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DIRECTORATE

Keith Cousins Spencer  BSc Eng (Mining)
Executive Chairman, Member: Technical Committee
Keith Cousins Spencer (58) is a qualified mining engineer with 34 years of practical mining experience. In 1984, Keith was appointed as General Manager of Greenside Colliery and in 1986 moved to Kloof Gold Mine as General Manager. He later served as Managing Director of Driefontein Consolidated, Chairman and Managing Director of Deelkraal Gold Mine, and as a Board Member of all Gold Mines belonging to Gold Fields of South Africa. In 1999, Keith joined Metorex Limited. In 2001, Keith became the Operations Director for the Metorex Group. Keith has managed some of the largest gold mines in the world and this expertise will now be available to the Pan African team.

Jan Nelson  BSc (Hons)
Chief Executive Officer, Member: Technical Committee
After obtaining his honours degree in Geology, Jan Nelson (37) embarked on a career in gold exploration and mining in South Africa, Zimbabwe and Tanzania. He has over 14 years' experience and, within this period, held positions in mine management and operations with Harmony Gold Mining Company Limited, Hunter Dickenson and Gold Fields Limited. He also has experience in dealing with institutional analysts, institutional investors as well as shareholders.

Nathan Steinberg  FCA, CF, FCCA, TEP
Chief Financial Officer, Member: Audit Committee
A Chartered Accountant, Nathan Steinberg (54) is a partner in the London practice Munslows, through which his services are provided to Pan African. He is an experienced tax adviser and has considerable corporate experience of public companies. He is also a member of council of the Institute of Chartered Accountants in England and Wales.

Rob Still  BCom (Hons), CTA
Non Executive, Member: Remuneration and Audit Committees
Rob Still (55) has over 22 years’ experience in mining, specialising in mining finance. He started his career as a Chartered Accountant, becoming a partner of Ernst & Whinney before leaving in 1986 to co-found Rhombus Exploration Limited. Since then, he has been involved in the mining industry world-wide and has held executive and non-executive directorships in companies listed in South Africa, Australia, Canada and the UK. He has participated in the evaluation and development of several new mining projects including; Rhovan, Ticor Titanium, Pangea Gold Fields Limited, Southern Mining Corporation Limited (Corridor Sands), Great Basin Gold Limited (Burnstone) and Zimbabwe Platinum Mines Limited. Mr Still is currently Chief Executive of Pangea Diamondfields PLC, an AIM-quoted company.

Hennie Blignault  Ph.D
Non Executive, Member: Technical Committee
Hennie Blignault (65) is an experienced geologist who has, since 1989, been working as an independent consultant for a number of clients. He has been active in the mining industry since 1967, and has held a number of senior positions within major mining companies including Group Geologist at Gold Fields Limited. In 1977, he received his Ph.D. from the University of Cape Town. He is experienced in a wide spectrum of deposit types and geological terrains and has extensive knowledge of the African geological and metallogenic framework.
Strategic Objectives

ORGANIC GROWTH
Manica Gold Project, Mozambique
Complete Pre-Feasibility on Manica in Q1 2008 to enable the Board to make a decision on initiating a Bankable Feasibility Study to be completed in Q3 2008.

Bogoin & Dekoa Gold Projects, Central African Republic
Define a SAMREC Resource in Q2 2008 at Bogoin and drill major anomalies at Dekoa in Q3 2008, together with its Joint Venture partner, CARGold.

Akrokerri Gold Project, Ghana
Define drill targets in Q3 2008.

ACQUISITIONS
The Company will continue to allocate resources to review potential targets to grow the production profile.

Vision
To grow a portfolio of gold deposits with world class potential in favourable areas of Africa and develop them to enhance shareholder value.

Company Profile
Pan African Resources PLC is a gold mining and exploration company, with a pipeline of projects that vary from grassroots exploration to near-term production.

NON-EXECUTIVE DIRECTORS JOINING THE BOARD POST FINANCIAL YEAR END

Charles Needham  Non Executive
Member: Remuneration Committee, Chairman: Audit Committee
Charles Needham (54) is the Chief Executive Officer of Metorex and has been the Financial Director of Metorex for the past 20 years, prior to which he spent six years with an auditing firm. He has been involved in the mining sector his entire career and has specific expertise in financing, financial reporting, management reporting, hedging and company matters.

Simon Malone, B.Sc., MBL, SAIMM, Pr.Eng.
Non Executive, Chairman: Technical Committee
Simon Malone (64) is a mining engineer with a business degree who has been involved in the mining and exploration sector throughout his career. His expertise lies in the identification, evaluation and development of mining assets and interface between corporate and operational management. He was initially employed by JCI Limited, thereafter Chapman Wood and Griswald in Canada before returning to South Africa where he formed Metorex in 1975.
The Company’s exploration projects are robust, and have the scope to deliver significant value in both the short and medium term.
Your Company repositioned itself during 2007 with a major transaction, being the acquisition of Barberton Mines (Pty) Ltd, which was completed after the period under review. Going into the future, it is now a mid-tier gold Company, with both production ounces and an exciting portfolio of exploration assets.

During the fifteen months under review, the Company incurred a loss of £922,450 (18 months ended 31 March 2006: £865,249), representing a loss per share of 0.22p (2006: 0.24p).

On 31 July 2007 your Company acquired Barberton Mines (Pty) Ltd from Metorex Limited in exchange for a new issue of shares resulting in Metorex Limited now holding a 55% interest in Pan Africa. At the time of completion, the Company was granted a secondary listing on the Alternative Exchange (Alt) of the JSE Limited in South Africa.

Barberton Mines consists of three operational gold mines, Fairview, Sheba and New Consort, situated in the Barberton Greenstone belt of South Africa, which together produced 90,000 oz of gold in 2007, and the accounts for the year ended 30 June 2007 showed a net profit before interest, tax and depreciation of £5.8 million. This acquisition lifted your Company from a junior exploration Company to a mid-tier exploration and gold producing Company. The significance of this is that the profits generated from the mining operations will be used to fund and increase the exploration effort of the Company.

Exploration activities were accelerated during the period. The Manica project in Mozambique has progressed well, with an independent Pre-Feasibility study giving encouraging results to date. Further drilling has delineated additional gold resources, which have been independently verified and are now in excess of 1.5 million ounces. This is by far the most advanced exploration site, and during the coming year, we expect it to be progressed to a full Bankable Feasibility Study.

In the Central African Republic, soil sampling and Reverse Air Blast (‘RAB’) drilling has given encouraging results at the Bogoin prospect. Two areas have been identified with a combined strike length of 12 km. During 2007, further drilling using a Reverse Circulation (‘RC’) drill will be undertaken, with the view of delineating and evaluating the resource. At the second concession, Dekoa, crews have been mobilised, and a soil geochemical survey will be conducted. The Central African Republic is a relatively unexplored tenement which could prove to be a major gold province.

During the period, an agreement was signed with Birim Goldfields Incorporated, to acquire the Akrokerri prospecting concession in Ghana. This concession abuts AngloGold-Ashanti’s Obuasi mine. Extensive work has been undertaken over the years on this concession, and during 2007 this data will be analysed to identify prospective targets.

The Company’s exploration projects are robust, and have the potential to deliver significant returns in both the near and medium term.

I believe the outlook for gold remains robust, with a spectacular increase in the Dollar-denominated gold price during the past year. A lack of exploration investment over the past decade has reduced gold output and this, together with the weakening Dollar, rising oil prices and the sub-prime crisis, has once again highlighted gold as a safe haven. These fundamentals are expected to remain, giving support for the price and earnings growth going forward.

The Company will continue to aggressively pursue acquisitions of prospective gold deposits with good upside potential, as well as looking for acquisitions or Joint Ventures with other gold exploration companies who have proven resources or operating mines which can add to the production ounces and future cash flows.

I would like to welcome Simon Malone and Charles Needham to the Board, who joined as Metorex Limited representatives upon the Barberton acquisition. My sincere thanks go to my fellow Directors, particularly to Jan Nelson our CEO and his staff for their efforts during the past year, and finally to my predecessor, Colin Bird, who during his tenure as Chairman, took the Company to where it is today.

K C SPENCER
Chairman
20 December 2007
Within the last 24 months the Company has increased its market capitalisation from US$50 million to approximately US$155 million. We have an exciting pipeline of growth projects, supported by cash flow from a recently acquired production base which gives us critical mass to pursue significant future growth opportunities.

**Operational Structure**

<table>
<thead>
<tr>
<th>MINING OPERATIONS</th>
<th>BARBERTON MINES (PTY) LIMITED</th>
<th>74% (100% ON MRC)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BARBERTON – SOUTH AFRICA</td>
<td>74% (100% ON MRC)</td>
</tr>
<tr>
<td></td>
<td>MANICA – MOZAMBIQUE</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>BOGOIN PROJECT – CENTRAL AFRICAN REPUBLIC</td>
<td>50% (68% ON BFS)</td>
</tr>
<tr>
<td></td>
<td>DEKOIA PROJECT – CENTRAL AFRICAN REPUBLIC</td>
<td>50% (68% ON BFS)</td>
</tr>
<tr>
<td></td>
<td>AKROKERRI PROJECT – GHANA</td>
<td>90%</td>
</tr>
</tbody>
</table>

Exploration Success – Increasing Geological Capacity

Exploration success depends on defining and drilling prospective targets, which results either in resource definition or writing off such targets. Ultimately, the success rate of advancing more exploration targets to resource status as opposed to writing them off is dependent on a sound geological model. In this regard, the Company has strengthened the geological team with the appointment of 4 new geologists with over 80 years of combined practical experience.

The Company also has access to the geological skills base from the Pangea Group (which has been responsible for the discovery of several major mines across the African continent) as well as a first right of refusal on any gold project discovered by Pangea.

As such, the Company is well positioned not only to grow and advance current exploration projects, but also to identify and secure future exploration opportunities.

The Resource Base – Continued Growth

The total resource for the reporting period has been increased by 18% from 1.311 Moz to 1.550 Moz as a result of the completion of over 17,462 m of drilling at the Manica Gold project in Mozambique.

The discovery cost of US$1.10/oz is well below the industry standard...
(of approximately US$2,50/oz) and is the result of sound geological modelling. A total of 12 major drilling targets were identified, of which, 9 have been tested and 5 brought to account in less than 12 months.

