THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 381 of this Document apply throughout this Document, including this cover (unless the context indicates otherwise).

1. This entire Document is important and should be read with particular attention to the section entitled "Action Required", which commences on page 2 of this Document.
2. If you are in any doubt as to the action you should take pursuant to this Document, you are recommended to immediately seek independent advice from your own financial adviser, stockbroker, bank manager, CSDP, attorney, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act, 2000 if you are in the United Kingdom or the Financial Advisory and Intermediary Services Act, No. 37 of 2002, if you are in South Africa, or if you are not resident in the United Kingdom or South Africa, from another appropriately authorised independent financial adviser.
3. This Document and the Rights Offer to which it relates are addressed to Shareholders and the level of disclosure contained within this Document is proportionate to such an issue.
4. **If you allow your Rights to lapse you will forfeit any value they may have. Subject to certain exceptions, relating to Foreign Shareholders the New Shares to which you are entitled will not be sold in the market even if a premium could be achieved, but will be issued at the Subscription Price to applicants for Excess Shares, including to the Subscribers who have subscribed to the Rights Offer as to ZAR702,093,346.**
5. If you sell or transfer or have sold or otherwise transferred all of your Existing Shares (other than *ex*-Rights) before the *ex*-Rights Date, please forward this Document, together with any Provisional Allotment Letter or Form of Instruction, as the case may be, duly renounced, as soon as possible to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, these documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the laws of such jurisdiction, including but not limited to the Excluded Territories. If you hold Dematerialised Shares on the UK Register and sell or transfer or have sold or otherwise transferred all or some of your Existing Shares (other than *ex*-Rights) before the *ex*-Rights Date, a claim transaction for the Nil Paid Rights will automatically be generated by Euroclear which, on settlement, will transfer the appropriate number of Nil Paid Rights to the purchaser or transferee. If you hold Dematerialised Shares on the SA Register and sell or transfer or have sold or have otherwise transferred all or some of your Existing Shares (other than *ex*-Rights) before the relevant *ex*-Rights Date, the appropriate number of Letters of Allocation will automatically be credited to the purchaser's CSDP or Broker account.
6. If you sell or transfer or have sold or otherwise transferred only part of your holding of Existing Shares (other than *ex*-Rights) held in certificated form, on the UK Register before the *ex*-Rights Date, you should refer to the instructions regarding split applications in the Provisional Allotment Letter.
7. **You should read the whole of this Document carefully. In particular, your attention is drawn to the section entitled "Risk Factors" commencing on page 13 of this Document.**
8. **The distribution of this Document and related documents and the granting of the right to subscribe for Rights Shares in certain jurisdictions other than South Africa or the United Kingdom may be restricted by law and a failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction. The Rights Offer does not constitute an offer in any jurisdiction in which it is illegal to make such an offer and in such circumstances, this Document, the Provisional Allotment Letter or the Form of Instruction, if sent, is sent for information purposes only. Shareholders not resident in South Africa or the United Kingdom are referred to paragraph 7 of Part 5 "Terms and Conditions of the Right Offer" of this Document for further information regarding the restrictions applicable to them in terms of the Rights Offer.**

PAN AFRICAN RESOURCES PLC

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

A renounceable rights offer of 370,071,902 New Shares fully subscribed as to ZAR702,093,346, in the ratio of 25.5 New Shares for every 100 Shares held on the Record Date at ZAR1.90 per Rights Share for SA Qualifying Shareholders and 14 pence per Rights Share for UK Qualifying Shareholders

Sole Bookrunner, Corporate Adviser and JSE Transaction Sponsor

ONE CAPITAL

Independent Sponsor

NEDBANK CAPITAL

Nominated Adviser and Joint Broker

CANACCORD Genuity

Joint Broker

finnCap

Date of issue: 30 November 2012

This Document is only available in English. Copies of this Document may be obtained during normal business hours from the registered office and corporate office of Pan African and the offices of the Transfer Secretary and the Registrar at their respective addresses set out in the "Corporate Information and Advisers" section of this Document from the date of issue hereof until Friday, 11 January 2013.

ACTION REQUIRED

The Rights Shares, will, when issued and fully paid, rank *pari passu* in all respects with the Existing Shares, including the right to receive all dividends and other distributions declared, made or paid on or after, or by reference to a record date on or after, the date of their issue. There are no convertibility or redemption provisions relating to the Rights Shares. The allocation of Rights Shares will be such that only whole numbers of Rights Shares will be alloted and Qualifying Shareholders will be entitled to rounded numbers of Rights Shares. Fractional entitlements of 0.5 or greater will be rounded up and less than 0.5 will be rounded down to the nearest whole number. The Rights, the Provisional Allotment Letters or Letters of Allocation, as the case may be, could be valuable and may be sold on AIM or the JSE. Letters of Allocation can, however, only be traded in Dematerialised form on the JSE and accordingly, all Letters of Allocation have been issued in Dematerialised form. The electronic record of Shareholders who hold Certificated Shares is maintained by the Transfer Secretary and this has made it possible for SA Qualifying Shareholders who hold Certificated Shares to enjoy similar rights and opportunities as holders of Dematerialised Shares in respect of their Rights. Instructions on how to accept, renounce or sell the Rights represented by the Provisional Allotment Letters or Letters of Allocation, as the case may be, are set out in Part 5 "Terms and Conditions of the Rights Offer" of this Document and in the Provisional Allotment of Letters of Allocation.

This Document, which comprises a prospectus in the United Kingdom relating to the Rights Offer prepared in accordance with the Prospectus Rules of the FSA made under Part VI of the FSMA, has been approved by the FSA in accordance with section 87A of the FSMA and will be made available to the public in accordance with Rule 3.2 of the Prospectus Rules.

This Document is not a prospectus within the meaning of the Companies Act but is a pre-listing statement as envisaged in the Listings Requirements. Accordingly, a copy of this Document in English has been submitted to and approved by the JSE Limited in accordance with the Listings Requirements and will be lodged with the CIPC for disclosure and record purposes only.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules to have a nominated adviser. The London Stock Exchange has not itself examined or approved the contents of this Document.

The Company and its Directors accept responsibility for the information contained in this Document. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and contains no omission likely to affect its import.

In addition and in accordance with the Listings Requirements, the Directors collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and contains all information required by law and the Listings Requirements.

This Document incorporates revised listing particulars and is issued in compliance with the Listings Requirements, for the purpose of providing information to the public with regard to Pan African and contains the information described in section 6 of the Listings Requirements.

Application has been made to the London Stock Exchange for the New Shares to be admitted to trading on AIM. It is expected that UK Admission will become effective and that dealings in the New Shares, nil paid, will commence at 8.00 am (London time) on 19 December 2012 and in the New Shares, fully paid, at 8.00 am (London time) on 14 January 2013.

Application has been made to the JSE Limited and approval granted for the Letters of Allocation and New Shares to be admitted to listing and trading on the Main Board of the JSE. It is expected that SA Admission will become effective and that dealings on the JSE in the Letters of Allocation (on a deferred settlement basis) will commence at 9.00 am (Johannesburg time) on 10 December 2012 and in the New Shares (fully paid) will commence at 9.00 am (Johannesburg time) on 7 January 2013.

In respect of SA Qualifying Certificated Shareholders, the Forms of Instruction will, subject to certain exceptions, be posted to SA Qualifying Certificated Shareholders at 9.00 am (Johannesburg time) by 18 December 2012, and the Letters of Allocation to which they are entitled will be credited to an account with the Transfer Secretary at 9.00 am (Johannesburg time) by 18 December 2012, and in respect of SA Qualifying Dematerialised Shareholders, subject to certain exceptions, their accounts with their CSDPs or Brokers will be credited with the number of Letters of Allocation to which they are entitled at 9.00 am (Johannesburg time) by 18 December 2012.

UK Qualifying Certificated Shareholders are expected to, subject to certain exceptions, receive a Provisional Allotment Letter on or after 19 December 2012 and UK Qualifying Dematerialised Shareholders will, subject to certain exceptions, receive a credit to their appropriate stock accounts in CREST in respect of the Nil Paid Rights to which they are entitled on 19 December 2012. The Nil Paid Rights so credited are expected to be enabled for settlement by Euroclear as soon as practicable after UK Admission.

The latest time and date for acceptance and payment in full by SA Qualifying Certificated Shareholders for the Rights Shares and Excess Shares is 12.00 noon (Johannesburg time) on 11 January 2013. The procedure for application and payment under the Rights Offer is set out in Part 5 "Terms and Conditions of the Rights Offer" of this Document and is also set out in the Form of Instruction.

The latest time and date for acceptance and payment in full by SA Qualifying Dematerialised Shareholders for the Rights Shares and Excess Shares is governed in terms of the agreement governing the relationship between the relevant Shareholder and its CSDP or Broker. The procedure for application and payment under the Rights Offer is set out in Part 5 "Terms and Conditions of the Rights Offer" of this Document.

The latest time and date for acceptance and payment in full by UK Qualifying Shareholders for the Rights Shares and Excess Shares is 11.00 am (London time) on 11 January 2013. The procedure for application and payment under the Rights Offer is set out in Part 5 "Terms and Conditions of the Rights Offer" of this Document and, where relevant, is also set out in the Provisional Allotment Letter.

Investors should only rely on the information contained in this Document. No person has been authorised to give any information or make any representations other than those contained in this Document and, if given or made, such information or representation must not be relied upon as having been so authorised. Pan African will comply with its obligation to publish a supplementary document containing further updated information required by law or by any regulatory authority but assumes no further obligation to publish additional information.

The New Shares, the Rights, the Forms of Instruction, the Provisional Allotment Letters and the Letters of Allocation have not been and will not be registered under the US Securities Act of 1933, as amended (the "**US Securities Act**") nor under the securities laws of any state or other jurisdiction of the United States and may not be offered, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly in, into or within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

The New Shares, the Rights, the Forms of Instruction, the Provisional Allotment Letters and the Letters of Allocation have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Shares or the accuracy or adequacy of this Document. Any representation to the contrary is a criminal offence in the United States. The New Shares, the Rights, the Forms of Instruction, the Provisional Allotment Letters and the Letters of Allocation have not been, nor will be, registered under the relevant laws of any state, province or territory of any Excluded Territory or any other jurisdiction where to do so would or might contravene local securities laws or regulations. The New Shares, the Rights, the Forms of Instruction, the Provisional Allotment Letters and the Letters of Allocation may not be, directly or indirectly, offered, sold, renounced, transferred, taken up, exercised or delivered in, into or within any such jurisdictions.

It is the responsibility of any person receiving a copy of this Document outside the United Kingdom and South Africa to satisfy himself as to the full observance of laws and regulatory requirements of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required or observing any other formalities required to be observed in such territory and paying all other issue, transfer or other taxes due in such territory. Persons receiving this Document, a Form of Instruction and/or a Provisional Allotment Letter (including without limitation, nominees and trustees) should not distribute the aforesaid documents into any jurisdiction when to do so would, or might, contravene local securities laws and regulations.

THE CONTENTS OF THIS DOCUMENT ARE NOT TO BE CONSTRUED AS LEGAL, FINANCIAL, BUSINESS OR TAX ADVICE. EACH SHAREHOLDER OR PROSPECTIVE SHAREHOLDER SHOULD CONSULT THEIR OWN LEGAL ADVISER, FINANCIAL ADVISER OR TAX ADVISER FOR LEGAL, FINANCIAL OR TAX ADVICE.

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SUMMARY

Summaries are made up of disclosure requirements known as 'Elements'. These Elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for the type of securities (described in C.1 below) and issuer (as defined in B.1 below). Because some Elements are not required to be addressed there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted into the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

Section A – Introduction and warnings		
Element	**Disclosure requirement**	**Disclosure**
A.1	Introduction and warning	This summary should be read as an introduction to the full text of this Document. Any decision to invest in the securities should be based on consideration of this Document as a whole by the investor. Where a claim relating to information contained in this Document is brought before a court, the plaintiff investor might, under the national legislation of Member States, have to bear the costs of translating this Document before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Document or it does not provide, when read together with the other parts of this Document, key information in order to aid investors when considering whether to invest in such securities.
A.2	Subsequent resale of securities or final placement of securities through financial intermediaries	Not applicable.

Section B – Issuer		
Element	**Disclosure requirement**	**Disclosure**
B.1	Legal and commercial name	Pan African Resources PLC ("Pan African" or the "Company")
B.2	Domicile, legal form, legislation and country of incorporation	The Company was incorporated and registered as a public limited company in England and Wales on 25 February 2000 under the United Kingdom Companies Act, 1985.
B.3	Pan African's business	Pan African and its subsidiaries ("Group") are South Africa-based precious metals mining group that produces approximately 95,000 oz of gold per annum and is estimated to produce 12,000 oz for the year ahead of platinum group metals ("PGM"). The strategic focus of the Group is on delivering attractive shareholder returns by exploiting ore-bodies that yield high margins. The Group recently commissioned the Phoenix chrome tailings retreatment plant that extracts PGMs from chrome tailings and is planning to build a 1.2 Mt per annum gold tailings retreatment plant at the Barberton Gold Mining Operations ("BGMO"). This plant could increase gold production from BGMO by approximately a further 20,000 oz per annum from August 2013.

Element	Disclosure requirement	Disclosure
B.4a	Recent trends	During recent months the South African mining industry suffered from significant strike action. No strike action arose at the operations of the Group nor did the Group suffer any extended stoppages at its operations as a result of injury or loss of life. A weakening of the Rand coupled with a strengthening of the US Dollar gold price has resulted in the Group being able to obtain a higher Rand price per kilogram of gold with the average quoted gold price for the month of October 2012 being in excess of ZAR480,000 per kilogram.
B.5	Group structure	Pan African is the parent company of the Group which comprises wholly-owned subsidiaries Barberton Mines (Proprietary) Limited, Emerald Panther Investments 91 Proprietary Limited, Phoenix Platinum Mining (Proprietary) Limited, Platinum Sands (Proprietary) Limited, Mistral Resource Development Corporation, Explorator Limitada and Brampton Capital Overseas Limited.
B.6	Major shareholders	As at 28 November 2012 ("the Last Practicable Date"), the direct and indirect holdings of the Company's directors ("Directors") in ordinary shares of 1 penny each in the share capital of the Company ("Shares") were as follows:

Name	Direct beneficial	Indirect non-beneficial	Total	Percentage holding (%)
Executive				
JP Nelson	1,122,442		1,122,442	0.08
JAJ Loots	65,000		65,000	–
RG Still	2,000,000	14,224,696	16,224,696	1.12

Save as disclosed above, none of the Directors had any direct and indirect holdings in Shares as at the Last Practicable Date.

Insofar as is known to the Directors, the following holders of Shares ("Shareholders") (excluding Directors) beneficially held, directly or indirectly, an interest of 3 per cent or more of the Shares in issue as at the Last Practicable Date.

Shareholder	Number of Shares	Percentage holding (%)
Shanduka Gold (Proprietary) Limited ("Shanduka Gold")	366,168,585	25.23
Coronation Asset Management (Proprietary) Limited ("Coronation Fund Managers")	88,249,942	6.08
Allan Gray Limited ("Allan Gray Investment Council")	115,085,897	7.93
Investec Asset Management (Proprietary) Limited ("Investec Asset Management (SA)") and Investec Asset Management Limited PLC ("Investec Asset Management (UK)")	141,785,423	9.77
Public Investment Corporation SOC Ltd. ("PIC")	44,028,192	3.03
Total	**755,318,039**	52.04

Element	Disclosure requirement	Disclosure
		The Directors are not aware of any person or persons who, following the completion of the renounceable rights offer by Pan African of 25.5 new Shares for every 100 Shares held ("Rights Offer") (which is fully subscribed as to ZAR702,093,346) or at a subsequent date, will or could, directly or indirectly, jointly or severally, exercise control over the Company. None of the major Shareholders of the Company set out above has different voting rights from any other Shareholder in respect of any Shares held by them.
B.7	Key historical financial information	Selected historical financial information relating to the Company which summarises the financial condition of the Company for the three financial years ended 30 June 2012 is set out in the following table:

	Audited financial results for the year ended 30 June 2010 £	**Audited financial results for the year ended 30 June 2011 £**	**Audited financial results for the year ended 30 June 2012 £**
Gold sales	68,506,394	79,208,399	101,068,596
Cost of production	(40,553,886)	(45,345,417)	(46,122,811)
Mining profit	24,664,624	30,819,976	51,523,558
Profit after tax	14,499,875	17,168,665	29,241,634
EPS (pence)	1.04	1.20	2.02
HEPS (pence)	1.07	1.20	2.03
Weighted average shares ('000)	1,366,269	1,432,667	1,445,202
Total assets	92,001,445	113,115,965	127,689,479
Total equity	73,486,877	90,746,110	102,625,655
Total liabilities	18,514,568	22,369,855	25,063,824

		There have been no significant changes in the financial or trading position of the Company or its subsidiaries from 30 June 2012, being the end of the last financial period for which audited annual financial statements have been published
B.8	Key *pro forma* financial information	As at 30 June 2012, the Group had gross assets of £127,689,479 and net assets of £102,625,655. Assuming that the Rights Offer proceeds were received on that date and that the Evander Acquisition (defined in C.7 below) had been completed on that date, the Rights Offer and Evander Acquisition would have increased gross assets of the Group by £120,577,570 to £248,267,049 and the net assets of the Group by £50,126,771 to £152,752,426. This unaudited *pro forma* financial information addresses a hypothetical situation and should not be construed as indicative of the Company's trading performance since 30 June 2012 or its future financial position or results.
B.9	Profit forecasts	Not applicable. This Document does not contain profit forecasts or estimates.
B.10	Qualification in the audit report	Not applicable. The audit reports on the historical financial information contained in this Document are not qualified.

Element	Disclosure requirement	Disclosure
B.11	Working capital explanation	Not applicable. The Company is of the opinion that, taking into account the Subscription Commitment Amount, the working capital available to the Group is sufficient for the Group's present requirements (that is, for at least the next 12 months from the date of this Document).

Section C – Securities		
Element	**Disclosure requirement**	**Disclosure**
C.1	Description of securities	The Company will issue 370,071,902 New Shares ("New Shares") of 1 penny each in the ordinary share capital of Pan African at a subscription price of ZAR1.90 or 14 pence per New Share pursuant to the Rights Offer. The ISIN number of the Nil Paid Rights (defined in D.3) is GB00B85FJG40, the ISIN number of the rights to acquire New Shares, fully paid ("Fully Paid Rights") is GB00B8RCBP62.
C.2	Currency of securities	The Shares are denominated in Pounds Sterling ("£") and the subscription price payable for the New Shares is in Rand ("ZAR") by Shareholders who hold their Shares on the share register maintained in South Africa ("SA Register") or in £ by Shareholders who hold their Shares on the share register maintained in the United Kingdom ("UK Register").
C.3	Amount paid up and par value	The Company has 1,451,262,361 fully paid Shares in issue. Following the Rights Offer, the Company will have 1,821,334,263 fully paid Shares in issue.
C.4	Rights attached to Shares	Shares (including New Shares to be issued in terms of the Rights Offer) entitle the holder thereof to, *inter alia,* the following rights: • Subject to any special rights or restrictions as to voting attached to any Shares by or in accordance with the articles of association of the Company, on a show of hands every member present (who being an individual, is present in person, or being a corporation, is present by a representative not being himself a member), or each proxy present shall have one vote and on a poll every member who is present in person or each proxy present shall have one vote for every Share of which he is the holder. • If the Company is wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may, with the authority of a special resolution, divide among the members *in specie* or kind the whole or any part of the assets of the Company, whether or not the assets consist of property of one kind or of properties of different kinds. He may for that purpose set such value as he deems fair upon any one or more class or classes of property and may determine how the division is carried out as between the members or different classes of members. He may, with the same authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator with the same authority thinks fit, but no contributory shall be compelled to accept any shares in respect of which there is a liability.

Element	Disclosure requirement	Disclosure
		• The profits of the Company available for dividend and resolved to be distributed shall be applied in the payment of dividends to the members in accordance with their respective rights and priorities. The Company, by ordinary resolution, in general meeting, may declare dividends accordingly. No higher dividend shall be paid than is recommended by the board of directors of the Company ("Board") and the declaration of the Board as to the amount of the profits at any time available for distribution shall be conclusive.
C.5	Restrictions on free transferability	Not applicable. There are no restrictions on the free transferability of the Shares set out in the constitutional documents of the Company. However, the making of the proposed offer of New Shares to persons located or resident in, or who are citizens of, or who have a registered address in countries other than the United Kingdom or South Africa, may be affected by the law or regulatory requirements of the relevant jurisdiction, which may include restrictions on the free transferability of the Shares.
C.6	Admission to trading on regulated market	Not applicable. Application has been made to the London Stock Exchange for the New Shares to be admitted to trading on AIM. Application has also been made to the JSE Limited for the letters of allocation in respect of Nil Paid Rights (defined in D.3) ("Letters of Allocation") and the New Shares to be admitted to trading on the Main Board of the JSE. AIM and the JSE are not regulated markets as defined by the Markets in Financial Instruments Directive 2004/39/EC, as amended.
C.7	Dividend policy	The Company has adopted a policy whereby dividends are considered and, if deemed appropriate by the Board, declared on an annual basis. The consideration of any dividend will take account of cash flow requirements and growth plans, whilst recognising that where possible, the payment of a dividend on a consistent basis increases Shareholder value. A dividend was not declared for the year ended 30 June 2012. The interruption in the dividend cycle was directly related to the funding of the acquisition by Pan African, through a wholly-owned subsidiary, of all of the shares in and loan claims against Evander Gold Mines Limited ("Evander") from Harmony Gold Mining Company Limited (as more fully described in the circular posted to Shareholders on 7 November 2012) ("Evander Acquisition") and does not constitute a change in the Company's dividend policy.

Section D – Risks		
Element	**Disclosure requirement**	**Disclosure**
D.1	Key risks specific to the Group and following implementation of the Evander Acquisition the Group together with Evander ("Enlarged Group") and the mining industry	• The profitability of the Enlarged Group's operations and the cash flows generated by these operations are significantly affected by changes in the market price for gold. Where there is any material diminution in the price of gold, the Enlarged Group's business, financial condition and results of operations may be adversely affected. • The Completion of the Evander Acquisition is conditional, *inter alia*, upon the South African Minister of Mineral Resources granting written consent in terms of section 11 of the South African Mineral and Petroleum Resources Development Act, No. 28 of 2002 to the transfer of the Sale Shares to Emerald Panther Investments 91 Proprietary Limited pursuant to the Evander Acquisition. If Completion does not occur by virtue of this condition not being fulfilled, this may result in a delay in the execution of the strategic objectives of the Group and may mean that the Group will be unable to realise the benefits that the Board believes will result from the Evander Acquisition. • The Enlarged Group is susceptible to risks of violence, production stoppages and damage to property associated with trade union participation and labour disputes. There has been a sharp increase in activism in South Africa recently, which may halt production at the Enlarged Group's operations, may increase the cost of production and, consequently, may have an adverse effect on the Enlarged Group's business, financial condition and results of operations. • Whilst the Enlarged Group reports its mineral reserves and resources in accordance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves including the guidelines contained therein ("SAMREC") and the South African Code for reporting Mineral Asset Valuation including the guidelines contained therein ("SAMVAL"), estimations of Mineral Resources and Mineral Reserves are based on a number of assumptions and are not indicative of future production. Many such assumptions are uncertain and may lead to a revision of production estimates. • Mining companies are subject to extensive environmental laws and health and safety regulations and the Enlarged Group's operations could be suspended as a result of non-compliance with such laws and regulations. Furthermore, the Enlarged Group could incur significant costs associated with capital equipment, reporting and other obligations to comply with the applicable requirements. • The Enlarged Group's results and financial conditions may be materially adversely affected by the appreciation of the Rand against the US Dollar. • The Enlarged Group's mining rights are subject to termination due to non-compliance with its obligations under mining laws and regulations, which include failure to maintain and increase participation by historically disadvantaged South Africans in the business. • The Enlarged Group's sole supplier of electricity is Eskom Holdings SOC Ltd. and its inability to supply sufficient electricity as well as significant tariff increases could have a material adverse effect of the Enlarged Group's business.

