- current year	0.4	0.6	7.8	10.3
Total taxation expense	1.8	0.7	33.0	12.1

	Unredeemed capital and assessed loss expenditure (note 1)			
	Unaudited six months ended 31 December 2018 GBP million	**Unaudited six months ended 31 December 2017 GBP million**	**Unaudited six months ended 31 December 2018 R million**	**Unaudited six months ended 31 December 2017 R million**
Evander Mines - unredeemed capital	135.2	70.6	2,476.1	1,176.8
Evander Mines - assessed loss	27.7	10.5	507.2	174.5
	162.9	81.1	2,983.3	1,351.3

Note 1: Deferred taxation assets have been recognised in respect of all assessed losses and unredeemed capital expenditure.

6. FINANCIAL INSTRUMENTS

	Unaudited six months ended 31 December 2018 GBP million	Unaudited six months ended 31 December 2017 GBP million	Unaudited six months ended 31 December 2018 R million	Unaudited six months ended 31 December 2017 R million
Financial assets and liabilities by category				
Financial assets (note 1)				
Measured at amortised cost				
Cash and cash equivalents	2.7	7.1	50.1	118.7
Long-term receivables	1.3	2.6	23.4	42.8
Current portion of long-term receivables	1.0	-	19.1	-
Trade receivables (note 2)	5.9	7.1	108.2	117.8
Measured at fair value through other comprehensive income				
Investment	6.8	5.5	124.3	91.5
Designation at fair value through profit and loss				
Rehabilitation funds	20.2	21.4	369.8	357.5
Financial instruments asset	-	0.3	-	5.8
Financial liabilities				
Measured at amortised cost				
Trade and other payables (note 3)	31.5	27.6	577.0	460.1
Revolving credit facility	44.5	40.6	815.4	676.6
Term loan facility	54.6	5.7	1,000.0	95.1
Measured at fair value through profit or loss				
ESOP liability	0.5	0.1	9.9	1.9
Financial instruments liability	0.1	-	1.7	-
Cash settled share options liability	1.1	2.8	20.3	46.3

Note 1: At the end of the current reporting period the group did not have trade receivables that are past overdue and not impaired.

Note 2: Trade receivables exclude prepayments, taxation and VAT.

Note 3: Trade and other payables exclude taxation and VAT.

Fair value hierarchy

Financial instruments are measured at fair value and 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 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
Level 3 - fair value is determined on inputs not based on observable market data.

	Six months ended 31 December 2018 (Unaudited)							
	Level 1		Level 2		Level 3		Total	
	GBP million	R million	GBP million	R million	GBP million	R million	GBP million	R million
Investment (note 1)	6.8	124.3	-	-	-	-	6.8	124.3
Rehabilitation funds (note 2)	20.2	369.8	-	-	-	-	20.2	369.8
Cash settled share option liability (note 3)	-	-	1.1	20.3	-	-	1.1	20.3
Financial instruments liability (note 5)	-	-	0.1	1.7	-	-	0.1	1.7
ESOP liability (note 4)	-	-	-	-	0.5	9.9	0.5	9.9

	Six months ended 31 December 2017 (Unaudited)							
	Level 1		Level 2		Level 3		Total	
	GBP million	R million	GBP million	R million	GBP million	R million	GBP million	R million
Investment (note 1)	5.5	91.5	-	-	-	-	5.5	91.5
Rehabilitation funds (note 2)	21.4	357.5	-	-	-	-	21.4	357.5
Cash settled share option liability (note 3)	-	-	2.8	46.3	-	-	2.8	46.3
Derivative financial assets (note 5)	-	-	0.3	5.8	-	-	0.3	5.8
ESOP liability (note 4)	-	-	-	-	0.1	1.9	0.1	1.9

Note 1: The fair value of the listed investment is treated as Level 1 per the fair value hierarchy, as its market share price is quoted on a stock exchange.
Note 2: Rehabilitation funds are treated as Level 1 per the fair value hierarchy as the contributions are invested in an interest-bearing short-term deposits and equity share portfolios held in insurance investment products managed by fund managers.
Note 3: The cash settled share option liability is valued on a mark-to-market basis according to the company's quoted share price and other inputs which are company specific.
Note 4: The group's ESOP liability is accounted for on a cash settled basis. The valuation of the liability relates to the group's gold operations, and was performed by independent consulting actuaries. The liability was valued as a European call option.
Note 5: The group is exposed to financial derivatives which comprise of cost collar hedges.

