Regulatory Story

Company	Pan African Resources PLC
TIDM	PAF
Headline	Final Results
Released	07:00 12-Sep-2011
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Regulatory Announcement

Company	Pan African Resources plc
TIDM	PAF
Headline	Final Audited Results
Released	12 September 2011

Pan African Resources plc

('Pan African' or the 'Company' or the 'Group')

(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

Audited Annual Results

For the year ended 30 June 2011

Pan African Resources PLC (AIM: PAF, JSE: PAN) is pleased to announce its audited annual results for the year ended 30 June 2011 ('2011').

Highlights and Key Matters

- Final dividend of £7.4 million proposed (2010: £5.4 million dividend paid).
- Proposed dividend increased by 37.93% to of 0.5135p per share (2010: Final dividend of 0.3723p declared).

Group

- Gross revenue for gold sales increased by 15.62% to £79.2 million (2010: £68.5 million).

- Earnings Before Interest, Taxation, Depreciation and Amortisation ('EBITDA') increased by 14.00% to £28.5 million (2010: £25.0 million).

- Attributable profit increased by 20.28% to £17.2 million (2010: £14.3 million).

- Earnings per share ('EPS') increased by 15.38% to 1.20p (2010: 1.04p).

- Headline earnings per share ('HEPS') increased by 12.15% to 1.20p (2010:1.07p).

- Profit margin increased by 30.36% to US$ 584/oz (2010: US$ 448/oz).

- Resource inventory increased by 22.46% to 5.67 Moz (2010: 4.63 Moz).

- Reserve inventory increased by 51.29% to 1.0 Moz (2010: 661 Koz).

- The Group's cash balance was £10.1 million (2010: £12.8 million) at year-end.

- Increased Group capital expenditure by 255.93% to £21.0 million (2010: £5.9 million).

Mining Operations - Barberton Mines (Pty) Ltd ('Barberton Mines')

- Gold sold decreased by 6.01% to 92,197oz (2010: 98,091oz), mainly due to a reduction in tonnes mined at Barberton.

- Sustaining and increasing production profile at Barberton Mines through continued capital investment of £6.8 million (2010: £5.9 million).

- Safety performance showed a significant improvement with Lost Time Injury Frequency Rate ('LTIFR') improving by 47.62% to 2.2 (2010: 4.2) and Serious Injury Frequency Rate ('SIFR') by 40.00% to 0.66 (2010: 1.1).

- Achieved one million fatality-free shifts over a 15-month period post financial year.

- Increase in total cost of production, in South African Rands, contained to 4.09%, which is below the South African rate of inflation.

- Increase of the Barberton Mines Life of Mine ('LOM') from 10 to 17 years.

Near Term Production Projects - Phoenix Platinum Mining (Pty) Ltd ('Phoenix Platinum') and the Bramber Tailings Project ('Bramber')

- Completing construction of Phoenix Platinum Chrome Tailings Retreatment Plant ('CTRP'), which will generate revenue from Platinum Group Metals ('PGM's'): Platinum, Palladium, Rhodium and Gold. Production forecast to commence in December 2011.

- Defined a total indicated resource of 147,500oz (3.130Mt @ 1.47g/t in situ) at indicated recoveries of 52.00% for the Bramber Tailings Project at Barberton Mines.

Growth Projects -Manica Gold Project

- Announced intention to list Manica as a stand-alone entity in order to unlock shareholder value and fast-track development.

Nature of Business

Pan African is a precious metals, African focused mining Group.

The Company remains unhedged and debt free, which means the Group has total leverage to the gold price and the ability to fund all on-mine capital expenditure internally. In addition, the Group has access to a £13.7 million revolving credit facility.

The Company's strategy of targeting low cost, high margin projects, which are either near or at production stage, enables it to consistently improve not only its resource base but also its profit margins. This also enables the Group to pay a dividend and ensures continued growth in shareholder value.

Financial Performance

Pan African is incorporated in England and Wales, and its reporting currency is pounds sterling ('£'). In the current financial year, Pan African changed its functional currency from £ to South African Rand ('ZAR' or 'Rand'), due to the fact that the Company's primary economic environment is now South Africa. The reporting currency has remained unchanged in £. Barberton Mines and Phoenix Platinum are South African incorporated companies, and their functional and reporting currency is ZAR. Manica is a Mozambican incorporated company and its functional and reporting currency is Meticals ("MZN").

When Barberton Mines, Phoenix Platinum and the Company financial statements are translated into £ for the purposes of Group consolidation and reporting, the annual average and year-end closing ZAR:£ exchange rates affect the Group consolidated financial results. In the current financial year, the average prevailing ZAR:£ exchange rate was 11.11:1 (2010: 11.93:1), and the closing ZAR:£ exchange rate was 10.94:1 (2010: 11.53:1). The year-on-year change in the average and closing exchange rates of 6.87% and 5.12% respectively should be taken into account for the purposes of comparing year-on-year results.

When Manica financial statements are translated into £ for the purposes of Group consolidation and reporting, the year-end closing MZN:£ exchange rate affects the Group consolidated financial results. In the current financial year, the closing MZN:£ exchange rate was 45.33:1 (2010: 50.86:1). The year-on-year change in the average and closing exchange rate of 10.87%, should be taken into account for the purposes of comparing year-on-year results.