Element	Disclosure requirement	Disclosure
D.3	Key risks specific to the Shares	• The market price of the New Shares could be volatile and subject to significant fluctuations due to a variety of factors, some of which do not relate to the Enlarged Group's financial performance. • An active trading market may not develop in relation to the nil paid rights to acquire New Shares to be issued pursuant to the Rights Offer ("Nil Paid Rights") or the Letters of Allocation. • The Company's ability to pay dividends in the future will depend on the progress of its business, the Enlarged Group's profitability and projected cash requirements.

Section E – The Rights Offer		
Element	**Disclosure requirement**	**Disclosure**
E.1	Net proceeds and expenses	The Company will issue 370,071,902 New Shares at a subscription price of ZAR1.90 or 14 pence per New Share, thereby raising approximately ZAR703 million (gross proceeds). This amount is subject to commissions and other estimated fees and expenses of ZAR35 million resulting in estimated total net proceeds from the Rights Offer of approximately ZAR668 million.
E.2a	Use of proceeds	The Rights Offer is being undertaken in order to raise a sufficient amount of equity capital which, taken together with the Group's own cash resources, existing facilities, cash generated by Evander and third party debt finance, will enable the Group to complete the Evander Acquisition.
E.3	Terms and conditions of the Rights Offer	Pan African is offering for subscription, upon the terms and conditions set out in this Document, by way of the Rights Offer, to Shareholders recorded on the UK Register or the SA Register on 14 December 2012 ("Record Date") (other than, those with a registered address, resident, or otherwise believed to be in the United States, the Commonwealth of Australia, its territories and possessions, Canada, Japan and any other jurisdiction where the extension or availability of the Rights Offer (or any transaction contemplated thereby and any activity carried out in connection thereunder) would constitute a contravention of applicable law) ("Qualifying Shareholders") and/or their renouncees, a total of 370,071,902 New Shares at a subscription price of ZAR1.90 or 14 pence per New Share, in the ratio of 25.5 Rights Shares for every 100 Shares held by Qualifying Shareholders at the close of business on the Record Date. The subscription price for the New Shares of ZAR1.90 per Rights Share represents a discount of approximately: • 3.7 per cent relative to the closing price of the Shares as traded on the JSE on 30 May 2012, being the date that the Evander Acquisition was announced; • 3.7 per cent relative to the volume weighted average Share price as traded on the JSE for the 30 trading days ended on 30 May 2012; • 4.2 per cent relative to the volume weighted average Share price as traded on the JSE over the period from 30 May 2012 up and to and including 15 August 2012, being the period during which the bookbuild process to secure irrevocable undertakings from certain Shareholders to subscribe for New Shares pursuant to the Rights Offer, was conducted;

Element	Disclosure requirement	Disclosure
		• 29.55 per cent to the theoretical *ex*-Rights price (calculated by reference to the closing price of ZAR2.90 per Share on the JSE on the Last Practicable Date); and • 34.48 per cent to the closing price of ZAR2.90 per Share on the JSE on the Last Practicable Date. The subscription price for the New Shares of 14 pence per Rights Share represents, in effect: • a 28.49 per cent discount to the theoretical *ex*-Rights price (calculated by reference to the closing price of 21 pence per Share on AIM on the Last Practicable Date); and • a 33.33 per cent discount to the closing price of 21 pence per Share on AIM on the Last Practicable Date.
E.4	Material interests	Not applicable. There are no interests that are material to the Rights Offer.
E.5	The offeror	The New Shares are being offered by the Company. No lock-up agreements have been entered into with regard to the Rights Offer.
E.6	Dilution	The Company expects to issue 370,071,902 New Shares pursuant to the Rights Offer. Assuming such number of New Shares is issued, existing Shareholders who do not participate in the Rights Offer will suffer an immediate dilution of 25.5 Shares for every 100 Shares they currently own, which is equivalent to a dilution of approximately 20.32 per cent.
E.7	Expenses	Not applicable. No expenses are charged to the investor by the Company.

1. RISKS RELATING TO THE EVANDER ACQUISITION

1.1 The Enlarged Group may fail to realise the full benefits anticipated from, or may incur unanticipated costs associated with, the Evander Acquisition and the integration of the Acquisition Assets with the Group's asset portfolio

Although the Directors believe their expectations in relation to the increased earnings for the Enlarged Group attributable to the Acquisition Assets to be reasonable, there can be no assurance that this will be the case as the value of the Acquisition Assets may be less than the value attributed to them by the Group or the estimated production capacity or potential of Evander, its reserves or resources, or their quality may be lower than expected. If the Evander Acquisition is completed, the process of integrating the Acquisition Assets may create unforeseen operating difficulties and expenditures and pose management, administrative and financial challenges. The integration of the Acquisition Assets may require significant time and effort on the part of the Enlarged Group's management. The process of integrating operations could, amongst other things, divert management's attention from the activities of one or more businesses, as well as interrupt business momentum, and could result in a loss of key personnel. In addition, unanticipated costs may be incurred in respect of the Evander Acquisition and the integration of the Acquisition Assets. Notwithstanding this, the Harmony/Evander Shared Services Agreement allows for, *inter alia*, the accounting services provided by Harmony to Evander to continue until Evander is fully integrated into Pan African. Senior staff have also been appointed at Pan African to specifically oversee the integration process.

Any of the foregoing, or failure by the Enlarged Group to realise the anticipated benefits of the Evander Acquisition, could have a material adverse effect, following Completion, on the Enlarged Group's business, results of operations and/or financial condition.

1.2 The Evander Acquisition is conditional on the satisfaction of conditions which may or may not be fulfilled

Completion of the Evander Acquisition is conditional, *inter alia*, upon the Minister granting written consent in terms of section 11 of the MPRDA to the transfer of the Sale Shares to Emerald Panther Investments by no later than 30 June 2013. If Completion does not occur by virtue of this condition not being fulfilled, this may result in a delay in the execution of the strategic objectives of the Group and may mean that the Group will be unable to realise the benefits that the Board believes will result from the Evander Acquisition. This could have an adverse impact on Pan African's or the Group's business, reputation, financial condition and/or results of operations.

1.3 Mine, Health, Safety and Environmental liabilities may be significant

The operational and technical documentation provided by Harmony to the Group for the purpose of its due diligence investigations of the mine, health, safety and environmental liabilities associated with the Acquisition Assets, and upon which the Group has relied, may not identify existing or potential problems.

As a result the Group may, in making the Evander Acquisition, assume environmental liabilities in relation to the Acquisition Assets, which are not known or anticipated as at the date of Completion. It is also possible that certain claims may arise from a mine health and safety perspective from current and former employees that is not known and/or cannot be envisaged at this time and which could pose a future liability to the Group. If this is the case, this may have a material adverse effect on the Enlarged Group's business, results of operations and/or financial condition.

1.4 Debt will be incurred to fund the Evander Acquisition

Historically, Pan African has been debt free. Pursuant to the Evander Acquisition the Enlarged Group will incur debt and will be required to comply with all covenants pertaining to the relevant debt facilities.

If the Enlarged Group cannot service such debt from the Enlarged Group's cash flow, the Board anticipates that the servicing of such debt would be financed, by reducing the amount of dividends paid to Shareholders or by the Company ceasing to pay any dividend for a limited period.

1.5 The debt facilities pertaining to the Evander Acquisition contain terms and conditions which may result in certain restrictions being imposed over the use of Evander's funds by the rest of the Group

The Enlarged Group will be subject to certain restrictions under its financing arrangements that may result in funds not being available for use upon certain conditions and these restrictions will continue to be in place following the Evander Acquisition. In particular, if the Enlarged Group fails to maintain specified debt service coverage ratios, amounts received by the Enlarged Group may not be released until such time as a specified debt service cover ratio is reached. Such potential restrictions on the use of funds standing to the credit of the Enlarged Group may have an adverse effect on the ability of the Enlarged Group to utilise cash generated by Evander but do not qualify the working capital statement given by the Directors in paragraph 12 of Part 3 "Financial information relating to Pan African" of this Document.

2. RISKS RELATING TO THE RIGHTS OFFER

2.1 The Rights Offer is not conditional upon Completion

It is possible that, following successful completion of the Rights Offer, the Evander Acquisition could cease to be capable of Completion, in particular, if the Minister fails to or refuses to grant consent in respect of the transfer of the Sales Shares to Emerald Panther Investments pursuant to section 11 of the MPRDA by 30 June 2013 (or such later date as may be agreed). In this case, as the Rights Offer is not conditional upon Completion, the Rights Offer would have been completed and funds would have been raised by the Company pursuant to the Rights Offer.

In the event that the Rights Offer is fully implemented but Completion does not take place, the Directors' current intention is to: (i) use the proceeds of the Rights Offer to consolidate growth opportunities at and around the BGMO; and (ii) consider other potential acquisition opportunities.

2.2 The Company's Share price will fluctuate

The market price of the Shares may be volatile and subject to significant fluctuations due to a variety of factors, some of which do not relate to the Enlarged Group's financial performance, including changes in general market conditions, the general performance of AIM or the JSE (including concerns driven by currency considerations), changes in sentiment in the market regarding the Shares (or similar securities), regulatory changes affecting the Enlarged Group's operations, variations in the Enlarged Group's operating results, business developments relating to the Enlarged Group or its competitors, the operating and share price performance of other companies in the industries and markets in which the Enlarged Group operates, or speculation about the Enlarged Group's business in the press, media or the investment community. Furthermore, the Enlarged Group's operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a significant decline in the market price of the New Shares.

2.3 An active trading market in Nil Paid Rights (or Letters of Allocation, as the case may be) may not develop

The trading period for the Nil Paid Rights on AIM is expected to commence on 19 December 2012 and to end on 11 January 2013. The trading period for the Letters of Allocation on the JSE is expected to commence on 10 December 2012 and to end on 11 January 2013. The Nil Paid Rights will not be admitted to trading on any exchange other than AIM and the Letters of Allocation will not be admitted to trading on any exchange other than the JSE. Because the trading price of Nil Paid Rights (or Letters of Allocation, as the case may be) depends on the trading price of the Shares, the price of Nil Paid Rights and the Letters of Allocation will be subject to the same risks as the price of the Shares. Furthermore, given that the Nil Paid Rights and the Letters of Allocation are expected to have a lower value than the Shares and will only have a limited trading life, an active trading market in the Nil Paid Rights and the Letters of Allocation may not develop during that period. Accordingly, the market for Nil Paid Rights and the Letters of Allocation may be highly illiquid and the price of the Nil Paid Rights and the Letters of Allocation may be highly volatile.

2.4 The Company's ability to pay dividends in the future will depend on the progress of its business, the Enlarged Group's profitability and projected cash requirements

Whilst Pan African intends to declare and pay cash dividends (other than in relation to the year ended 30 June 2012), its policy is to only do so when sufficient profits and funds are available for that purpose. The Company's ability to pay dividends will depend on the progress of the Enlarged Group's business, its continuing profitability, and the Directors' assessment of the cash requirements of the business. These restrictions could limit the Company's ability to pay a dividend to Shareholders in future.

2.5 Shareholders in certain jurisdictions outside the UK and South Africa may not be able to take up New Shares, Nil Paid Rights or Letters of Allocation pursuant to the Rights Offer

Whilst the Rights Offer is in general terms a pre-emptive offering, securities laws of certain jurisdictions may restrict the Company's ability to allow participation by certain Shareholders in such jurisdictions in the Rights Offer or any future issue of shares carried out by the Company. In particular, Shareholders who are located in the US may not be able to exercise their pre-emption rights unless a registration statement under the US Securities Act is effective with respect to such rights or an exemption from the registration requirements is available thereunder. Neither the Rights Offer, the Nil Paid Rights, the Provisional Allotment Letters, the Letters of Allocation, nor the New Shares will be registered under the US Securities Act.

Qualifying Shareholders who have a registered address, or who are resident, in countries other than the UK or South Africa should consult their professional advisers as to whether they require any governmental or other consents, or need to observe any other formalities to enable them to take up their Nil Paid Rights (or Letters of Allocation, as the case may be) or to acquire New Shares. Any Shareholder who is not entitled to participate in the Rights Offer will suffer dilution, as more fully described below.

2.6 Qualifying Shareholders who do not take up their Rights in full will experience dilution in their shareholding

If Qualifying Shareholders do not take up the offer of New Shares under the Rights Offer, their proportionate ownership and voting interests in the Company will be reduced by approximately 20.32 per cent and the percentage that their Shares will represent of the total voting rights of the Company will be reduced accordingly. Even if a Shareholder elects to sell its unexercised Nil Paid Rights, or Letters of Allocation or such Nil Paid Rights or Letters of Allocation are sold on its behalf, the consideration it receives may not be sufficient to compensate it fully for the dilution of its percentage ownership of the Company's share capital that may be caused as a result of the Rights Offer.

2.7 If there is a substantial decline in the price of the Shares, the Nil Paid Rights and the Letters of Allocation may become worthless

The public trading market price of the Shares may decline below the Subscription Price for the New Shares. Should that occur after investors exercise their Rights in terms of the Rights Offer, such investors will suffer an immediate unrealised loss as a result. Following the exercise of Rights, such investors may be unable to sell their New Shares at a price equal to or greater than the Subscription Price. Shareholders who decide not to exercise their Rights may also sell or transfer their Nil Paid Rights or Letters of Allocation. If the public trading market price of the Shares declines below the Subscription Price, investors who have acquired any Nil Paid Rights or Letters of Allocation in the secondary market will suffer a loss as a result.

2.8 The take up of Nil Paid Rights under the Rights Offer will only be available to Qualifying Shareholders or their renouncees

The take up of Nil Paid Rights under the Rights Offer will only be available to Qualifying Shareholders or their renouncees. If a Qualifying Shareholder is not able to take up Rights granted under the Rights Offer, then it will not receive the economic benefit of such Rights because there is no procedure in place by which Rights not taken up may be sold for the benefit of such Shareholder.

Foreign Shareholders are unable to take up New Shares provisionally allotted to them because they are in jurisdictions where the Rights Offer may not be made to them or they may not take up Rights Shares because such action would result in the contravention of applicable law or regulatory requirements, the Transfer Secretary and Registrar (or their agents) shall use reasonable endeavours

to sell the Nil Paid Rights or Letters of Allocation allocated to Foreign Shareholders. The net proceeds of such sales (after deduction of expenses) will be paid to the relevant Foreign Shareholders pro-rated to their holdings of Shares as at the Record Date, provided that such net proceeds exceed ZAR50.00/£5.00.

2.9 Investors will subject to certain exceptions not receive compensation for expired and unexercised Rights

The subscription period for the New Shares being offered in terms of the Rights Offer is expected to commence on 19 December 2012 and is expected to expire on 11 January 2013. If an investor fails to exercise its Rights prior to the end of the subscription period, then they will not receive the economic benefit of such Rights because there is no procedure in place by which Rights not taken up may be sold for the benefit of Shareholders.

Foreign Shareholders are unable to take up New Shares provisionally allotted to them because they are in jurisdictions where the Rights Offer may not be made to them or they may not take up Rights Shares because such action would result in the contravention of applicable law or regulatory requirements, the Transfer Secretary and Registrar (or their agents) shall use reasonable endeavours to sell the Nil Paid Rights or Letters of Allocation allocated to Foreign Shareholders. The net proceeds of such sales (after deduction of expenses) will be paid to the relevant Foreign Shareholders pro-rated to their holdings of Shares as at the Record Date, provided that such net proceeds exceed ZAR50.00/£5.00.

2.10 Shareholders may be subject to exchange rate risks

The New Shares are denominated in Pounds Sterling, and will be quoted and traded: (i) in Pounds Sterling on AIM; and (ii) in Rand on the JSE. In addition, any dividends the Company may pay will be declared in Pounds Sterling and paid: (i) in Pounds Sterling to Shareholders on the UK Register and (ii) in Rand to Shareholders on the SA Register. Accordingly, Shareholders may be subject to risks arising from adverse movements in the value of their local currency against the Pound sterling, which may reduce the value of the New Shares, as well as that of any dividends paid in respect thereof.

3. RISKS RELATING TO THE ENLARGED GROUP'S BUSINESS

General

3.1 The profitability of the Enlarged Group's operations and the cash flows generated by these operations are significantly affected by changes in the market price for gold

The market price for gold can fluctuate widely. These fluctuations are caused by numerous factors beyond the Enlarged Group's control, including: speculative positions taken by investors or traders in gold; changes in the demand for gold use in jewellery, for industrial uses and for investment; changes in the supply of gold from production, disinvestment, scrap and hedging; financial market expectations regarding the rate of inflation; the strength of the US Dollar (the currency in which the gold price is denominated) relative to other currencies; changes in interest rates; actual or expected gold sales by central banks; gold sales by gold producers in forward transactions; global or regional political or economic events; and costs of gold production in major gold-producing nations, such as China, the United States, South Africa, Australia, Peru and Russia.

The price of gold is often subject to sharp, short-term changes resulting from speculative activities and general world economic events. Whilst the overall supply of, and demand for, gold can affect its market price, because of the considerable size of above ground stocks of the metal, in comparison to other commodities, these factors typically do not affect the price to the extent that the supply of, and demand for, other commodities tends to affect their market prices.

The gold price ranged from US$1,062.81 to US$1,423.58 to per ounce in 2010, US$1,311.92 to US$1,900.97 per ounce in 2011 and the market price of gold as at the Last Practicable Date was US$1,718.87 per ounce. These prices are significantly above the historic average price of gold and may decline in the future. A reduction or decline in global gold prices over a prolonged period in the future could have a material adverse effect on the Enlarged Group's business, revenues, results of operations and financial condition.

In the case of a significant prolonged reduction in the price of gold, the Enlarged Group may be required to revise its development plans and budget and if the price falls below the Enlarged Group's cost of production, it may determine that it is not economically feasible to continue commercial production at some or all of its operations.

To date, the Group has sold its gold at prevailing market prices and has not entered into any price hedging arrangements to establish a price in advance for the sale of future gold production, although the Enlarged Group may elect to do so in future. As a result, the Enlarged Group may realise the benefit of an increase in the gold price but it is not protected against a decrease in the price of gold. Accordingly, if the gold price should decrease significantly, the Enlarged Group's revenues would be materially adversely affected.

3.2 The Enlarged Group's results of operations and financial condition may be materially adversely affected by appreciation in the value of the Rand against the US Dollar

The Enlarged Group's profits are sensitive to the Rand/US Dollar exchange rate because substantially all of the Group's revenues are derived from sales denominated in US Dollars while the vast majority of the Group's operating costs are incurred in Rand. Appreciation of the Rand against the £ increases the Group's operating costs when they are translated into £, resulting in lower profit and operating margins. The impact on the Enlarged Group's profitability of any change in the value of the Rand against the US Dollar or £ may be substantial. The Group's policy has historically been not to hedge its exposure to foreign exchange rate fluctuations. The Enlarged Group may in the future undertake a limited amount of hedging of operating costs, but there is no certainty that this will be successful, and it may result in further fluctuations in the Enlarged Group's results of operations.

3.3 Risks associated with trade union participation including disruption from labour disputes and new South African labour law

Mining companies in South Africa face the risk of labour disruption resulting from labour disputes and South African labour law. There may be periods when various stakeholders are unable to agree in dispute resolution processes. Recently, trade union strike action at underground mines has had a major effect on the mining industry in South Africa. Pan African has not experienced strike action at BGMO. However, Evander had a work stoppage in 2010 due to industrial strike action by its workforce. Given the high level of trade union membership amongst the Enlarged Group's employees, the Enlarged Group is at risk of production stoppages for indefinite periods due to strikes, violence and labour related disputes. The Enlarged Group is unable to predict whether it will experience labour disputes in the future or whether such disputes, if they arise, could have an adverse effect on the Enlarged Group's business, operating results or financial condition.

The South African Labour Relations Amendment Bill, which has been proposed to Parliament, may introduce new or more stringent requirements in respect of the Enlarged Group's relationships with its employees. Under the Labour Relations Amendment Bill, companies using the services of a labour broker will be liable for the acts and omissions of that labour broker. Furthermore, an employee on a fixed term contract must be permanently employed unless the employer can establish justification for employment on a fixed term basis and temporary employees are to be given the same pay and benefits as permanent employees (pensions and medical aid cover, for example). This bill provides strict penalties for failure to comply with its provisions and in certain instances breach of the legislation amounts to a criminal offence. Fines of up to 10 per cent of revenue may be imposed in the event of non-compliance with certain provisions of the bill. These and other developments in South African labour law or in the market terms of employment in the mining industry may increase the costs of production or alter the Enlarged Group's relationship with its employees and trade unions which may have an adverse effect on its business, operating results and financial condition.

3.4 Estimations of Mineral Resources and Mineral Reserves are based on a number of assumptions which may be uncertain and subject to change

The Enlarged Group reports its Mineral Reserves and Mineral Resources in accordance with the SAMREC Code and the SAMVAL Code.

The Enlarged Group's reported Mineral Reserves and Mineral Resources represent the Group's estimate of quantities of gold and PGMs that have the potential to be economically mined and refined under anticipated geological and economic conditions. The Enlarged Group's Mineral Reserves are estimated based on a number of factors which have been stated in accordance with SAMREC which include estimates of future cash costs, future gold prices and future currency exchange rates. There are numerous uncertainties inherent in estimating quantities of reserves and resources and in projecting potential future rates of mineral production, including many factors beyond the Enlarged Group's control. The accuracy of any Mineral Reserve or Mineral Resource estimate is a function of a number of factors, including the quality of the methodologies employed, the quality and quantity

of available data and geological interpretation and judgement and is also dependent on economic conditions and market prices being generally in line with estimates.

Mineral Reserves estimates are based on limited sampling and, consequently, are uncertain as the samples may not be representative of the entire ore body and mineral resource. As a better understanding of the ore body and resources is obtained, the estimates may change significantly. In addition, actual reserves may not conform to geological, metallurgical or other expectations and the volume and grade of ore recovered may be below the estimated levels.

Furthermore, estimates of different geologists and mining engineers may vary, and results of the Enlarged Group's mining and production subsequent to the date of an estimate may lead to a revision of estimates due to, for example, fluctuations in the market price of gold, reduced recovery rates or increased production costs due to inflation or other factors which may render reserves and resources containing relatively lower grades of mineralisation uneconomic to exploit and may ultimately result in a restatement of Mineral Reserves and/or Mineral Resources.

Accordingly, Mineral Reserves and Mineral Resources data is not indicative of future production. Moreover, Mineral Reserve estimates should not be interpreted as assurances of the economic life of the Enlarged Group's gold and other metal deposits or the future profitability of operations.

3.5 Exploration and development of mineral deposits is subject to hazards and risks normally encountered in such activities

The Enlarged Group's operations have limited Proved Mineral Reserves and Probable Mineral Reserves and ongoing exploration discovery and conversion of Mineral Resources to Mineral Reserves is necessary to maintain current gold production levels in the future. While discovery of additional potential mineralisation is central to the Enlarged Group's strategy, minerals exploration is highly speculative in nature, involves many risks and is frequently unsuccessful. Risks associated with exploration and discovery include those relating to locating ore bodies, the geological nature of ore bodies, identifying the metallurgical properties of ore bodies, estimating the economic feasibility of mining ore bodies, developing appropriate metallurgical processes, obtaining necessary government permits, and constructing mining and processing facilities. Accordingly, the Enlarged Group's exploration efforts might not result in the discovery of mineralisation and any mineralisation discovered might not result in an increase in Proved Mineral Reserves and Probable Mineral Reserves.

Exploration and development of mineral deposits is also subject to the environmental and industrial hazards and risks normally encountered in such activities. Such hazards and risks include rock bursts, seismic events, underground fires, cave-ins or falls of ground, discharges of gases and toxic chemicals, release of radioactive hazards, flooding, pillar mining, general accidents and other conditions resulting from drilling, blasting and removal and processing material. The Enlarged Group is at risk from any of these hazards and risks. The occurrence of any of these could delay production, increase cash costs or result in financial liability for the Enlarged Group.