The consistent increase of the resource, as well as the corresponding conversion from inferred to indicated and measured categories confirm the robust geological nature of the Manica project. An additional 15,600 m of core drilling and 9,000 m of Reverse Circulation (‘RC’) drilling are currently being completed at Manica, targeting the Guy Fawkes prospect, which we believe has the same geological potential as the Fair Bride prospect where the majority of the current resource has been delineated.

In addition to the work completed in Mozambique on the Manica project, the soil sampling programmes at the Bogoin and Dekoa projects in the Central African Republic have been completed. Sampling along 13,527 m covering an area of 3,500 km² delineated 12 major drill targets. A 27,600 m drilling programme has commenced on the Bogoin and Dekoa projects where the Company is targeting gold deposits near surface in excess of 3Moz.

The results from all these drilling programmes could therefore significantly add to the current resource base.

**The Future – A Focused Approach**

During the period under review, the Company contracted to acquire 90% of the Akrokerri project in Ghana, marking the Company’s return to Ghana. In Africa, the most significant gold reserve and resource base, after that present in South Africa, is found in Ghana. Ghana represents a major area of focus in terms of acquiring new gold projects for the Company in the future and also provides a platform for reviewing further opportunities in West Africa.

Despite the Company reviewing several exploration and production opportunities on an ongoing basis as part of our growth strategy, it is the Board’s intent to remain focused on projects that can delineate cost effective ounces. This approach will ensure that the Company not only optimises its margins in terms of projects that will be brought to account in the near term, but also provide a hedge in terms of the future should gold prices decline.

**Post Financial Year End – Gaining Critical Mass Through The Acquisition of a Production Base**

The acquisition of a production base in the form of Barberton Mines, which became effective on 31 July 2007, currently enables the Company to fund its ongoing organic growth for both our exploration and mining operations from current cash resources. The immediate impact on our shareholders is the increased market capitalisation of the Company.

A further advantage is the critical mass it gives the Company to pursue its growth strategy and to access opportunities not previously available. In addition, we gain an experienced management team at Barberton Mines in the field of geology, metallurgy, mining engineering and project management, which is one of the most significant competitive advantages for the company going forward.

Through the 55% shareholding in Pan African which Metorex holds, Pan African also has access to the skill sets available in the larger Metorex Group as well as the first right of refusal on any gold project from the Metorex Group.

The Company has repositioned itself for future growth with positive cash-flows from its recently acquired production base, an active development team, and a pipe-line of exciting growth projects. The aim for Pan African is to grow the current production base to 500,000 oz per annum within 5 years through the addition of a new operation at Manica and add significantly to the resource base by both its Greenfield exploration projects, and seeking Joint Ventures or partnerships with other gold exploration players.

I would like to thank our shareholders for their continued support and my fellow Directors for their counsel and guidance. Most importantly I would like to give credit to the teams in the field and staff who support them – without them our story of growth and success would not be possible.

_JAN NELSON_

*Chief Executive Officer*

20 December 2007
Looking south from the Guy Fawkes prospect towards the Fair Bride prospect (left) and the Dot’s Luck prospect (right).
Management
Martin Bevelander
Consulting Geologist
Francisco Matos
Exploration Manager
Farai Manenji
Geologist
Cornelio Vasca
Field Assistant

Principle Consultants
Denis Napido
Environmental Consultant
Garth Mitchell
Geological Consultant – QAQC
Deon van den Heever
Geological Consultant – Mineral Resource Modelling

Local subsidiary
Explorator Limitada (‘Explorator’)  
Shareholding attributable: 100%  
Country of Incorporation: Mozambique
Holding companies: (1) Pan African Resources PLC  
(2) Mistral Resource Development Corporation Limited

Profile
The Manica gold project, situated just north of the town of Manica in Mozambique, represents the Company’s most advanced exploration project. A Pre-Feasibility study, on what could become Mozambique’s first commercial gold mine, is scheduled for completion in Q1 2008. Results from a scoping study, showed the project to be viable at US$600/oz gold price producing 84,000oz per annum at a cash cost of US$387/oz with a LOM of 8 years. Since the scoping study was concluded, over 15,000m of drilling has been completed and significant improvements from the scoping study are expected.

Business Review
The Company started work on the Manica project over 2 years ago and the in situ resource has been increased from 300,000oz to just over 1,55Moz representing 16,288Mt at 2,966g/t. This is the result of the completion of geochemical and geophysical ground surveys, as well a 17,462m drilling programme. Total expenditure during this period was US$1,7 million giving a discovery cost of US$1,10/oz. To date most of the in situ resource has been delineated at the Fair Bride prospect representing less than 20% of total strike length within the exploration licence.

Preliminary indications from geological work carried out on the Guy Fawkes prospect are that this prospect could be similar in size to the Fair Bride prospect. Drilling is planned for the remainder of Q4 of 2007 to test the prospectivity of this target.

The Manica resource represents 50% of the Company’s total resource, with 40% in the measured and indicated categories. Current drilling is expected to increase the measured and indicated categories to represent well in excess of 86% of total resource. Metallurgical test work (by the BIOX® division of Gold Fields Limited), plant design work (by TWP Engineering & Metallurgical Consultants) and an EMP (in Q1 2008) have been completed to Pre-Feasibility level. Geological work on the Fair Bride prospect and Mine design work is planned for completion in Q1 of 2008.

**MANICA EXPLORATION PROJECT – MEASURED MINERAL RESOURCE**

<table>
<thead>
<tr>
<th>Prospect</th>
<th>Category</th>
<th>Tonnage (Mt)</th>
<th>Grade (g/t)</th>
<th>Gold (kg)</th>
<th>Gold (oz)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair Bride</td>
<td>Measured</td>
<td>3,120,000</td>
<td>2.98</td>
<td>9,300</td>
<td>299,200</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3,120,000</td>
<td>2.98</td>
<td>9,300</td>
<td>299,200</td>
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</table>

**MANICA EXPLORATION PROJECT – INDICATED MINERAL RESOURCE**

<table>
<thead>
<tr>
<th>Prospect</th>
<th>Category</th>
<th>Tonnage (Mt)</th>
<th>Grade (g/t)</th>
<th>Gold (kg)</th>
<th>Gold (oz)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair Bride</td>
<td>Indicated</td>
<td>2,110,000</td>
<td>2.47</td>
<td>5,200</td>
<td>167,300</td>
</tr>
<tr>
<td>Guy Fawkes</td>
<td>Indicated</td>
<td>2,150,000</td>
<td>2.44</td>
<td>5,200</td>
<td>167,300</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4,260,000</td>
<td>2.46</td>
<td>10,400</td>
<td>335,800</td>
</tr>
</tbody>
</table>

**MANICA EXPLORATION PROJECT – INFERRED MINERAL RESOURCE**

<table>
<thead>
<tr>
<th>Prospect</th>
<th>Category</th>
<th>Tonnage (Mt)</th>
<th>Grade (g/t)</th>
<th>Gold (kg)</th>
<th>Gold (oz)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair Bride</td>
<td>Inferred</td>
<td>7,050,000</td>
<td>3.23</td>
<td>24,200</td>
<td>778,300</td>
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<tr>
<td>Guy Fawkes</td>
<td>Inferred</td>
<td>600,000</td>
<td>2.80</td>
<td>1,700</td>
<td>56,000</td>
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<tr>
<td>De’i Luck</td>
<td>Inferred</td>
<td>500,000</td>
<td>3.35</td>
<td>1,500</td>
<td>49,600</td>
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<tr>
<td>Boa Esperanca</td>
<td>Inferred</td>
<td>305,000</td>
<td>2.96</td>
<td>1,000</td>
<td>31,200</td>
</tr>
<tr>
<td></td>
<td></td>
<td>8,900,000</td>
<td>3.26</td>
<td>28,400</td>
<td>915,100</td>
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</tbody>
</table>

**MANICA EXPLORATION PROJECT – TOTAL MINERAL RESOURCE**

<table>
<thead>
<tr>
<th>All Prospects</th>
<th>Tonnage (Mt)</th>
<th>Grade (g/t)</th>
<th>Gold (kg)</th>
<th>Gold (oz)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>16,280,000</td>
<td>2.96</td>
<td>48,100</td>
<td>1,550,100</td>
</tr>
</tbody>
</table>
Central African Republic
Bogoin and Dekoa Gold Projects

Geological outcrop along a river at the Bogoin Exploration project.

Or OuBangu SA
(‘Or OuBangu’)
JV Board of Directors

Jan Nelson  
Pan African Resources PLC  
Mike Nunn  
CARGold

JV Committee

Martin Bevelander  
Pan African Resources PLC  
Eduard Victor  
Pan African Resources PLC  
George Bennett  
CARGold  
Andre Bekker  
CARGold

Management

Martin Bevelander  
Consulting Geologist  
Joseph Ngozo  
Country Manager  
Nestor Nganamodei  
Exploration Manager

Principle Consultants

Anton Esterhuizen  
Consulting Geologist

Local subsidiary

Or OuBangui SA (‘Or OuBangui’)  
Shareholding attributable: 50%  
Country of Incorporation: Central African Republic  
Holding companies: (1) Pan African Resources PLC  
(2) CARGold

Profile

The Bogoin and Dekoa gold projects, 75km north-northeast and 240km northeast of the capital Bangui respectively, cover over 4000km² of the most prospective exploration ground in the Central African Republic. Both projects form part of a 50:50 contributory Joint Venture (‘JV’) with a South African company called CARGold. Pan African manages the exploration projects, and can increase its holding in each project once Bankable Feasibility Study level is reached, through an additional 10% free carry, and a further right to acquire another 8% on commercial terms. Both projects are grassroots exploration plays that could be as prospective as the Victorian Gold Fields in Tanzania.

Business review

Exploration activity on the project started in Q3 of 2005 at the Bogoin project, with regional gold-in-soil sampling programme covering an area of over 1,000km². Sampling activity was initially focused around the defunct Roux Open Pit Mine, and was then extended north and south, where historical boreholes were drilled during the fifties, values intersected around the pit were very promising, including 20m @ 5.05g/t, 28m @ 3.90g/t and 19m @ 17.38g/t, all these intersections were shallow or on surface.

Completion of gold-in-soil sampling programme in Q2 of 2006, delineated a 12km long by 2.5km wide anomaly. Further gold-in-soil sampling, geological mapping and 2,809m of trenching was completed in Q2 of 2007 at the Bogoin project. At the Dekoa project 1,490m of stream-sediment sampling was completed by Q2 of 2007 representing the first modern-day geological evaluation of the project.