Gross revenue from gold sales increased by 15.62% to £79.2 million (2010: £68.5 million). The increase in revenue was mainly attributed to a 24.41% increase in the average US$ gold spot price received to US$1,366/oz (2010: US$1,098/oz), and the depreciation of the £ against the ZAR during the reporting period. The average US$:ZAR exchange rate was 7.91% stronger at ZAR6.99 compared to the previous year (2010: ZAR7.59), which negatively impacted revenue received in ZAR. The effective ZAR gold price was 14.51% higher at ZAR306,757/kg (2010: ZAR267,876/kg). Mining profit at Barberton Mines grew by 24.70% to £30.8 million (2010: £24.7 million).

Cost of production increased by 11.58% to £45.3 million (2010: £40.6 million). In Rand terms, cost of production increased by 4.09% to ZAR503.6 million (2010: ZAR483.8 million). This increase is mainly attributable to a 17.34% increase in electricity costs to ZAR49.4 million (2010: ZAR42.1 million), security costs increasing by 4.01% to ZAR33.7 million (2010: ZAR32.4 million) and salary, wages and other staff expenses increasing by 7.84% to ZAR232.4 million (2010: ZAR215.5 million).

Barberton Mines absorbed the first full year effect of the cost of the new South African mining royalty tax implemented in March 2010, which amounted to £ 2.4 million (2010: £0.8 million). EBITDA for the year under review was £28.5 million (2010: £25.0 million), an increase of 14.00%. EPS increased by 15.38% to 1.20p (2010: 1.04p) and HEPS were up 12.15% to 1.20p (2010: 1.07p), supported by increased revenue from gold sales. Net asset value ('NAV') per share increased by 20.54% to 6.28p (2010: 5.21p) and tangible NAV per share was up 37.50% to 3.85p (2010: 2.80p). The upturn was primarily due to increase in property, plant and equipment related to the Phoenix plant under construction.

Other expenses increased 47.37% to £2.8 million (2010: £1.9 million). Group income tax increased by 19.48% to £9.2 million (2010: £7.7 million), due to increased revenue and profits before tax.

Financial Summary

		2011	2010
		£	£
Gold sales	(£)	79,208,399	68,506,394
EBITDA	(£)	28,540,323	25,022,552
Attributable profit - Owners of the parent	(£)	17,168,665	14,277,232
EPS	(pence)	1.20	1.04
HEPS	(pence)	1.20	1.07
Weighted average number of shares in issue		1,432,666,738	1,366,268,709

Review of Barberton Mines

Safety & Training

Barberton Mines is pleased to report no fatalities for the year under review. Post the reporting period, during the month of July 2011, Barberton Mines achieved one million fatality free shifts.

The Barberton Mines operating sections, comprising the Fairview, Sheba and New Consort mines, showed further improvement year-on-year. The Lost Time Injury Frequency Rate ('LTIFR') improved to 2.2 (2010: 4.2) and the Serious Injury Frequency Rate ('SIFR') decreased to 0.66 (2010: 1.1). The Total Recordable Injury Frequency Rate('RIFR') also decreased to 22.6 (2010: 33.3).

During the year a Safety, Health, Environment and Communities ('SHEC') management system was fully implemented. This system provides for two specific functional levels - strategic and operational. The strategic function focuses on risk management of global and national concerns and issues, inclusive of legal and regulatory requirements, whilst the operational management drives the systems' foundations, implementation, compliance and monitoring functions. The continued success of the SHEC system is highly dependent on the attention of the different role players, including: corporate and operational management, employees, contractors and employee representative bodies. The training of management and employees as identified by the Risk Management Framework segment of the SHEC programme is an ongoing process. The Company is of the opinion that this management system is delivering the intended outputs.

Operating Performance

Barberton Mines sold 92,197oz of gold during the year, a decrease of 6.01% from the previous year (2010: 98,091oz). This decrease is the result of the mining operations milling 296,200 tonnes, a decrease of 5.42% from the prior year (2010: 313,167 tonnes). Head grade and overall recoveries remained relatively constant at 10.55g/t (2010: 10.61g/t) and 90.80% (2010: 91.21%) respectively.

Production was affected by a strike at the Fairview section in the first quarter of the reporting year, which impacted the operations by an estimated 3,000oz. Management made significant progress during the year in making up the lost production and was on schedule to produce close to 100,000oz by year end. Production however had to be stopped in one of the most significant production contributing sections at the Fairview mine in April 2011, in order to address poor rockwall conditions. As a result additional long anchors had to be inserted into the roof of the mining area to ensure safe mining. Despite the impact on production, operations in the section were halted, as the safety of our employees cannot be compromised. The stoppage had a further negative impact of 3,000oz on planned production.

Management intends to undertake the following corrective actions to address the risk of similar production problems:

- Surface stockpiles have been identified and are being evaluated (representing 288,675 tonnes at a grade of 2.23 g/t) and where viable will be trucked to processing plants with capacity for additional tonnes, to counter any negative underground deficit in volume during the coming year.
- The development of two additional access platforms into the high-grade ore-zone at Fairview mine to increase mining flexibility is ongoing.
- Re-evaluating certain calcine stockpiles on surface, which could be re-treated through the Segalla plant (additional capital will be required to ensure the plant is refurbished).

Total cash costs per ounce increased by 20.15% to US$781/oz (2010: US$650/oz). In Rand per kilogram terms, total cash costs increased by 10.59% to ZAR175,520/kg (2010: ZAR158,711/kg).