Seismic activity is of particular concern in underground mining operations, particularly in South Africa due to the extent and extreme depth of mining. Despite modifications to mine layouts and support technology, as well as other technological improvements employed with a view to minimising the incidence and impact of seismic activity, seismic events may cause death and injury to employees and contractors. Seismic activity may also cause the loss of mining equipment, damage to or destruction of mineral properties or production facilities, monetary losses, environmental damage and potential legal liabilities at operations where seismic activity may be a factor. As a result, these events may have a material adverse effect on the Enlarged Group's results of operations and financial condition.

Unprecedented heavy rains could cause flooding of underground operations. This could result in temporary shutdowns of production, damage to equipment and health and safety risks.

In addition, the Enlarged Group's operations could be exposed to a number of physical risks from climate change, such as changes in rainfall rates, reduced water availability, higher temperatures and extreme weather events. Events or conditions such as flooding or inadequate water supplies could disrupt mining and transport operations, mineral processing and rehabilitation efforts, could create resource shortages and could damage the Enlarged Group's property or equipment and increase health and safety risks on site. Remedial work to repair flood damage and rehabilitate flooded areas would also adversely impact cash costs per ounce.

Substantial capital expenditure is required to identify and delineate Mineral Reserves and Mineral Resources through geological surveying and drilling, to identify geological features that may prevent or restrict the extraction of ore, to determine the metallurgical processes to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities. There can be no assurance that the Enlarged Group will be able to fund required capital expenditure in the future.

The Enlarged Group typically uses feasibility studies to determine whether to undertake development projects. Feasibility studies include estimates of expected or anticipated economic returns, which are based on assumptions about future gold and other metal prices, anticipated tonnage, grades and metallurgical characteristics of ore to be mined and processed, anticipated recovery rates of gold and other metals as well as anticipated costs of the project.

Accordingly, there can be no assurance that the Enlarged Group will be able to identify future Mineral Reserves or Mineral Resources or continue to extend the mine life of its existing operations. Any failure by the Enlarged Group to identify, delineate and realise Mineral Reserves or Mineral Resources in the future could have a material adverse effect on its business, results of operations and financial condition.

3.6 Actual economic estimates and returns may differ significantly from those anticipated in feasibility studies

During the period between completion of the initial feasibility study and completion of the development of a project, the economic feasibility of production may change due to factors beyond the Enlarged Group's control. These factors impact on the risk of developing a project following the completion of an initial feasibility study.

There can be no assurance that the Enlarged Group will be able to effectively manage the expansion of its operations or that the Enlarged Group's personnel, systems, procedures and controls will be adequate to support the expansion or commissioning of new projects. Any failure by management to effectively manage the Enlarged Group's growth and development could have a material adverse effect on the Group's business, financial condition and results of operations.

3.7 The Enlarged Group's mining rights could be altered, suspended or cancelled for a variety of reasons

The Enlarged Group's right to own and exploit Mineral Resources, Mineral Reserves and deposits is governed by the laws and regulations of the jurisdictions in which the mineral properties are located. Currently, a significant portion of the Enlarged Group's Mineral Reserves and deposits are located in countries where mining rights could be suspended or cancelled should it breach its obligations in respect of these rights.

The formulation or implementation of government policies on certain issues may be unpredictable. This may include changes in laws relating to mineral rights and ownership of mining assets and the right to prospect and mine, and in extreme cases, nationalisation, expropriation or nullification of existing concessions, licenses, permits, agreements and contracts.

Any existing and new mining and exploration operations and projects are subject to various national and local laws, policies and regulations governing the ownership and the right to prospect or mine or develop proposed projects. If the Enlarged Group is not able to obtain or maintain necessary permits, authorisations or agreements to prospect or mine or to implement planned projects, or continue its operations under conditions, or comply with all laws, regulations or requirements, or within time-frames that make such plans and operations economically viable, or if the laws impacting the Enlarged Group's ownership of its mineral rights, or the right to prospect or mine change materially, or should governments increase their ownership in the mines or nationalise them, the Enlarged Group's results of operations and its financial condition could be adversely affected.

In South Africa, mining rights are linked to meeting various obligations including compliance with the Mining Charter. Compliance with the Mining Charter, measured using a designated scorecard ("Mining Charter Scorecard"), requires the achievement of equity participation in all prospecting or mining ventures by HDSAs of 26 per cent by December 2014, and targeted levels of participation by HDSAs in various other aspects of management. The Enlarged Group will incur expenses in achieving the targets set by the Mining Charter.

Whilst compliant with ownership targets to be achieved by May 2014, the Enlarged Group will have to make progress on an ongoing basis to achieve future targets, including further participation by HDSAs in various aspects of management, the upgrade of housing and accommodation at the Enlarged Group's mines, further human resource development, mine community development, sustainable development and growth as well as procurement and enterprise development, certain of which are also included under the Code of Good Practice for the Minerals Industry and Housing and Living Conditions Standard, as defined and discussed below and which targets must also be achieved by 2014.

As required by the MPRDA, the Minister published a Code of Good Practice for the Minerals Industry ("Code") and the Housing and Living Conditions Standard ("Standard") in April 2009. The Code was developed to create principles to facilitate effective implementation of minerals and mining legislation and enhance implementation of the Mining Charter applicable to the mining industry. The Standard aims to include the provision of housing as an integral part of infrastructure during the development of a mine. Both the Code and the Standard provide that non-compliance equates to non-compliance with the MPRDA. It is unclear whether non-compliance with the Code or the Standard would lead to the cancellation or suspension of a mining right. The South African Chamber of Mines has engaged with the DMR regarding the scope and application of the Codes and Standards. Since the publication of the Codes and Standards, the DMR has indicated that, although the Codes were intended to have the force of law, the DMR is not enforcing them.

The Enlarged Group's mining rights in South Africa can be suspended or cancelled by the Minister if, upon notice of a breach from the Minister, the Enlarged Group fails to remedy the breach. Usually such a notice of breach gives a mining company a reasonable time to remedy the nature of such a breach.

There have been instances where mining companies in South Africa have experienced difficulties or delays in obtaining mineral rights, including prospecting rights and mining rights. Delays in obtaining mineral rights in the future may result in delays to exploration or mining activities which would adversely affect results of operations. There can be no assurance that the Enlarged Group will not experience any delays or difficulties in obtaining mineral rights in the future.

The South African Department of Trade and Industry ("DTI") has recently proposed changes to the Broad-Based Black Economic Empowerment Act, No. 53 of 2003 ("BEE Act") which, if implemented, would provide a standard framework for the measurement of black economic empowerment compliance across all sectors of the economy. There is a risk that all of the industry-specific transformation charters, including the Mining Charter under which the Group has agreed targets with the DMR and against which the Group currently measures its compliance through the Mining Charter Scorecard, may be superseded, in which case the Enlarged Group would be required to comply with the criteria set forth under the BEE Act and any new or revised Codes of Good Practice. The DTI has released its proposed changes to the Codes of Good Practice and has invited all interested persons and the public to provide comments by 4 December 2012. The Enlarged Group cannot predict the scope or timing of any amendments or modifications to the BEE Act (and the Broad-Based Black Economic Empowerment Codes of Good Practice published thereunder) or the Mining Charter, and the impact that these may have on its business.

If the Enlarged Group is unable to maintain its empowered status under the Mining Charter or comply with any other black economic empowerment regulations or policies, it may not be able to maintain its existing prospecting or mining rights and/or acquire any new rights and therefore would be obliged to suspend or dispose of some or all of its operations in South Africa, which would likely have a material adverse effect on the Enlarged Group's business, financial condition and/or results of operations. In addition, in seeking to comply with its enhanced HDSA participation obligations in the future, the Enlarged Group may incur significant costs or be required to enter into transactions on unfavourable terms, which could adversely affect its business, financial condition and results of operations.

3.8 The Enlarged Group's ability to recruit and retain skilled and experienced employees is critical to the success of its operations

The Enlarged Group competes on a global basis with mining and other companies, to attract and retain key human resources at all levels with the appropriate technical skills and operating and managerial experience necessary to operate its business. This is further exacerbated in the current environment of increased mining activity across the globe, combined with the global shortage of

key mining skills, including geologists, mining engineers, metallurgists and skilled artisans. Whilst the Enlarged Group has entered into contractual arrangements with the aim of securing the services of key personnel, the retention of their services cannot be guaranteed.

The current shortage of skilled and experienced personnel in the mining industry in South Africa is likely to continue in the near future. Furthermore, the retention of staff is particularly challenging in South Africa, where, in addition to the impacts of global industry shortages of skilled labour, Pan African required to achieve employment equity targets of participation by HDSAs in management and other positions. The Group competes with all companies in South Africa to attract and retain a small but growing pool of HDSAs with the necessary skills and experience.

There is also a risk that the Evander Acquisition, or continued operational problems, could prompt certain of the Group's skilled and experienced employees to seek work with other employers, including the Group's competitors. The Enlarged Group's ability to execute its strategy and to compete effectively depends on its ability to retain and motivate its current skilled employees and to do so at a commercially viable cost. If the Enlarged Group is unable to attract and retain sufficiently trained or experienced personnel, its business may suffer as a result and the Enlarged Group may experience significantly higher staff costs, which could have a material adverse effect on its business, financial condition or results of operations.

3.10 Use of contractors at certain of the Enlarged Group's operations may expose it to delays in mining activities and increases in mining costs

The Enlarged Group uses contractors at certain of its operations to mine and deliver ore to processing plants as well as for other purposes. At mines employing mining contractors, contracting costs represent a significant proportion of the total operating costs of these operations.

Operations could be disrupted, resulting in additional costs and liabilities, if the mining contractors at affected mines have financial difficulties, or if a dispute arises in renegotiating a contract, or if there is a delay in replacing an existing contractor and its operating equipment to meet business needs at expected cost levels. Increases in contract mining rates, in the absence of associated productivity increases, will also have an adverse impact on the Enlarged Group's results of operations and financial condition.

In addition, the Enlarged Group's reduced control over those aspects of operations which are the responsibility of contractors, contractor failure to comply with applicable legal and regulatory requirements, and their inability to manage their workforce could adversely affect the Enlarged Group's reputation, results of operations and financial position, and may result in liabilities to third parties due to the actions of the contractor.

3.11 Occupational health diseases and the potential costs related thereto

The primary areas of focus in respect of occupational health of employees within the Enlarged Group's operations are noise-induced hearing loss and occupational lung diseases, which include pulmonary diseases such as tuberculosis from various causes and silicosis in individuals exposed to silica dust.

These require active dust management strategies in underground operations, particularly in South Africa where a significant number of silicosis cases are still reported each year. The Enlarged Group provides occupational health services to its employees at its occupational health centres and clinics and continues to improve preventative occupational hygiene initiatives. If the costs associated with providing such occupational health services increase significantly beyond anticipated or budgeted amounts, this could have an adverse effect on the results of operations and/or the financial condition of the Enlarged Group. Actual and alleged health and safety incidents or breaches of standards may also adversely impact the Enlarged Group's reputation.

3.12 The supply of electricity and increases in the cost of power may adversely affect the Enlarged Group's operational results and financial condition

Increasing global demand for energy, concerns about nuclear power, and the limited growth of new supply all impact on the price and supply of energy. The transition of emerging markets to higher energy consumption, carbon taxation as well as unrest and potential conflict in the Middle East could result in constrained supply and sharply escalating oil and energy prices.

The Enlarged Group's mining operations are substantially dependent upon electrical power generated by local utilities. The unreliability of these local sources of power can have a material effect on the

Enlarged Group's operations, as large amounts of power are required for exploration, development, extraction, processing and other mining activities on the Enlarged Group's properties.

In South Africa, the Enlarged Group's operations are dependent on electricity supplied by the national power generation company, Eskom, South Africa's state-owned utility. Electricity is used for most business and safety-critical operations. Loss of power could therefore impact production, employee safety and prolonged outages could lead to potential flooding of workings and ore sterilisation.

In 2008, Eskom warned it could no longer guarantee the availability of electricity to the South African mining industry. A warning of the 'very high' risk of blackouts was re-issued at the start of 2011. While a national energy conservation programme is in place, Eskom cannot guarantee that there will be no power interruptions. In 2008, Pan African and other mining companies operating in South Africa were forced to temporarily suspend mining operations at their mines, after which the Group implemented various initiatives at its South African mines to reduce electricity consumption while operating at full capacity. Pan African cannot offer assurance that the power supply to its South African operations will not be curtailed or interrupted again.

Eskom and NERSA recognise the need to increase electricity supply capacity and a series of tariff increases and proposals have been enacted to assist in the funding of this expansion. In 2010, NERSA approved an annual increase of 24.8 per cent for 2010, 25.8 per cent for 2011 and 25.9 per cent for 2012 and is now reportedly considering requesting another two similar increases, one each in 2013 and 2014. As energy represents a large proportion of the Enlarged Group's operating costs in South Africa, these increases have an adverse impact on the cash costs of its South African operations.

Interruptions and cuts in the Enlarged Group's energy supply or significant increases in electricity prices could have a material adverse effect on the Enlarged Group's business, financial condition and/or results of operations.

3.13 Operations in South Africa are subject to water use licenses which could impose significant costs

Under South African law, the Enlarged Group's operations are subject to water use licenses that govern each operation's water use. These licenses require, *inter alia*, that mining operations achieve and maintain certain water quality limits for all water discharges, where these apply. Any failure by the Enlarged Group to comply with the requirements of these licenses may result in penalties or business interruption due to revoked water licenses.

Shortages and interruptions in the Enlarged Group's water supply or significant increases in water prices could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and prospects.

The Gold Mining Industry

3.14 The nature of mining activities presents safety risks

The environmental and industrial risks identified above also present safety risks for the Enlarged Group's operations and its employees and could lead to the suspension or potential closure of operations for intermittent periods. Safety risks, even in situations where no injuries occur, can have a material adverse effect on the Enlarged Group's operations.

3.15 Global economic conditions could adversely affect the profitability of operations

The Enlarged Group's operations and performance depend significantly on worldwide economic conditions. Global financial markets have recently experienced increased volatility due to uncertainty surrounding the level and sustainability of the sovereign debt of various countries. In addition, some economists, observers and market participants have expressed concern regarding the sustainability of the European Monetary Union and its common currency, the Euro, in their current form. These conditions and other disruptions to international credit markets and financial systems have caused a loss of investor confidence and resulted in widening credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Despite the aggressive measures taken by governments and central banks thus far, economic recovery has been extremely slow. A significant risk remains that these measures may not prevent the global economy from falling back into an even deeper and longer lasting recession or even a depression.

A global economic downturn may have follow-on effects on the Enlarged Group's business that include inflationary cost pressures and commodity market fluctuations. Other effects could, for example, include:

- the insolvency of key suppliers or contractors which could result in contractual breaches and in a supply chain break-down;
- other income and expense items which could vary materially from expectations, depending on gains or losses realised on the sale or exchange of financial instruments, and impairment charges may be incurred with respect to investments;
- a reduction in the availability of credit which may make it more difficult for the Enlarged Group to obtain financing for its operations and capital expenditures or make that financing more costly; and
- exposure to the liquidity and insolvency risks of the Enlarged Group's lenders and customers which could negatively affect the Enlarged Group's financial condition and operational results.

Uncertainty regarding global economic conditions may increase volatility or negatively impact the market value of the Company's Shares.

3.16 Competition from peers

The mining industry is competitive in all of its phases. Pan African competes with other mining companies and individuals for specialised equipment, components and supplies necessary for exploration and development, for mining claims and leases on exploration properties and for the acquisition of mining assets. These competitors may have greater financial resources, operational experience and technical capabilities than Pan African. Competition may increase the Enlarged Group's cost of acquiring suitable claims, properties and assets, should they become available to the Enlarged Group.

3.17 Illegal mining, security risks and loss control issues

Whilst mine security and loss control procedures have been implemented, the risk remains of illegal mining, theft, threats to mine workers' lives and safety as well as industrial espionage, information loss and the loss of the operational efficiency of the mine. Illegal mining (which could result in the death of criminal miners) could pose a threat (often the threat of fire) to the safety of employees and result in damage to property. The Enlarged Group has appointed a full time security manager that together with a number of independent security companies assists in the ongoing management of these risks and issues. If any of these risks were to arise, it may have an adverse effect on the Enlarged Group's business, results of operations and/or financial condition.

Country Risk

3.18 The Enlarged Group faces the risks associated with HIV/AIDS, malaria and other diseases which may have an adverse effect on the results of operations and financial position

HIV/AIDS is prevalent in throughout Africa. The epidemic in South Africa poses risk in terms of potentially reduced productivity and increased medical or other costs. If there is a significant increase in HIV/AIDS and related diseases in the workforce over the next several years, it may have an adverse impact on the Enlarged Group's operations, projects and/or financial condition.

AIDS and associated diseases remain one of the major health care challenges faced by Pan African in its South African operations. The Enlarged Group continues to develop and implement programmes to help those infected with HIV and prevent new infections from spreading.

Malaria and other tropical diseases pose significant health risks where such diseases may assume epidemic proportions because of ineffective national control programmes. Malaria is a major cause of death in young children and pregnant women but also gives rise to fatalities and absenteeism in adult men. Other conditions such as heart disease, chronic diseases, and obesity are of increasing incidence and concern.

Such diseases impair the health of workers and negatively affect productivity and profitability as a result of workers' diminished focus or skill, absenteeism, treatment costs and allocated resources. The Enlarged Group cannot guarantee that any current or future medical programme will be successful in preventing or reducing the infection rate among its employees or in affecting

consequent illness or mortality rates. The Enlarged Group may incur significant costs in addressing this issue in the future, which could also adversely impact its results of operations and/or financial condition.

3.19 Economic, political, judicial, administrative or other regulatory factors

The Enlarged Group may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, in the areas in which the Enlarged Group operates and holds its major assets. The Enlarged Group conducts its activities in South Africa and Mozambique and may pursue opportunities in other countries. The Directors are hopeful that the governments of these countries will continue to support the development of natural resources by foreign operators. However, there can be no assurance that future political and economic conditions in these countries will not result in the relevant governments adopting different policies in relation to foreign development and ownership of Mineral Resources which may, in turn have a material adverse effect on the Enlarged Group's business, financial condition or results of the operations.

There has also been regional political, social and economic instability in the countries surrounding South Africa. There can be no assurance that political, economic, social and other developments in the region will not have a material adverse effect on the Enlarged Group's business, financial condition or results of operations.

3.20 Operations may be negatively affected by inflation

Inflation in South Africa has fluctuated widely in recent years. Working costs and wages have increased by more than inflation in recent years resulting in significant cost pressures for the mining industry such as Eskom's electricity price increasing by more than 25 per cent per annum from 2008 to 2011. The Enlarged Group's profits and financial condition could be adversely affected when cost inflation is not offset against an increase in the price of gold and/or a devaluation of operating currencies.

Laws and Legislation

3.21 Litigation in the normal course of business

The Enlarged Group may be subject to litigation, arbitration and other legal proceedings arising in the normal course of business and may be involved in disputes that may result in litigation. The causes of potential future litigation cannot be known and may arise from, among other things, business activities, environmental and health and safety concerns, share price volatility or failure to comply with disclosure obligations. The results of litigation cannot be predicted with certainty but could include, among other things, fines, and the loss of licenses, concessions, or rights.

Should the Enlarged Group be unable to resolve disputes favourably or be unable to enforce its rights, this may have a material adverse impact on its financial performance, cash flow and/or results of operations.

3.22 Mining companies are subject to extensive health and safety laws and regulations

Gold mining operations in South Africa are subject to a variety of industry-specific health and safety laws and regulations. These laws and regulations are designed to protect and improve the safety and health of employees.

From time to time, new or improved health and safety laws and regulations may be introduced and compliance with new standards may require an increase in expenditure and/or interruptions to operations and/or production, including as a result of any temporary failure to comply with applicable regulations, the results of operations and/or the financial condition of the Enlarged Group could be adversely affected.

In South Africa, the government enforces compulsory shutdowns of operations to enable investigations into the cause of accidents at those operations. In particular, the so-called "Section 54" safety stoppages have become a significant issue. In 2011, the Inspector of Mines ordered the shutdown of entire mines in cases of relatively minor violations, which had a material impact on production at those mines. A working group comprising the inspectorate, the mining industry and organised labour has been formed to address the trend of increasing safety related stoppages.

Pan African's reputation as a responsible company and employer could be damaged by any significant governmental investigation or enforcement of health and safety standards. Any of these factors could have a material adverse effect on the Enlarged Group's results of operations and/or financial condition.

3.23 Mining companies are subject to extensive environmental laws and regulations

The Enlarged Group's exploration and extraction activities are subject to various laws and regulations relating to the protection of the environment. The operations of the Enlarged Group may require approval by relevant environmental authorities. Whilst the Enlarged Group intends to continue to operate in accordance with such laws and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration, production or development. Amendments to the current laws and regulations governing the protection of the environment, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Enlarged Group.

In particular, the MPRDA imposes additional responsibilities on mining companies relating to environmental management and to environmental damage, degradation or pollution resulting from their prospecting or mining activities. The Group has a policy of evaluating, minimising and addressing the environmental consequences of its activities and, consistent with this policy and the MPRDA, conducts an annual review of the environmental costs and liabilities associated with its South African operations in light of applicable requirements.

The Directors believe that the principal environmental risks relating to the Enlarged Group are:

- water pollution
- ground pollution
- air pollution
- biodiversity and land management
- alien invasive vegetation
- waste management

Environmental laws and regulations in South Africa establish limits and conditions on the Enlarged Group's ability to conduct its operations and govern, among other things, extraction, use and conservation of water resources; air emissions (including dust control) and water treatment and discharge; regulatory and community reporting; clean-up of contamination; worker safety and community health; and the generation, transportation, storage and disposal of solid and hazardous wastes, such as acids, radioactive materials, and mine tailings.

The cost of compliance with environmental laws and regulations is expected to continue to be significant to the Enlarged Group. The Enlarged Group could incur fines, penalties and other sanctions, clean-up costs, and third-party claims for personal injury or property damages; suffer reputational damage; and be required to install costly pollution control equipment or to modify or suspend operations, as a result of actual or alleged violations or liabilities under environmental laws and regulations. In addition, unknown environmental hazards may exist on the Enlarged Group's properties which may have been caused by previous owners or by existing operators.

Failure to comply with applicable environmental laws and regulations may also result in the suspension or revocation of permits. Pan African's ability to obtain and maintain permits and to successfully operate in particular communities may be adversely impacted by real or perceived effects on the environment or human health and safety associated with its activities.

Environmental laws and regulations are continually changing and are generally becoming more restrictive. Changes to the Enlarged Group's environmental compliance obligations or operating practices could adversely affect its rate of production and revenue. Variations in laws and regulations, assumptions made to estimate liabilities, standards or operating procedures, more stringent emission or pollution thresholds or controls, or the occurrence of unanticipated conditions, may require operations to be suspended or permanently closed, and could increase expenses and provisions. These expenses and provisions could adversely affect the Enlarged Group's results of operations and its financial condition.

The Enlarged Group's operations are heavily dependent upon access to substantial volumes of water for use in the mining and extractive processes and typically are subject to water-use permits that govern usage and require, among other things, that mining operations maintain certain water quality upon discharge. Water quality and usage are areas of concern globally, but are particularly significant for operations in South Africa where there is significant potential environmental and social impact and a high level of stakeholder scrutiny. Any failure to secure access to suitable water supplies, or achieve and maintain compliance with the requirements of the permits or licenses could result in curtailment or halting of production at the affected operation. Incidents of water pollution or shortage can, in extreme cases, lead to community protest and ultimately to the withdrawal of community and government support for the Enlarged Group's operations.

Mining and mineral processing operations generate waste rock and tailings. The impact of a breach, leak or other failure of a tailings storage facility can be significant. An incident at Pan African's operations could lead to, among other things, obligations to remediate environmental contamination and claims for property damage and personal injury. Incidents at other companies' operations could result in governments tightening regulatory requirements and restricting mining activities.

In addition, mining companies are required by law to close their operations at the end of the mine life and rehabilitate the lands mined. Estimates of total ultimate closure and rehabilitation costs for gold mining operations are significant and based principally on life-of-mine profiles, changing inflation and discount rate assumptions, changing designs of tailing storage facilities and current legal and regulatory requirements that may change materially. Environmental liabilities are accrued when they become known, probable and can be reasonably estimated. Increasingly, regulators are seeking security in the form of cash collateral or bank guarantees in respect of environmental obligations, which could have an adverse impact on the Enlarged Group's financial condition.