A Reverse Air Blast (‘RAB’) rig was purchased by the JV in Q1 of 2007 and transported to the Central African Republic. A 15,600m RAB drilling programme has been initiated at the Bogoin project with a further 12,000m of Reverse Circulation (‘RC’) drilling planned for completion in Q2 of 2008 after the RAB drilling programme has been completed.

To date US$1.2 million has been expended and a further US$1.4 million is planned.
GHANA
Akrokerri Gold Project

Geologists discussing rock outcrop at the Akrokerri prospect along a road cutting.

PAR–African Resources (Ghana) Limited
Management
Martin Bevelander
Consulting Geologist
Thomas Mensah
Exploration Manager

Principle Consultants
Simon Meadow-Smith
Consulting Geologist

Local subsidiary
PAR-African Resources (Ghana) Limited
Shareholding attributable: 100%
Country of Incorporation: Ghana
Holding company: Pan African Resources PLC

Profile
The newly acquired license covers an area of 46.8km² and is contiguous to the largest gold producer in Ghana, the Obuasi Gold Mine, which has produced approximately 55Moz of gold. Historical underground production within the Akrokerri property at the start of the century, yielded approximately 74,000oz at a recovered grade of 24.6g/t. In 1996, Birim Goldfields Incorporated completed close to 2,000m of drilling with two of the best intersections grading 1m @ 24.8g/t and 1m @ 12.3g/t. In addition, three gold-in-soil anomalies with a strike extent of 3km have been delineated on the property. The Akrokerri property represents an advanced project, due to the large dataset gained with the acquisition of the property which will allow the Company to fast track exploration activity on the property.

Business review
The Company contracted to acquire a 90% stake of the Akrokerri project in Ghana during Q2 of 2007 from SEMS Exploration Services Limited and Birim Goldfields (Ghana) Limited. The remaining 10% interest in the Akrokerri project will be held by Birim as a free carried interest, which Pan African has the right to acquire once the project reaches Bankable Feasibility Study level at a value determined by the study. Upon granting of a mining licence, a 10% interest will be transferred to the Ghanaian government as a free carry.

Exploration activity is planned to start during the remainder of Q4 of 2007, and will entail further gold-in-soil sampling, trenching, hard rock sampling and geological mapping and modelling. The exploration work is intended to result in the delineation of drill targets which can be tested by Q2 of 2008.
POST FINANCIAL YEAR END

SOUTH AFRICA
Barberton Mines (Pty) Limited

View of BIOX® plant at the Fairview Mine.
Business case

The Company completed the acquisition of 74% of Barberton Mines from Metorex Limited in South Africa, effective from 31 July 2007, when the Company as a requirement of the acquisition, also took a secondary listing on the AltX of the JSE Limited. Barberton Mines comprises the Fairview, New Consort and Sheba Mines, which collectively produce approximately 90,000oz of gold per year from underground. The acquisition provides the Company with cash flow and access to both project and management skill sets, and has resulted in a re-rating of the Company, moving it from a junior gold explorer with a market capitalisation of approximately US$50m to a mid-tier gold producer and explorer with a market capitalisation of approximately US$155m. This represents a major transformation for the Company, and strategically allows the Company to position itself for growth through further acquisitions and internally funded organic growth.

<table>
<thead>
<tr>
<th>Barberton</th>
<th>2007</th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tons milled (t)</td>
<td>330 367</td>
<td>313 779</td>
<td>316 094</td>
<td>349 219</td>
</tr>
<tr>
<td>Headgrade (g/t)</td>
<td>9,2</td>
<td>10,7</td>
<td>11,1</td>
<td>10,4</td>
</tr>
<tr>
<td>Overall recovery (%)</td>
<td>92</td>
<td>92</td>
<td>92</td>
<td>91</td>
</tr>
<tr>
<td>Produced (kg)</td>
<td>2 800</td>
<td>3 088</td>
<td>3 230</td>
<td>3 305</td>
</tr>
<tr>
<td>Sold (kg)</td>
<td>2 786</td>
<td>3 108</td>
<td>3 201</td>
<td>3 321</td>
</tr>
<tr>
<td>Average price: Spot (R/kg)</td>
<td>148 230</td>
<td>108 683</td>
<td>86 265</td>
<td>88 133</td>
</tr>
<tr>
<td>Hedge (R/kg)</td>
<td>96 088</td>
<td>90 047</td>
<td>101 890</td>
<td>100 900</td>
</tr>
<tr>
<td>Total cash cost/kg sold (R/kg)</td>
<td>107 656</td>
<td>88 177</td>
<td>85 073</td>
<td>75 460</td>
</tr>
<tr>
<td>EBITDA (R’000)</td>
<td>79 965</td>
<td>58 291</td>
<td>56 494</td>
<td>129 132</td>
</tr>
<tr>
<td>Capital expenditure (R’000)</td>
<td>22 834</td>
<td>12 487</td>
<td>11 796</td>
<td>12 633</td>
</tr>
<tr>
<td>Depreciation (R’000)</td>
<td>30 056</td>
<td>24 452</td>
<td>23 432</td>
<td>22 886</td>
</tr>
</tbody>
</table>

Review of key historical financial and operational parameter at Barberton Mines (results stated attributable to Metorex Limited)
CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance. The Company has developed appropriate measures to ensure that it complies, as far as possible, with the Combined Code so far as is practicable for a company of its size and stage of development.

The Board considers that the current non-executive Directors bring a wealth of experience to the Company and a range of skills appropriate to facilitate the next stage of the Company’s growth. The Board recognises none of the Directors would be regarded as independent non-executive Directors under the JSE Limited Listings Requirements or the Combined Code and therefore the Company is not compliant with the Combined Code in this regard. However, the Board considers that the Directors past record on managing public companies does not jeopardise shareholders interests relating to the matter that none of the Directors are independent according to the Code.

The Company has also considered the guidance published by the Institute of Chartered Accountants in England and Wales (commonly known as the Turnbull Report) concerning the internal control requirements of the Combined Code. The Company will regularly review and manage key business risks in addition to managing financial risks facing the Company in the operation of its business.

Annual Financial Statements

The Directors are responsible for the preparation of annual financial statements, which fairly present the state of affairs of the Company and that the accounting policies, supported by reasonable and prudent judgements and estimates, have been applied consistently. The Directors are further responsible to ensure that applicable accounting standards have been adhered to. The external auditors are responsible for carrying out an independent examination of the financial statements and report their findings thereon in accordance with statements of International Standards for Auditing (UK and Ireland).

Board of Directors

The Board of Directors meets every quarter and is responsible for preparing financial statements, monitoring executive management, and providing direction to the Company’s activities, as well as establishing overall Company policy in addition to providing input on strategic matters. The roles of the Chairman and Chief Executive Officer are held by Mr. Keith Spencer and Mr. Jan Nelson respectively.

The Board currently comprises two executive Directors and three non-executive Directors.

At present, there is no separate nominations committee. A formal and transparent nominations process is followed. One third of the Directors eligible for retirement by rotation shall, at the subsequent Annual General Meeting, retire, unless re-appointed as per the Company’s Articles of Association.

Accountability and Control

The Board of Directors acknowledges its continued accountability in retaining full and effective control over the Company, reviewing strategy, planning operational and financial performance, considering acquisitions, disposals and major capital expenditure, managing stakeholder communications as well as other material matters reserved for its decisions. The Company’s Articles of Association allow provision for decision-making between Board meetings, by way of written resolutions.

Internal control is an integral part of the Company’s Corporate Governance. The Directors aim to reduce risk, fraud or loss in a cost-effective manner by setting standards and by management implementing systems of internal control. These systems and standards include the proper delegation of responsibilities within a defined framework, accounting procedures as well as an adequate segregation of duties. Employees are expected to adhere to the highest ethical standards to guarantee that sound business practices are conducted in a manner that will be beyond criticism.

The Directors are of the opinion that all information gathered from the Company in terms of these financial statements are true, correct and reliable based on the information gathered from management as well as the internal and external auditors.

Risk Management

The Company does not have a formalised risk committee, and for this reason during the quarterly Board Meetings, the Company’s internal
financial and operational control systems are assessed. During the financial period under review, no incidents have indicated to the Board a breakdown in the internal functioning of these control and systems. A material breakdown is defined as a critical weakness in process of financial systems which could result in a material loss, contingency, or uncertainty requiring disclosure in the published annual financial statements.

**Audit Committee**

The Board has established an Audit Committee. The Audit Committee is responsible for ensuring that the financial performance, position and prospects of the Company are properly monitored, controlled and reported on and for meeting the auditors and reviewing their reports relating to accounts and internal controls. The Audit Committee comprises Nathan Steinberg and Rob Still.

The external auditors have unrestricted access to the committee and representatives of the external auditors attend the committee meetings by invitation. The Audit Committee meets quarterly and all members attended these meetings.

**Remuneration Committee**

The Board has established a Remuneration Committee comprising two of the non-executive Directors. The Remuneration Committee reviews the performance of the executive Directors and determines the remuneration of the executive Directors and the basis of their service agreements with due regard to the interests of Shareholders. The Remuneration Committee also determines the payment of any bonuses to executive Directors and the grant of options to employees, including executive Directors, under the Company's share option scheme. The Remuneration Committee comprises Charles Needham and Rob Still.

**Company Secretary**

The Company Secretary is appointed by the Board. All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring compliance with procedures and regulations of a statutory nature. Furthermore, all Directors are entitled to seek independent professional advice concerning the affairs of the Company at the Company's expense, should they believe that course of action would be in the best interests of the Company.

**Nominated Adviser, Broker and Sponsor**

Ambrian Partners acts as the Nominated Adviser (NOMAD) and Broker to the Company in the UK, Macquarie First South Corporate Finance (Pty) Limited serves as the Company's Sponsor in South Africa. The duty of the NOMAD, Broker and Sponsor is to assist the Company on compliance issues on the London AIM market and the South African AltX market.