Total capital expenditure at the mine increased by 15.25% to £6.8 million or 6.82% to ZAR75.2 million (2010: £5.9 million or ZAR70.4 million). Maintenance capital expenditure of £3.6 million (2010: £2.9 million) and development capital expenditure of £3.2 million (2010: £3.0 million) was incurred.

Production Summary

Financial Year:		2011	2010	2009	2008	2007
Tonnes Milled	(t)	296,200	313,167	313,952	315,305	330,367
Headgrade	(g/t)	10.55	10.61	10.32	8.90	9.20
Overall Recovery	(%)	91	91	91	91	92
Production: Underground	(oz)	92,043	97,483	94,909	82,436	90,022
Production: Calcine Dump	(oz)	-	-	3,955	13,513	-
Gold Sold	(oz)	92,197	98,091	97,353	99,078	89,572
Average Price: Spot	(R/kg)	306,757	267,876	251,740	193,159	148,151
Average Price: Hedge	(R/kg)	-	-	-	105,850	96,067
Average Price: Spot	(US$/oz)	1,366	1,098	867	823	640
Average Price: Hedge	(US$/oz)	-	-	-	451	415
Total Cash Cost US$/oz sold	(US$/oz)	781	650	469	476	465
Total Cash Cost R/Kg sold	(R/Kg)	175,520	158,711	136,178	111,272	107,656

Total Cost per Ton	(R/t)	1,707	1,537	1,313	1,088	908
Total Mining Cost per Ton	(R/t)	1,648	1,486	1,256	1,045	858
Capital Expenditure	(£)	6,773,729	5,918,271	4,052,665	2,901,792	1,637,359
Exchange rate - average	(ZAR/£)	11.11	11.93	14.39	14.68	13.95
Exchange rate - closing	(ZAR/£)	10.94	11.53	12.66	15.56	14.18
Exchange rate - average	(ZAR/ US$)	6.99	7.59	9.03	7.30	7.20
Exchange rate - closing	(ZAR/ US$)	6.83	7.65	7.72	7.80	7.00

Capital Expenditure

Organic Growth Projects

During the year under review, a total of £ 6,8 million was spent on capital expenditure, of which £ 3,12 million was for capital development projects. The development results and progress of the projects are summarised below:

Key Project		Year ended 30 June 2011 (Metres)	Year ended 30 June 2010 (Metres)	Potential resource target (Oz)
I	Sheba - 36ZK	294	140	6,000
II	Sheba - Edwin Bray to Thomas and Joe's Luck area	491	1056	17,000
III	54 Level Rossiter orebody	(Level equipping completed)	0	11,000
IV	Fairview - 3 Shaft Deepening	149	36	278,000
V	Consort - 40 level station establishment	34	0	10,000
VI	Consort - 50 Level Decline West	123	100	26,000
VII	Consort - 37 Level Development	74	97	(new target area)

I. Sheba - 36 ZK

Good progress has been made with the development on the hanging wall contact on 36 Level. The establishment of a second escape access way to improve ventilation to 35 Level was also completed during the year. The horizontal development along the hanging wall contact will continue during the financial year, reaching the ZK target area towards the end of 2012 financial year.

II. Sheba - Edwin Bray, Thomas and Joe's Luck area

Incline development towards the high grade surface borehole intersections was carried out during the financial year. It is expected that the elevation of these free gold intersections will be reached by the end of the 2012 financial year. This development will be done in conjunction with exploration drilling to determine the potential down dip extension of the Thomas fracture. Development towards the Joe's Luck area is planned for the 2013 financial year.

III.Fairview - 54 Level Rossiter Orebody

Equipping of 54 Level was completed during the year. Horizontal development of 120 meters is planned for the 2012 financial year to reach the mineralised zone.

IV. Fairview - 3 Shaft Deepening

A winder cross cut and 95% of the shaft slipping was completed during the financial year. The establishment of return airways and shaft equipping below 62 Level has commenced and will be completed in the 2012 financial year. A total of 186 metres of development, inclusive of shaft sinking is planned for the 2013 financial year.

V. Consort - 40 Level Development

Equipping of the level was completed during the financial year and development into the pegmatite commenced. Developing through the pegmatite will target the possible upward extension of the high grade Bullion mineralised zone.

VI. Consort - 50 Level Decline West

The second station landing was established during the year and was followed up with horizontal development exposing a known zone of mineralisation. Decline shaft sinking towards the final station has commenced and will be completed during the 2012 financial year.

VII.Consort - 37 Level Development

The 37 Level East haulage was re-equipped during the financial year and horizontal development extended towards the Bullion mineralised zone. This capital project has subsequently been put on hold until the 40 Level Development intersects the upward projected extension of the Bullion mineralised zone.

On-Mine Development

The on-mine developments are summarised below:

On-Mine Development for 2011	New Consort		Fairview		Sheba	
	metres	g/t	metres	g/t	metres	g/t
Reef Development	483	3.83	626	3.14	874	4.51
Stope Development	455	7.09	229	6.41	92	13.67
Waste Development	1,080	-	1,044	-	2,276	-
Total Development	2,018	-	1,899	-	3,242	-
Capital	377	-	331	-	789	-

Maintenance Capital

The maintenance capital at Barberton Mines amounted to £3.6 million. Expenditure on processing plant maintenance was £0.6 million for the year, as a result of purchasing of a new Knelson concentrator at the Sheba plant and installation of new blowers and compressors in the BIOX® plant at Fairview. A new BIOX® Elution Column replacement was purchased for £0.1 million. The extension of the tailings dam at the Fairview section of Barberton Mines was completed at a cost of £0.7 million. The total metallurgical maintenance and replacement expenditure for the year under review amounted to £1.3 million.