7. BORROWINGS AND FINANCIAL COVENANTS

Interest-bearing borrowings	**Unaudited six months ended 31 December 2018 GBP million**	**Unaudited six months ended 31 December 2017 GBP million**	**Unaudited six months ended 31 December 2018 R millions**	**Unaudited six months ended 31 December 2017 R millions**
Revolving credit facility - current portion	4.5	4.0	82.5	66.1
Revolving credit facility - long-term portion	40.0	36.6	732.9	610.5
Term loan facility - current portion	5.5	-	100.0	-
Term loan facility - long-term portion	49.1	5.7	900.0	95.1
Total interest-bearing borrowings	**99.1**	**46.3**	**1,815.4**	**771.7**
Available facilities				
Revolving credit facility	10.1	19.5	185.0	325.0
Term loan facility	-	54.3	-	905.0
General banking facility	6.6	4.1	121.5	69.0
	16.7	**77.9**	**306.5**	**1,299.0**

Note 1: Net debt is disclosed as part of the APM summary report. Refer to note 16.

Financial covenants

The group's compliance to the revolving credit and term loan facility debt covenants are summarised below:

Covenant	**Measurement**	**Unaudited six months ended 31 December 2018**	**Unaudited six months ended 31 December 2017**
Net-debt-to-equity ratio	Must be less than 1:1	0.85	0.19
Net-debt-to-adjusted EBITDA ratio (note 1)	Must be less than 2.5:1	3.24	2.25
Interest cover ratio	Must be greater than 2.5 time at 31 December 2018 and 4 times thereafter	3.64	4.62
Debt service cover ratio	Must be greater than 1.3 times	2.85	1.85

Note 1: The net debt to adjusted EBITDA covenant is only measurable in December 2019, as agreed with the consortium of South African banks given the delay between capital expenditure and revenue generation. This allows for the measurement period to appropriately measure the cash flows of Elikhulu following the conclusion of construction, with the net debt.

8. CAPITAL EXPENDITURE

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

		Unaudited Development capital		Unaudited Maintenance capital		Unaudited Expansion capital		Unaudited Total	
		GBP million	R million	GBP million	R million	GBP million	R million	GBP million	R million
Barberton Mines	31 December 2018	1.9	34.7	1.7	31.2	1.4	25.0	**5.0**	**90.9**
	31 December 2017	2.0	35.2	1.0	17.5	1.1	18.7	**4.1**	**71.4**
Evander Mines	31 December 2018	-	0.1	-	-	-	-	**-**	**0.1**
	31 December 2017	1.7	30.4	4.1	72.1	0.3	4.8	**6.1**	**107.3**
Elikhulu	31 December 2018	-	-	-	-	27.0	494.8	**27.0**	**494.8**
	31 December 2017	-	-	-	-	29.0	511.7	**29.0**	**511.7**
Phoenix Platinum	31 December 2018	-	-	-	-	-	-	**-**	**-**
	31 December 2017	-	-	0.3	6.0	-	-	**0.3**	**6.0**
Corporate	31 December 2018	-	0.9	-	-	-	-	**-**	**0.9**
	31 December 2017	-	0.6	-	-	-	-	**-**	**0.6**
Total	**31 December 2018**	**1.9**	**35.7**	**1.7**	**31.2**	**28.4**	**519.8**	**32.0**	**586.7**
	31 December 2017	**3.7**	**66.2**	**5.4**	**95.6**	**30.4**	**535.2**	**39.5**	**697.0**