**Stakeholder Communication**

Stakeholder communication is a vital aspect of the Company. All stakeholder information must therefore be transparent, honest, reliable and accessible. Any material changes to the Company’s structure, project updates and any other information which may affect the share price is disseminated through direct communication with shareholders after the release of such information on the London Stock Exchange via PR Newswire (PRN) and simultaneously on the JSE Limited via the Stock Exchange News Service (SENS), and subsequently through the local media, thereafter, it is available on the Company's website. All necessary measures are taken in order to ensure that communication disseminated is in line with the listing and regulatory environment in which the Company operates. Operating and financial performance related information is released in the same manner

The Executive Directors are available at all times to address any concerns or queries regarding the Company's performance. All information disseminated is done so as to keep shareholders fully appraised of developments in the company on an ongoing basis.
The Directors present their annual report and the audited financial statements for the 15 month period ended 30 June 2007. On 4 July 2007, the Company changed its accounting reference date from 31 March to 30 June.

Principal Activities and Review of Business

The group’s principal activity during the period was that of mineral exploitation and exploration. A full review of the activity of the business, including financial and non-financial key performance indicators, and of future prospects is contained in the Chief Executive Officer Review which accompanies these financial statements.

Results and Dividends

The results for the period are disclosed in the profit and loss account on page 24. The Directors do not recommend payment of a dividend.

Policy for Payment of Creditors

It is the Company’s policy to settle all agreed transactions within the terms established with suppliers. There were no trade creditors at the balance sheet date.

Risk Management

The key business risks to which the Company is exposed are as follows:

General exploration and extraction risks – there is no certainty that there will be commercially recoverable reserves in licence areas where the group is currently in the early stages of exploration.

Project development risks – any failure to effectively manage the Company’s growth and development could have a material adverse effect on the Company’s business, financial conditions and results.

Operational risks – the Company’s operational targets are subject to the completion of planned operational goals on time and within set budgets. Any failure to meet these goals, in particular through the disruption of the supply of goods and services to the Company’s operational locations, could have an adverse effect on financial performance.

Dependence on key personnel – whilst the Company has entered into contractual arrangements with the aim of securing the services of its executive Directors and senior employees, the retention of their services cannot be guaranteed.

Regulatory risks – there is no guarantee that applications for mining licences will be granted where minerals are discovered, or of the terms of any such licence. Although the Directors believe that all current activities are being carried out in accordance with applicable rules and regulations, there can be no guarantee that new rules or regulations or changes in the application of existing legislation will not limit or curtail exploration, production or development.

The Board considers and reviews these risks on a strategic and day-to-day basis in order to minimise any potential exposure.

Financial risks – the major balances and financial risks to which the group is exposed and the controls in place to minimise those risks are disclosed in Note 18.

Internal Control

The Board is responsible for maintaining a sound system of internal controls to safeguard shareholders’ investment and group assets. The Directors monitor the operation of internal controls. The objective of the system is to safeguard group assets, ensure proper accounting records are maintained and that the financial information used within the business and for publication is reliable. Any such system of internal control can only provide reasonable, but not absolute assurance against material mis-statement or loss.

Internal financial control procedures undertaken by the Board include:

- Review of monthly financial reports and monitoring performance.
- Prior approval of all significant expenditure including all major investment decisions.
- Review and debate of treasury policy.
The Board has reviewed the operation and effectiveness of the Company’s system of internal control for the financial period and the period up to the date of approval of the financial statements.

**Going Concern**

The Board confirms that the business is a going concern and has reviewed its working capital requirements in conjunction with its future funding capabilities for the next 12 months and has found them to be adequate.

**Directors**

The present membership of the Board is set out on page 2.

Mr C Bird (retired 8 October 2007)

The following Directors have been appointed since the period end:

Mr K C Spencer (appointed 8 October 2007)
Mr A S Malone (appointed 27 July 2007)
Mr C D S Needham (appointed 27 July 2007)

**Auditors**

Grant Thornton UK LLP have expressed their willingness to continue in office as auditors. A resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting in accordance with section 385 of the Companies Act 1985.

**Post Balance Sheet Event**

On 31 July 2007, the Company acquired 74% of the issued share capital of Barberton Mines (Pty) Limited. Details of this transaction are set out in Note 22 to the financial statements.

Approved by the Board of Directors and signed on behalf of the Board on 20 December 2007.

J P Nelson
Chief Executive Officer
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. Under that law the Directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

• select suitable accounting policies and then apply them consistently
• make judgments and estimates that are reasonable and prudent
• state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
• prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

In so far as the Directors are aware:

• there is no relevant audit information of which the Company’s auditors are unaware; and
• the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.
REPORT OF THE INDEPENDENT AUDITOR

We have audited the consolidated and parent Company financial statements (the ‘financial statements’) of Pan African Resources plc for the period ended 30 June 2007 which comprise the principal accounting policies, the consolidated profit and loss account, the consolidated and parent Company balance sheets, the consolidated cash flow statement and notes 1 to 22. These group financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company’s members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

The Directors’ responsibilities for preparing the Annual Report and the group financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors’ Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors’ Report is consistent with the financial statements. The information given in the Directors’ Report includes that specific information presented in the Chief Executive Officer’s Review that is cross-referred from the business review section of the Directors’ Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors’ remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the chairman’s statement, Chief Executive Officer’s Review, ‘Corporate Governance Statement’ and Directors’ report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group’s circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the group and parent Company’s financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of group’s and parent
REPORT OF THE INDEPENDENT AUDITOR continued

Company’s affairs as at 30 June 2007 and of the group’s loss for the period then ended

- the financial statements have been properly prepared in accordance with the Companies Act 1985 and
- the information given in the Directors’ Report is consistent with the financial statements.

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
LONDON
20 December 2007
ANNUAL FINANCIAL STATEMENTS

Consolidated Profit and Loss Account 24
Consolidated Balance Sheet as at 30 June 2007 25
Company Balance Sheet as at 30 June 2007 26
Consolidated Cash Flow 27
Notes to the Financial Statements 28
## CONSOLIDATED PROFIT AND LOSS ACCOUNT

Period ended 30 June 2007

<table>
<thead>
<tr>
<th>Notes</th>
<th>15 months to 30/06/07</th>
<th>18 months to 31/03/06 (restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Exploration costs</td>
<td>7</td>
<td>(345,208)</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td></td>
<td>(609,637)</td>
</tr>
<tr>
<td>Operating loss</td>
<td>2</td>
<td>(954,845)</td>
</tr>
<tr>
<td>Interest receivable</td>
<td></td>
<td>37,195</td>
</tr>
<tr>
<td>Amounts written off investments</td>
<td></td>
<td>(4,800)</td>
</tr>
<tr>
<td>Loss on ordinary activities before taxation</td>
<td></td>
<td>(922,450)</td>
</tr>
<tr>
<td>Tax on loss on ordinary activities</td>
<td>4</td>
<td>–</td>
</tr>
<tr>
<td>Loss for the financial period</td>
<td>5</td>
<td>(922,450)</td>
</tr>
<tr>
<td>Loss per ordinary share – basic and diluted</td>
<td>6</td>
<td>(0.22p)</td>
</tr>
</tbody>
</table>

There were no recognised gains or losses other than the loss for the period.

The accompanying accounting policies and notes form an integral part of these financial statements.
### CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2007

Period ended 30 June 2007

<table>
<thead>
<tr>
<th>Notes</th>
<th>30/06/07</th>
<th>31/03/06 (restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
</tbody>
</table>

#### FIXED ASSETS
- Intangible assets: 7 6,312,030 4,847,630
- Investments: 8 - 4,800
- **Total Fixed Assets**: 6,312,030 4,852,430

#### CURRENT ASSETS
- Debtors: 9 294,365 3,225
- Cash at bank: 326,847 1,874,702
- **Total Current Assets**: 621,212 1,877,927

#### Creditors: amounts falling due within one year
- 10 (1,026,493) (399,455)

#### Total assets less current liabilities
- (405,281) 1,478,472

#### CAPITAL AND RESERVES
- Share capital: 11 4,180,032 4,077,532
- Share premium account: 12 4,076,769 3,978,178
- Merger reserve: 12 1,560,000 1,485,000
- Share option reserve: 12 296,162 73,956
- Profit and loss account: 12 (4,206,214) (3,283,764)
- **Shareholders’ funds**: 5,906,749 6,330,902

These financial statements were approved by the Board on 20 December 2007 and signed on its behalf by:

N A Steinberg FCA FCCA TEP  
Finance Director  
J P Nelson  
Chief Executive Officer

The accompanying accounting policies and notes form an integral part of these financial statements.
### COMPANY BALANCE SHEET
**AS AT 30 JUNE 2007**

Period ended 30 June 2007

<table>
<thead>
<tr>
<th>Notes</th>
<th>30/06/07</th>
<th>31/03/06 (restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>FIXED ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>8</td>
<td>3,069,705</td>
</tr>
<tr>
<td>CURRENT ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>9</td>
<td>3,640,646</td>
</tr>
<tr>
<td>Cash at bank</td>
<td></td>
<td>326,797</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3,967,443</td>
</tr>
<tr>
<td>Creditors: amounts falling due within one year</td>
<td>10</td>
<td>(1,022,316)</td>
</tr>
<tr>
<td>Total assets less current liabilities</td>
<td></td>
<td>2,945,127</td>
</tr>
<tr>
<td>CAPITAL AND RESERVES</td>
<td></td>
<td>6,014,832</td>
</tr>
<tr>
<td>Share capital</td>
<td>11</td>
<td>4,180,032</td>
</tr>
<tr>
<td>Share premium account</td>
<td>12</td>
<td>4,076,769</td>
</tr>
<tr>
<td>Merger reserve</td>
<td>12</td>
<td>1,560,000</td>
</tr>
<tr>
<td>Share option reserve</td>
<td>12</td>
<td>296,162</td>
</tr>
<tr>
<td>Profit and loss account</td>
<td>12</td>
<td>(4,098,131)</td>
</tr>
<tr>
<td>Shareholders’ funds</td>
<td></td>
<td>6,014,832</td>
</tr>
</tbody>
</table>

These financial statements were approved by the Board on 20 December 2007 and signed on its behalf by:

\[\text{N A Steinberg FCA FCCA TEP}\]

\[\text{Finance Director}\]

\[\text{J P Nelson}\]

\[\text{Chief Executive Officer}\]

The accompanying accounting policies and notes form an integral part of these financial statements.
CONSOLIDATED CASH FLOW STATEMENT

Period ended 30 June 2007

<table>
<thead>
<tr>
<th>Notes</th>
<th>15 months to 30/06/07 £</th>
<th>18 months to 31/03/06 £</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CASH FLOW STATEMENT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash outflow from operating activities</td>
<td>14</td>
<td>(559,244)</td>
</tr>
<tr>
<td>Returns on investments and servicing of finance</td>
<td>15</td>
<td>37,195</td>
</tr>
<tr>
<td>Capital expenditure and financial investment</td>
<td>15</td>
<td>(1,092,897)</td>
</tr>
<tr>
<td>Financing</td>
<td>15</td>
<td>67,091</td>
</tr>
<tr>
<td>(Decrease)/increase in cash</td>
<td>16</td>
<td>(1,547,855)</td>
</tr>
</tbody>
</table>

The accompanying accounting policies and notes form an integral part of these financial statements.
NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 June 2007

1. Accounting policies

Basis of accounting
The financial statements are prepared under the historical convention and in accordance with applicable United Kingdom accounting standards.