Costs associated with rehabilitating land disturbed by mining processes and addressing environmental, health and community issues are estimated and financial provisions made are based upon current available information. Estimates may, however, be insufficient and further costs may be identified at any stage. Any underestimated or unidentified rehabilitation costs would reduce earnings and could materially and adversely affect the Enlarged Group's asset values, earnings and/or cash flows.

GHGs, are emitted directly by the Enlarged Group's operations, as well as by external utilities from which the Enlarged Group purchases power. Currently, a number of international and national measures to address or limit GHG emissions, including the Kyoto Protocol, the Copenhagen Accord and the Durban Platform, are in various phases of discussion or implementation. In particular, the Durban Platform commits all parties to the conference to develop a global mitigation regime which could take effect in 2020, with the specific terms of that legally binding accord, including individual targets, to be finalised by 2015.

These, or future, measures could require the Enlarged Group to reduce its direct GHG emissions or energy use or to incur significant costs for GHG emissions permits or taxes or have these costs or taxes passed on by electricity utilities which supply the Enlarged Group.

The Enlarged Group could also incur significant costs associated with capital equipment, GHG monitoring and reporting and other obligations to comply with applicable requirements.

The Rights Offer and any investment in the Company is subject to a number of risk factors described above. Before making any decision to invest in the New Shares, Rights, and/or Letters of Allocation, prospective investors should carefully consider all the information contained in this Document including, in particular, the specific risks described above. If any of the adverse events described above actually occur, the business, prospects, financial condition or results of operations of the Group (or, following Completion, the Enlarged Group) could be materially and adversely affected to the detriment of the Group, the Acquisition Assets and following Completion, the Enlarged Group, and you may lose all or part of your investment. Some of the factors described above, relate principally to the Group's business, the Acquisition Assets and, following Completion, the Enlarged Group's business and the sector in which it operates. The nature of Evander's business is similar to that of the Group, namely the exploration, development and mining of underground gold deposits. Accordingly, factors that apply to the Group may also apply to Evander but may not be repeated in their entirety in the factors listed under "Risks relating to Evander". Factors that apply to the Group and the Acquisition Assets will also apply, following Completion, to the Enlarged Group. Other factors relate principally to an investment in the New Shares.

The risks and uncertainties described above are not intended to be exhaustive and are not the only ones that face the Group or, following Completion, will face the Enlarged Group. Additional risks and uncertainties not currently known to the Directors or that they currently deem immaterial, may also have an adverse effect on the business, financial condition, results of operations and prospects of the Group and the Acquisition Assets and, following Completion, the Enlarged Group. If this occurs, the price of the Shares may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the New Shares, the Rights and/or the Letters of Allocation is suitable for them in light of the information in this Document as well as their own personal circumstances. The factors listed under a single heading may not provide a comprehensive view of all risks relevant to the topic or entity to which the heading relates. Readers are cautioned to read and consider all *risk factors* set out above when deciding whether to participate in the Rights Offer or otherwise invest in the Company.

No statement contained in the risks and uncertainties described above should be taken as qualifying the statement as to the sufficiency of working capital set out in paragraph 12 of Part 3 "Financial information relating to Pan African" of this Document.

IMPORTANT INFORMATION

Cautionary note regarding forward-looking statements

This Document contains forward-looking statements, which are based on the Board's current expectations and assumptions and involve known and unknown risks and uncertainties which could cause actual results, performance or events to differ materially from those expressed or implied in such statements. These statements include forward-looking statements both with respect to the Group (and the Enlarged Group) and the markets in which the Group operates (and in which the Enlarged Group will operate). Statements which include the words "expects", "intends", "plans", "believes", "projects", "anticipates", "will", "targets", "aims", "may", "would", "could", "continue" and similar statements of a future or forward-looking nature identify forward-looking statements. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a number of variables which could cause actual results or trends to differ materially, including, but not limited to, any limitations of the Company's internal financial reporting controls; an increase in competition; legislative, fiscal and regulatory developments, including, but not limited to, changes in environmental and safety regulations and governmental policy; currency and interest rate fluctuations. Each forward-looking statement speaks only as of the date of this Document. Except as required by the rules of the FSA (and in particular the Prospectus Rules), AIM Rules, Listings Requirements or by law (in particular the FSMA), the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this Document to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. All subsequent written and oral forward-looking statements attributable to any person involved in the preparation of this Document or to persons acting on Pan African's behalf are, subject to the requirements of the Prospectus Rules, expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Document.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Group's (and the Enlarged Group's, as the case may be) actual results of operation, financial condition, prospects, growth, synergies, strategies and dividend policy and the development of the industries in which they operate may differ materially from the impression created by the forward-looking statements contained in this Document. In addition, even if the results of operations, financial condition, prospects, growth, synergies, strategies and the dividend policy of the Group, (and the Enlarged Group, as the case may be), and the development of the industries in which it operates, are consistent with the forward-looking statements contained in this Document, those results or developments may not be indicative of results or developments in subsequent periods. These forward-looking statements are further qualified by the risk factors set out on pages 13 to 27 of this Document. Prospective investors are urged to read the parts of this Document entitled "Risk factors", "Introduction" and "Information on Pan African" for a more complete discussion of the factors that could affect the Group's (and the Enlarged Group's, as the case may be) future performance and the industry in which it operates.

Any forward-looking statement contained in this Document based on past or current trends and/or activities of the Group (and the Enlarged Group's, as the case may be) should not be taken as a representation that those trends or activities will continue in the future. No statement in this Document is intended to be a profit forecast or to imply that the earnings of the Group (and the Enlarged Group, as the case may be) for the current year or future years will necessarily match or exceed the historical or published earnings of the Group.

Currencies and exchange rates

In this Document, references to ''Pounds Sterling'', "GBP", ''£'', "penny", ''pence'' or ''p'' are to the lawful currency of the United Kingdom, references to ''ZAR'', ''Rand'', or ''R'' are to the lawful currency of South Africa and references to "US Dollar" or "US$" are to the lawful currency of the United States of America.

No incorporation of website information

Pan African's website is *www.panafricanresources.com* and this Document is available on that website. The information on that website, any website mentioned in this Document or any website directly or indirectly linked to these websites has not been verified and does not form part of this Document and investors should not rely on it.

Overseas Shareholders

The distribution of this Document and/or the Provisional Allotment Letters and/or the Forms of Instruction and/or the Letters of Allocation and/or the transfer or issue of the Rights and/or the New Shares into jurisdictions other than the United Kingdom and South Africa may be restricted by law. Persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, such documents should not be distributed in or into, forwarded to or transmitted in or into the United States or other Excluded Territories. The Rights, the New Shares, the Forms of Instruction, Provisional Allotment Letters and the Letters of Allocation are not transferable, except in accordance with, and the distribution of this Document is subject to, the restrictions set out in Part 5 "Terms and Conditions of the Rights Offer" of this Document. No action has been taken by the Company, One Capital, Nedbank Capital, Canaccord or finnCap that would permit an offer of the New Shares or rights thereto or possession or distribution of this Document or any other offering or publicity material or the Provisional Allotment Letters, Forms of Instruction, Letters of Allocation, the Rights, in any jurisdiction where action for that purpose is required, other than in the UK and South Africa.

General

Prospective investors should not treat the contents of this Document as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to: (a) the legal requirements within their own countries for the receipt, purchase, holding, transfer or other disposal of New Shares, Rights or Letters of Allocation; (b) any foreign exchange restrictions applicable to the receipt, purchase, holding, transfer or other disposal of New Shares, Rights and/or Letters of Allocation which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the receipt, purchase, holding, transfer or other disposal of New Shares, Rights and/or Letters of Allocation. Prospective investors must rely upon their own legal advisers, accountants and other financial advisers as to legal, tax, investment or any other related matters concerning the Company and any investment therein. Statements made in this Document are based on the law and practice currently in force in England and Wales and South Africa and are subject to changes thereto. This Document should be read in its entirety before making any application for New Shares. Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles.

In making an investment decision, each investor must rely on its own examination, analysis and enquiry of the Company and the terms of the Rights Offer.

No person has been authorised to give any information or make any representations other than the information contained in this Document and, if given or made, such information or representations must not be relied upon as having been authorised by the Company, Nedbank Capital, Canaccord, One Capital or finnCap.

One Capital is acting exclusively for the Company as sole bookrunner, corporate adviser and JSE transaction sponsor and no-one else in connection with the Rights Offer and will not be responsible to anyone, other than the Company, for providing the protections afforded to clients of One Capital, nor for providing advice in relation to the Rights Offer.

Nedbank Capital is acting exclusively for the Company as independent sponsor and no-one else in connection with the Rights Offer and will not be responsible to anyone, other than the Company, for providing the protections afforded to clients of Nedbank Capital, nor for providing advice in relation to the Rights Offer.

Canaccord, which is authorised and regulated in the UK by the FSA, is acting exclusively for the Company as nominated adviser and joint broker in connection with the Rights Offer and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Canaccord or for providing advice in relation to the matters described in this Document. Subject to the responsibilities and liabilities, if any, which may be imposed on Canaccord by the FSMA or the regulatory regime established thereunder, no representation or warranty, express or implied, is made by Canaccord as to any of the contents of this Document and no liability whatsoever is accepted by Canaccord for the accuracy of any information or opinions contained in this Document or for the omission of any material information, for which the Board and the Company are solely responsible.

finnCap, which is authorised and regulated in the UK by the FSA, is acting exclusively for the Company as joint broker in connection with the Rights Offer and will not be responsible to anyone other than the Company for providing the protections afforded to clients of finnCap or for providing advice in relation to the matters described in this Document. Subject to the responsibilities and liabilities, if any, which may be imposed on

finnCap by the FSMA or the regulatory regime established thereunder, no representation or warranty, express or implied, is made by finnCap as to any of the contents of this Document and no liability whatsoever is accepted by finnCap for the accuracy of any information or opinions contained in this Document or for the omission of any material information, for which the Board and the Company are solely responsible.

Apart from the responsibilities and liabilities, if any, which may be imposed upon Canaccord and finnCap by the FSMA or the regulatory regime established thereunder and upon One Capital and Nedbank Capital by the JSE Limited, Canaccord, finnCap, One Capital and Nedbank Capital accept no responsibility whatsoever and make no representation or warranty, express or implied, concerning the contents of this Document, including its accuracy, completeness or verification, or concerning any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Enlarged Group, the New Shares, the Rights, the Provisional Allotment Letters, the Letters of Allocation or the Rights Offer, and nothing in this Document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or future. Canaccord, finnCap, One Capital and Nedbank Capital accordingly disclaim to the fullest extent permitted by law all and any responsibility and liability whether arising in tort, contract or otherwise (save as referred to in this Document) which they might otherwise have in respect of this Document or any such statement.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS IN SOUTH AFRICA

The expected timetable of principal events relating to the Rights Offer in SA is set out below.

Finalisation announcement confirming the dates of the Rights Offer published	30 November 2012
Document relating to the Rights Offer published on or after	30 November 2012
Last day to trade in Shares on the JSE in order to settle by the Record Date and to qualify to participate in the Rights Offer (*cum* entitlement)	5.00 pm 7 December 2012
Restriction on transfers between the UK Register and SA Register commences	5.00 pm 7 December 2012
Listing and trading (on a deferred settlement basis) in Letters of Allocation on the JSE commences	9.00 am 10 December 2012
Shares commence trading *ex*-rights on the JSE	9.00 am 10 December 2012
Record Date for participation in the Rights Offer and restriction on transfers between the UK Register and SA Register ends	5.00 pm 14 December 2012
Forms of instruction posted to SA Qualifying Certificated Shareholders	18 December 2012
SA Qualifying Dematerialised Shareholders will have their accounts at their CSDP or Broker automatically credited with their Letters of Allocation[1] (Rights Offer opens)	by 9.00 am 18 December 2012
SA Qualifying Certificated Shareholders will have their entitlement to Letters of Allocation credited to an account held with the Transfer Secretary[1] (Rights Offer opens)	by 9.00 am 18 December 2012
In respect of SA Qualifying Certificated Shareholders wishing to sell all or part of their Letters of Allocation, latest time and date for submission of Form of Instruction to the Transfer Secretary	12.00 noon 4 January 2013
Last day to trade in Letters of Allocation on the JSE to settle trades by the closing date of the Rights Offer and to participate in the Rights Offer	4 January 2013
Listing of Rights Shares and trading therein (on a deferred settlement basis) on the JSE commences	9.00 am 7 January 2013
Rights Offer closes	12.00 noon 11 January 2013
Record date for Letters of Allocation	5.00 pm 11 January 2013
Rights Shares issued	by 9.00 am 14 January 2013
SA Qualifying Dematerialised Shareholders' (or their renouncees') accounts will be updated with Rights Shares and debited with the aggregate Subscription Price by their CSDP or Broker	by 9.00 am 14 January 2013
Certificates in respect of Rights Shares posted to SA Qualifying Certificated Shareholders (or their renouncees) on or about	14 January 2013
Results of Rights Offer announced on SENS	as soon as practicable after 9.00 am 14 January 2013
Results of Rights Offer published in the SA press	15 January 2013
SA Qualifying Dematerialised Shareholders' (or their renouncees') accounts will be updated with Excess Shares (if any) and debited with the Subscription Price due	by 9.00 am 16 January 2013
Share certificates and/or refund cheques in respect of Excess Shares will be posted to SA Qualifying Certificated Shareholders (or their renouncees) on or about	16 January 2013

Notes:

1. The Rights Offer is subject to certain restrictions relating to Shareholders with registered addresses in Excluded Territories, details of which are set out in paragraph 7 of Part 5 "Terms and Conditions of the Rights Offer" of this Document.
2. The results of the Rights Offer will be announced by way of a simultaneous RIS and SENS announcement as soon as practicable after 9.00 am (Johannesburg time) on 14 January 2013.
3. References to times in this timetable are to Johannesburg times.
4. The times and dates set out in the expected timetable of principal events above and mentioned throughout this Document may be adjusted by the Company in consultation with its advisers, in which event details of the new times and dates will be notified to the JSE Limited and, where appropriate, Qualifying SA Shareholders by way of a simultaneous RIS and SENS announcement.
5. SA Qualifying Dematerialised Shareholders are required to notify their duly appointed CSDP or Broker of their acceptance of their Rights in the manner and time stipulated in the agreement governing the relationship between the relevant Shareholder and its CSDP or Broker.
6. Share certificates may not be dematerialised or rematerialised between 10 December 2012 and 14 December 2012, both days inclusive.
7. The CSDP or Broker accounts of SA Qualifying Dematerialised Shareholders will be automatically credited with New Shares to the extent to which they have exercised their Rights.
8. Share certificates will be posted, by registered post at the SA Qualifying Certificated Shareholder's risk, to SA Qualifying Certificated Shareholders in respect of the Rights Shares which have been accepted.
9. CSDPs effect payment in respect of SA Qualifying Dematerialised Shareholders on a delivery versus payment basis.
10. If you have any queries relating to the procedure for acceptance and payment, you should contact the South African Shareholder Helpline on (011) 370 5000 (from inside South Africa) or +27 11 370 5000 (from outside South Africa). This SA Shareholder Helpline is available from 7.30 am to 5.30 pm (Johannesburg time) Monday to Friday (except public holidays). Please note that for legal reasons, the South African Shareholder Helpline is only able to provide information contained in this Document and information relating to Pan African's register of members and is unable to give advice on the merits of the Rights Offer, or provide legal, financial, tax or investment advice.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS IN THE UNITED KINGDOM

The expected timetable of principal events relating to the Rights Offer in the UK is set out below.

Finalisation announcement confirming the dates of the Rights Offer published	30 November 2012
Document relating to the Rights Offer published on or after	30 November 2012
Restriction on transfers between UK Register and SA Register commences	5.00 pm on 7 December 2012
Record Date for entitlement under the Rights Offer for UK Qualifying Shareholders and restriction on transfers between UK Register and SA Register ends	5.00 pm on 14 December 2012
Despatch of provisional allotment letters to UK Certificated Qualifying Shareholders[1]	18 December 2012
Shares marked "*ex*" by the London Stock Exchange	8.00 am on 19 December 2012
Admission and dealings in Nil Paid Rights and Fully Paid Rights commence on AIM	8.00 am on 19 December 2012
Nil Paid Rights credited to stock accounts in CREST of ("UK Qualifying Dematerialised Shareholders only")[1]	as soon as practicable after 8.00 am on 19 December 2012
Nil Paid Rights and Fully Paid Rights enabled in CREST	as soon as practicable after 8.00 am on 19 December 2012
Recommended latest time and date for requesting withdrawal of Nil Paid Rights and Fully Paid Rights from CREST (i.e. if your Nil Paid Rights and Fully Paid Rights are in CREST and you wish to convert them to certificated form)	4.30 pm on 7 January 2013
Recommended latest time and date for depositing renounced Provisional Allotment Letters, nil paid or fully paid, into CREST or for dematerialising Nil Paid Rights or Fully Paid Rights into a CREST stock account (i.e. if your Nil Paid Rights and Fully Paid Rights are represented by a provisional allotment letter and you wish to convert them to uncertificated form)	3.00 pm on 8 January 2013
Latest time and date for splitting Provisional Allotment Letters, nil or fully paid	3.00 pm on 9 January 2013
Latest time and date for acceptance, payment in full and registration of renunciation of Provisional Allotment Letters	11.00 am on 11 January 2013
Results of Rights Offer announced on RIS	as soon as practicable after 7.00 am 14 January 2013
Dealings in Rights Shares, fully paid, commence on AIM	8.00 am 14 January 2013
Rights Shares credited to CREST stock accounts	14 January 2013
Expected date for crediting Excess Shares to CREST stock accounts	16 January 2013
Despatch of definitive share certificates for the Rights Shares in certificated form and/or refund cheques in respect of Excess Shares	by no later than 28 January 2013

Notes:

1. The Rights Offer is subject to certain restrictions relating to Shareholders with registered addresses in the Excluded Territories, details of which are set out in paragraph 7 of Part 5 "Terms and Conditions of the Rights Offer" of this Document.
2. The results of the Rights Offer will be announced by way of a simultaneous RIS and SENS announcement as soon as practicable after 7.00 am (London time) on 14 January 2013.
3. References to times in this timetable are to London times.
4. The times and dates set out in the expected timetable of principal events above and mentioned throughout this Document and in the Provisional Allotment Letters may be adjusted by the Company in consultation with its advisers, in which event details of the new times and dates will be notified to the London Stock Exchange and, where appropriate, Qualifying Shareholders by way of a simultaneous RIS and SENS announcement.
5. If you have any queries relating to the procedure for acceptance and payment, you should contact the UK Shareholder Helpline on 0871 664 0321 (from inside the United Kingdom) or +44 20 8639 3399 (from outside the United Kingdom). This Shareholder Helpline is available from 9.00 am to 5.30 pm (London time) Monday to Friday. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that for legal reasons, the UK Shareholder Helpline is only able to provide information contained in this Document and information relating to Pan African's register of members and is unable to give advice on the merits of the Rights Offer, or provide legal, financial, tax or investment advice.

STATISTICS OF THE RIGHTS OFFER

Number of Existing Shares in issue as at the Last Practicable Date	1,451,262,361
Subscription Price for SA Qualifying Shareholders	ZAR1.90
Subscription Price for UK Qualifying Shareholders	14 pence
Number of Rights Shares to be issued pursuant to the Rights Offer	370,071,902
Number of Shares in issue immediately following the completion of the Rights Offer	1,821,334,263
Percentage of the Company's enlarged issued share capital represented by the New Shares upon completion of the Rights Offer	20.32 per cent
Gross proceeds of the Rights Offer	Approximately ZAR703 million
Estimated net proceeds of the Rights Offer	Approximately ZAR668 million

CORPORATE INFORMATION AND ADVISERS

Pan African Registered Office

6 St James's Place
London, England
SW1A 1NP

Place of incorporation: England and Wales

Date of incorporation: 25 February 2000

Bankers

Absa Capital
15 Alice Lane
Sandton, 2196
South Africa
(Private bag 10056, Sandton, 2146)

Sole Bookrunner, Corporate Adviser and JSE Transaction Sponsor

One Capital
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Illovo, 2196
South Africa
(PO Box 784573, Sandton, 2146)

Company Secretary

St James's Corporate Services Limited
(Registration number 3566623)
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SW1A 1NP

UK Nominated Adviser and Joint Broker

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SA Auditor

Deloitte & Touche
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Evander Auditor

PricewaterhouseCoopers Inc
Registered Auditors
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Independent Reporting Accountant regarding the unaudited *pro forma* financial information and UK Auditor

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Pan African Corporate Office

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Registrar

Capita Registrars Limited
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BR3 4TU

Transfer Secretary

Computershare Investor Services (Proprietary) Limited
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South Africa
(PO Box 1144, Johannesburg, 2000)

UK Receiving Agent

Capita Registrars Limited
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Corporate Actions
The Registry, 34 Beckenham Road
Beckenham
Kent, England
BR3 4TU

PAN AFRICAN RESOURCES PLC

(a public limited company incorporated and registered in England and Wales registered with number 3937466)

Directors

KC Spencer *(Independent non-executive chairman)*
P Mahanyele (*Non-executive deputy chairman*)
JP Nelson (*Chief executive officer*)
YB Sitole (*Chief financial officer*)
JAJ Loots *(Non-executive director)*
HH Hickey *(Independent non-executive director)*
RG Still *(Independent non-executive director)*

Registered Office

6 St James's Place
London
England
SW1A 1NP

A renounceable rights offer of 370,071,902 New Shares fully subscribed as to ZAR702,093,346 in the ratio of 25.5 New Shares for every 100 Shares held on the Record Date at ZAR1.90 per Rights Share for SA Qualifying Shareholders and 14 pence per Rights Share for UK Qualifying Shareholders

1. INTRODUCTION AND REASON FOR THE RIGHTS OFFER

Pan African is proposing the Rights Offer in order to fund a portion of the ZAR1.5 billion purchase consideration relating to the Evander Acquisition. The Rights Offer is fully subscribed for by the Subscribers as to ZAR702,093,346 and the estimated net proceeds of the Rights Offer is ZAR668 million. The remaining portion of the purchase consideration in respect of the Evander Acquisition will be funded through cash generated internally by Pan African, cash generated by Evander since 1 April 2012 and third party debt.

The Rights Offer will be made to all Qualifying Shareholders on the terms set out in this Document and will be on the basis of 25.5 New Shares for every 100 Shares held on the Record Date at a Subscription Price of ZAR1.90 per New Share or, in the case of UK Qualifying Shareholders, 14 pence per New Share. The Rights Offer will entail the issue of 370,071,902 New Shares, representing approximately 20 per cent of the issued share capital of the Company following the Rights Offer.

The purpose of this Document is to provide Shareholders with relevant information concerning the Rights Offer and the implications thereof in accordance with the Listings Requirements, the Companies Act (to the extent applicable), the Prospectus Rules, and the AIM Rules for Companies.

2. RATIONALE FOR THE EVANDER ACQUISITION

The Evander Acquisition enables Pan African to fulfil on its investment criteria of acquiring high grade, high margin, and quality assets. The Evander Acquisition will provide Pan African with a Material increase in production by contributing to its current gold production at the BGMO. Upon completion of the Transaction, the Group will increase its underground reserve from 1,16 Moz (11,34 Mt @ 13,17 g/t) to 8.82 Moz (39.55 Mt @ 6.94 g/t) and its underground resource from 2.95 Moz (17.14 Mt @ 5,35 g/t) to 31,657 Moz (126,7 Mt @ 7.77 g/t). The Evander Acquisition is expected to be earnings accretive, and potentially allows the Group to double its current gold production profile. The introduction of an additional operating asset into the Group shall further the Company's strategy of reducing operational risk through the broadening of its operations. Once the Transaction has been completed the single mine risk of the Group will be removed.