9. SHARE CAPITAL

	Unaudited six months ended 31 December 2018	Unaudited six months ended 31 December 2017	Audited year ended 30 June 2018
Issued			
Number of ordinary shares issued (note 1)	2,234,687,537	2,234,687,537	2,234,687,537
Treasury shares in issue (note 2)	(306,358,058)	(436,358,058)	(306,358,058)
	1,928,329,479	1,798,329,479	1,928,329,479
Ordinary shares issued of GBP0.01 each	22,346,875	22,346,875	22,346,875

Note 1: No additional ordinary shares were issued during the current reporting period.

Note 2: On 30 May 2018, PAR Gold disposed of 130 million Pan African Resources' shares at GBP0.07 per share, resulting in a decrease in the treasury shares held by PAR Gold in Pan African Resources.

10. DISPOSALS AND ACQUISITIONS

There were no disposals or acquisitions noted during the current reporting period.

Corresponding period

Phoenix Platinum located in the North West province of South Africa was sold to Sylvania Platinum Limited on 6 November 2017 for R89.0 million. Refer to the result announcements for the financial year ended 30 June 2017 and six months ended December 2017 for additional information on this transaction.

11. COMMITMENTS AND CONTINGENT LIABILITIES

	Unaudited six months ended 31 December 2018 GBP million	Unaudited six months ended 31 December 2017 GBP million	Unaudited six months ended 31 December 2018 R million	Unaudited six months ended 31 December 2017 R million
Outstanding open orders	10.2	64.3	187.2	1,071.2
Authorised commitments not yet contracted for	4.7	10.2	86.5	170.4
Operating lease commitments - due within the next 12 months	0.7	0.1	13.4	1.8
Guarantees - Eskom Holdings SOC Limited	1.3	1.5	24.6	24.6
Guarantees - DMR	0.8	0.8	14.0	14.0

Outstanding orders in the corresponding reporting period related primarily to the construction of Elikhulu.

No material contingent liabilities were identified in the current or corresponding reporting period.

12. RELATED PARTY TRANSACTIONS

The related party transactions have been summarised in the following notes:

- Inter-company interest and management fees - refer to note 3. Inter-company loans have no specific repayment terms, are repayable on demand and bear interest in relation to the treasury function provided by Funding Company; and
- Inter-company reciprocal dividend - refer to condensed consolidated statement of changes in equity.

No further major related party transactions occurred, either with third parties or with group entities, during the current and corresponding reporting period.

13. 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 from the date of approval of the condensed consolidated interim financial statements 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 R121 million. At 31 December 2018, the group had available borrowing capacity on the revolving credit facility of R185 million (GBP10.1 million) to assist in funding working capital requirements. The group is exposed to a number of macro-economic risks, including the gold price and the prevailing ZAR:USD exchange rate. 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.

14. EVENTS AFTER THE REPORTING PERIOD

The group had no material events after the reporting period.

15. CORRECTION OF PRIOR PERIOD ERRORS

Classification of the settlement of cash settled share option costs

For the year ended 30 June 2017 and six months ended 31 December 2017, the payment of cash settled share options of GBP3.3 million (R58.0 million) and GBP0.4 million (R6.9 million) respectively, were classified as a financing activity in the consolidated statement of cash flows. However, since the payment of cash settled share options related to employees, these payments should have been classified as an employee cost and included in net cash flows from operating activities.

As a consequence, net cash flows from financing activities were overstated and net cash flows from operating activities were understated. The error was identified through the JSE's proactive monitoring process. The error has been corrected by restating each of the affected financial statement line items for the prior reporting periods as follows:

Impact on the statement of cash flows	Audited year ended 30 June 2017* GBP million	Unaudited six months ended 31 December 2017 GBP million	Unaudited year ended 30 June 2017* R million	Unaudited six months ended 31 December 2017 R million
Net cash flows from operating activities	(3.3)	(0.4)	(58.0)	(6.9)
Net cash flows financing activities	3.3	0.4	58.0	6.9
Increase/ (decrease) in cash and cash equivalents	-	-	-	-

**This correction applies to the year ended 30 June 2018 annual financial statements and, was not a re-presentation, as stated, but an error.*

The correction of the classification of the payment of cash settled share options in the consolidated statement of cash flows for the year ended 30 June 2017 and six months ended 31 December 2017 had no effect on the:

- consolidated statement of profit or loss and other comprehensive income;
- consolidated statement of financial position and cash holdings; or
- the group's basic and diluted earnings per share.