The capital expenditure on the maintenance of engineering equipment and infrastructure totaled £1.1 million for the year. Upgrading the mining equipment fleet was a key focus area during the year, with expenditure of £0.2 million to re-build load haul dumpers. The purchase of new hoppers cost £0.1 million.

Expenditure on the refurbishment of shafts and headgears at the mine amounted to £0.1 million. The replacement of obsolete compressors with modern, more efficient units and the upgrading of pumping and reticulation systems amounted to £0.1 million for the year. The old mobile crane was replaced by the purchase of a new mobile crane for £0.2 million.

The balance of the maintenance capital was principally spent on the final implementation of the SHEC system for £0.16 million, replacement of light vehicles for £0.04 million, a new X-Ray unit for £0.04 million, a new Symons crusher to the value of £0.05 million and new pump replacements costing £0.06 million.

Mineral Resources Management ('MRM')

MRM strategy

The MRM initiative will continue to be a key strategic corporate focus for the Group and forms an integral part of our sustainable business pillar, enabling management to ensure:

- that the economic value of mineral assets is optimally managed and extracted;
- integration of technical and associated functional disciplines along the business value chain;
- increased levels of corporate governance through continued audit and quality control; and
- the creation of shareholder value.

Gold inventory

The total South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves ("SAMREC") compliant resource inventory for the Group increased, when measured in terms of gold content, by 22.46% to 5.67Moz (63.15Mt @ 2.79g/t in situ), compared to 4.63Moz (41.85Mt @ 3.45g/t in situ) in 2010. The increase at Barberton resulted from additional drilling and underground development, which led to a re-definition of geological envelopes and geostatistical re-evaluation. At Manica a geostatistical re-evaluation provided greater geological confidence to project indicated and inferred mineralised envelopes further along dip.

During the year under review, the Group's reserve in gold content that is attributable to Barberton Mines increased significantly by 51.29% to 1Moz (3.83Mt @ 8.12g/t), compared to 661,000oz (2.318Mt @ 8.87g/t) in 2010. Based on a historical conversion factor of 85% of the Measured and Indicated blocks to Proved and Probable, LOM has been increased from 10 to 17 years. This clearly shows that the Group's focus on Mineral Resource Management is bearing fruit in terms of building a long-term sustainable business.

The focus on the identification of shallow, low cost mineral resources, which can be brought to account in the near term, has resulted in the delineation of the Bramber surface tailings resource. The Bramber tailings project represents a Measured and Indicated Resource of 147,500oz (3.128Mt @ 1.47g/t in situ) and a proved and probable reserve of 76,000oz (3.128Mt @ 0.76g/t based on tested recoveries of 52%). This approach may not only see the production profile grow, but could also impact positively on the cost structure at Barberton Mines. The focus will remain on growing shallow low cost mineral resources.

As part of this focus the Group will be drilling several surface boreholes towards the south of the Fairview mine, where near-surface geophysical targets have been identified that could represent a surface area footprint equal to all the mining that have taken place at the Fairview section. The Fairview section has mined over 4Moz of gold over its life.

Platinum inventory

The Phoenix Platinum project represents SAMREC compliant PGM Mineral Resource of 470,300oz (4.64Mt @3.15g/t).

Of the total Mineral Resource, 154,700oz is classified as surface sources (1,964kt @ 2.45g/t) and 315,600oz (2,682kt @ 3.66g/t) as current arisings.

Current feasibility work indicates a LOM of 17 years at a depletion rate of approximately 12,000oz PGM's per annum.

Projects

Review of Phoenix Platinum

The Company is pleased to report that the following significant milestones have been achieved:

- Conclusion of the agreement to construct the CTRP on the International Ferro Metals (Pty) Limited ('IFM') Lesedi property
- Award of the Lump Sum Turn Key contract to Matomo Projects (Pty) Ltd (`Matomo') to construct the plant
- Completion of the final engineering design
- Commencement of bulk earthworks
- Start of plant construction

Plant construction is underway and the first concentrate is expected to be produced ahead of schedule, by the end of December 2011. This is a significant milestone for the Group, as it distinguishes Pan African as both a primary gold and PGM producer, and further demonstrates the Group's project development ability. The commencement of production by December 2011 will result in an additional revenue contribution for the 2012 financial year, and will further strengthen the statement of comprehensive income and increase our margins.

Review of Manica Gold

- The Group announced on 19 August 2011 that it was considering listing the Manica project as a stand-alone entity on an international exchange, for the following reasons:

- The Group's capital is currently committed to bringing its organic growth projects (Phoenix Platinum, Bramber Tailings and Amira) to account at an estimated capital cost of £35.0 million,

- Shareholders have indicated that they do not favour a mixture of mining assets and exploration/early development projects, and

- Key strategic partners identified as partners in developing Manica require access to a separate and independent entity.