Furthermore, Evander meets Pan African's investment criteria in all aspects and has the same ability to yield high margins as the BGMO. The Evander 8 Shaft orebody has gold grades in excess of 14 g/t in the Measured Mineral Resource and Indicated Mineral Resource category, an extremely experienced management team and workforce, as well as good infrastructure like the Barberton operations. Members of the Pan African management team have been involved with the asset in the past and so it is well known to the Group. The Transaction also meets Pan African's strategic objective of acquiring an asset on the low end of the cost curve from which the Group will achieve profitable, sustainable, stakeholder growth.

Recently, Evander has experienced an improvement in operation profitability through the closure of unprofitable shafts, plants and additional investments in its infrastructure. The operations generated production profit as published by Harmony, for the full year ended 30 June 2012 of £52.0 million (ZAR637.888 million), before tax and other charges, up from £16.5 million (ZAR182.869 million) for the previous year. This was mainly the result of Harmony's commitment to invest approximately ZAR256 million to upgrade and improve the underground rock handling and ventilation infrastructure at Evander 8 Shaft. As at 30 June 2012 approximately ZAR180 million had been spent.

The agreement to acquire Evander from Harmony marks a significant milestone in the future growth of the Company. On successful Completion, the Transaction will allow the Group to not only double gold production output but a pipeline of brownfield projects will also become available around current mining areas that can be developed to unlock future value. Such development will be funded from internal cash flows without impeding on future dividend payments.

3. INFORMATION ON THE EVANDER ACQUISITION

On 30 May 2012 Pan African announced that it had entered into a conditional agreement pursuant to which Emerald Panther Investments, a wholly-owned subsidiary of Pan African, will acquire, subject to the satisfaction of the remaining Conditions Precedent, the entire issued share capital of Evander and all the shareholder loan claims against Evander from Harmony. The Acquisition Circular, in compliance with the Listings Requirements, was posted to Shareholders on 7 November 2012 and Shareholders subsequently approved the Evander Acquisition and the resolutions necessary to implement the Rights Offer at the General Meeting held on 30 November 2012. Under the AIM Rules, Pan African does not require Shareholder approval in order to complete the Evander Acquisition. As at the Last Practicable Date, the outstanding Conditions Precedent to the Evander Acquisition were Evander entering into a new supply agreement ("Electricity Agreement Condition") and the written consent of the Minister in terms of section 11 of the MPRDA to the transfer of the Sale Shares to Emerald Panther Investments (the "Section 11 Approval Condition"). Should these conditions not be fulfilled, the Evander Acquisition will lapse. Your attention is drawn to paragraphs 1.2 and 2.1 of the "Risk Factors" section commencing on page 13 of this Document. Further details of the Acquisition Agreement can be found in paragraph 1 of Part 4 "Information on Evander and its operations" of this Document.

4. KEY ASPECTS OF THE EVANDER GOLD ASSETS TO BE ACQUIRED

The Evander Acquisition is a game changer for Pan African as it propels and paves the way for Pan African to becoming a mid-tier mining company with a significant project pipeline.

Evander, currently a wholly-owned subsidiary of Harmony, mines and produces approximately 100 koz of gold per annum. The Evander Gold Assets are located near the town of Evander in Mpumalanga, approximately 110 km east of Johannesburg, South Africa, and within the Evander Basin, which forms part of the north-eastern limb of the renowned gold bearing Witwatersrand Basin.

The Evander operations comprise the operating Evander 8 shaft and several potential development projects namely Rolspruit, Poplar, Evander South, Libra (surface tailings storage facility), as well as the Kinross metallurgical processing plant, and tailings storage facility. The total underground resource represents 28.7 Moz (109.5 Mt @ 8.16 g/t) and a reserve of 7.6 Moz (28.2 Mt @ 8.45 g/t). The Evander 8 Shaft currently has an expected life of mine of approximately fifteen years and is expected to produce approximately 100 koz of gold per annum.

Pan African recognises the opportunity to further unlock value from the Evander Acquisition through the potential orderly disposal or the development thereof of certain projects held by Evander which Pan African does not view as being core.

These Evander Gold Assets offer the opportunity to expand production in the region and also to use the existing processing capacity. Evander, as mentioned above, contains five major development projects in particular. In order of priority, the five major development projects are:

- the Libra Project and Mini-Libra Project;
- Evander 9 Shaft (pre-developed block of easily accessible ore);
- Evander South (prioritised on account of its shallow depth);
- Poplar (c. 500 m depth); and
- Rolspruit (1,500 – 2,000 m deep).

Surface Projects

A number of the big surface tailings dams at Evander have been drilled and tested and found to be amenable to retreatment to extract residual gold. Two principal options exist to develop them, denoted Libra and Mini-Libra. The Libra Project is at a PFS level of study with estimated Indicated Mineral Resources of 1.9 Moz contained gold. Venmyn has conducted an indicative DCF valuation and is comfortable that a portion of the Libra Project Mineral Resources is converted to Mineral Reserves. The Mini-Libra Project is at DFS level of study and envisages pumping the tails to an existing facility for retreatment. It is envisaged that the existing Kinross plant could be upgraded at a cost of c. ZAR152 million to treat c. 200 ktpm of tailings, principally from the 43 Mt Kinross No. 1 and 3 tailings dams to recover c. 50% of the 0.32 g/t plant feed material at an estimated cost of ZAR22/t. Probable Mineral Reserves of 0.41 Moz have been estimated and a DCF valuation has been applied.

Evander 9 shaft (Leslie)

Evander Gold Mine's small-scale opportunity relates to the Evander 9 shaft (Leslie Mine), which is currently on care and maintenance. Nevertheless, there exists within the mine a pre-developed block of ore which, although it does not constitute a specific project in its own right, nevertheless has the ability to supply supplementary ore to the Kinross plant.

Evander South

Evander South mineralisation starts only 300 m below surface and hosts a resource of 29.83 Mt at an average grade of 6.42 g/t (6.15 Moz), which is potentially able to support production for in excess of 10 years. Access would be via a decline from surface and a vertical shaft in the deeper areas of the deposit (at c. 1,000 m depth).

A number of prefeasibility studies have been conducted into such an operation in the past (by Turgis and SRK, among others), based on a 100 ktpm plant at both the decline and vertical shafts. The most recent PFS was completed in 2010, but was not fully optimised. Management estimates that it would take a year to update the most recent PFS and thereafter convert it into a bankable feasibility study. In terms of mineralisation, the study identified two distinct ore bodies in the north and south of the study area. The southern deposit hosts the higher grade and most continuous mineralisation, while the northern deposit hosts four distinct blocks.

Poplar

Poplar's principal mining target is a 7 km mineralised channel potentially containing some c. 7 Moz of gold at a grade of c. 6.27 g/t from a depth of 34.8 Mt. Mineralisation at Poplar starts 500 m below surface and could easily be accessed via a decline system from surface, supplemented by a relatively shallow vertical shaft to just over 1,000 m depth.

Rolspruit

Of the projects, the largest is Rolspruit. The Rolspruit Mineral Resource represents the continuation of the Kinross channel from the Evander 8 shaft, albeit up-thrown by a series of faults. Given its depth, Rolspruit would probably need to be accessed via a twin vertical shaft system. This could either be a new shaft designed especially for the purpose or (albeit less likely) via a sub-vertical shaft from the twin decline servicing the Evander 8 Shaft. Although deeper than the other two development projects, Rolspruit has an existing reserve of 23.3 Mt grading 8.60 g/t (6.4 Moz). While potentially a project within Evander gold mines, in due course Rolspruit could become a standalone project in its own right in a similar manner to Evander 6 shaft, which has been sold to Taung.

The development of the project will centre around a twin shaft system planned to be 2,371 m below surface to grant access to the ore. An in-house feasibility study by Harmony pointed to a stoping width of 110 cm using traditional narrow reef scattered mining methods, the capital expenditure for which was expected to be ZAR5.187 billion in 2003. Pan African is of the view that this is an ore body that is well understood by the Evander staff as it mirrors the geological model found at Evander 8 Shaft.

The Rolspruit Project is at a Preliminary Feasibility Study (PFS) stage with a PFS by Turgis Consulting completed in October 2011 and updated in April 2012.

Further details of the Evander Gold Assets and the Acquisition Agreement are set out in Part 4 "Information on Evander and its Operations" of this Document.

5. SUMMARY OF THE PRINCIPAL TERMS OF THE RIGHTS OFFER

The Rights Offer will raise approximately ZAR703 million. The Rights Offer has been fully subscribed for by the Subscribers to the extent of ZAR702,093,346. A summary of the material terms of the Subscription Commitments are set out in paragraph 10 of Part 5 "Terms and Conditions of the Rights Offer" of this Document. In South Africa, Nedbank Capital is acting as the Joint Financial Adviser and Independent Sponsor and One Capital is acting as Sole Bookrunner, Corporate Adviser and JSE Transaction Sponsor in relation to the Rights Offer and, in the UK, Canaccord Genuity is acting as Nominated Adviser and Joint Broker to Pan African and finnCap is acting as Joint Broker to Pan African.

The Company will offer New Shares by way of Rights at ZAR1.90 per New Share or, in the case of UK Qualifying Shareholders, 14 pence per New Share, payable in full by no later than 11 January 2013, as set out in Part 5 "Terms and Conditions of the Rights Offer" of this Document.

The Rights Offer is being made on the following basis:

370,071,902 New Shares in the ratio of 25.5 New Shares for every 100 Shares

held by Qualifying Shareholders (other than, Qualifying Shareholders resident in or with registered addresses in the Excluded Territories) on the Record Date and so in proportion to any other number of Existing Shares then held and otherwise on the terms and conditions set out in this Document and, in the case of SA Qualifying Certificated Shareholders and UK Qualifying Certificated Shareholders, the Form of Instruction and the Provisional Allotment Letter. UK Qualifying Dematerialised Shareholders will have their stock accounts in CREST credited with Nil Paid Rights and SA Qualifying Dematerialised Shareholders will have their CSDP or Broker accounts in Strate credited with their Letters of Allocation. UK Qualifying Certificated Shareholders will be issued with Provisional Allotment Letters while SA Qualifying Certificated Shareholders will have their Letters of Allocation credited to an account with the Transfer Secretary and will be issued with Forms of Instruction.

The Rights Shares will, once issued and fully paid, rank *pari passu* in all respects with the Existing Shares, including the right to all future dividends or other distributions made, paid or declared after the date of issue.

The Subscription Price of ZAR1.90, which is payable in full by SA Qualifying Shareholders on acceptance by no later than 12.00 noon (Johannesburg time) on 11 January 2013 and by SA Qualifying Dematerialised Shareholders by no later than 14 January 2013 represents:

- a 3.7 per cent discount relative to the closing price of the Shares as traded on the JSE on 30 May 2012, being the date that the Evander Acquisition was announced;
- a 3.7 per cent discount relative to the volume weighted average Share price as traded on the JSE for the 30 trading days ended on 30 May 2012;
- a 4.2 per cent discount relative to the volume weighted average Share price as traded on the JSE over the period from 30 May 2012 up and to and including 15 August 2012, being the period during which the bookbuild process to secure the Subscription Commitments was conducted;
- a 29.55 per cent discount to the theoretical *ex*-Rights price (calculated by reference to the closing price of ZAR2.90 per Share on the JSE on the Last Practicable Date);
- a 34.48 per cent discount to the closing price of ZAR2.90 per Share on the JSE on the Last Practicable Date.

The Subscription Price of 14 pence, which is payable in full by UK Qualifying Shareholders on acceptance by no later than 11.00 am (London time) on 11 January 2013, represents:

- a 28.49 per cent discount to the theoretical *ex*-Rights price (calculated by reference to the closing price of 21 pence per Share on AIM on the Last Practicable Date); and
- a 33.33 per cent discount to the closing price of 21 pence per Share on AIM on the Last Practicable Date.

Rights Shares representing fractional entitlements will not be allotted to Qualifying Shareholders and, where necessary, entitlements to Rights Shares of 0.5 or greater will be rounded up to the nearest whole number and less than 0.5 will be rounded down to the nearest whole number.

The attention of Shareholders with a registered address in, or who are resident in countries other than the United Kingdom or South Africa, or who are holding Shares for the benefit of such a person, and any person (including, without limitation, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this document into a jurisdiction other than the United Kingdom or South Africa is drawn to paragraph 7 of Part 5 "Terms and

Conditions of the Rights Offer" of this Document. In particular, Foreign Shareholders will not be sent Provisional Allotment Letters or Forms of Instruction and will not have their CREST stock accounts credited with Nil Paid Rights and the crediting of Letters of Allocation to a CSDP, Broker account or an account with the Transfer Secretary in Strate in respect of a SA Qualifying Shareholder with a registered address in any Excluded Territory, will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and no SA Qualifying Shareholder with a registered address in any Excluded Territory, receiving a credit of Letters of Allocation to a CSDP, Broker account or an account with the Transfer Secretary in Strate may treat the same as constituting an invitation or offer to him nor should he in any event use any Letters of Allocation credited to him or for his benefit in Strate unless such an invitation or offer could lawfully be made to him or the Letters of Allocation could lawfully be used or dealt with without contravention of any registration or other legal requirements.

Application has been made to the London Stock Exchange, for the New Shares to be admitted to trading on the AIM Market of the London Stock Exchange. It is expected that UK Admission will become effective and that dealings in the New Shares (nil paid), will commence at 8.00 am on 19 December 2012 and in New Shares (fully paid) will commence at 8.00 am (London time) on 14 January 2013.

Application has been made to the JSE Limited for the Letters of Allocation and the New Shares to be admitted to listing and trading on the Main Board of the JSE. It is expected that SA Admission will become effective and that trading in the Letters of Allocation on the JSE (on a deferred settlement basis) will commence at 9.00 am (Johannesburg time) on 10 December 2012 and in the New Shares (fully paid) will commence at 9.00 am (Johannesburg time) on 7 January 2013.

Any changes to the timetable of the Rights Offer will be announced by the Company in accordance with applicable rules in the UK and South Africa.

No conditions need to be satisfied before the Rights Offer can be implemented.

The Company has received Subscription Commitments from the Subscribers in terms of which the Subscribers have committed in aggregate to exercise their Rights and/or apply for Excess Shares to the extent of the Subscription Commitment Amount. Further details of the Subscription Commitments are set out in paragraph 10 of Part 5 "Terms and Conditions of the Rights Offer" of this Document.

Qualifying Shareholders (other than, Foreign Shareholders) will be permitted to apply for Excess Shares.

Rights Shares not taken up by Qualifying Shareholders will not be sold for their benefit and Qualifying Shareholders will not receive any economic benefit in respect of those Rights Shares not taken up by them.

Further information on the Rights Offer, including the terms and conditions of the Rights Offer and the procedure for acceptance and payment and the procedure in respect of Rights Shares not taken up is set out in Part 5 "Terms and Conditions of the Rights Offer" of this Document and, where relevant, will be set out in the Provisional Allotment Letter or the Form of Instruction, as the case may be.

6. USE OF PROCEEDS

The Directors intend that the entire net proceeds of the Rights Offer will be used to fund a portion of the Purchase Consideration in respect of the Evander Acquisition.

In the event that the Rights Offer is fully implemented but Completion does not take place, the Directors' current intention is to (i) use the proceeds of the Rights Offer to consolidate growth opportunities at and around the BGMO and (ii) consider other potential acquisition opportunities.

7. CURRENT TRADING AND PROSPECTS

The Group is currently exceeding the objectives of its strategic plan as a result of good operational performance, cost control and a high gold price. Production improvements at Evander were highlighted in Harmony's quarterly results for the quarter ended 30 September 2012, which were published on SENS on 7 November 2012. The Evander operations reported an 18% increase in gold production and a 14% improvement in cash operating costs at ZAR259,613/kg, which resulted in an operating profit of £11.0 million (ZAR141 million) for the quarter. Gold production for the quarter at Evander increased to 817 kg, due to a net increase of 8 per cent in tonnes milled at 159,000 t as well as an increased grade to 5.14 g/t.

The Group's corporate strategy is to grow production to over 270 koz (Au equivalent) per year through the successful integration of the Evander Gold Assets Operation into its portfolio aided by its three smaller scale tailing retreatment operations. Pan African will continue to assess further growth opportunities in South Africa aided by the Group's high free cash flow generation from its assets and its strong black economic empowerment partner, Shanduka.

A strategic advantage of the Group has been its ability to; (a) maintain low cash costs, (b) generate profit and (c) pay a dividend. On an operational level this has been the result of (a) the high grade of the Group's ore-bodies, (b) the technical skill base of the Group's people and (c) "a small company management culture".

The Enlarged Group will however continue to drive mineral resource management to ensure optimum grade profiles are achieved on a sustainable basis. Furthermore capital and management resources will continue to be allocated to improve underground working conditions in order to drive productivity and control cost escalation.

The Enlarged Group will continue to be managed on the basis of separate management teams at each operation with support from a small corporate executive team. The Evander Acquisition also expands the operational and skills base of the Enlarged Group considerably.

The Enlarged Group will focus on regional consolidation around its Barberton Mines and further acquisitions in both the gold and platinum sector in South Africa.

Pan African's share price has outperformed its gold sector peer group since January 2012 and consistently delivered shareholder returns for the years ended 30 June 2009, 2010 and 2011 though a dividend has not been declared for the year ended 30 June 2012 which was directly related to the funding of the Evander Acquisition. Despite the Evander Acquisition, the Enlarged Group will not focus on accumulating ounces in the ground if these cannot be brought to account and unlock shareholder value. The focus in the immediate future will be on driving operational performance at all the Enlarged Group's operations. Where brownfields organic growth around certain of the current mining operations can be unlocked these will be pursued from internal cash flow without impeding on future dividend payments.

No major project development will be undertaken without Shareholder approval and the Enlarged Group will continue to exploit further growth opportunities within the precious metals sector in South Africa through strategic partnerships. The Directors believe that significant opportunities will become available in the gold and platinum sectors in South Africa as the major mining houses start divesting of their South African assets to gain a more international footprint. The current state of the platinum sector also provides opportunities for mining groups with cash resources at potentially materially discounted valuations.

The Enlarged Group will continue to invest in orebodies with high grades, high margins and a long life. Furthermore the Enlarged Group will continue to invest in its people and look forward to its continued journey as an emerging mid-tier precious metals producer focussed on delivering sustainable cash flow. Overall, the Directors believe that the prospects for the Enlarged Group are good.

8. PROCEDURE FOR ACCEPTANCE

The latest time and date for acceptance and payment in full in respect of New Shares pursuant to the Rights Offer is:

- expected to be 11.00 am (London time) on 11 January 2013 in respect of UK Qualifying Shareholders and 12.00 noon (Johannesburg time) on 11 January 2013 in respect of SA Qualifying Certificated Shareholders; and
- governed in terms of the manner and time stipulated in the agreement governing the relationship between the relevant Shareholder and its CSDP or Broker in respect of SA Qualifying Dematerialised Shareholders, and must be made against delivery on 14 January 2013,

unless otherwise announced by the Company. The procedure for acceptance and payment is set out in Part 5 "Terms and Conditions of the Rights Offer" of this Document and, in respect of Qualifying Shareholders who hold Certificated Shares, in the Provisional Allotment Letter or Form of Instruction, as the case may be.

If you are in any doubt as to the action you should take, you should immediately seek your own financial advice from your stockbroker, solicitor, accountant or other independent financial adviser authorised under the FSMA or FAIS, if you are in the United Kingdom or South Africa, respectively, or if you are outside the United Kingdom or South Africa, by another appropriately authorised independent financial adviser.

9. TAXATION

Your attention is also drawn to Part 11 "Taxation" of this Document, which sets out certain information in relation to UK and SA taxation matters. These details are, however, intended only as a general guide to certain aspects of the current tax position under UK taxation law and SA taxation law. If you are in any doubt as to your tax position, you should consult your own professional adviser without delay.

10. DIVIDEND POLICY

The Company has adopted a policy whereby dividends are considered and, if deemed appropriate by the Board, declared on an annual basis. The consideration of any dividend will take account of cash flow requirements and growth plans, whilst recognising that where possible, the payment of a dividend on a consistent basis increases Shareholder value.

The Company has historically declared the following dividends:

- 0.3723 pence per Share for the year ended 30 June 2010;
- 0.5315 pence per Share for the year ended 30 June 2011; and
- a dividend was not declared for the year ended 30 June 2012. The interruption in the dividend cycle was directly related to the funding of the Evander Acquisition and does not constitute a change in the Company's dividend policy.

11. RISK FACTORS

Your attention is drawn to the risk factors set out in the "Risk Factors" section of this Document commencing on page 13 which sets out a number of risks and uncertainties which investors should carefully consider in deciding whether to invest in the Company pursuant to the Rights Offer.

12. OVERSEAS SHAREHOLDERS

The attention of Overseas Shareholders who have registered addresses outside the United Kingdom or South Africa, or who are residents of or located in countries other than the United Kingdom or South Africa, is drawn to the information in paragraph 7 of Part 5 "Terms and Conditions of the Rights Offer" of this Document.

Qualifying Shareholders who are resident or located in any one of the Excluded Territories will not be entitled to participate in the Rights Offer. The provisions of paragraph 7 of Part 5 "Terms and Conditions of the Rights Offer" of this Document will apply generally to Overseas Shareholders who cannot or do not take up the New Shares provisionally allotted to them.

13. MAJOR SHAREHOLDERS

The Subscribers have provided irrevocable commitments to the Company in terms of which they have irrevocably undertaken to take up Nil Paid Rights and/or apply for Excess Shares to the extent in aggregate of the Subscription Commitment Amount. Further details of the Subscription Commitments are provided in paragraph 10 of Part 5 "Terms and Conditions of the Rights Offer" of this Document. Details of major Shareholders' holdings before the Rights Offer and after the Rights Offer are set out in paragraph 2.8 of Part 12 "Additional Information" of this Document.

14. DIRECTORS' INTENTIONS

The Board considers the terms of the Rights Offer to be in the best interests of Pan African and the Shareholders as a whole. Each Director who holds Shares intends to exercise in full all the Rights issued to him under the Rights Offer in respect of his or her beneficial holding, which together amount to 3,187,442 Rights Shares, representing approximately 0.22 per cent of the issued ordinary share capital of the Company as at the Last Practicable Date.

PART 2 – INFORMATION ON PAN AFRICAN AND ITS MAJOR ASSETS

PART A – OVERVIEW

1. OVERVIEW

The Group is primarily a South African focussed precious metals mining company, comprising the following projects:

- the Barberton Gold Mining Operations;
- the Phoenix Platinum Project;
- the Barberton Tailing Retreatment Project; and
- the Manica Gold Project in Mozambique.

This section does not describe the Evander Gold Assets, details of which are set out in Part 4 "Information on Evander and its Operations" of this Document.

2. HISTORY

Pan African's Existing Shares are currently admitted to trading on AIM under the share code PAF and on the Main Board of the JSE under the share code PAN. The Company trades under the "Gold Mining" sub-sector of both exchanges.

The Company was incorporated on 25 February 2000 as Viking Internet PLC, a public company, in accordance with company law in England and Wales, which was admitted to trading on AIM in May 2000. On 4 September 2001, its name was changed to White Knight Investments PLC and its business focus moved from internet technology to the natural resources sector. On 3 December 2003, White Knight Investments PLC completed the acquisition of Mistral, a company which held rights in relation to gold exploration properties in Ghana and Mozambique in consideration for the issue, to the vendors of Mistral, of shares in the capital of the Company, then called White Knight Investments PLC and in respect of which the vendors assigned their deferred right to receive such shares to Brampton Capital. The Company then agreed to acquire the shares of Brampton Capital in return for the issue of shares equal to the deferred consideration. This, in effect, constituted a reverse takeover under the AIM Rules and, on 14 September 2005, the Company was readmitted to AIM as Pan African Resources PLC.

Pan African acquired an interest in the Begoin and Dekoa exploration projects in the Central African Republic in 2006.

In 2007, the Company acquired a 74 per cent interest in Barberton Mines from Metorex which resulted in a reverse takeover of Pan African by Metorex that gave Metorex a 55 per cent interest in Pan African. Further to this, the Company acquired Shanduka Gold's 26 per cent shareholding in Barberton Mines in exchange for 295,751,549 Shares which acquisition became effective on 21 August 2009.