Classification of the cash outflow from the purchase of the shares in PAR Gold

For the year ended 30 June 2016 the group concluded a transaction for the acquisition of PAR Gold's shares by Pan African Resources. The transaction was entered into to secure the group's BEE status and was deemed to be strategic in nature. The transaction entailed the acquisition of 49.9% of PAR Gold's shareholding which was settled with an issue of Pan African Resources' shares. The transaction was classified as a treasury share buyback transaction from a group perspective as PAR Gold held 23.8% of Pan African Resources' shares. The cash outflow of GBP25.3 million (R546.9 million) related to this transaction was previously classified as an investing activity in the consolidated statement of cash flows. However, since the transaction amounted to a treasury share transaction from a group perspective the cash outflow should have been classified as a financing activity in the consolidated statement of cash flows in accordance with the criteria of IAS 7.

As a consequence, net cash flows from investing activities were overstated and net cash flows from financing activities were understated in the consolidated statement of cash flows for the year ended 30 June 2016. The error was identified through the JSE's proactive monitoring process. The error would be corrected by restating each of the affected financial statement line items in the consolidated statement of cash flows for the prior period as follows:

Impact on the statement of cash flows:	Audited year ended 30 June 2016 GBP million	Unaudited year ended 30 June 2016 R million
Net cash flow from investing activities	25.3	546.9
Net cash flow from financing activities	(25.3)	(546.9)
Increase/ (decrease) in cash and cash equivalents	-	-

The correction of the classification of the cash outflows resulting from the transaction to purchase the shares in PAR Gold in the consolidated statement of cash flows for the year ended 30 June 2016 had no effect on the:

- consolidated statement of profit or loss and other comprehensive income;
- consolidated statement of financial position and cash holdings; or
- the group's basic and diluted earnings per share.

16. ALTERNATIVE PERFORMANCE MEASURES SUMMARY FOR THE PERIOD ENDED 31 DECEMBER 2018

Unaudited six months ended 31 December 2018 USD million	Unaudited six months ended 31 December 2017 USD million	RECONCILIATION OF WORLD GOLD COUNCIL COSTS	Unaudited six months ended 31 December 2017 R million	Unaudited six months ended 31 December 2018 R million
70.8	93.7	**Cash costs**	1,255.1	1,005.3
70.1	91.7	Gold cost of production	1,228.0	994.9
0.7	2.0	Realisation costs	27.1	10.4
77.7	108.2	**All-in sustaining costs**	1,448.0	1,103.8
70.8	93.7	Cash costs	1,255.1	1,005.3
0.5	0.5	Royalties	6.1	6.7
0.8	0.7	Community costs related to gold operations	9.0	11.7
(0.3)	-	By-product credits	(0.3)	(3.9)
1.3	1.7	Corporate general and administrative costs	23.0	18.0
2.4	4.9	Development capital (sustaining)	65.6	34.7
2.2	6.7	Maintenance capital expenditure (sustaining)	89.5	31.3
114.3	110.0	**All-in costs**	1,471.8	1,623.6
77.7	108.2	All-in sustaining costs	1,448.0	1,103.8
36.6	1.8	Capital expenditure (non-sustaining)	23.5	519.8
-	-	Voluntary severance pay (non-sustaining)	0.3	-