In order to fast track the project, it is envisaged that a separate listing will benefit all stakeholders because:

- The new entity will have its own dedicated management team,

- Separate access to capital to fund an aggressive project development plan,

- Operational flexibility, and

- Attract strategic development partners.

Should this strategy for Manica prove viable, the Group will initially retain a shareholding and board position on the newly listed entity. Shareholders will be kept informed on the progress made in due course.

Bramber Tailings project

A total of 308 auger drill holes were drilled on a grid of 20 metres by 20 metres, representing a total of approximately 6,074 metres. Samples of each hole were taken at 1.5 metres intervals and composited at 3 metres intervals, representing a total of 2,344 samples taken for assaying. Modelling and geological profiling of the boreholes confirmed two distinct positional populations across the tailings dam which is the result of historical deposition that took place in two separate compartments, a higher grade BIOX® tail section and a lower grade concentrator/flotation tail section.

Geostatistical modelling indicates 74,600oz (758kt @ 3.06g/t in situ) for the BIOX® section and 72,900oz (2.369Mt @ 0.96g/t in situ) for the concentrator/ flotation section. This represents a total resource of 147,500oz (3.130Mt @ 1.47g/t in situ).

A total of 10 composite samples representative of the tailings dam were submitted for metallurgical recovery test work. Initial excess cyanide test work indicated recoveries varying between 45% and 55%. Kinetic test work was also done to determine residence time, which guides the process flow design for optimum plant configuration. Indicative recoveries of 52% have been determined.

The feasibility study covering plant design, final process flow design, volume throughput, chemical and reagent consumption, recoveries and capital and operating expenditure will be completed by Q2 of the 2012 financial year. If feasible, a new plant will be constructed to treat approximately 1.2Mt per annum of tailings for three years. An Order of Magnitude estimate study completed by Matomo estimates the capital cost of the project at approximately ZAR250 million (approximately £22.9 million). Plant construction is estimated to take 12 months.

The Company has also completed initial auger drilling on another 9Mt of tailings, which if viable could extend the Life of Project from approximately three to ten years and increase the annual production profile at the mine by approximately 20,000oz. The initial drilling programme has been completed and the associated metallurgical test work applicable to the completed expansion is expected within the next quarter. The auger holes drilled totalled 100 and equates to 1,804m. The 1,368 samples taken at 1.5m increments were composited at 3m intervals, for a total of 872 combined samples submitted for gold content determination. A total of 10 composites, representing the various dumps, were submitted for metallurgical test work. Final results of assays and metallurgical test work are still pending.

Of the total Mineral Resource, 24%, by volume (51% by gold content), originated from the BIOX® process. The flotation process produced the balance.

New Business

The Group re-focussed its new business team during the year under review to focus on the development on the Bramber tailings project as a "stand alone" business. This strategy has paid off with the team busy evaluating a further 9Mt of tailings material to the current resource of 3.1Mt. The team will remain focused on completing a definitive feasibility study by Q2 of the 2012 financial year, in order to bring the project to account and capitilise on current high gold prices.

The company is currently reviewing gold and platinum opportunities that are either in production or close to production in South Africa.

Capital Expenditure and Commitments

Capital expenditure at Barberton Mines totalled £6.8 million (2010: £5.9 million), of which development capital was £3.2 million (2010: £3.0 million) and maintenance capital was £3.6 million (2010: £2.9 million).

Capital expenditure on growth projects totalled £14.1 million (2010: £0.98 million), which was incurred on the development of Phoenix Platinum.

There were £3.7 million (2010: £0.11 million) in outstanding orders contracted for capital commitments at the end of the financial year. Authorised commitments for the new financial year not yet contracted for totaled @9.6

million.

Operating lease commitments, which fall due within the next year, amounted to £ 0.19 million (2010: £0.20 million).

The Group had no contingent liabilities in either the current or the prior financial years.

The Group had guarantees of £13.7 million in favour of Nedbank Limited (2010: £ nil), as well as £0.35 million (2010: £0.33 million in favour of the South African electricity public utility company ('Eskom') and guarantees of £0.27 million (2010: £0.25 million) in favour of the South African Department of Mineral Resources ('DMR').

Basis of Preparation of Financial Statements

Investors should consider non-Generally Accepted Accounting Principles ("GAAP") financial measures shown in this preliminary announcement in addition to, and not as a substitute for or as superior to, measures of financial performance reported in accordance with International Financial Reporting Standards ("IFRS"). The IFRS results reflect all items that affect reported performance and therefore it is important to consider the IFRS measures alongside the non-GAAP measures.

JSE Limited listing

The Company has a dual primary listing on JSE Limited ("JSE") and the AIM Market ("AIM") of the London Stock Exchange. The Company previously maintained a secondary listing on the Alternative Exchange (Altx") market of the JSE. The transfer to the Main Board of the JSE was implemented on 1 December 2009, in the comparative period.

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 ("APB") and the information as required by International Accounting Standards ("IAS") 34: Interim Financial Reporting.

The Group's South African external auditors, Deloitte & Touche, have issued their opinion on the Group's Annual Financial Statements for the year ended 30 June 2011. The audit was conducted in accordance with International Standards on Auditing. They have expressed an unmodified opinion on the Annual Financial Statements from which the Group's preliminary announcement was derived. A copy of their audit report is available for inspection at the Company's registered office. Any reference to future financial performance included in these Group Financial Statements has not been reviewed or reported on by the Group's South African external auditors.