On 21 May 2009, Pan African exercised its option to acquire 100 per cent of Phoenix Platinum from Metorex for a cash consideration of ZAR71.25 million.

In June 2009, Metorex disposed of its 53.37 per cent shareholding in Pan African to institutional investors and to Shanduka Gold, whose shareholding in Pan African was increased to 26 per cent.

During the financial year ended 30 June 2009, the feasibility of the exploration projects in Ghana and the Central African Republic were assessed and it was concluded that these projects did not meet the Company's criteria to continue with further exploration activity. Consequently, exploration activity at these projects was terminated.

On 30 May 2012 Pan African announced that it had entered into a conditional agreement pursuant to which Emerald Panther Investments, a wholly-owned subsidiary of Pan African, will acquire, subject to the satisfaction of the remaining Conditions Precedent, the entire issued share capital of Evander and all the shareholder loan claims against Evander from Harmony. Further details of the Evander Acquisition and on Evander are provided in Part 4 "Information on Evander and its operations" of this Document.

On 28 August 2012, the Group entered into an agreement to dispose of 100 per cent of its interest in Manica to Auroch, a wholly-owned subsidiary of Terranova, for a total potential consideration of

AUD6 million payable in cash and 96,666,668 shares in Terranova, subject to certain terms and conditions. Further details of this disposal are provided in paragraph 5.5 of Part 12 "Additional Information" of this Document.

3. TRENDS AFFECTING THE GROUP'S BUSINESS

The gold market remained strong during the latest financial year as world economies struggled through turbulent times with gold remaining a safe-haven investment. As long as these economies remain uncertain, the Company believes that the fundamentals for gold will remain sound and that the gold price outlook for the short to medium-term remains favourable. Platinum Group Metals, classified as both precious or industrial metals, are in over-supply and will remain that way until the world economy starts recovering or supply is reduced.

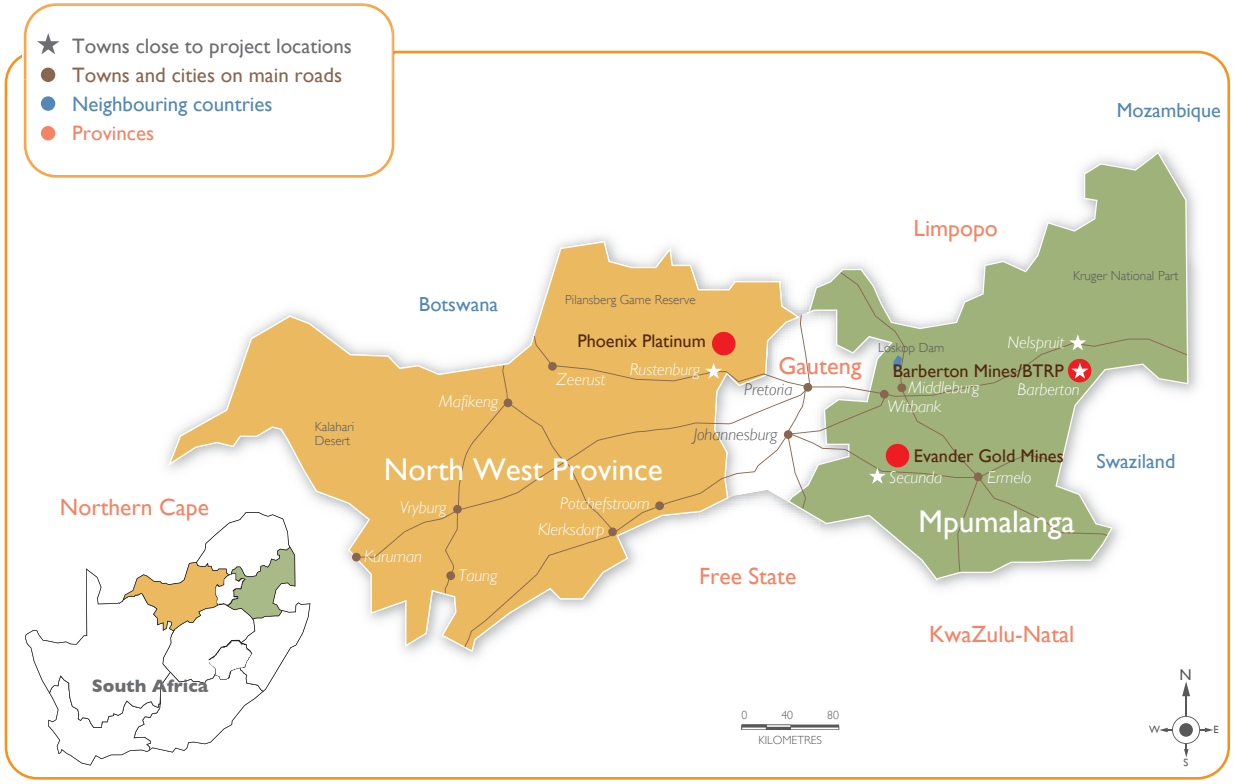
During the latest financial year, the Group realised an average gold price of US$1,694/oz (ZAR422,215/kg), an increase of 24.01 per cent (37.64 per cent) from US$1,366/oz (ZAR306,757/kg). During the reporting period, the gold price varied between a low of US$1,483.00/oz and a high of US$1,895/oz. In ZAR terms the gold price varied between a low of ZAR321,608/kg and a high of ZAR467,512/kg.

4. LEGAL PROCEEDINGS OR OTHER MATERIAL CONDITIONS THAT MAY IMPACT MINING OR EXPLORATION ACTIVITIES

As at the Last Practicable date, the Directors were not aware of any legal proceedings or other material conditions that may impact the mining or exploration activities of the Group.

5. GEOGRAPHIC LOCATION

The geographic location of Pan African's assets is set out below.



6. SUMMARY OF THE GROUP'S RESOURCES AND RESERVES

The information set out in this paragraph 6 has been extracted from the Pan African annual report for the year ended 30 June 2012.

GOLD

The following tables represent a summary of the Group's gold Resources and Reserves:

Mineral Resource and Mineral Reserve estimate as at 30 June 2012 – BGMO (Including the Manica Gold Project)

	Mineral Resources					Mineral Reserves			
Category	**Tonnes (Mt)**	**Grade (g/t)**	**Contained Au (koz)**	**Contained Au (kt)**	**Category**	**Tonnes (Mt)**	**Grade (g/t)**	**Contained Au (koz)**	**Contained Au (kt)**
Measured	14.76	3.13	1,482	46.17	**Proved**	1.57	7.49	377	11.731
Indicated	23.02	2.68	1,987	61.72	**Probable**	9.77	2.49	783	24.342
Inferred	29.91	2.51	2,417	75.01	Please note due to rounding some errors may occur.				
Total M&I	37.78	2.86	3,470	107.89					
TOTAL	**67.70**	**2.70**	**5,887**	**182.90**	**TOTAL P&P**	**11.34**	**3.18**	**1,160**	**36.070**

Mineral Resource and Reserve Estimate as at 30 June 2012 – BGMO (Excluding the Manica Gold Project)

	Mineral Resources					Mineral Reserves			
Category	**Tonnes (Mt)**	**Grade (g/t)**	**Contained Au (koz)**	**Contained Au (kt)**	**Category**	**Tonnes (Mt)**	**Grade (g/t)**	**Contained Au (koz)**	**Contained Au (kt)**
Measured	3.20	8.18	842	26.193	**Proved**	1.57	7.49	377	11.731
Indicated	10.03	3.87	1,247	38.799	**Probable**	9.77	2.49	782	24.342
Inferred	3.91	6.82	860	26.700	Please note due to rounding some errors may occur.				
Total M&I	13.23	4.91	2,090	65.000					
TOTAL	**17.15**	**5.35**	**2,950**	**91.700**	**TOTAL P&P**	**11.34**	**3.18**	**1,159**	**36.070**

Note:

1. The Mineral Resource and Reserve estimate excludes the Manica Gold Project as Pan African has disposed of its interest in the project. This disposal remains subject to certain conditions precedent.

PGMs

Mineral Resource and Reserve Estimate as at 30 June 2012 – Phoenix Platinum Project

	Mineral Resources					Mineral Reserves			
Category	**Tonnes (Mt)**	**Grade (g/t)**	**Contained Au (koz)**	**Contained Au (kt)**	**Category**	**Tonnes (Mt)**	**Grade (g/t)**	**Contained Au (koz)**	**Contained Au (kt)**
Measured	3.22	3.09	321.00	9.98	Proved	3.22	7.18	144.32	4.49
Indicated	0.83	3.25	86.00	2.68	Probable	0.83	3.59	38.80	1.21
Inferred	0.80	3.33	86.00	2.67	Please note due to rounding some errors may occur.				
Total M&I	4.05	3.12	407.00	12.656					
TOTAL	**4.85**	**3.16**	**493.00**	**15.328**	**TOTAL P&P**	**4.05**	**1.41**	**184**	**5.70**

7. SUMMARY OF THE ENLARGED GROUP'S GOLD RESOURCES AND RESERVES STATEMENTS

The following tables represent a summary of BGMO's and the Evander Gold Assets Mineral Resources and Mineral Reserves:

	Mineral Resources					Mineral Reserves			
Category	**Tonnes (Mt)**	**Grade (g/t)**	**Contained Au (koz)**	**Contained Au (kt)**	**Category**	**Tonnes (Mt)**	**Grade (g/t)**	**Contained Au (koz)**	**Contained Au (kt)**
Measured	6.29	10.52	2,132	66.19	Proved	3.59	7.32	847	26.23
Indicated	74.62	8.18	19,627	610.50	Probable	35.96	6.90	7,973	248.14
Inferred	45.78	6.72	9,897	307.83	Please note due to rounding some errors may occur.				
Total M&I	80.91	8.36	21,760	676.69					
TOTAL	**126.70**	**7.77**	**31,657**	**984.52**	**TOTAL P&P**	**39.55**	**6.94**	**8,820**	**274.37**

PART B – MAJOR ASSETS

The information contained in this Part B has, to a large extent, been extracted from the Pan African annual report for the year ended 30 June 2012.

1. BARBERTON MINES

1.1 Project summary

Operation name	Barberton Gold Mining Operations
Parent and ownership percentage	Pan African (100 per cent attributable)
Holding company	Barberton Mines
Country of operation	South Africa
Provincial jurisdiction	Mpumalanga
Number of employees	1,800
Number of contractors	400
Commodity being mined	Gold
Geological setting	Sediments and metavolcanics with a Greenstone belt
Mining method	Underground semi-mechanised up-dip cut and fill and up-dip room and stick
Extraction method	Concentrator and BIOX®

Key information for the year ended 30 June 2012

Annual production

Tonnage (t)	315,000 (t)
Head Grade (g/t)	10,45 (g/t)
Gold produced (oz)	95,000 oz
Cash cost	US$776/oz
Capital expenditure per annum	£6.6 million
LoM	17 years

1.2 Background

Mining commenced in the vicinity of the Fairview Mine in 1886, after the discovery of the first gold nugget by Edwin Bray.

During the 1970's and 1980's AngloVaal consolidated various operations in the area including Sheba, New Consort and Agnes Mines. In 1998 AngloVaal acquired Fairview Mine. In 2003 AngloVaal sold the operations, excluding Agnes to Metorex and in 2007 Metorex reverse listed Barberton Mines into Pan African Resources PLC.

The Barberton Gold Mining Operations complex ("BGMO") consists of three mines: Fairview, New Consort and Sheba. Barberton currently produces approximately 95,000 oz of gold per annum.

Barberton Mines is the birthplace of BIOX® ('Biological Oxidation'), an environmentally friendly process of releasing the gold from the sulphide that surrounds it, using bacteria that perform this process naturally.

The Barberton Mines management is currently investing significant capital to expand production over the next six years with its new BTRP which is currently under construction.

The mines continue to achieve its strategic goal of maintaining a low cash cost of gold producing at an average of US$776/oz per annum.

1.3 Geological setting

The ore horizons at Barberton are classified as Achaean epigenetic lode gold orebodies within a granite greenstone terrain. The distribution and localisation of these orebodies in the Barberton

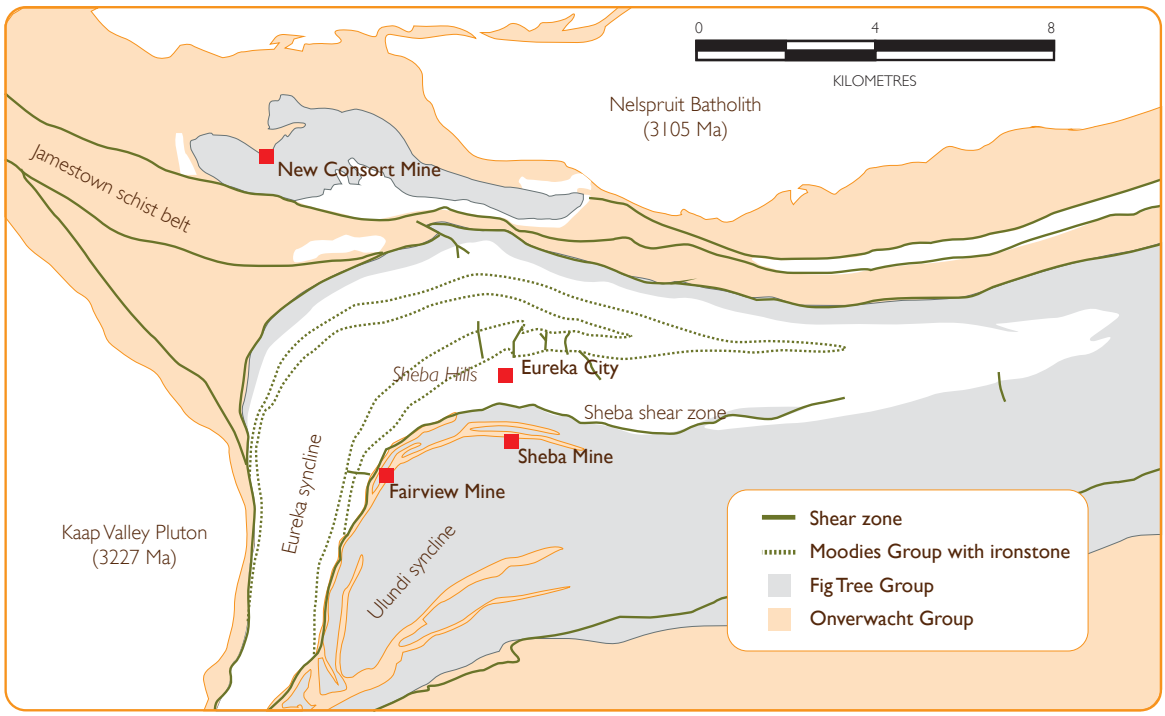
Greenstone Belt can be largely attributed to the combined influence of granite emplacement structural deformation and thermal metamorphism. The majority of the known gold deposits of the Barberton Greenstone Belt can be found in the James and Sheba Hills in the north and north-east of the Barberton Mountain Land and in the Moodies Hills, an area immediately south-west of Barberton. Additional gold deposits occur along and adjacent to the major strike and faults as well as in a few localities in Swaziland near the granite greenstone contacts as shown in Figure 1 below.

The locations and geometries of these orebodies are structurally controlled. They all occur in the vicinity of the Sheba Shear/Fault Zone, which developed between the Ulundi and Eureka Synclines. The Sheba Shear/Fault Zone is a complex, refolded, arcuate, south-dipping shear/fault system. The geometries of the orebodies have variable dips, strikes and widths due to the complex deformational history of the host rocks. Some of the ore bodies are continuous for several hundred meters along strike and down dip, whereas others are not traceable between adjacent crosscuts and drill holes of the Sheba, New Consort and Fairview Mines.

Two types of ore can be found in the Sheba, Fairview and New Consort Mines:

- refractory ore (sulphides): this is the dominant ore type within the Achaean gold orebodies in Barberton region. The gold particles occur trapped within sulphide minerals especially in pyrite and arsenopyrite.
- gold-bearing quartz veins: the gold-quartz lodes generally represent tectonically produced dilatant features filled with vein-type gold ores as a consequence of mobilisation of essentially siliceous and/or carbonated solutions by metamorphic processes. The dilatant and shear zones generally provide free-milling gold ore, the gold occurring in the form of irregular gold grains, which may be accompanied by variable, but usually small quantities of sulphides.
- almost all the gold in the Barberton region occurs in gold-bearing veins, either alone as the dominant ore type or in association with the complex sulphidic ores. In the Fairview Mine, gold-quartz veins in the Moodies Quartzite are in places accompanied by minor pyrite, arsenopyrite, chalcopyrite and galena. In the Sheba Mine, free gold occurs mainly in siliceous fractures in brittle chert horizons. In the New Consort Mine, some gold occurrences in gold-bearing quartz veins have also been recorded, in addition to those associated with complex sulphidic ores.

Figure 1: Geological Map of the Sheba Hills Area, Barberton Greenstone Belt



1.4 Type of Mining and Mining Description

Barberton Mines has continued with the application of the semi-mechanised cut and fill method and increased its usage. The method is appropriate for the geological environment. The method is mined in an updip direction and involves drilling holes vertically into the stope back. A variation of this, with horizontally-directed holes (called breast stoping), is used in stopes with shorter strike lengths and/or poor rock conditions. Breast stoping has a lower production potential than the standard updip method. As the stope is mined it is filled with development waste to provide a working platform. The amount of development is thus determined by the need to open up new areas without having to hoist waste out of the mine.

1.5 Management Team

Name	Age	Designation	Qualification	Experience
Casper Strydom	54	General Manager	National Higher Diploma Metalliferous Mining Mine Managers Certificate	36 years of mining-related experience
Pierre Human	51	Manager: Mining	Mine Overseers Certificate of Competency Mine Managers Certificate of Competency MDP Stellenbosch	30 years of mining-related experience
Jonathan Irons	46	Manager: Metallurgy	National Higher Diploma Extractive Metallurgy Programme for Management Development (GIBS – University of Pretoria) Competence levels include Refractory Gold Extraction Technologies – (Roasting and Hydrobiological)	25 years of metallurgy-related experience
Hans Grobler	49	Manager: Engineering	Mechanical Engineers Certificate of Competency Pr Certificated Engineer	31 years of engineering-related experience
Barry Naicker	39	Manager: Mineral Resources	BSc (Honours) Geology and Economic Geology Graduate Diploma in Engineering (MRM)	Nine years of geology-related experience
Neal Reynolds*	29	Manager: Finance and Administration	BCom (Honours) CA(SA)	Five years of financial-related experience
Gerhardus Esterhuizen	53	Manager: Human Resources	Completed the Gencor Learner Officials Programme Certificate in Personnel Management Various other mining industry-related certificates Skills Development Facilitator – NQF Level 5	31 years of human resources-related experience

* Post period of reporting Mr N Reynolds has been moved to Corporate Office and replaced by Mr TP Maepa.

1.6 Production Results for 2012

A summary of the production at Barberton Mines for the years ended 30 June 2008 to 30 June 2012 is set out below.

Financial year:		**2012**	2011	2010	2009	2008
Tonnes milled – Underground	(t)	**282,041**	296,200	313,167	313,952	315,305
Tonnes milled – Surface	(t)	**26,054**	–	–	–	–
Head Grade	(g/t)	**10.45**	10.55	10.61	10.32	8.90
Recovered Grade	(g/t)	**9.53**	9.67	9.68	9.40	8.13
Overall Recovery	(%)	**91**	91	91	91	91
Production: Underground	(oz)	**93,381**	92,043	97,483	94,909	82,436
Production: Surface/ Calcine Dumps	(oz)	**1,068**	–	–	3,955	13,513
Gold Sold	(oz)	**94,449**	92,197	98,091	97,353	99,078

Financial year:		2012	2011	2010	2009	2008
Average Price: Spot	(R/kg)	**422,215**	306,757	267,876	251,740	193,159
Average Price: Hedge	(R/kg)	**–**	–	–	–	105,850
Average Price: Spot	(US$/oz)	**1,694**	1,366	1,098	867	823
Average Price: Hedge	(US$/oz)	**–**	–	–	–	451
Total Cash Cost US$/oz sold	(US$/oz)	**776**	781	650	469	476
Total Cash Cost R/kg sold	(R/kg)	**193,360**	175,520	158,711	136,178	111,272
Total Cost per Tonne	(R/t)	**1,844**	1,707	1,537	1,313	1,088
Total Mining Cost per Tonne	(R/t)	**1,830**	1,648	1,486	1,256	1,045
Capital expenditure	(£)	**10,741,230**	6,773,729	5,918,271	4,052,665	2,901,792
Exchange Rate – Average	(ZAR/£)	**12.27**	11.11	11.93	14.39	14.68
Exchange Rate – Closing	(ZAR/£)	**12.91**	10.94	11.53	12.66	15.56
Exchange Rate – Average	(ZAR/US$)	**7.75**	6.99	7.59	9.03	7.30
Exchange Rate – Closing	(ZAR/US$)	**8.27**	6.83	7.65	7.72	7.80

1.7 Mineral Resource and Reserve summary

A summary of BGMO's Mineral Resources and Mineral Reserves is set out below.

Mineral Reserves Classification	Tonnes kt	Grade (g/t)	Contained Gold kg	koz	Mineral Resources Classification	Tonnes kt	Grade (g/t)	Contained Gold kg	koz
Proved	1,565	7.49	11,731	377	Measured	3,201	8.18	26,193	842
Probable	9,771	2.49	24,342	782	Indicated	10,033	3.87	38,799	1,247
					Inferred	3,911	6.82	26,695	858
Please note due to rounding some errors may occur					Total Measured and Indicated	13,234	4.91	64,993	2,089
Total Proved and Probable	**11,337**	**3.18**	**36,073**	**1,159**	**Total Mineral Resource**	**17,146**	**5.35**	**91,688**	**2,947**

1.8 Breakdown of Mineral Resources and Mineral Reserves by mine

Operations	Classification	Mineral Resource – March 2012			
		Tonnes	g/t	kg	oz
Sheba	Measured	1,013,500	7.75	7,851	252,410
	Indicated	1,318,100	5.48	7,227	232,369
	Inferred	1,807,400	4.67	8,432	271,098
	Total	**4,139,100**	**5.68**	**23,510**	**755,877**
Consort	Measured	373,300	9.13	3,408	109,568
	Indicated	184,800	11.50	2,126	68,340
	Inferred	294,200	9.12	2,683	86,251
	Total	**852,400**	**9.64**	**8,216**	**264,160**
Fairview	Measured	1,815,000	8.23	14,934	480,154
	Indicated	829,800	19.70	16,350	525,649
	Inferred	643,800	20.67	13,310	427,919
	Total	**3,288,500**	**13.56**	**44,594**	**1,433,722**
TOTAL MINES	Measured	3,201,800	8.18	26,193	842,132
	Indicated	2,332,700	11.02	25,703	826,358
	Inferred	2,745,500	8.90	24,425	785,268
	Total	**8,280,000**	**9.22**	**76,321**	**2,453,758**

Operations	Classification	Mineral Resource – March 2012			
		Tonnes	g/t	kg	oz
Slimes dumps	Measured	–	–	–	–
	Indicated	7,194,400	1.56	11,225	360,878
	Inferred	1,054,000	1.30	1,370	44,053
	Total	**8,248,400**	**1.52**	**12,595**	**404,931**
SURFACE ORE	**Total**	**220,700**	**1.81**	**400**	**12,858**
Outside sections	Measured	–	–	–	–
	Indicated	285,000	5.16	1,472	47,333
	Inferred	112,100	8.03	900	28,946
	Total	**397,400**	**5.97**	**2,373**	**76,278**
TOTAL	Measured	3,201,800	8.18	26,193	842,132
	Indicated	10,033,100	3.87	38,799	1,247,427
	Inferred	3,911,500	6.82	26,695	858,266
	Total	**17,146,400**	**5.35**	**91,688**	**2,947,826**

Note:

The slimes dumps are the tailings from mining activities at BGMO. It is anticipated that approximately 6 million tonnes of the resource will be retreated at the BTRP.