Unaudited six months ended 31 December 2018 GBP million	Unaudited six months ended 31 December 2017 GBP million	RECONCILIATION OF ADJUSTED EBITDA	Unaudited six months ended 31 December 2017 R million	Unaudited six months ended 31 December 2018 R million
18.7	**10.2**	**Adjusted EBITDA**	**178.1**	**342.5**
7.5	3.3	Profit after taxation	58.2	137.8
1.8	0.7	Taxation	12.1	33.0
4.4	0.8	Finance costs	14.3	80.9
(0.3)	(0.4)	Finance income	(7.4)	(6.3)
5.3	2.6	Mining depreciation	45.1	97.1
-	3.2	Loss after taxation on discontinued operations	55.8	-

Unaudited six months ended 31 December 2018	Unaudited six months ended 31 December 2017	Units	CASH COST PER OZ/KG	Units	Unaudited six months ended 31 December 2017	Unaudited six months ended 31 December 2018
888	**1,099**	**USD/oz**	**Cash cost**	**R/kg**	**473,187**	**405,216**
70.8	93.7	USD million	Cash costs	R million	1,255.1	1,005.3
79,765	85,282	Oz	Gold sold	kg	2,653	2,481

Unaudited six months ended 31 December 2018	Unaudited six months ended 31 December 2017	Units	IN-ALL SUSTAINING COST PER OZ/KG	Units	Unaudited six months ended 31 December 2017	Unaudited six months ended 31 December 2018
975	**1,268**	**USD/oz**	**All-in sustaining cost**	**R/kg**	**545,908**	**444,946**
77.7	108.2	USD million	All-in sustaining costs	R million	1,448.0	1,103.8
79,765	85,282	oz	Gold sold	kg	2,653	2,481

Unaudited six months ended 31 December 2018	Unaudited six months ended 31 December 2017	Units	IN-ALL COST PER OZ/KG	Units	Unaudited six months ended 31 December 2017	Unaudited six months ended 31 December 2018
1,435	**1,289**	**USD/oz**	**All-in cost**	**R/kg**	**554,890**	**654,470**
114.3	110.0	USD million	All-in costs	R million	1,471.8	1,623.6
79,765	85,282	Oz	Gold sold	kg	2,653	2,481

Unaudited six months ended 31 December 2018 GBP million	Unaudited six months ended 31 December 2017 GBP million	HEADLINE EARNINGS AND HEADLINE EARNINGS PER SHARE FROM COMBINED OPERATIONS	Unaudited six months ended 31 December 2017 R million	Unaudited six months ended 31 December 2018 R million
7.5	3.3	Basic earnings	58.2	137.8
-	0.3	Fair value movement on asset held for sale	4.8	-
7.5	**3.6**	**Headline earnings**	**63.0**	**137.8**
pence	**pence**		**cents**	**cents**
0.39	0.20	Headline earnings per share	3.51	7.15
0.39	0.20	Diluted headline earnings per share	3.50	7.15

Unaudited six months ended 31 December 2018 GBP million	Unaudited six months ended 31 December 2017 GBP million	HEADLINE EARNINGS AND HEADLINE EARNINGS PER SHARE FROM CONTINUING OPERATIONS	Unaudited six months ended 31 December 2017 R million	Unaudited six months ended 31 December 2018 R million
7.5	6.5	Basic earnings	114.0	137.8
7.5	**6.5**	**Headline earnings**	**114.0**	**137.8**
pence	**pence**		**cents**	**cents**
0.39	0.36	Headline earnings per share	6.34	7.15
0.39	0.36	Diluted headline earnings per share	6.33	7.15

Unaudited six months ended 31 December 2018 GBP million	Unaudited six months ended 31 December 2017 GBP million	SUMMARY OF NET DEBT	Unaudited six months ended 31 December 2017 R million	Unaudited six months ended 31 December 2018 R million
102.7	**39.2**	**Net debt**	**653.0**	**1,880.3**
44.5	40.6	Revolving credit facility	676.6	815.4
54.6	5.7	Elikhulu term loan facility	95.1	1,000.0
6.3	-	Gold prepayments	-	115.0
(2.7)	(7.1)	Cash and cash equivalents	(118.7)	(50.1)

