



THE AFRICAN-FOCUSED PRECIOUS METALS PRODUCER

COMPANY PROFILE

Pan African Resources is a mid-tier African-focused precious metals producer with a production capacity in excess of 200,000oz gold and 12,000oz of PGEs per annum. The group's operating assets include:

- **Barberton Mines:** three gold mines and the Barberton Mines Tailing Retreatment Plant ('BTRP') in the Mpumalanga province;
- **Evander Mines:** a gold mine and the Evander Mines Tailing Retreatment Plant ('ETRP') in the Mpumalanga province; and
- **Phoenix Platinum:** a Chrome Tailing Retreatment Plant ('CTRP') in the North West province.

Pan African Resources' growth strategy is aimed at identifying and exploiting mining opportunities at margins that create stakeholder value by driving growth in its earnings, cash flows, production and in its mineral reserve and resource base, and by capturing the full precious metals mining value chain.

The group is profitable and cash generative at prevailing gold prices, with the ability to fund all on-mine sustaining capital expenditure internally and also meet its other funding and growth commitments.

For the 2015 financial year, the group paid a dividend of ZAR210 million or GBP9.7 million (2014: ZAR258 million or GBP14.9 million), equating to ZAR0.1147 per share or 0.53 pence per share (2014: ZAR0.1410 per share or 0.82 pence per share). This payment was made on 24 December 2015.

FOR FURTHER INFORMATION

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement. Any investment decisions should be based on the full announcement published on SENS and is also available on our website www.panafricanresources.com or at our registered offices for inspection, at no charge, during office hours. Copies of the full announcement may be requested by emailing: eking@paf.co.za.

Cobus Loots Chief Executive Officer
Deon Louw Financial Director

23 February 2016

PAN AFRICAN RESOURCES PLC

(Incorporated in England and Wales under the Companies Act, 1985)
Registration number: 3937466 on 25 February 2000
Share code on AIM: PAF | Share code on JSE: PAN
ISIN: GB0005300496

Cobus Loots, CEO of Pan African Resources commented: "We are delighted to announce a much improved operating and financial performance, underpinned by the stronger prevailing ZAR gold price environment. We delivered important operational improvements at Evander Mines, with gold sales and revenue increasing significantly. The Evander Mines Tailing Retreatment Plant has assisted our production growth and continued focus on low-cost, high-margin gold ounces. The performance in this period is a testament to our quality assets and dedicated workforce and management. The group is well positioned to produce approximately 200,000oz and 9,000oz of gold and PGEs respectively, over the full year period.

Cash generation increased greatly during the period and is a key benchmark of our success, allowing us to substantially reduce our net debt position and improve our overall finances. As a result, the company remains well positioned to maintain its sector-leading dividend pay-out and take advantage of future growth opportunities."

SUMMARISED CONSOLIDATED RESULTS

Metric		For the six months ended 31 December 2015		For the six months ended 31 December 2014		Movement %	
Revenue	(ZAR millions – GBP millions)	1,575.4	75.6	1,217.4	68.1	29.4%	11.0%
Average gold price received	(ZAR/kg – USD/oz)	485,215	1,110	434,403	1,231	11.7%	(9.8%)
Cash costs	(ZAR/kg – USD/oz)	323,730	740	351,461	996	(7.9%)	(25.7%)
All-in sustaining costs	(ZAR/kg – USD/oz)	396,819	908	411,384	1,165	(3.5%)	(22.1%)
All-in costs	(ZAR/kg – USD/oz)	397,692	910	453,068	1,283	(12.2%)	(29.1%)
Adjusted EBITDA (note 1)	(ZAR millions – GBP millions)	418.7	20.1	230.6	12.9	81.6%	55.8%
Attributable earnings	(ZAR millions – GBP millions)	227.6	10.9	99.2	5.5	129.4%	98.2%
Earnings per share ('EPS')	(cents – pence)	12.43	0.60	5.42	0.30	129.3%	100.0%
Headline earnings per share ('HEPS')	(cents – pence)	12.43	0.60	5.61	0.31	121.6%	93.5%
Net debt	(ZAR millions – GBP millions)	345.8	15.0	458.6	25.4	(24.6%)	(40.9%)
Total sustaining capital expenditure	(ZAR millions – GBP millions)	100.1	4.8	114.9	6.4	(12.9%)	(25.0%)
Total capital expenditure	(ZAR millions – GBP millions)	128.9	6.2	214.6	12.0	(39.9%)	(48.3%)
Net asset value per share	(cents – pence)	150.4	7.0	143.4	8.2	4.9%	(14.6%)
Weighted average number of shares in issue	(millions)	1,831.5	1,831.5	1,830.0	1,830.0	0.1%	0.1%
Average exchange rate	(ZAR/GBP – ZAR/USD)	20.83	13.60	17.87	10.98	16.6%	23.9%
Closing exchange rate	(ZAR/GBP – ZAR/USD)	22.99	15.53	18.03	11.60	27.5%	33.9%

Note 1: Adjusted EBITDA is represented by earnings before interest, taxation, depreciation and amortisation, impairments and loss on disposal of associate.