AIM Listing

The financial information for the year ended 30 June 2011 does not constitute statutory accounts as defined in sections 435 (1) and (2) of the United Kingdom ("UK") Companies Act 2006. Statutory accounts for the year ended 30 June 2010 have been delivered to the Registrar of Companies and those for 2011 will be delivered following the Company's annual general meeting. The UK external auditors (Deloitte LLP) have reported on these accounts. Their report was unqualified, did not include a reference to any matters to which auditors draw attention by way of emphasis of matter and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The Group announcement (the Group's financial statements) has been prepared in accordance with IFRS and International Financial Reporting Interpretation Committee ("IFRIC") interpretations adopted for use by the European Union, with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Directorship Change

No changes occurred during the year under review.

Shares Issued

During the year under review, the Company announced the issue and allotment of 34,500,000 new ordinary shares in respect of share options exercised:

On 25 August 2010 4,000,000 shares issued to N Steinberg at 4 pence per share.

On 6 October 2010 6,000,000 shares issued to J Nelson at 2 pence per share.

On 4 November 2010 4,000,000 shares issued to R Still at 4 pence per share.

On 4 November 2010 7,500,000 shares issued to Pangea Exploration (Pty) Ltd ("Pangea") at 4 pence per share.

On 10 November 2010 3,000,000 shares issued to J Yates at 5.5 pence per share.

On 25 November 2010 4,000,000 shares issued to M Bevelander at 7 pence per share.

On 25 November 2010 4,000,000 shares issued to E Victor at 5.5 pence per share.

On 25 November 2010 2,000,000 shares issued to E Victor at 7 pence per share.

Dividend

The Board of Directors proposes a final dividend for the year ended 30 June 2011 of £7.4 million (2010: 5.4 million), which was calculated on

1,444,040,711 issued shares currently outstanding, equates to 0.5135p per share (2010: Final dividend of 0.3723p declared), and is to be approved by shareholders at the forthcoming annual general meeting of the Company.

Going Concern

The board confirms that the business is a going concern and that it has reviewed the business' working capital requirements in conjunction with its future funding capabilities for at least the next 12 months and has found them to be adequate. The Group is debt free and has secured a three-year revolving credit facility with Nedbank Limited. The Group has not yet utilised the facility as it currently has sufficient cash on hand. Management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Should the need arise the Group can cease most exploration and capital activities, and by doing so conserve cash.

Events After the reporting period

The only material changes to the business occurring after the reporting period was the resignation of Mr. Rowan Smith from the board of directors, and the subsequent appointment of Ms. Phuti Malabie (effective date: 20 July 2011), and the Company's announcements to investigate a separate listing for Manica.

Accounting Policies

The preliminary announcement has been prepared using accounting policies that comply with the International Financial Reporting Standards ('IFRS') adopted by the European Union and South Africa, which are consistent with those applied in the financial statements for the year ended 30 June 2011 and prior year end 2010.

Effective 1 July 2010, the Company changed its functional currency from Pounds Sterling to South African Rands to reflect the Company's primary economic environment and operating currency. For the purpose of the consolidated financial statements, the results and financial position of each Group Company is expressed in Pounds Sterling.

Directors' Dealings

Please see the detailed table for Directors' Dealings following the financial statements.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. The Directors are required by the IAS Regulation to prepare the Group financial statements under IFRS as adopted by the European Union and have also elected to prepare the parent company financial statements in accordance with IFRS's as adopted by the European Union. The financial statements are also required by law to be properly prepared in accordance with the UK Companies Act 2006.

IAS 1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the IASB's Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. However, directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the UK Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Segment 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 Group's business activities were conducted through three business segments, firstly in Barberton Mines located in Barberton South Africa, and the Group's corporate and exploration activities and Phoenix Platinum. The Chief Executive Officer reviews the operations in this manner.

Pan African Outlook - The Future

The Group will continue to drive profitable, sustainable, stakeholder growth. We have laid a solid foundation in terms of our mining and project development skillset and we have grown the strength of our cashflows and Statement of

Financial Position. This will allow us to allocate significant resources in building an organic pipe-line of projects at Barberton Mines which:

Have cost structures of less than US$450/oz

Have profit margins in excess of 35%

Should be producing within 12 to 24 months

These projects will significantly grow our Group's Statement of comprehensive income during a period that should continue to see high commodity prices. The timing of this growth could not be more opportune.

We have started building our precious metals mining house - still small, but highly profitable and focused. We have developed a sound business model and philosophy that have now been tried and tested. Together with our strategic partners and stakeholders we will leverage this to our competitive advantage.

Once again our achievements have been a team effort and I would like to thank everyone in the organisation for their passion, dedication and drive in achieving the results presented in this report, and also for their commitment moving forward.

To our fellow board members, thanks for your guidance and wise counselling.

We look forward to a year that will see us producing both platinum and gold!