The principal accounting policies, which have been reviewed by the Directors in the light of FRS 18, are set out below.

The Group has adopted the requirements of Financial Reporting Standard 20 (“FRS 20”), Share Based Payments, in accordance with the transitional provisions (see below).

Other than noted in the preceding paragraph, the principal accounting policies of the Group have remained unchanged from the previous period and are set out below.

Consolidation
The group financial statements consolidate those of the Company and its subsidiary undertakings (see note 8) drawn up to 30 June 2007. The results of the subsidiary undertakings acquired are included from the date of acquisition. Profits or losses on inter-group transactions are eliminated in full. On acquisition of a subsidiary, all of the subsidiary’s assets and liabilities which exist at the date of acquisition are recorded at their fair value reflecting their condition at that date. Any premium arising on the issue of shares as consideration for the acquisition of subsidiaries is credited to a merger reserve in accordance with Section 131, Companies Act 1985.

Goodwill arising on consolidation representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and amortised on a straight line basis over its useful economic life.

Investments in joint ventures
Investments in Joint Ventures are carried in the consolidated balance sheet at the group’s share of their net assets at the date of acquisition and of their post acquisition profits and losses together with any goodwill arising on the acquisition, net of amortisation. The group’s share of the results is included in the profit and loss account.

To date only exploration costs have been incurred and these have been consolidated within intangible fixed assets.

Where the group’s share of losses in a joint venture equals or exceeds its interest in the undertaking, the group continues to recognize these losses until an irrevocable event occurs that marks the group’s withdrawal from its investment in the joint venture.

Segmental analysis
The group’s exploration activities and intangible assets are in Africa although the working capital to fund these activities is held in the United Kingdom. Other segmental analysis is not material to the financial statements.

Fixed asset investments
Fixed Asset Investments are included at cost less amounts written off due to impairment.

Deferred exploration costs
The group uses the full cost method of accounting for mining operations. The cost of expenditure on licences concessions and explorations incurred by subsidiary undertakings are carried as intangible assets until such time as it is determined that there are commercially exploitable reserves at which time such costs are transferred to tangible assets to be depreciated over the expected productive life of the asset. The group’s intangible assets are reviewed periodically by the Directors. Exploration appraisal and development costs determined as unsuccessful are written off to the profit and loss account.

Deferred tax
Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future,
have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

FRS 20 and Share-based payment transactions and prior year adjustments

The grant date fair value of options granted is recognized as an employee expense in the case of options granted to employees, and as an administrative expense in the case of options granted to other parties, with a corresponding increase in equity, over the period in which the grantees become unconditionally entitled to the options. The amount recognized as an expense is adjusted to reflect the number of share options that vest.

FRS 20 ‘Share-Based Payment (IFRS 2)’ requires the recognition of equity-settled share-based payments at fair value at the date of the grant at each balance sheet date. Prior to the adoption of FRS 20, the Company did not recognise the financial effect of share-based payments until such payments were settled.

In accordance with the transitional provisions of FRS 20, the Standard has been applied retrospectively to all grants of equity instruments after 7 November 2002 that were unvested as of 1 April 2006.

For period ended 30 June 2007 the change in accounting policy has resulted in a net increase in the loss for the period of £222,206. The balance sheet at 31 March 2006 has been restated to reflect the recognition of a equity settled share-based payments of £73,956 and a share options reserve of £73,956. There is no deferred tax asset since the Company is loss making to date.

Liquid Resources

Liquid resources represent cash and current asset investments which are accessible by the Company at more than 24 hours notice.

Corresponding figures

Corresponding figures are shown for the 18 month period ended 31 March 2006.
NOTES TO THE FINANCIAL STATEMENTS  continued

Period ended 30 June 2007

2. Operating loss

Operating loss is stated after charging:

<table>
<thead>
<tr>
<th></th>
<th>15 months ended 30/06/07</th>
<th>18 months ended 31/03/06 (restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auditors’ remuneration – audit services</td>
<td>11,750</td>
<td>10,500</td>
</tr>
<tr>
<td>– non statutory interim audit</td>
<td>10,000</td>
<td>-</td>
</tr>
<tr>
<td>Equity-settled share-based payment transactions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– included in staff costs</td>
<td>154,106</td>
<td>73,956</td>
</tr>
<tr>
<td>- external consultant</td>
<td>68,100</td>
<td>-</td>
</tr>
</tbody>
</table>

The operating costs largely comprise central overheads related to the management of the group’s activities.

3. Directors and employees

Staff costs, including directors, remuneration were as follows:

<table>
<thead>
<tr>
<th></th>
<th>15 months ended 30/06/07</th>
<th>18 months ended 31/03/06 (restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>-</td>
<td>32,500</td>
</tr>
<tr>
<td>Social security costs</td>
<td>-</td>
<td>4,957</td>
</tr>
<tr>
<td>Directors’ fees</td>
<td>8,125</td>
<td>12,250</td>
</tr>
<tr>
<td>Equity-settled share-based payment transactions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Directors</td>
<td>87,636</td>
<td>73,956</td>
</tr>
<tr>
<td>- other</td>
<td>66,470</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>162,231</td>
<td>123,663</td>
</tr>
</tbody>
</table>

The only employees of the Company were the Directors as detailed in the Directors’ report. Nathan Steinberg is a partner in Munslows, a firm of Chartered Certified Accountants. That firm charged fees of £17,625 (18 months ended 31 March 2006: £20,000) excluding VAT in respect of professional services. The Company also paid service charges of £9,275 (18 months ended 31 March 2006: £11,250) to Lion Mining Finance Limited, a Company of which Colin Bird is a Director. No payments in respect of pension contributions have been made.
NOTES TO THE FINANCIAL STATEMENTS  continued
Period ended 30 June 2007

4. Taxation reconciliation

<table>
<thead>
<tr>
<th></th>
<th>15 months ended</th>
<th>18 months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30/06/07</td>
<td>31/03/06 (restated)</td>
</tr>
<tr>
<td>Loss on ordinary activities before taxation</td>
<td>(922,450)</td>
<td>(865,249)</td>
</tr>
<tr>
<td>Loss on ordinary activities multiplied by the standard rate of UK corporation tax of 30% (2006: 30%)</td>
<td>(276,735)</td>
<td>12,250</td>
</tr>
<tr>
<td>Expense not deductible for tax purposes</td>
<td>2,029</td>
<td>1,082</td>
</tr>
<tr>
<td>Unrelieved tax losses to be carried forward</td>
<td>274,706</td>
<td>258,493</td>
</tr>
<tr>
<td>UK corporation tax payable</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Unrelieved tax losses available to carry forward

|                                | Capital     | Revenue    |
|                                | 1,257,238   | 1,844,534  |
| Unrelieved tax losses available to carry forward | 1,255,798   | 944,648    |

Deferred tax assets will not be recognised in respect of these losses until the group commences profitable trading activities.

5. Loss for the financial period

The company has taken advantage of Section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The company loss for the period was £1,325,765 (18 months to 31 March 2006 – as originally stated: £295,499, – as restated: £369,455).
NOTES TO THE FINANCIAL STATEMENTS continued

Period ended 30 June 2007

6. Loss per ordinary share

The calculation of basic earnings per ordinary share is based on losses of £922,450 (18 months ended
31 March 2006: £865,249) and on 408,922,095 ordinary shares (18 months ended 31 March 2006: 354,281,542),
being the weighted average number of ordinary shares in issue during the year, calculated as follows:

<table>
<thead>
<tr>
<th></th>
<th>15 months ended 30/06/07</th>
<th>18 months ended 31/03/06 (restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Losses per financial statements</td>
<td>(922,450)</td>
<td>(865,249)</td>
</tr>
<tr>
<td>Weighted average number of shares</td>
<td>408,922,095</td>
<td>354,281,542</td>
</tr>
<tr>
<td>Loss per share – basic and diluted</td>
<td>(0.22p)</td>
<td>(0.24p)</td>
</tr>
</tbody>
</table>

Following the Company's secondary listing on the JSE Limited post year end the Group is required to disclose its
headline loss per share for the period in accordance with the Listings Requirements of the JSE Limited.
Reconciliation between loss per share and headline loss per share:

<table>
<thead>
<tr>
<th></th>
<th>15 months ended 30/06/07</th>
<th>18 months ended 31/03/06 (restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Losses per financial statements</td>
<td>(922,450)</td>
<td>(865,249)</td>
</tr>
<tr>
<td>Costs of aborted projects written off</td>
<td>345,208</td>
<td>464,575</td>
</tr>
<tr>
<td>Headline loss</td>
<td>(577,242)</td>
<td>(400,674)</td>
</tr>
<tr>
<td>Headline loss per share – basic and diluted</td>
<td>(0.14p)</td>
<td>(0.11p)</td>
</tr>
</tbody>
</table>

7. Intangible fixed assets – group

<table>
<thead>
<tr>
<th></th>
<th>Exploration Expenditure £</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 April 2006</td>
<td>4,847,630</td>
</tr>
<tr>
<td>Additions - exploration costs</td>
<td>1,809,608</td>
</tr>
<tr>
<td>Less: costs of aborted projects written off</td>
<td>(345,208)</td>
</tr>
<tr>
<td>At 30 June 2007</td>
<td>6,312,030</td>
</tr>
</tbody>
</table>

Of the above, £1,253,018 relates to joint venture exploration costs in the Central African Republic.

Included in the above are fees of £17,500 (18 months to 31 March 2006: £12,500) paid to Munslaws, a firm in which N A Steinberg is a partner,
and fees of £10,000 (18 months to 31 March 2006: £nil) to H Blignault.