Unaudited six months ended 31 December 2018 GBP million	Unaudited six months ended 31 December 2017 GBP million	NET CASH GENERATED BY OPERATIONS AFTER TAXATION, ROYALTY AND FINANCE COSTS AND BEFORE DIVIDENDS	Unaudited six months ended 31 December 2017 R million	Unaudited six months ended 31 December 2018 R million
17.0	**8.5**	**Net cash generated by operations after taxation, royalty and finance cost and before dividends**	**171.1**	**316.6**
23.4	9.5	Cash generated by operations	187.5	434.0
(1.1)	0.4	Taxation refund/(paid)	7.6	(20.5)
(0.3)	(0.4)	Royalties paid	(6.5)	(5.4)
-	(0.4)	Settlement of cash settled share option costs	(6.9)	(0.5)
(0.5)	-	Rehabilitation expenses	-	(8.6)
0.8	-	Net receipts from financial instruments	-	14.6
(5.3)	(0.6)	Net finance costs	(10.6)	(97.0)

Unaudited six months ended 31 December 2018	Unaudited six months ended 31 December 2017		NET ASSET VALUE PER SHARE		Unaudited six months ended 31 December 2017	Unaudited six months ended 31 December 2018
6.5	**11.7**	**pence**	**Group net asset value per share**	**cents**	**194.3**	**114.4**
2,234.7	2,234.7	shares million	Total shares issued at year-end	shares million	2,234.7	2,234.7
(306.4)	(436.4)	shares million	Treasury shares	shares million	(436.4)	(306.4)
1,928.3	**1,798.3**	shares million		shares million	**1,798.3**	**1,928.3**
124.9	212.3	GBP million	Net asset value	R million	3,493.8	2,207.0

Contact information	
Corporate Office The Firs Office Building 2nd Floor, Office 204 Cnr. Cradock and Biermann Avenues Rosebank, Johannesburg South Africa Office: + 27 (0)11 243 2900 Facsimile: + 27 (0)11 880 1240	Registered Office Suite 31 Second Floor 107 Cheapside London EC2V 6DN United Kingdom Office: + 44 (0)20 7796 8644
Cobus Loots Pan African Resources PLC Chief Executive Officer Office: + 27 (0)11 243 2900	Deon Louw Pan African Resources PLC Financial Director Office: + 27 (0)11 243 2900
Phil Dexter St James's Corporate Services Limited Company Secretary Office: + 44 (0)20 7796 8644	John Prior/Paul Gillam Numis Securities Limited Nominated Adviser and Joint Broker Office: +44 (0)20 7260 1000
Marian Gaylard Questco Corporate Advisory Proprietary Limited JSE Sponsor Office: + 27 (0)11 011 9200	Ross Allister/David McKeown Peel Hunt LLP Joint Broker Office: +44 (0)20 7418 8900
Julian Gwillim Aprio Strategic Communications Public & Investor Relations SA Office: +27 (0)11 880 0037	Jeffrey Couch/Thomas Rider BMO Capital Markets Limited Joint Broker Office: +44 (0)20 7236 1010
Bobby Morse/Chris Judd Buchanan Public and Investor Relations UK Office: +44 (0)20 7466 5000 paf@buchanan.uk.com	Website: www.panafricanresources.com

Meeting and conference call details are as follows

DATE: 20 February 2019
TIME: 11:00 (SAST time), 09:00 (UK time)
VENUE: Batha Room, 54 on Bath, 54 Bath Avenue, Rosebank, Johannesburg

For those attending in person
Parking is available at Rosebank Mall. Refreshments will be served after the presentation.

For those dialling in
A live teleconference facility is available for dial-in participants on the following numbers. Please ask to be joined to the Pan African Resources PLC call and provide your name and company upon entering the call.

UK listeners: 0 333 300 1418
SA listeners: 010 201 6800
South Africa toll free: 0800 200 648