Jan Nelson	Cobus Loots
Chief Executive Officer	Financial Director

12 September 2011

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Condensed Consolidated Statement of Comprehensive Income for the year ended 30 June 2011

	Group	
	30 June 2011	30 June 2010
	(Audited)	(Audited)
	£	£
Revenue		
Gold sales	79 208 399	68 506 394
Realisation costs	(157 763)	(162 791)
On - mine revenue	79 050 636	68 343 603
Cost of production	(45 345 417)	(40 553 886)
Depreciation	(2 885 243)	(3 125 093)
Mining Profit	30 819 976	24 664 624
Other expenses	(2 796 657)	(1 929 787)
Impairment	-	(335 401)
Royalty costs	(2 368 239)	(837 378)
Net income before finance income and finance costs	25 655 080	21 562 058
Finance income	802 022	661 645
Finance costs	(40 128)	(67 915)
Profit before taxation	26 416 974	22 155 788
Taxation	(9 248 309)	(7 655 913)
Profit after taxation	17 168 665	14 499 875

Other comprehensive income:

Foreign currency translation differences	3 814 677	2 379 762
Total comprehensive income for the year	20 983 342	16 879 637
Profit attributable to:		
Owners of the parent	17 168 665	14 277 232
Non-controlling interest	-	222 643
	17 168 665	14 499 875
Total comprehensive income attributable to:		
Owners of the parent	20 983 342	16 809 093
Non-controlling interest	-	70 544
	20 983 342	16 879 637
Earnings per share	1,20	1,04
Diluted earnings per share	1,19	1,03
Weighted average number of shares in issue	1 432 666 738	1 366 268 709
Diluted number of shares in issue	1 438 824 573	1 379 880 423

Headline earnings per share is calculated :		
Basic earnings	17 168 665	14 277 232
Adjustments: Impairment	-	335 401
Headline earnings	17 168 665	14 612 633
Headline earnings per share	1,20	1,07
Diluted headline earnings per share	1,19	1,06

Condensed Consolidated Statement of Financial Position at 30 June 2011

	Group	
	30 June 2011	30 June 2010
	(Audited)	(Audited)
	£	£
ASSETS		
Non-current assets		
Property, plant and equipment and mineral rights	59 052 015	37 495 010

Other intangible assets	14 214 426	13 087 880
Goodwill	21 000 714	21 000 714
Rehabilitation trust fund	3 013 385	2 740 546
	97 280 540	74 324 150
Current assets		
Inventories	1 457 202	1 126 374
Trade and other receivables	4 254 401	3 794 659
Cash and cash equivalents	10 123 822	12 756 262
	15 835 425	17 677 295
TOTAL ASSETS	113 115 965	92 001 445
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	14 440 406	14 095 406
Share premium	50 932 830	49 732 830
Translation reserve	8 310 542	4 495 865
Share option reserve	861 450	754 394
Retained income	37 607 283	25 814 783
Realisation of equity reserve	(10 701 093)	(10 701 093)
Merger reserve	(10 705 308)	(10 705 308)
Equity attributable to owners of the parent	90 746 110	73 486 877
Total equity	90 746 110	73 486 877
Non - Current liabilities		
Long term provisions **	3 386 591	3 222 780
Long term liabilities **	181 285	115 418
Deferred taxation	9 841 695	8 092 332
	13 409 571	11 430 530
Current liabilities		
Trade and other payables *	8 193 750	6 507 053
Current tax liability	766 534	576 985
	8 960 284	7 084 038
TOTAL EQUITY AND LIABILITIES	113 115 965	92 001 445

*Trade and other payables includes an amount of £1,465,299 relating to the leave pay accrual which was classified as a short term provision in the prior year. This is in accordance with IAS:19 Employee Benefits. The leave pay accrual balance as at 30 June 2009 was £1,151,895.

** Long term liabilities includes an amount of £115,418 relating to the post retirement benefits which was classified as long term provisions in the prior year. This is in accordance with IAS:19 Employee Benefits. The post retirement benefits balance as at 30 June 2009 was £136,602.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	Group	
	30 June 2011	30 June 2010
	£	£
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	16 610 289	18 325 307
INVESTING ACTIVITIES		
Additions to property, plant and equipment, mineral rights	(21 033 991)	(5 935 346)
Additions to intangibles	(800 619)	(976 373)
Funding of rehabilitation trust fund	122 145	147 458
NET (CASH USED IN) / GENERATED FROM INVESTING ACTIVITIES	(21 712 465)	(6 764 261)
FINANCING ACTIVITIES		
Borrowings raised/(repaid)	-	(954 759)
Shares issued	1 545 000	48 000
Share issue costs	-	(5 866)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	1 545 000	(912 625)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(3 557 176)	10 648 421
Cash and cash equivalents at the beginning of the year	12 756 262	2 389 301
Effect of foreign exchange rate changes	924 736	(281 460)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10 123 822	12 756 262

Condensed Consolidated Statement of Changes in Equity for the year ended 30 June 2011

GROUP

	Share Capital	Share Premium account	Translation reserve	Share option reserve	Retained earnings	Realisation of equity reserve	Merger reserve	Non-controlling interest	Total
Balance at 30 June 2009	11 125 891	37 899 997	1 964 004	549 690	11 537 551	-	(10 705 308)	3 988 577	56 360 402
Issue of shares	2 969 515	11 838 699	-	-	-	(10 701 093)	-	(4 059 121)	48 000
Share issue costs	-	(5 866)	-	-	-	-	-	-	(5 866)
Current year movement	-	-	2 531 861	-	-	-	-	(152 099)	2 379 762
Profit for the year	-	-		-	14 277 232	-	-	222 643	14 499 875
Share Based payment - Charge for the year	-	-	-	204 704	-	-	-	-	204 704
Balance at 30 June 2010	14 095 406	49 732 830	4 495 865	754 394	25 814 783	(10 701 093)	(10 705 308)	-	73 486 877
Issue of shares	345 000	1 200 000	-	-	-	-	-	-	1 545 000
Current year movement	-	-	3 814 677	-	-	-	-	-	3 814 677