Operations	Classification	Mineral Reserve – March 2012			
		Tonnes	g/t	kg	oz
Sheba	Proved	532,200	7.10	3,777	121,446
	Probable	1,393,500	4.27	5,957	191,507
	Total	**1,925,700**	**5.05**	**9,734**	**312,953**
Consort	Proved	93,500	8.44	790	25,390
	Probable	142,400	7.77	1,107	35,585
	Total	**235,900**	**8.04**	**1,897**	**60,975**
Fairview	Proved	940,100	7.62	7,164	230,319
	Probable	864,900	15.03	13,003	418,065
	Total	**1,805,000**	**11.17**	**20,167**	**648,384**
TOTAL MINES	Proved	1,565,800	7.49	11,731	377,155
	Probable	2,400,800	8.36	20,067	645,156
	Total	**3,966,600**	**8.02**	**31,797**	**1,022,312**
Slimes dumps	Probable	7,194,000	0.57	4,065	130,701
Surface Ore	Probable	176,600	1.19	210	6,750
TOTAL	Proved	1,565,800	7.49	15,796	507,857
	Probable	9,771,800	2.49	20,277	651,906
	Total	**11,337,600**	**3.18**	**36,073**	**1,159,763**

1.9 Year-on-year Mineral Inventory Reconciliation

A year-on-year mineral inventory reconciliation for the BGMO is set out below.

	Resource @ March 2011				Resource @ March 2012				+/- Variance				% Variance Year-on-Year			
Resource Table	**kt**	**g/t**	**t Au**	**koz**	**kt**	**g/t**	**t Au**	**koz**	**kt**	**g/t**	**t Au**	**koz**	**kt**	**g/t**	**t Au**	**koz**
Measured	2,750	8.45	23,300	750	3,200	8.18	26,200	840	450	-0.27	2,900	90	16.36	-3.18	12.45	12.00
Indicated	7,340	5.50	40,300	1,300	10,030	3.87	38,800	1,250	2,690	-1.63	-1,500	-50	36.65	-29.64	-3.72	-3.85
Inferred	2,510	8.01	20,100	650	3,910	6.82	26,700	860	1,400	-1.19	6,600	180	55.78	-14.80	32.84	32.31
Total	**12,600**	**6.64**	**83,700**	**2,700**	**17,140**	**5.35**	**91,700**	**2,950**	**4,540**	**-1.29**	**8,000**	**220**	**36.03**	**-19.46**	**9.56**	**9.26**
Total Measured and Indicated	**10,090**	**6.30**	**63,600**	**2,050**	**13,230**	**4.91**	**65,000**	**2,090**	**3,140**	**-1.39**	**1,400**	**40**	**31.12**	**-22.06**	**2.20**	**1.95**

	Reserve @ March 2011				Reserve @ March 2012				+/- Variance				% Variance Year-on-Year			
Reserve Table	**kt**	**g/t**	**t Au**	**koz**	**kt**	**g/t**	**t Au**	**koz**	**kt**	**g/t**	**t Au**	**koz**	**kt**	**g/t**	**t Au**	**koz**
Proved	1,220	7.30	8,900	290	1,570	7.49	11,700	380	350	0.20	2,800	90	28.69	2.69	31.46	31.03
Probable	2,610	8.51	22,200	710	9,770	2.49	24,300	780	7,160	-6.01	2,100	70	274.33	-70.71	9.46	9.86
Total	**3,830**	**8.12**	**31,100**	**1,000**	**11,340**	**3.17**	**36,000**	**1,160**	**7,510**	**-4.95**	**4,900**	**160**	**196.08**	**-60.90**	**15.76**	**16.00**

Frans Chadwick, the Chief Surveyor at Barberton Mines, signs off on the Measured Mineral Resources for Barberton Mines. He is a member of the South African Council for Professional and Technical Surveyors (PLATO) (PMS0033). Mr Chadwick is based at Fairview Mine, GMO Building, Barberton, 1300.

The reported Measured Mineral Resource Statements are SAMREC Compliant and the Resource numbers in the Mineral Resource and Mineral Reserve tables have been rounded to reflect the appropriate level of confidence. Mineral Reserves are reported as subsets of Mineral Resources.

Mr Chadwick has confirmed in writing that the information disclosed is compliant with Section 12 of the Listings Requirements and Table 1 of the SAMREC Code 2009, and that it may be published in the form and context in which it is intended.

1.10 Commentary on the Mineral Resources and Mineral Reserves

As at 31 March 2012, Barberton Mines reported a Measured Mineral Reserve of 1,159,763 oz and Mineral Resource of 2,947,826 oz contained gold. The Measured Mineral Resources and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Mineral Reserves. Mineral Reserves are reported as mill delivered tonnes at the grade recovered having duly considered all modifying factors.

During the 2012 financial year the following significant changes to the Mineral Resources occurred:

- the majority of additional Mineral Resources were added from surface tailings dams and dumps associated with the Barberton Mining Operations (these include the Harper, Bramber and dumps/dams);
- an addition of 220,730 tonnes at a grade of 1.81 g/t were included from surface ore and stockpiles as an Indicated Resource; and
- deep drilling at Fairview Mine resulted in significant extension to the high grade MRC Indicated Resource.

As a result of the above the Barberton Mines Mineral Resource inventory posted the following changes for financial year 2012:

- increased Mineral Reserve by 161,709 oz contained gold;
- increased Mineral Resource by 255,462 oz contained gold;
- increased Measured Mineral Resource by 93,954 oz contained gold;
- decreased Indicated Mineral Resource by 49,371 oz contained gold; and
- increased Inferred Mineral Resource by 210,880 oz contained gold.

Summary Comment on Mineral Resource Movement

Year-on-year, Barberton Mines' Mineral Resources had a positive variance of 255,462 oz contained gold. This was a result of the addition of new resources from an aggressive exploration strategy at each of our operations. Confirmation of the depth extensions of the MRC orebody on the Fairview lower levels also added significant resources to Barberton Mines.

Summary Comment on Mineral Reserve Movement

There was a year-on-year positive variance of 90,000 oz with respect to the Mineral Reserves. As indicated in the table below, Barberton Mines' ore reserves as at 31 March 2012 reflected a year-on-year mining depletion of 72,480 oz.

Mineral Resource Reconciliation: 2011 to 2012	Gold (kg)	Gold (koz)
Balance as at March 2011	83,742	2,692
Mined during 2012	2,254	72
Addition	10,200	328
Balance as at March 2012	91,688	2,947
Variance	7,946	255

Mineral Reserve Reconciliation: 2011 to 2012	Gold (kg)	Gold (koz)
Balance as at March 2011	31,043	998
Mined during 2012	2,254	72
Addition	7,284	234
Balance as at March 2012	36,073	1,159
Variance	5,030	162

1.11 Life of Mine

Based on the Mineral Reserves and Mineral Resources, the anticipated LoM is 17 years. On-going prospecting is taking place in the mining licence area to continuously assess the extent of the gold mineralisation.

1.12 Risks

The risks relating to the MRM at Barberton are set out below:

- delivery on operational plans:
  - timeous delivery of capital ore reserve generation – thus increasing reserve flexibility;
  - focused grade control management – dilution, vamping, sweepings and mining to an optimal cut-off grade;
  - enhanced management on quality mining to optimise mining mixes; and
  - focused management of VTN's operational targets.
- volatility in gold and exchange rates;
- grade distribution within resource thus affecting block factors and mine call factors. Exploration drilling and on reef development programme to add more integrity to grade estimates; and
- geometry of ore bodies – thus affecting the tonnages of the resource. Reef development and exploration drilling to add confidence on geometry of ore bodies. 3D modeling tools used to enhance the integrity of tonnages.

1.13 Environment

Long-term environmental obligations are based on Barberton Mines' environmental plans, in compliance with current environmental and regulatory requirements. Full provision has been made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the statement of financial position date. Increases due to additional environmental disturbances are capitalised and amortised over the remaining lives of the mines. The estimated cost of rehabilitation is reviewed annually and adjusted as appropriate for changes in legislation or technology. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean-up at closure.

The Group is exposed to environmental liabilities relating to its mining operations. Estimates of the cost of environmental and other remedial work such as reclamation costs, close down and restoration as well as pollution control are made on an annual basis, based on the estimated LoM, following which payments are made to a rehabilitation trust set up as required by South African Laws and Regulations. The provision represents the net present value of the best estimate of the expenditure required to settle the obligation to rehabilitate environmental disturbances caused by mining operations. These costs are expected to be incurred over the LoM up to complete closure.

The rehabilitation trust fund and rehabilitation provision balances as at 30 June 2012 were £2.7 million and £3.0 million respectively. In addition to this, the Group has issued a bank guarantee of £0.2 million in favour of the DMR in the event available funds are not sufficient to cover the rehabilitation liability when it becomes due.

1.14 Mining rights and tenure

The mining rights relating to Barberton Mines are set out below:

Mine Name	Mining Licence	Mining Area	Area (ha)	Expiry Date
New Consort Mine	MP 30/5/1/2/2/190 MR	Lots 130, 131, 134, 135, 136, 137 and 159 of Section A Kaap Block, Lots 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 259, 260, 261, 262, 265, 269 and 281 of Section D Kaap Block and the farms Dublin 302 JU, Tinto 300 JU, Segalla 306 JU and Whitwick 301 JU.	2,520.81	27 April 2021
Fairview Mine	MP 30/5/1/2/2/191 MR	Lots 119, 120, 123, 124, 126, 136, 137, 138, 140, 141, 142, 143 and 144 of Section A Kaap Block and the farms Worral 352 JU, Bickenhall 346 JU and Hayward 310 JU	3,033.86	27 April 2021
Sheba Mine	MP 30/5/1/2/2/189 MR	Lots 135, 137, 138, 139, 140, 141, 142, 153, 155, 156, 157, 158, 159, 160, 166, 167 and 169 of Section A Kaap Block and the farm Camelot 320 JU.	1,705.06	27 April 2021

The mineral rights pertaining to Barberton Mines were issued by the DMR, in terms of Item 7 of Schedule II of the MPRDA.

Mineral rights to Barberton Mines comprise of three separate mining rights for the three different mining operations. All three operations' old order rights were converted to the sole and exclusive right to mine on the 28 April 2011 (registration of the mining rights is pending due to administrative backlog beyond the mine's control). The description of the mining area of all these mines is situated in the Mpumalanga Magisterial District of Barberton and the commodity is gold. All three of these mining rights will continue to be in force for a period of 10 years ending on 27 April 2021. There are thus no complications regarding the mining rights during the short-term. Ongoing prospecting is taking place in the mining licence area to continuously assess the extent of the gold mineralisation.

2. PHOENIX PLATINUM PROJECT

2.1 Project summary

Operation name	Phoenix Platinum CTRP
Parent and ownership percentage	Pan African Resources PLC (100 per cent attributable)
Holding company	Phoenix Platinum Mining (Pty) Limited (South African incorporated)
Country of operation	South Africa
Provincial jurisdiction	North West
Number of employees	5
Number of contractors	50
Commodity being mined	Platinum (57.1 per cent), Palladium (20.6 per cent), Rhodium (7.7 per cent) and Gold (0.3 per cent) ("PGE 4E's")
Geological setting	Bushveld Igneous Complex, Chrome seams containing PGMs from IFM
Mining method	Current arisings tailings produced by IFM during their mining operation are delivered directly to the CTRP and material from old tailings dams
Extraction method	SMD bead milling and floatation (concentrate is delivered to Lonmin's Mooinooi Smelter for toll extraction)

Key information for the year ended 30 June 2012

Annual production

Tonnage (t)	240,000 (t)
Recovered Grade (g/t)	3.16 (g/(t)
Estimated PGM production (oz)	12,000 oz 6E
Cash cost	US$450/oz
Capex per annum	£0.4 million (ZAR5 million)
LoM	17 years

2.2 Background

The Phoenix project has a total South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves ("SAMREC") compliant resource of 493,000 oz PGM 4Es (4,853,000 tonnes at 3.16 g/t PGM 4Es *in situ*).

The project is expected to produce 211,000 oz PGM 6Es at a plant recovery of 45 per cent over the 17-year life of the operation with a planned annual retreatment capacity of 240,000 tonnes. The total capital cost required to construct and commission the plant was ZAR104 million (£8.5 million). The cost for the plant was funded from existing cash resources within the Group. A sale of concentrate agreement was concluded with Western Platinum Limited ("WPL") during November 2011.

The construction of the CTRP was completed in November 2011 with the first low grade concentrate delivered to WPL at the end of December 2011.

During the hot commissioning phase the metallurgists continued with CTRP stabilisation to achieve steady state concentrate production. The International Ferro Metals Limited ("IFM") feed source to the CTRP prior to January 2012 originated from the IFM Lesedi underground operations and this sulphide rich tailings material was the basis of the original CTRP project flotation test work. Due to financial considerations IFM drastically cut back on the Lesedi underground tons and moved mining operations to the low cost opencast oxidised ore section at Skychrome.

This opencast material being highly oxidised, contains poor quality chrome and low PGE grades. Feeding this material into the CTRP is not ideal as the highly oxidised tailings do not float properly. The metallurgy of oxidised tailings negatively affects recovery and grade, leading to poor PGE

concentrate production. The oxide to sulphide ratio contained in the run of mine ore from the IFM opencast pits will reduce proportionately with the increase in depth of the mining cut. Various options are being investigated to address the effect of the highly oxidised feed source, recoveries and final concentrate grade.

2.3 Type of operational activities

Phoenix Platinum recovers PGMs from tailings dumps, dams and current arisings through Mineral Rights Agreements, pertaining to the Buffelsfontein ("IFM") Tailings Dams and current arisings, the Elandskraal dumps and pits and the Kroondal dump. The tailings, dumps and current arisings are covered through various agreements and are the feed source for 240 ktpa CTRP.

The tailings dumps are mechanically reclaimed by excavator and 30 ton dump trucks from the tailings dams and trammed to the CTRP remining section. This material is hydraulically repulped at the remining section and pumped through the screening and classifying section and then into the thickener. The thickened slurry is then ultrafine milled in a SMD bead mill prior to treatment in the flotation section. The concentrates produced are then discharged into a storage tank for collection and delivery to a PGM smelter.

2.4 Management

Name	Age	Designation	Qualification	Experience
Bertin Mcleod	35	Plant Manager: Metallurgy	BTech: Chemical Engineering Management Development Certificate Senior Management Development Certificate	10 years of platinum industry experience
Avinash Kandhai	30	Cost Accountant	BTech: Accounting	Seven years of financial mining experience and eight years of financial experience
Phumzile Mokoena	24	Metallurgist	BTech: Chemical Engineering	One year of metallurgy-related experience
Hendrik Snyman	38	Manager: Metanza (CTRP)	BEng Metallurgical (Extractive) Certificate in Business Management Certificate in Leadership Programme Professional Engineer	16 years of metallurgy-related experience
Hector Mapheto	31	Operations Manager: CTRP	BSc Eng Chemical Professional Engineer	Seven years of metallurgy-related experience
Frans Grobler	49	Area Manager (TSF Operations)	Matric – 1980	28 years of tailings dams experience
Daniel Maponya	31	Site Manager (TSF Operations)	National Diploma: Engineering Civil Mine Residue Deposits Certificate BTech: Engineering Water	Four years of tailings dams experience

2.5 Production summary

A summary of the production at the Phoenix Platinum Project for the year ended 30 June 2012 is set out below.

Operating months		Dec 2011	Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	Jun 2012
Plant Feed	(t)	**11,625**	**14,239**	**19,327**	**18,382**	**15,616**	**21,994**	**23,281**
Head Grade	(g/t)	**4.21**	**3.32**	**4.22**	**4.20**	**4.63**	**3.92**	**4.64**
Overall Plant Recovery	(%)	**28**	**9**	**20**	**17**	**20**	**27**	**24**
Percent Cr_2O_3	(%)	**2.46**	**2.57**	**2.39**	**2.4**	**1.94**	**2.87**	**2.81**
Ounces Produced 6E PGE	(oz)	**439**	**122**	**587**	**405**	**439**	**777**	**705**
	($/oz)	**961**	**940**	**1,048**	**1,028**	**990**	**929**	**918**
Basket Price Received	(ZAR/oz)	**7,853**	**7,523**	**8,015**	**7,785**	**7,733**	**7,537**	**7,681**
	($/oz)	**727**	**2,575**	**577**	**882**	**781**	**586**	**664**
Total Cash Cost	(ZAR/oz)	**5,938**	**20,599**	**4,414**	**6,678**	**6,102**	**4,756**	**5,560**
	($/oz)	**27**	**22**	**18**	**19**	**22**	**21**	**20**
Cash Cost Per Tonne	(ZAR/oz)	**224**	**176**	**134**	**147**	**172**	**168**	**168**
Capital Expenditure	($/oz)	**195,545**	**854,882**	**2,126,370**	**553,910**	**271,745**	**0**	**958,446**
Exchange Rate – Average	(ZAR/oz)	**8.17**	**8.00**	**7.65**	**7.57**	**7.81**	**8.11**	**8.37**

2.6 Mineral Resource and Mineral Reserves summary

A summary of the Phoenix Platinum Project's Mineral Resources and Mineral Reserves is set out below**.**

	Mineral Resources					Mineral Reserves			
Category	Tonnes (Mt)	Grade (g/t)	Contained PGM – 4E (Koz)	Contained PGM – 4E (Kt)	Category	Tonnes (Mt)	Grade (g/t)	Contained PGM – 4E (Koz)	Contained PGM – 4E (Kt)
Measured	3.22	3.09	321.00	9.98	Proved	3.22	7.18	144.32	4.49
Indicated	0.83	3.25	86.00	2.68	Probable	0.83	3.59	38.00	1.21
Inferred	0.80	3.33	86.00	2.67	Please note due to rounding some errors may occur				
Total M&I	4.05	3.12	407.00	12.656					
TOTAL	**4.85**	**3.16**	**493.00**	**15.328**	**TOTAL P&P**	**4.05**	**1.41**	**184**	**5.70**

2.7 Mineral Resource to Mineral Reserve conversion

As at 30 June 2012, Phoenix Platinum amended the Mineral Reserve and Mineral Resource Statement. The Measured and Indicated Mineral Resources are inclusive of those resources modified to produce the Reserves. Mineral Reserves are reported as plant delivered tonnes at the grade recovered. The Mineral Resource estimate has been compiled in accordance with the SAMREC Code. The verification and validation of the data was managed by Mr Eugene Nel, Professional Metallurgist, who is accredited with the Engineering Council of South Africa ("ECSA").

ENC Minerals were requested to review the Mineral Resource update for 2012 and to convert the Resource Estimation into a SAMREC compliant Mineral Reserve for the Phoenix PGM Project. The 2010 base Mineral Resource calculations were used as basis for this review and update. Based on the information supplied, ENC Minerals has accepted this as being a true and accurate measurement of the initial Mineral Resource.

Subsequent to the 2011 Mineral Resource measurement, additional deposition of material took place on the Buffelsfontein tailings dam prior to the Phoenix processing plant becoming operational. The measured tons of material were obtained from the production database of IFM and this has been included as an Indicated Mineral Resource in the statement.

For the purpose of converting the Mineral Resource to a Mineral Reserve the calculations were based on results of test work done during the design phase of the project as well as process efficiency data measured during the initial phase of operation. In addition the test work and process data results were compared with operating results achieved at other similar operations in order to validate the recovery values achieved.

Based on these two inputs the Board believes that an overall average recovery of 45 per cent will be achievable by the current process design. It is highly likely that the recovery for individual sections of each resource will vary depending on the area of resource being mined. Test work was, however, done on composite samples covering the complete resource area and, therefore, the average projected recovery value of 45 per cent has been used throughout the Mineral Resource to Mineral Reserve conversion.

Based on the items discussed above the Mineral Resource to Mineral Reserve conversion is set out below:

Project	Resource Category	Mass (kt)	PGM Grade 4E (g/t)	PGM Metal (kg)	PGM Metal (oz)	Reserve Category	Mass (kt)	Projected metal-lurgical recovery (%)	PGM Grade 4E (g/t)	Recover-able PGM Metal (kg)	Recover-able PGM Metal (oz)
Mineral Resources (Dams, Dumps and Pits)											
Buffelsfontein Tailings Dams	Measured	218	3.66	797	26,000	Proven	218	45%	1.65	359	12,000
	Indicated	208	3.39	705	23,000	Probable	208	45%	1.53	317	10,000
	Inferred										
	Total	**426**	**3.53**	**1,502**	**49,000**	**Total**	**426**	**45%**	**1.59**	**676**	**22,000**
Elandskraal Dumps and Pits	Measured	1,149	2.45	2,813	90,000	Proven	1,149	45%	1.10	1,266	41,000
	Indicated	145	2.04	296	9,000	Probable	145	45%	0.92	133	4,000
	Inferred	42	2.00	84	3,000						
	Total	**1,336**	**2.39**	**3,193**	**102,000**	**Total**	**1,294**	**45%**	**1.08**	**1,399**	**45,000**
Kroondal Dumps	Measured	260	2.00	520	17,000	Proven	260	45%	0.90	234	8,000
	Indicated	30	2.00	60	2,000	Probable	30	45%	0.90	27	1,000
	Inferred	120	2.00	240	8,000						
	Total	**410**	**2.00**	**820**	**27,000**	**Total**	**290**	**45%**	**0.90**	**261**	**9,000**
Total *In situ* Resource		**2,172**	**2.54**	**5,515**	**178,000**		**2,010**	**45%**	**1.16**	**2,336**	**76,000**
Mineral Resources (Current Arisings)											
Buffelsfontein Current Arisings	Measured	1,597	3.66	5,845	188,000	Proven	1,597	45%	1.65	2,630	85,000
	Indicated	443	3.66	1,621	52,000	Probable	443	45%	1.65	729	23,000
	Inferred	641	3.66	2,348	75,000						
	Total	2,681	3.66	9,814	315,000	Total	2,040	45%	1.65	3,360	108,000
Total Dams, Dumps, Pits and Current Arisings		**4,853**	**3.16**	**15,329**	**493,000**		**4,050**	**45%**	**1.41**	**5,696**	**184,000**

2.8 Year-on-year Mineral Resource inventory reconciliation

A year-on-year mineral inventory reconciliation for the Phoenix Platinum Project is set out below.