The £345,208 of aborted costs relates to the project in Ghana which was abandoned in July 2006.
8. Fixed asset investments – group

<table>
<thead>
<tr>
<th>Cost</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 April 2006</td>
<td>4,800</td>
</tr>
<tr>
<td>Amount written off in the period</td>
<td>(4,800)</td>
</tr>
<tr>
<td>At 30 June 2007</td>
<td>-</td>
</tr>
</tbody>
</table>

Fixed asset investments – Company

<table>
<thead>
<tr>
<th>Cost</th>
<th>Subsidiaries £</th>
<th>Other £</th>
<th>Total £</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 April 2006</td>
<td>3,069,705</td>
<td>4,800</td>
<td>3,074,505</td>
</tr>
<tr>
<td>Amount written off in the period</td>
<td></td>
<td>(4,800)</td>
<td>(4,800)</td>
</tr>
<tr>
<td>At 30 June 2007</td>
<td>3,069,705</td>
<td>-</td>
<td>3,069,705</td>
</tr>
</tbody>
</table>

Fixed asset investments – group

At 30 June 2007 the company held the following shares in subsidiary undertakings.

<table>
<thead>
<tr>
<th>Name of undertaking</th>
<th>Country of incorporation</th>
<th>Principal activity</th>
<th>Proportion of capital held by country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mistral Resource Development Corporation Limited</td>
<td>British Virgin Islands</td>
<td>Mining exploration</td>
<td>100%</td>
</tr>
<tr>
<td>Brampton Capital Overseas Limited</td>
<td>British Virgin Islands</td>
<td>Mining exploration</td>
<td>100%</td>
</tr>
<tr>
<td>Viking Internet Limited</td>
<td>England and Wales</td>
<td>Dormant</td>
<td>100%</td>
</tr>
<tr>
<td>Globalstand Limited</td>
<td>England and Wales</td>
<td>Dormant</td>
<td>100%</td>
</tr>
<tr>
<td>Or Oubangui Limited</td>
<td>Central African Republic</td>
<td>Mining exploration</td>
<td>50%</td>
</tr>
<tr>
<td>A Explorator Limitada</td>
<td>Mozambique</td>
<td>Mining exploration</td>
<td>100%</td>
</tr>
</tbody>
</table>

In accordance with the group’s policy in respect of deferred exploration costs, the costs of investments in OR Oubangui and Explorator Limitada are included in intangible assets.

Other investments include Orevest plc, an investment which is traded on Plus Quoted, at market value of £nil (31 March 2006: market value £4,800).
NOTES TO THE FINANCIAL STATEMENTS continued
Period ended 30 June 2007

9. Debtors

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30/06/07</td>
<td>31/03/06</td>
</tr>
<tr>
<td>Prepayments and other debtors</td>
<td>294,365</td>
<td>3,225</td>
</tr>
<tr>
<td>Brampton Capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts owed by subsidiaries</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Viking Internet</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>294,365</td>
<td>3,225</td>
</tr>
</tbody>
</table>

Prepayments and other debtors (group and Company) includes £190,529 in respect of costs relating to the acquisition of Barberton Mines (Pty) Limited (see note 22 below)

10. Creditors: amounts falling due within one year

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30/06/07</td>
<td>31/03/06</td>
</tr>
<tr>
<td>Accruals and other creditors</td>
<td>1,026,493</td>
<td>399,455</td>
</tr>
<tr>
<td></td>
<td>1,026,493</td>
<td>399,455</td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENTS  continued
Period ended 30 June 2007

11. Share capital

<table>
<thead>
<tr>
<th></th>
<th>30/06/07</th>
<th>31/03/06</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Authorised equity shares</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,000,000,000 ordinary shares of £ 0.01 each</td>
<td>10,000,000</td>
<td>10,000,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Allotted equity shares</strong></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>418,003,235 Allotted, called up and fully paid ordinary shares of £ 0.01 each</td>
<td>4,180,032</td>
<td>4,077,532</td>
</tr>
</tbody>
</table>

The following issue of shares were made during the period:

a) On 10 May 2007, 1,072,727 ordinary shares were issued at 5.5p per share of which 4.5p has been credited to share premium account.

b) On 10 May 2007, 7,500,000 ordinary shares were issued at 2p per share of which 1p has been credited to merger reserve, in order to acquire 100% of Explorator Limitada.

c) On 10 May 2007, 1,677,273 ordinary shares were issued at 4p per share of which 3p has been credited to share premium account, under the terms of a share option agreement.
NOTES TO THE FINANCIAL STATEMENTS continued
Period ended 30 June 2007

12. Reserves – group

<table>
<thead>
<tr>
<th></th>
<th>Share premium account</th>
<th>Merger reserve</th>
<th>Share option reserve</th>
<th>Profit and loss account</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 April 2006</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As previously stated</td>
<td>3,978,178</td>
<td>1,485,000</td>
<td>-</td>
<td>(3,209,808)</td>
</tr>
<tr>
<td>Share based payments – share options</td>
<td>-</td>
<td>-</td>
<td>73,956</td>
<td>(73,956)</td>
</tr>
<tr>
<td>As restated</td>
<td>3,978,178</td>
<td>1,485,000</td>
<td>73,956</td>
<td>(3,283,764)</td>
</tr>
<tr>
<td>Share based payments – share options</td>
<td>-</td>
<td>-</td>
<td>222,206</td>
<td>-</td>
</tr>
<tr>
<td>Issue of shares</td>
<td>98,591</td>
<td>75,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loss for the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(922,450)</td>
</tr>
<tr>
<td>At 30 June</td>
<td>4,076,769</td>
<td>1,560,000</td>
<td>296,162</td>
<td>(4,206,214)</td>
</tr>
</tbody>
</table>

Reserves – company

<table>
<thead>
<tr>
<th></th>
<th>Share premium account</th>
<th>Merger reserve</th>
<th>Share option reserve</th>
<th>Profit and loss account</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 April 2006</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As previously stated</td>
<td>3,978,178</td>
<td>1,485,000</td>
<td>-</td>
<td>(2,698,410)</td>
</tr>
<tr>
<td>Share based payments – share options</td>
<td>-</td>
<td>-</td>
<td>73,956</td>
<td>(73,956)</td>
</tr>
<tr>
<td>As restated</td>
<td>3,978,178</td>
<td>1,485,000</td>
<td>73,956</td>
<td>(2,772,366)</td>
</tr>
<tr>
<td>Share based payments – share options</td>
<td>-</td>
<td>-</td>
<td>222,206</td>
<td>-</td>
</tr>
<tr>
<td>Issue of shares</td>
<td>98,591</td>
<td>75,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loss for the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,325,765)</td>
</tr>
<tr>
<td>At 30 June</td>
<td>4,076,769</td>
<td>1,560,000</td>
<td>296,162</td>
<td>(4,098,131)</td>
</tr>
</tbody>
</table>
## 13. Reconciliation of movement in shareholders’ funds

<table>
<thead>
<tr>
<th></th>
<th>15 months to 30/06/07 £</th>
<th>18 months to 31/03/06 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss for the period</td>
<td>(922,450)</td>
<td>(865,249)</td>
</tr>
<tr>
<td>Proceeds of share issue</td>
<td>276,091</td>
<td>2,220,138</td>
</tr>
<tr>
<td>Expenses of share issue</td>
<td>-</td>
<td>(89,257)</td>
</tr>
<tr>
<td>Recognition of share based payment in the period</td>
<td>222,206</td>
<td>73,956</td>
</tr>
<tr>
<td></td>
<td>(424,153)</td>
<td>1,339,588</td>
</tr>
<tr>
<td>Opening shareholders’ funds</td>
<td>6,330,902</td>
<td>4,991,314</td>
</tr>
<tr>
<td>Closing shareholders’ funds</td>
<td>5,906,749</td>
<td>6,330,902</td>
</tr>
</tbody>
</table>

## 14. Reconciliation of operating loss to net cash outflow from operating activities

<table>
<thead>
<tr>
<th></th>
<th>15 months to 30/06/07 £</th>
<th>18 months to 31/03/06 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating loss</td>
<td>(954,845)</td>
<td>(885,358)</td>
</tr>
<tr>
<td>Increase in creditors</td>
<td>119,327</td>
<td>292,292</td>
</tr>
<tr>
<td>(Increase)/Decrease in debtors</td>
<td>(291,140)</td>
<td>15,209</td>
</tr>
<tr>
<td>Exploration costs written off</td>
<td>345,208</td>
<td>-</td>
</tr>
<tr>
<td>Equity- settled share-based payment transactions</td>
<td>222,206</td>
<td>73,956</td>
</tr>
<tr>
<td></td>
<td>(559,244)</td>
<td>(503,901)</td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENTS  continued
Period ended 30 June 2007

15. Gross cash flow

<table>
<thead>
<tr>
<th></th>
<th>15 months to 30/06/07</th>
<th>18 months to 31/03/06 (restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returns on investments and servicing of finance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest received</td>
<td>37,195</td>
<td>30,759</td>
</tr>
<tr>
<td>Capital expenditure and financial investment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from liquidation of investment</td>
<td>-</td>
<td>8,750</td>
</tr>
<tr>
<td>Purchase of intangible fixed assets</td>
<td>(1,092,897)</td>
<td>(705,920)</td>
</tr>
<tr>
<td></td>
<td>(1,092,897)</td>
<td>(697,170)</td>
</tr>
<tr>
<td>Financing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds of issue of shares</td>
<td>67,091</td>
<td>1,910,138</td>
</tr>
<tr>
<td>Issue costs</td>
<td>-</td>
<td>(89,257)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>67,091</td>
</tr>
</tbody>
</table>

16. Reconciliation of net cash flow to movement in net funds

<table>
<thead>
<tr>
<th></th>
<th>15 months to 30/06/07</th>
<th>18 months to 31/03/06 (restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net funds at 1 April 2006</td>
<td>1,874,702</td>
<td>1,224,133</td>
</tr>
<tr>
<td>(Decrease)/Increase in cash in the period</td>
<td>(1,547,855)</td>
<td>650,569</td>
</tr>
<tr>
<td>Net funds at 30 June 2007</td>
<td>326,847</td>
<td>1,874,702</td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENTS continued

Period ended 30 June 2007

17. Share options

On 1 September 2005, the Company established a share option programme that entitles key management personnel to purchase shares in the Company. On 27 July 2006, further grants on similar terms were offered to senior employees and an external consultant. In accordance with these programmes options are exercisable at the market price of the shares at the date of the grant.