Profit for the year	-	-	-	-	17 168 665	-	-	-	17 168 665
Dividends paid	-	-	-	-	(5 376 165)	-	-	-	(5 376 165)
Share Based payment - Charge for the year	-	-	-	107 056	-	-	-	-	107 056
Balance at 30 June 2011	14 440 406	50 932 830	8 310 542	861 450	37 607 283	(10 701 093)	(10 705 308)	-	90 746 110

Segmental Analysis

	30 June 2011				30 June 2010			
	Barberton Mines	Phoenix Platinum *	Corporate and Growth Projects	Group	Barberton Mines	Phoenix Platinum *	Corporate and Growth Projects	Group
	£	£	£	£	£	£	£	£
Revenue								
Gold sales	79 208 399	-	-	79 208 399	68 506 394	-	-	68 506 394
Realisation costs	(157 763)	-	-	(157 763)	(162 791)	-	-	(162 791)
On - mine revenue	79 050 636	-	-	79 050 636	68 343 603	-	-	68 343 603
Cost of production	(45 345 417)	-	-	(45 345 417)	(40 553 886)	-	-	(40 553 886)

Depreciation	(2 885 243)	-	-	(2 885 243)	(3 125 093)	-	-	(3 125 093)
Mining Profit	30 819 976	-	-	30 819 976	24 664 624	-	-	24 664 624
Other expenses **	(288 930)	(12 943)	(2 494 784)	(2 796 657)	(173 988)	-	(1 755 799)	(1 929 787)
Impairment costs	-	-	-	-	-	-	(335 401)	(335 401)
Royalty costs	(2 368 239)	-	-	(2 368 239)	(837 378)	-	-	(837 378)
Net income / (loss)before finance income and finance costs	28 162 807	(12 943)	(2 494 784)	25 655 080	23 653 258	-	(2 091 200)	21 562 058
Finance income	29 065	-	772 957	802 022	193 155	-	468 490	661 645
Finance costs	(40 128)	-	-	(40 128)	(67 836)	-	(79)	(67 915)
Profit /(loss) before taxation	28 151 744	(12 943)	(1 721 827)	26 416 974	23 778 577	-	(1 622 789)	22 155 788
Taxation	(9 251 933)	3 624	-	(9 248 309)	(7 655 913)	-	-	(7 655 913)
Other comprehensive income:								
Foreign currency translation differences	1 737 540	269 848	1 807 289	3 814 677	1 936 738	443 024	-	2 379 762
Total comprehensive income / (loss) for the year	20 637 351	260 529	85 462	20 983 342	18 059 402	443 024	(1 622 789)	16 879 637

*Costs directly attributable to Phoenix Platinum, along with attributable overheads, are capitalised to capital under construction

** Other expenses are excluding inter-company management fees and dividends

Segmental Assets	43 333 140	16 990 521	31 791 590	92 115 251	43 420 283	4 858 063	22 722 385	71 000 731
Segmental Liabilities	20 212 973	1 556 006	600 876	22 369 855	18 049 443	85 206	379 919	18 514 568
Goodwill	-	-	-	21 000 714	-	-	-	21 000 714
Net Assets (excluding goodwill)	23 120 167	15 434 515	31 190 714	69 745 396	25 370 840	4 772 857	22 342 466	52 486 163
Capital Expenditure	6 773 729	14 079 722	180 540	21 033 991	5 918 271	-	17 075	5 935 346

All assets are held within South Africa, with the exception of £10.7 million (2010: £8.7 million) relating to Manica which is held in Mozambique.

Directors' Dealings

Name	Relationship to Company	Date	Exercise Price (if applicable)	Shares Issued in relation to share options issued	No. of shares sold	Remaining holding after sale
		6 October	2 pence per share	6,000,000		
JP Nelson	CEO	12 October			2,500,000	3,622,442
		8 November			2,500,000	1,122,442
		4 November	4 pence per share	4,000,000		
R Still	Non-Executive Director	14 December			1,300,000	2,700,000
		30 December			700,000	2,000,000

		9 November		3,000,000		
		26 November			450,000	2,550,000
J Yates	Immediate family member of R Still's *	1 December			600,000	1,950,000
		3 December			542,268	1,407,732
		6 December			661,289	746,443
		7 December			746,443	-
C Loots	Financial Director	11 November			65,000	65,000
		4 November	4 pence per share	7 500 000		
Pangea Exploration (Pty) Ltd ('Pangea')	**	10 and 11 November			1, 250,000	43,876,605
		17 and 18 November			567,126	43,309,479
		17 and 18 November			1,021,071	42,288,408
		19 and 22 November			331,193	41,957,215
		23 November			132,807	41,824,408

* Mr R Still, a non-executive director of the Company, is an immediate family member of Mrs J Yates. Mr R Still is therefore deemed to have an indirect, non-beneficial interest in Mrs Yates's holding in the Company.

** Mr R Still, a non-executive director of the Company, is also a director of Pangea and a trustee of a family trust which owns 33.33% of Pangea. Mr Still is therefore deemed to have an indirect, non-beneficial interest in Pangea's holding in the Company.