REVENUE



ZAR1,575.4 million
(2014: ZAR1,217.4 million)

EARNINGS



ZAR227.6 million
(2014: ZAR99.2 million)

GOLD SOLD



101,797oz
(2014: 86,675oz)

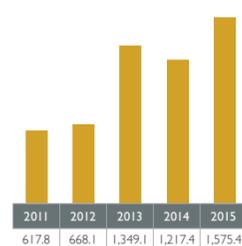
ALL-IN COSTS PER KILOGRAM



ZAR397,692/kg
(2014: ZAR453,068/kg)

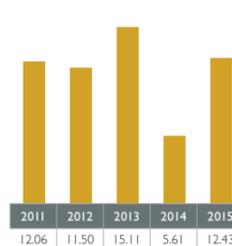
REVENUE

ZAR millions



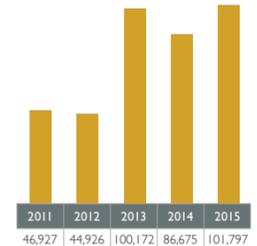
HEADLINE EARNINGS PER SHARE

ZAR cents



GOLD SOLD

oz



AVERAGE ZAR GOLD PRICE VS COST PER KILOGRAM

ZAR/kg



OPERATIONS

Barberton Mines

- Average underground head grade of 10.9g/t (2014: 11.6g/t).
- Gold sold increased by 6.6% to 56,447oz (2014: 52,942oz).
- Revenue increased by 19.6% to ZAR854.3 million (2014: ZAR714.3 million), as a result of the improved gold sales and the higher effective ZAR gold price.
- Cash cost per kilogramme decreased by 4.5% to ZAR266,690/kg (2014: ZAR279,150/kg), due to improved gold ounce production.
- All-in sustaining cost per kilogramme increased by 5.7% to ZAR349,218/kg (2014: ZAR330,340/kg).
- All-in cost per kilogramme increased by 3.5% to ZAR349,739/kg (2014: ZAR337,814/kg).
- Adjusted EBITDA increased by 31.7% to ZAR310.1 million (2014: ZAR235.5 million) (note 1).

Evander Mines

- Underground head grade improved to 5.8g/t (2014: 4.3g/t), principally due to mining at 8 Shaft's newly established 25 level.
- Gold sold increased substantially by 34.4% to 45,350oz (2014: 33,733oz).
- Revenue increased by 49.3% to ZAR682.0 million (2014: ZAR456.8 million) as result of improved gold production and an increase in the effective ZAR gold price.
- The ETRP produced 3,708oz of gold at 0.3g/t from tailing sources at a higher than expected recovery of 49% (forecasted recovery of 42%).
- Cash costs per kilogramme decreased by 15.1% to ZAR394,730/kg (2014: ZAR464,955/kg), due to improved gold production from the ETRP and higher grades mined at 8 Shaft.
- All-in sustaining cost per kilogramme decreased by 15.3% to ZAR456,070/kg (2014: ZAR538,584/kg), in line with the decrease in cash costs per kilogramme.
- All-in cost per kilogramme decreased by 27.9% to ZAR457,380/kg (2014: ZAR633,960/kg), due to once-off ETRP expansionary capital of ZAR88.3 million during the prior reporting period.
- Adjusted EBITDA increased to ZAR124.2 million (2014: ZAR6.2 million) (note 1).

Phoenix Platinum

- Phoenix Platinum's profitability and cash generation decreased during the reporting period due to a curtailment in current arisings from International Ferro Metals (SA) Proprietary Limited's ('IFMSA') Lesedi mine, following the initiation of business rescue proceedings by IFMSA. Tonnages processed were also adversely impacted by the drought and associated water shortages affecting re-mining and processing. The lower platinum group elements ('PGE') price environment further affected the operation's profitability.
- Phoenix Platinum's earnings decreased to ZAR0.1 million (2014: ZAR7.3 million).
- PGE production decreased by 4.6% to 4,493oz (2014: 4,711oz).
- Revenue decreased by 15.2% to ZAR39.2 million (2014: ZAR46.2 million) due to lower tonnages processed as a result of the operational challenges highlighted above and the lower effective PGE net revenue price received of ZAR8,716/oz (2014: ZAR9,815/oz).
- The average PGE net revenue price received decreased by 11.2% to ZAR8,716/oz (2014: ZAR9,815/oz).
- Cost per tonne increased by 24.2% to ZAR293/t (2014: ZAR236/t), mainly due to tonnages processed decreasing by 13.6% to 117,461t (2014: 135,963t).
- Cost per ounce of production increased by 12.3% to ZAR7,653/oz (2014: ZAR6,817/oz).
- Adjusted EBITDA decreased to ZAR2.9 million (2014: ZAR13.5 million) (note 1).

Note 1: Adjusted EBITDA is represented by earnings before interest, taxation, depreciation and amortisation, impairments and loss on disposal of associate.