Details of share option arrangements that were granted before 1 October 2004 are set out below. The recognition and measurement principles of FRS 20 have not been applied to these grants. Share options issued after this date have been recognized and measured in accordance with FRS 20.

The terms and conditions of these grants are as follows; all options are to be settled by physical delivery of the shares:

<table>
<thead>
<tr>
<th>Date granted</th>
<th>Parties</th>
<th>No of shares</th>
<th>Vesting date</th>
<th>Final exercise date</th>
</tr>
</thead>
<tbody>
<tr>
<td>03/4/2000</td>
<td>Key management</td>
<td>1,200,000</td>
<td>18/5/2003</td>
<td>18/5/2010</td>
</tr>
<tr>
<td>13/8/2004</td>
<td>Key management</td>
<td>12,000,000</td>
<td>8/9/2004</td>
<td>8/09/2010</td>
</tr>
<tr>
<td>01/9/2005</td>
<td>Key management</td>
<td>23,000,000</td>
<td>2/09/2006</td>
<td>2/09/2011</td>
</tr>
<tr>
<td>27/7/2006</td>
<td>Senior employees</td>
<td>4,000,000</td>
<td>2/08/2007</td>
<td>2/08/2012</td>
</tr>
<tr>
<td>27/7/2006</td>
<td>Third party consultant</td>
<td>3,000,000</td>
<td>28/07/2006</td>
<td>2/08/2012</td>
</tr>
</tbody>
</table>

The exercise of options granted to senior employees on 27 July 2006 is at the approval of the board having regard to the grantee’s fulfillment of obligations to the group, achievement of targets and conduct of duties. In the event of the grantee’s ceasing to hold employment or office, the options will lapse unless exercised within 30 days.
17. Share options (continued)

The number and weighted average exercise price of share options is as follows

<table>
<thead>
<tr>
<th>Weighted Average Exercise price</th>
<th>Number of options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding at 1 April 2006</td>
<td>3.15p</td>
</tr>
<tr>
<td>Granted during the period</td>
<td>5.5p</td>
</tr>
<tr>
<td>Exercised during the period</td>
<td>4.0p</td>
</tr>
<tr>
<td>Lapsed in period</td>
<td>Nil</td>
</tr>
<tr>
<td>Outstanding and exercisable at 30 June 2007</td>
<td>3.4p</td>
</tr>
</tbody>
</table>

The share options exercised in the period related to options granted in the period up to 30 September 2004 and therefore the measurement of these options is outside the scope of FRS 20.

The number of options exercisable at the balance sheet date was 55,322,727 at a weighted average exercise price of 3.34p.

The options outstanding at 30 June 2007 have an exercise price in the range of 2p to 5.5p and weighted average remaining contractual life of 3.2 years.

The fair value of services received for share options granted is based on the fair value of share options granted, measured using a Black Scholes model, with the following inputs:

<table>
<thead>
<tr>
<th>Date granted</th>
<th>Key Management Personnel</th>
<th>Senior employees</th>
<th>Consultant</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at</td>
<td>30.06.07</td>
<td>31.03.06</td>
<td>30.06.07</td>
</tr>
<tr>
<td>Date of grant</td>
<td>01.09.05</td>
<td>01.09.05</td>
<td>27.07.06</td>
</tr>
<tr>
<td>Fair value at date of grant</td>
<td>0.82p</td>
<td>0.82p</td>
<td>3.1p</td>
</tr>
<tr>
<td>Share price</td>
<td>1.75p</td>
<td>1.75p</td>
<td>5.25p</td>
</tr>
<tr>
<td>Exercise price</td>
<td>2.00p</td>
<td>2.00p</td>
<td>5.50p</td>
</tr>
<tr>
<td>Expected volatility</td>
<td>65.15%</td>
<td>65.15%</td>
<td>78.81%</td>
</tr>
<tr>
<td>Option life</td>
<td>3.5years</td>
<td>3.5years</td>
<td>4.0years</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>3.7%</td>
<td>3.7%</td>
<td>4.3%</td>
</tr>
</tbody>
</table>
17. Share options (continued)

The Company does not expect to pay any dividends during the contractual life of the share options.

The volatility of the Company’s share price on each date of grant was calculated as the average of volatilities of share prices of the Company on the corresponding dates. The volatility of share price of the Company was calculated as the average of annualized standard deviations of daily continuously compounded returns on the Company’s stock, calculated over 1, 2, and 3 years back from the date of grant. Therefore, volatility of the Company’s share prices was calculated over the period commensurate with the expected life of the options under consideration, giving more weight to more recent historical data to account for volatility persistence.

There are no market conditions attached to the exercise of the share options.

The fair value of services received for share options granted is included in administrative expenses as follows:

<table>
<thead>
<tr>
<th>Employee Expenses</th>
<th>30.06.07</th>
<th>31.03.06</th>
</tr>
</thead>
<tbody>
<tr>
<td>In respect of share options granted in the period ended 31 March 2006</td>
<td>66,470</td>
<td>73,956</td>
</tr>
<tr>
<td>In respect of share options granted in the period ended 30 June 2007</td>
<td>87,636</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>154,106</td>
<td>73,956</td>
</tr>
</tbody>
</table>

Other administrative expenses

<table>
<thead>
<tr>
<th>Share options granted in the period ended 30 June 2007</th>
<th>68,100</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>222,206</td>
<td>73,956</td>
</tr>
</tbody>
</table>
18. Financial instruments

The group uses financial instruments, other than derivatives, comprising, cash liquid resources and various items such as debtors, creditors and other items that arise directly from its operations. The main purpose of these financial instruments is to utilise finance in the Group’s operations.

The main risks arising from the group’s financial instruments are interest risk, liquidity risk and currency risk. The directors review and agree policies for managing these risks and these are summarised below.

Short term debtors and creditors have been excluded from all the following disclosures.

**Interest rate risk**

The group finances its operations through equity financing to alleviate the interest rate risk. The interest rate exposure of the financial assets of the Company as at 30 June 2007 related wholly to floating interest rates in respect of cash at bank and is held in the following currencies:

<table>
<thead>
<tr>
<th></th>
<th>30/06/07</th>
<th>31/03/06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sterling – Cash at bank</td>
<td>326,847</td>
<td>1,874,652</td>
</tr>
<tr>
<td>US Dollars</td>
<td>-</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>326,847</strong></td>
<td><strong>1,874,702</strong></td>
</tr>
</tbody>
</table>

**Liquidity risk**

The group seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

**Currency risk**

The group manages its currency risk by holding financial investments in sterling and financing the investment in overseas securities on an arising basis.

**Fair values**

The fair values of the group’s instruments are considered not materially different to the book value.
19. Related party transactions

Mr R G Still is a Director of Pangea Exploration (Pty) Limited which is owned as to 33% by a trust connected with his family. Exploration expenditure of £356,044 (18 months ended 31 March 2006: £255,476) was incurred by Pangea Exploration (Pty) Limited on behalf of the Company in respect of the Manica gold project in accordance with an agreement dated 19 November 2003, £255,108 (18 months ended 31 March 2006: £44,735) in respect of the Bogoin project in accordance with an agreement dated 30 September 2005 and £333,672 (18 months ended 31 March 2006: £92,755) in respect of project management. In addition, the group has acquired rights from Pangea in the Bogoin project in Central African Republic as set out in note 20 below.

Administration expenditure includes £10,500 (excluding VAT) (2006: £15,000) incurred by Munslows on behalf of the Company in respect of its office accommodation costs.

20. Capital Commitments

The board has contracted to acquire rights in the joint venture in Central African Republic from Pangea Exploration (Pty) Limited. The balance of the consideration is payable over 2 years and subject to the continuation of operations in the Central African Republic over the period. The future commitments under this agreement are estimated at £676,000, which the Company can either satisfy by the issue of a further 10,927,273 ordinary shares in the Company or in cash following an interest acquired in Barberton Mines (Pty) Ltd. The Company has also contracted to acquire a 90% interest in a prospecting licence over property in Ghana from Brim Gold Fields (Ghana) Limited and SEMS Exploration Services Limited for a consideration of £52,632 and the issue of 12,000,000 ordinary shares credited as fully paid up at 6p per share. Conditions of the contract were met post the period end.

21. Contingent Liabilities

There were no contingent liabilities at 30 June 2007 or 31 March 2006.

22. Post Balance Sheet Events

On 31 July 2007, the Company acquired 74% of the issued share capital of Barberton Mines (Pty) Limited (‘Barberton’) by the issue of 593,740,476 ordinary shares to Metorex Limited and 60,000,000 to Pangea Exploration (Pty) Limited for the 20% interest in the Manica Project. As a result of this transaction, Metorex holds 55% of the issued share capital of Pan African and, accordingly, the Barberton acquisition constitutes a reverse takeover under the AIM rules. Following the completion of this transaction the Company’s shares have commenced trading on the JSE Limited, through its secondary listing.
NOTICE OF 2008 ANNUAL GENERAL MEETING

All times indicated in this document are United Kingdom times unless otherwise stated.

Notice is hereby given that the 2008 Annual General Meeting of the Company will be held at the offices of Fasken Martineau Stringer Saul LLP, 17 Hanover Square, London, W1S 1HU on 18 January 2008 at 12 noon to transact the following business of the Company:

1. To receive and adopt the Directors' Report and the financial statements for the period ended 30 June 2007.
2. To re-appoint as a Director, Mr. Jan Nelson, who retires by rotation in accordance with Article 82 of the Company's Articles of Association and offers himself for re-election.
3. To re-elect Simon Malone as a Director, who was appointed during the period.
4. To re-elect Charles Needham as a Director, who was appointed during the period.
5. To re-elect Keith Spencer as a Director, who was appointed during the period.
6. To reappoint Grant Thornton UK LLP as auditors and to authorise the Directors to fix their remuneration.
7. As special business, to consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution.

THAT the Directors be and are hereby generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 ("the Act"), in substitution for all previous powers granted thereunder, to allot equity securities (within the meaning of Section 94 of the Act) for cash pursuant to the authority granted by resolution 7 above as if Section 89(1) of the Act did not apply to any such allotment provided that this power shall expire at the conclusion of the next Annual General Meeting and such power is limited to the allotment of equity securities:

(a) in connection with rights issues to holders of ordinary shares where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with any fractional entitlements or any legal or practical problems under law of, or the requirements of any regulatory body or any recognised stock exchange in, any territory;
(b) up to a maximum aggregate nominal value of £578,227.27 in connection with the exercise of options granted to various parties (including Directors) over an aggregate of 57,822,727 Ordinary Shares;
(c) up to a maximum aggregate nominal value of £1,071,743.71 (being 10 per cent. of the issued share capital of the Company as at the date of this notice) in connection with the granting of options by the Company granted in accordance with the Pan African Resources PLC Share Option Plan;

8. As special business to consider and, if thought fit, to pass the following resolution which will be proposed as a Special Resolution.

THAT the Directors be and they are hereby empowered pursuant to Section 95 of the Companies Act 1985 ("the Act"), in substitution for all previous powers granted thereunder, to allot equity securities for cash pursuant to the authority granted by resolution 7 above as if Section 89(1) of the Act did not apply to any such allotment provided that this power shall expire at the conclusion of the next Annual General Meeting and such power is limited to the allotment of equity securities:

(a) in connection with rights issues to holders of ordinary shares where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with any fractional entitlements or any legal or practical problems under law of, or the requirements of any regulatory body or any recognised stock exchange in, any territory;
(b) up to a maximum aggregate nominal value of £578,227.27 in connection with the exercise of options granted to various parties (including Directors) over an aggregate of 57,822,727 Ordinary Shares;
(c) up to a maximum aggregate nominal value of £1,071,743.71 (being 10 per cent. of the issued share capital of the Company as at the date of this notice) in connection with the granting of options by the Company granted in accordance with the Pan African Resources PLC Share Option Plan;

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you should immediately seek your own personal advice from your stockbroker or other independent advisor authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all of your ordinary shares in the capital of the Company, please send this document together with its accompanying form of proxy at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.
NOTICE OF ANNUAL GENERAL MEETING
continued

All times indicated in this document are United Kingdom times unless otherwise stated.

(d) up to a maximum aggregate value of £643,046.22 (being approximately 6 per cent. of the issued share capital of the Company as at the date of this notice) in connection with the exercise of the option granted to Shanduka Resources (Proprietary) Limited (“Shanduka”) to subscribe for Ordinary Shares;

(e) up to a maximum aggregate value of £2,086,115.79 (being approximately 19 per cent. of the issued share capital of the Company as at the date of this notice) in connection with the exercise of the option granted to Shanduka to require the Company to acquire all of Shanduka’s 26 per cent. interest in Barberton Mines (Proprietary) Limited in consideration of the issue of shares in the Company; and

(f) up to a maximum aggregate value of £1,078,866.43 (being approximately 10 per cent. of the issued share capital of the Company as at the date of this notice) otherwise than pursuant to paragraphs (a) to (e) above,

save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired.

By Order of the Board date 20 December 2007

JOHN BOTTOMLEY
Secretary
Manfield House, 2nd Floor
1 Southampton Street
London WC2R 0LR

Notes

Entitlement to attend and vote
1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company’s register of members at 6.00 am on 16 January 2008 or, if this Meeting is adjourned, at 6.00 am on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the Meeting.

Appointment of proxies
2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and a proxy form is attached to this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

3. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this ‘Appointment of proxies’ section. Please read the section ‘Nominated persons’ below.

4. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, it will be necessary to notify the Registrar in accordance with Note 7 below.

6. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

7. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:
  • completed and signed;
  • sent or delivered to Capita Registrars, Proxies, The Registry,
    34 Beckenham Road, Beckenham, Kent BR3 4TU; and
  • received by Capita Registrars no later than 10.00 am on 16 January 2008.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

8. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment
submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company’s register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions
9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Registrars.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments
10. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Registrars. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice Capita Registrars. The revocation notice must be received by Capita Registrars no later than 10.00 am on 16 January 2008. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Issued shares and total voting rights
11. As at 6.00 pm on 19 December 2007 the Company’s issued share capital comprised 1,078,866,438 ordinary shares of 1 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 6.00 pm on 19 December 2007 is 1,078,866,438.

Nominated persons
12. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (Nominated Person):

- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights (Relevant Member) to be appointed or to have someone else appointed as a proxy for the Meeting.
- If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.
- Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

Documents on display
13. Copies of the service contracts and letters of appointment of the directors of the Company will be available:

- for at least 15 minutes prior to the Meeting; and
- during the Meeting.

Dematerialised shareholders
Dematerialised shareholders in South Africa who are not own name dematerialised shareholders and who wish to attend the AGM should instruct their Central Securities Depository Participant (‘CSDP’) or broker to issue them with the necessary authority to attend the meeting in person, in the manner stipulated in the custody agreement governing the relationship between such shareholders and their CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature.

Dematerialised shareholders in South Africa who are not own name dematerialised shareholders and who cannot attend but who wish to vote at the AGM should provide their CSDP or broker with their voting instructions, in the manner stipulated in the custody agreement governing the relationship between such shareholders and their CSDP or broker. These instructions must be provided to the CSDP or broker for instructions of this nature.
FORM OF PROXY – PAN AFRICAN RESOURCES PLC

(Incorporated and registered in England and Wales under Companies Act 1985 with registration number 3937466 on 25 February 2000)

Share code on AIM: PAF
ISIN: GB0004300496
Share code ALTX: PAN

This form of proxy is for use by all non-South African shareholders and for South African certificated shareholders and South African own name dematerialised shareholders only

I/We, the undersigned, being a member of the above-named company, hereby appoint

or failing him, the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 18 January 2008 at 12 noon and at any adjournment thereof.

The proxy will vote on the undermentioned resolutions, as indicated.

<table>
<thead>
<tr>
<th>ORDINARY RESOLUTIONS</th>
<th>For</th>
<th>Against</th>
<th>Vote Withheld*</th>
<th>Discretionary*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. To adopt the Report and Accounts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. To re-elect Jan Nelson, as Director who was appointed since the last AGM</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. To re-elect Simon Malone, a Director who was appointed since the last AGM</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. To re-elect Charles Needham as a Director, who was appointed since the last AGM</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. To re-elect Keith Spencer a Director, who was appointed since the last AGM</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. To reappoint Grant Thornton UK LLP as auditors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. To empower the Directors to allot relevant securities pursuant to Section 80 of the Companies Act 1985</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SPECIAL RESOLUTIONS</th>
<th>For</th>
<th>Against</th>
<th>Vote Withheld</th>
<th>Discretionary*</th>
</tr>
</thead>
<tbody>
<tr>
<td>8. To provide the Directors with a general authority to issue shares for cash</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If this form is signed and returned without any indication as to how the proxy shall vote, he will exercise his discretion both as to how he votes (and whether or not he abstains from voting).

* The ‘Vote Withheld’ option is to enable you to abstain on the specified resolution. Please note a ‘Vote Withheld’ has no legal effect and will not be counted in the votes ‘For’ and ‘Against’.

† If you select ‘Discretionary’ or fail to select any of the given options, the proxy is authorised to vote (or abstain from voting) at his discretion on the specified resolution. The proxy is also authorised to vote (or abstain from voting) on any other business, which may properly come before the meeting.

Print Name: .........................................................
Date: ..............................................................
Signature: .........................................................

Notes
1. This form is for use of shareholders only and will be used only in the event of a poll being directed or demanded.
2. You may, if you wish, delete the words “the Chairman of the Meeting” and substitute the name(s) of your choice. Please initial such alteration.
3. To be effective, this form of proxy must be lodged at the Company’s registrars, Capita Registrars, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 48 hours before the start of the meeting.
4. In the case of a corporation, the form must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.
5. In the case of joint holders, the signature of any of them will suffice but the names of all joint holders should be shown. The vote of the senior joint holder who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.
6. Dematerialised shareholders in South Africa who are not own name dematerialised shareholders and who cannot attend but who wish to vote at the AGM should provide their CSDP or broker with their voting instructions, in the manner stipulated in the custody agreement governing the relationship between such shareholders and their CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature.

Dematerialised shareholders in South Africa who are not own name dematerialised shareholders and who cannot attend but who wish to vote at the AGM should provide their CSDP or broker with their voting instructions, in the manner stipulated in the custody agreement governing the relationship between such shareholders and their CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature.

All times indicated in this document are United Kingdom times unless otherwise stated.
Capita Registrars Limited
The Registry
34 Beckenham Road
BECKENHAM
Kent
BR3 4BR
CORPORATE INFORMATION

United Kingdom

Brokers and Nominated Advisers
Ambrian Partners Limited
Richard Greenfield / Richard Brown
8 Angel Court
London EC2R 7HP
Tel: +44 (0) 207 776 6461
Fax: +44 (0) 207 776 6470

Investor Relations – United Kingdom
St James’s Corporate Services Limited
Phil Dexter
6 St James’s Place
London SW1A 1NP
Tel: +44 (0) 207 499 3916
Fax: +44 (0) 207 491 1989

Auditors
Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London NW1 2EP
T + 44 (0) 207 383 5100
F + 44 (0) 207 383 4715

Solicitors
Fasken Martineau Stringer Saul LLP
17 Hanover Square
London W1S 1HU
Tel + 44 (0) 207 917 8500
Fax + 44 (0) 207 917 8555
info@paf.co.za

Company Secretary
John Michael Bottomley FICS

Registered Office and London Office
Manfield House
2nd Floor
1 Southampton Street
London WC2R 0LR
Tel + 44 (0) 207 845 7500
Fax + 44 (0) 207 845 7501

Company Number
3937466

South Africa

Registrars
Capita Registrars
Northern House
Woodside Park
Fenay Bridge
Huddersfield HD8 0LA
Tel +44 (0) 208 639 3399

Sponsor
Macquarie First South Corporate Finance (Pty) Limited
Amanda Markman/ Doné Hattingh
181 Jan Smuts Avenue
Parktown North
Johannesburg 2193
Tel: +27 (0) 11 343 2300
Fax: +27 (0) 11 343 2301

Transfer Secretaries in South Africa
Computershare Investor Services 2004 (Pty) Limited
Ground Floor, 70 Marshall Street
Johannesburg 2001
Tel: +27 (0) 11 370 7843
Fax +27 (0) 11 688 5324

Administration Office
Viewpoint House
Cnr Main Street & Orchard Avenue
Bordeaux
Randburg 2125
Tel: +27 (0) 11 777 7840
Fax: +27 (0) 11 777 7842

Public Relations – South Africa
Nicole Stoyell
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Pinegowrie 2123

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www.panafricanresources.co.za