Project	Resource Category	Resource at June 2011				Resource at June 2012				± Variances			
		Mass (kt)	PGM Grade 4E (g/t)	PGM Metal (kg)	PGM Metal (oz)	Mass (kt)	PGM Grade 4E (g/t)	PGM Metal (kg)	PGM Metal (oz)	Mass (kt)	PGM Grade 4E (g/t)	PGM Metal (kg)	PGM Metal (oz)
		Mineral Resource (Dams, Dumps and Pits)				**Mineral Resource (Dams, Dumps and Pits)**				**Mineral Resource (Dams, Dumps and Pits)**			
Buffelsfontein Tailings Dams	Measured	218	3.66	797	26,000	218	3.66	797	26,000				
	Indicated					208	3.39	704	23,000	208		704	23,000
	Inferred												
	Total	**218**	**3.66**	**797**	**26,000**	**426**	**3.52**	**1,501**	**49,000**	**208**		**704**	**23,000**
Elandskraal Dumps and Pits	Measured	1,149	2.45	2,813	90,000	1,149	2.45	2,813	90,000				
	Indicated	145	2.04	296	9,000	145	2.04	296	9,000				
	Inferred	42	2.00	84	3,000	42	2.00	84	3,000				
	Total	**1,336**	**2.39**	**3,193**	**102,000**	**1,336**	**2.39**	**3,193**	**102,000**				
Kroondal Dumps	Measured	260	2.00	520	17,000	260	2.00	520	17,000				
	Indicated	30	2.00	60	2,000	30	2.00	60	2,000				
	Inferred	120	2.00	240	8,000	120	2.00	240	8,000				
	Total	**410**	**2.00**	**820**	**27,000**	**410**	**2.00**	**820**	**27,000**				
Total Resource		**1,964**	**2.45**	**4,810**	**155,000**	**2,172**	**2.54**	**5,514**	**178,000**	**208**	**0.09**	**704**	
		Mineral Resource (Current Arisings)				**Mineral Resource (Current Arisings)**				**Mineral Resource (Current Arisings)**			
Buffelsfontein Current Arisings	Measured	1,597	3.66	5,845	188,000	1,597	3.66	5,845	188,000				
	Indicated	443	3.66	1,621	52,000	443	3.66	1,621	52,000				
	Inferred	641	3.66	2,348	75,000	641	3.66	2,348	75,000				
	Total	**2,681**	**3.66**	**9,814**	**315,000**	**2,681**	**3.66**	**9,814**	**315,000**	**–**	**–**	**–**	**–**
Total Dams, Dumps, Pits and Current Arisings		**4,646**	**3.15**	**14,624**	**470,000**	**4,853**	**3.16**	**15,328**	**493,000**	**207**	**0.01**	**704**	**23,000**

Project	Resource Category	Resource at June 2011				Resource at June 2012				± Variances			
		Mass (kt)	PGM Grade 4E (g/t)	PGM Metal (kg)	PGM Metal (oz)	Mass (kt)	PGM Grade 4E (g/t)	PGM Metal (kg)	PGM Metal (oz)	Mass (kt)	PGM Grade 4E (g/t)	PGM Metal (kg)	PGM Metal (oz)
		Mineral Resource (Dams, Dumps and Pits)				**Mineral Resource (Dams, Dumps and Pits)**				**Mineral Resource (Dams, Dumps and Pits)**			
Buffelsfontein Tailings Dams	Proved	218	1.65	359	12,000	218	1.65	359	12,000				
	Probable					208	1.52	317	10,000	208	1.52	317	10,000
	Total	**218**	**1.65**	**359**	**12,000**	**426**	**1.59**	**676**	**22,000**	**208**	**(0.06)**	**317**	**10,000**
Elandskraal Dumps and Pits	Proved	1,149	1.10	1,266	41,000	1,149	1.10	1,266	41,000				
	Probable	145	0.92	133	4,000	145	0.92	133	4,000				
	Total	**1,294**	**1.08**	**1,399**	**45,000**	**1,294**	**1.08**	**1,399**	**45,000**				
Kroondal Dumps	Proved	260	0.90	234	8,000	260	0.90	234	8,000				
	Probable	30	0.90	27	1,000	30	0.90	27	1,000				
	Total	**290**	**0.90**	**261**	**9,000**	**290**	**0.90**	**261**	**9,000**				
Total Reserve		**1,802**	**1.12**	**2,019**	**66,000**	**2,010**	**1.16**	**2,336**	**76,000**	**208**	**0.04**	**317**	**10,000**
		Mineral Reserves (Current Arisings)				**Mineral Reserves (Current Arisings)**				**Mineral Reserves (Current Arisings)**			
Buffelsfontein Current Arisings	Proved	1,597	1.65	2,630	85,000	1,597	1.65	2,630	85,000				
	Probable	443	1.65	730	23,000	443	1.65	730	23,000				
	Total	**2,040**	**1.65**	**3,360**	**108,000**	**2,040**	**1.65**	**3,360**	**108,000**				
Total Dams, Dumps, Pits and Current Arisings		**3,842**	**1.40**	**5,379**	**174,000**	**4,050**	**1.41**	**5,696**	**184,000**	**208**	**0.01**	**317**	**10,000**

This Mineral Reserve conversion was compiled by Mr Eugene Nel a registered Professional Engineering Technologist with the Engineering Council of South Africa (registration number 200570019). Mr Nel is also a member of the South African Institute of Mining and Metallurgy.

2.9 Life of Mine

Based on the Mineral Reserves and Resources, the anticipated LoM is 17 years.

2.10 Environment

Phoenix Platinum endeavours to comply with all environmental compliance needs and mitigation into potential risks has been put into place.

As a wholly-owned subsidiary of Pan African, Phoenix Platinum complies with the Safety, Health, Environment and Community Development Policy of Pan African. Phoenix Platinum strives to ensure that all environmental risks are identified within the CTRP and its surrounding areas, and that steps to mitigate these risks are implemented. Due to the location of the CTRP, Phoenix Platinum complies with the Environmental Management Plan of International Ferro Metals (IFM).

A financial quantum assessment was performed by Prescali Environmental Consultants (Proprietary) Limited in terms of the MPRDA during June 2012. The outcome indicated a closure liability of R1.2 million if the mine/plant were to be shut down immediately.

2.11 Mineral rights and tenure

The respective mineral rights for the different Phoenix properties are outlined in the table below:

	Farm	Ptns/Re	Right		Date		Size (ha)	Holding company	Minerals
			Type	Number	Start	Expiry			
Buffelsfontein Tailings Dams and Current Arisings	Buffelsfontein 465JQ	PM 11 constituted by Ptns 20, 21, 22, 23, 24, 104. Re Ptn 1	Mining License (Conversion lodged 10/05/2006)	ML88/2003	22/12/03	21/12/22	328.9083	IFM	Chrome and PGMs
		Ptn 12					82.2270		
Elandskraal Dumps and Pits	Elandskraal 469JQ	A Ptn of Ptn 155	Notarial Lease Agreement / Akte van Transport T31466/1965	N/a as Dumps are pre new order Mining Right	30/5/07	Initial period of 8 years / Renewable for 3 periods of 5 years after initial 8 year period	88.8491 (Mining Area)	Minco	Chrome and PGMs
Kroondal Dump	Kroondal 304JQ	Ptns of Ptns 92, 93 and 102	Original Mining Permit	MP 82/2002	15/10/02	100% owned	9.4400	Phoenix Platinum through cession from GB Mining	PGMs

3. BARBERTON TAILINGS RETREATMENT PROJECT

3.1 Project summary

Operation name	Barberton Tailings Retreatment Plant Project ("BTRP")
Parent and ownership	Pan African Resources PLC (100 per cent attributable)
Holding company	Barberton Mines (Pty) Limited (South African incorporated)
Country of operation	South Africa
Provincial jurisdiction	Mpumalanga
Number of employees	25
Number of contractors	50
Commodity being mined	Gold
Geological setting	Tailings dams situated at Fairview and New Concort Mine
Mining method	Hydro-mining of tailings dams
Extraction method	CIL

Key information for the year ended 30 June 2012

Annual production

Tonnage	1,200,000 (t)
Recovered grade (g/t)	1,47 (g/t)
Estimated Gold production (oz)	20,000 oz to 25,000 oz
Cash cost	US$700/oz
Capex	£23.2 million (ZAR300 million)
LoM	6 years

3.2 Background

As a consequence of successful metallurgical test work, carried out on composite drill hole samples drilled during the previous financial year, the potential of retreating the Bramber tailings dam was assessed in a feasibility study on the proposed construction of a tailings retreatment plant ("BTRP") at Fairview Mine. The viability of a retreatment plant was confirmed in an independent review by Venmyn Rand (Pty) Limited.

Detailed engineering, process and flow design, to treat approximately 1,2 Mt per annum was carried out by Basil Read Matomo.

When in production, the BTRP will increase the annual production profile at Barberton Mines by approximately 20,000 oz to 25,000 oz a year on the basis of a six-year Life of Mine.

With a cash cost structure of $700/oz this project falls well in line with the Company's strategy of developing low cost, high margin projects.

The construction of BTRP on a site adjoining the Bramber Tailings Storage Facility ("TSF") began in April 2012 and is well underway and on target to commence cold commissioning in April 2013. Additional land adjacent to the current tailings dam extension has been acquired for a TSF and the Environmental Impact Assessment ("EIA") is to be completed by December 2012 followed by the tailings dam construction.

The life of the BTRP has been augmented by drilling at the Consort Tailings dam, which is expected to extend the Life of Project from six to ten years.

Final commissioning is scheduled to be completed by June 2013 and production build up is planned for July 2013

3.3 Mineral Resource and Mineral Reserve summary

Mineral Resources and Mineral Reserves for the BTRP remained unchanged for the year ended 30 June 2012 and are included in the main BGMO Mineral Resource and Mineral Reserve Estimations for the year ended 30 June 2012.

3.4 Life of the BTRP project

The life of the BTRP project has been extended from four to six years by the inclusion of the Harper slimes dumps and is expected to be extended to ten years through the Consort Tailings dam drilling.

The table below outlines the sources of material that will constitute the tonnage profile for the LoM plan for the BTRP.

Slimes Dump	Tonnes	Grade (g/t)	Ounces (oz)
Bramber Low Grade	2,369,655	0.50	37,933
Bramber High Grade	758,496	1.59	38,769
Harper South	1,082,970	0.66	22,807
Harper North	2,693,250	0.24	21,093

Note:

Barberton Tailings Retreatment Project as per the LoM 2013. NB: Segalla Calcine project was not included for the LoM plan 2013, advanced metallurgical testing in progress.

4. THE MANICA GOLD PROJECT IN MOZAMBIQUE

4.1 Project summary

Location	Manica province (Mozambique)
Status	Scoping study
Holding company	Explorator Limitada
Controlling company	Pan African (100 per cent ownership)
Geological setting	Sediments and metavolcanics within the Odzi-Mutare-Manica greenstone belt
Products mined	Gold

4.2 Background

Manica is a gold exploration project situated in central Mozambique approximately 4 km north of the town of Manica, which lies approximately 270 km inland of the port city of Beira, Mozambique. The project, which spans 43.6 km^2, is positioned in the Beira Corridor which contains major road and rail infrastructure linking Zimbabwe to Beira and has a JORC compliant resource of 2.97 Moz at 1.83 g/t Au. The area surrounding Manica is well known for hosting gold mines such as Penhalonga, Rezende, Monarch and Old West. The reefs in these mines have typically been classified as porphyry mineralisation within quartz-diorites where gold is hosted in quartz veins.

4.3 Disposal of the Manica Gold Project

Pan African entered into an agreement on 28 August 2012 to dispose of 100 per cent of Manica Gold Project to Auroch, a wholly-owned subsidiary of Terranova, for a total potential consideration of AUD6 million (£4.0 million/ZAR52.4 million) payable in cash and 96,666,668 shares in Terranova, subject to certain terms and conditions more fully described in paragraph 5.6 of Part 12 "Additional Information" of this Document.

PART C – ADDITIONAL INFORMATION ON BGMO

This additional information on BGMO in this Part C has been included in compliance with the Listings Requirements and has been extracted from the Pan African annual report for the year ended 30 June 2012.

1. ESTIMATES AT BGMO

1.1 Mineral Resource Estimation

The grade and the structure in the ore shoots are highly erratic in nature and most of the data for evaluating Mineral Resource blocks is derived from development adjacent to the mining blocks and from the position of the present mining areas. This is unlike the blocks used by other typical Witwatersrand mining operations where the value of Mineral Resource blocks are estimated and classified well ahead of the current mining areas. The continuity of grade values within the ore shoots is derived primarily from short range statistical projections, based on experience that has been gained from historic mining of the orebody and gained from the study of its tectonic structure. Mineral Resources and Mineral Reserves are blocked defined based on this information.

The tectonic structure and orebody geometry has been modelled using the Lynx orebody modelling system. This system allows the three-dimensional structure of the mineralised volume to be viewed graphically. This is used as a tool for visualising grade continuity and is an aid for mine planning.

Reef drill-hole intersections are defined as all samples intersecting the reef, irrespective of the sample grade and inclusive of at least one sample in the footwall and another in the hangingwall of the reef.

For both diamond cored drill-hole and underground sampling, a minimum sampling width of 150 cm is used in the case of mechanical mining and 100 cm for conventional scraper type stoping. Where the reef width is less than this value, hangingwall and footwall samples are included.

Where an individual sample value is greater than 100 g/t, the grade is capped at 100 g/t. This is done at the sample level and also over the whole channel width. It has been found historically that if sample values over 100 g/t are capped, these abnormally high sample grade values will not lead to over-valuation of the mean value of the stretch samples which are used to assign values to nearby Mineral Resource blocks.

1.2 Block Tonnage and Grade Estimation

Each mine is split into sub-areas defined by reef type and infrastructure design. Within these areas, ore Mineral Resource blocks are defined adjacent to development ends and stoped areas. Measured Mineral Reserve blocks are generally 20 m on strike and 10 m in the dip direction. Where blocks are defined adjacent to a development end only, the grade and true width of the reef in the block are estimated by calculating the arithmetic mean or "stretch average" of the samples along the development end. If the sample spacing is at the standard 3 m, the block value is derived by calculating the average value of the samples. If the sample interval is variable, the block is assigned the length-weighted arithmetic mean of the strip averages. If the Mineral Resource block is surrounded by other sampling, either by previous stope sampling or exploration boreholes, the block is assigned values based on the mean of the surrounding sampling, weighted by the inverse of the distance from the sampling to the centre of indicated and inferred blocks. In each case, one mean value is determined for each channel sampling section first and the means are then averaged.

The number and spacing of drill-holes intersecting the reef is dictated by the position of the exploration development with respect to the orientation of the reef being explored. Because of this, there is no set drill-hole spacing and the number of drill-holes available to estimate block values varies from place to place. This parameter cannot therefore be used as a Mineral Resource classification criterion.

1.3 Mineral Resource blocks

In selecting Mineral Resource blocks to be included in a Mineral Resource statement, a cut-off grade of 2.0 g/t is applied. This is not an economic cut-off, but is historical in the Barberton area. However, some Mineral Resource blocks that are below the cut-off grade are included within the 17-year forecast plan for Pan African Resources, where the blocks are required to be mined as part of the mining method of the total Mineral Resource, either for geological or geotechnical considerations. Some blocks are within safety and shaft pillars and some cannot be mined from the current infrastructure or using the currently employed mining methods or strategies, so are therefore included in the Mineral Resources but excluded from the Mineral Reserves. To convert a Mineral Resource block into a Mineral Reserve block, it must satisfy one of the following:

- immediately available blocks – Mineral Resource blocks that are adjacent to current mining areas with all mining infrastructure in place and are fully equipped with services; or
- not immediately available blocks – Mineral Resource blocks which can be made available within a short period; and
- and Mining infrastructure is in place, but has yet to be equipped with services.

A block tonnage is calculated for each Mineral Resource block using the estimated true thickness, the block area and by using an average specific gravity for each of the operating mines (sections).

A density ranging from 2.73 to 3.03 t/m^3 is used on the three mines, depending on the characteristics of the ore. It is known that there is a strong correlation between gold grades and density of ore that contain high sulphide mineralisation. Because gold mineralisation is often closely associated with sulphide mineralisation, in parts of the mine gold grade – rock density correlations are used in estimating tonnages. The Zwartkoppies Reef, however, is known to contain less sulphide mineralisation and the gold within this reef is mostly free gold and hence a lower value 2.73 t/m^3 is used. Development and waste rock is also assigned a density of 2.73 t/m^3. The specific gravity ("SG") values have generally been accepted as being "historically" correct. Orebodies that contain free gold are assigned a density of 2.73 t/m^3.

Further to the above framework, BGMO uses a Mineral Resource Optimiser system. This system is a computer-based tool developed to analyse and subsequently assist in optimising the mining of the Mineral Resource in such a way that long-term financial returns are maximised. The optimiser utilises alternative methodology to the existing pay limit methodology and offers a number of advantages:

- the unique statistical properties of the specific ore body is taken into account;
- it eliminates the need for adjustments and unpaid mining;
- it allows for a scientific basis to determine the grade to operate at and maximise operational returns;
- it provides a tool to manage the mining mix and prevents high grading or sterilisation of Mineral Resource blocks – optimising resource extractions and LoM; and
- it further allows for better planning with respect to development of Mineral Resource blocks.

Pan African will during the 2013 financial year continue its drive towards MRM excellence through improving geological understanding, data recording quality and to focus on ensuring sustainability through appropriately focused exploration targets.

1.4 Classification of Mineral Inventory

The Mineral Resource blocks are classified into Measured Mineral Resource, Indicated Mineral Resouces and Inferred Mineral Resources based on the following criteria, according to the SAMREC Code:

- Measured Mineral Resources: Measured Mineral Resource blocks are bound by sampled development or stope faces on at least one side. Measured Mineral Resource blocks are also delineated immediately adjacent to reef drives. In this case, their extent is limited to a distance of 10 m up and down dip along the plane of the orebody.

- Indicated Mineral Resources: Indicated Mineral Resource blocks are blocks bounded by measured blocks or where the down dip continuation of a block has been demonstrated by drill-hole intersections. Indicated Mineral Resource blocks are adjacent to Measured Mineral Resource blocks and are normally the extension of Measured Mineral Resources based on diamond drilling or other information;
- Inferred Mineral Resources: Blocks where geological interpretation suggests that continued mineralisation is likely even where no drilling information is available. These blocks occur adjacent to Indicated Mineral Resource blocks.

Other mining blocks that have previously been closed for economic reasons, but can be brought back into production when economic conditions improve are termed Dormant Blocks. These blocks have been included in the Mineral Resources using the same classification criteria as those applied to areas that are presently available for mining. The outside Sections include Victory Hill, Margret, Mamba, Catscove, Pan and OW 5.

1.5 Modifying factors

The table below reflects historical achievements for Mineral Reserve Block Factor ("BF"), Overall Plant Recovery Factor ("PRF") and Mine Call Factor ("MCF"). Modifying factors used for converting Resources to Reserves and for the Life of Mine plan are deduced from these historical achievements.

NEW CONSORT											
Efficiencies and Factors	**Current 12/13 Plan**	11/12	10/11	09/10	08/09	07/08	06/07	05/06	04/05	03/04	02/03
Block Factor	**100.0**	100.0	114.4	125.0	122.2	97.5	69.9	97.3	84.5	66.3	100.2
Overall Recovery	**90.5**	89.8	89.1	89.7	91.6	91.9	92.4	93.5	93.0	90.3	89.3
Mine Call Factor	**95.0**	90.0	99.5	89.3	83.4	86.1	99.8	107.8	86.2	85.9	91.7
FAIRVIEW											
Block Factor	**89.30**	100.0	94.3	120.5	101.6	117.5	90.4	114.3	110.8	95.0	88.7
Overall Recovery	**90.5**	90.9	90.2	90.9	90.8	90.5	90.9	90.3	90.3	88.3	89.2
Mine Call Factor	**97.50**	81.5	84.8	90.0	80.1	84.0	82.1	82.5	85.7	79.4	90.6
SHEBA											
Block Factor	**91.0**	91.0	91.0	86.9	107.6	112.4	110.9	109.9	94.8	100.5	104.0
Overall Recovery	**92.5**	92.6	92.0	91.7	92.8	92.7	92.6	93.0	93.7	92.8	92.3
Mine Call Factor	**100.0**	100.0	125.9	126.3	109.8	90.1	86.1	99.9	99.9	111.8	99.7

1.6 Commodity prices used

A gold price of US$1,500.00/oz. was used for the conversion of Mineral Resources to ore reserves at an exchange rate of ZAR8.29/US$ resulting in a gold price of ZAR400,000/kg.

2. PAY LIMIT CALCULATION

For the purpose of accurate and optimal pay limit calculations the mine is broken up into mining districts based on geographical location and common infrastructural considerations. The reason for this is that mining costs in each district differ based on location and infrastructure. A regional pay limit calculation is in place at all operations at Barberton Mines. Regional pay limits for the different mining districts for the 2013 financial business plan are as follows:

	3#	PC#	MMR Section	New Consort Total
New Consort Mine				
Pay limit	5.21 g/t	7.13 g/t	8.01 g/t	6.73 g/t

	Above Adit Level	**MRC & ZK Shafts**	**Sheba Total**
Sheba Section			
Pay limit	4.30 g/t	5.02 g/t	5.00 g/t

	1#	**3#**	**Fairview Total**
Fairview Mine			
Pay limit	4.32 g/t	6.43 g/t	5.90 g/t

2.1 Cut-off and Average-Mining-Grade ("AMG")" Calculation

The developed Mineral Resource optimiser tool was applied to the Mineral Resource inventory. Functionally it is based on the concept of cut-off grade calculation in order to guide the mine planning process. An optimal cut-off is determined which calculates the lowest grade at which the orebody can be mined such that the total profits, under a specified set of mining parameters, are maximised. This calculation was performed for each major area.

Cut-off grades are determined using the optimiser programme that requires the following as inputs:

- the database inventory of all Mineral Resource blocks;
- an assumed gold price – ZAR400,000/kg;
- planned production rates for each mine;
- Mine Call Factor;
- Plant Recovery Factor; and
- planned cash operating costs and other efficiency factors are calculated using historical achievements as a baseline.

Optimiser cut-off and average grades currently used are tabled below:

	Unit	**Fairview**	**Sheba**	**New Consort**	**Total BGMO**
Optimal Cut-offs	g/t	5.14	5.09	7.55	5.60
Marginal Cut-offs	g/t	1.70	4.85	3.50	1.40
AMG (Face Grade) (Optimal)	g/t	16.95	12.18	13.27	15.64
AMG (Head Grade) (Optimal)	g/t	16.53	12.18	12.61	15.25
Marginal Tonnes (25 per cent profit margin)	Tonnes	36.7	101	215	2,848
Mining Mix Grade	g/t	3.53	4.96	5.66	4.07
MCF	%	97.5	100	95	95
PRF	%	90.5	92.5	90	90
Gold Price	ZAR/g	400	400	400	400
AMG (Face Grade)	g/t	12.40	6.20	8.10	8.25
AMG (Head Grade)	g/t	12.09	6.20	7.33	8.04
Paylimits @ ZAR400/g	g/t	5.1	5.08	7.41	5.51
Reserve Grade	g/t	11.17	6.69	8.04	9.54

Fairview

The optimiser was used to guide the planning process and inputs were determined by both corporate and the mine. Inputs included the attainment of a 50 per cent profit margin at a gold price of ZAR400,000/kg and a total mining cost of ZAR1,798/tonne giving the cut-off grade of 1.7 g/t. However, the overall mining mix grade would have to be maintained at 3.53 g/t and this would only be achieved by mining 36.7 per cent of ore between the 1.7 g/t cut off and the optimal cut off of 5.14 g/t (i.e. average 3.42 g/t) and the rest at an average grade of 16.95 g/t. For practicality, however, the cut-off was rounded off to 2.0 g/t.

Sheba

For Sheba a 50 per cent profit margin was also applied at the same gold price of R400,000 per kg and a total mining cost of R1,878 per ton giving a cut-off of 5.09 g/t. The overall mining mix grade would have to be maintained at 12.18 to achieve this. For practicality the cut off was also rounded off to 2.0 g/t.

New Consort

New Consort's current measured and indicated resources are limited. Current ore reserve generation projects are in place together with exploration drilling to assist in the conversion of Mineral Resource to Mineral Reserve and this is a major focus area. A lower profit margin of 20 per cent was applied to New Consort as a guideline resulting in a cut-off of 7.55 g/t. The overall mining mix grade would have to be maintained at 13.58 g/t to achieve this. Again for practicality, the cut-off was also rounded off to 2.0 g/t.

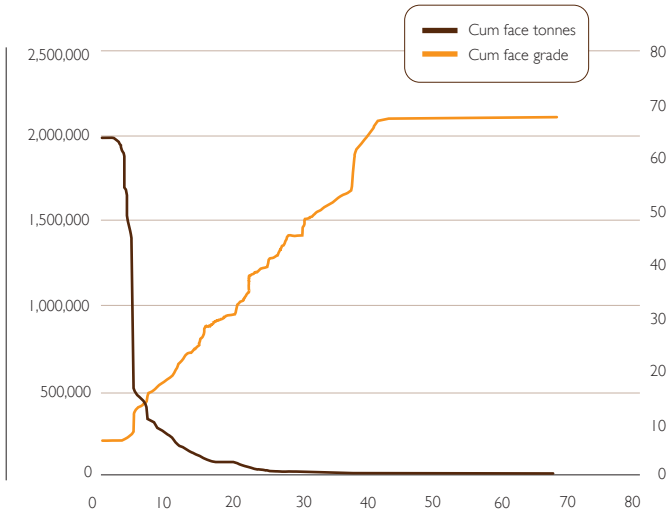
BGMO – Total

Even though Consort remains a challenge to sustain the current production profile into its LoM plan, tremendous strides have been made in a MRM strategy of increasing the resource base on a year-to-year basis. BGMO as a whole will achieve its mining mix grade for the 2012/2013 financial year of 8.25 g/t planned grade vs. 4.07 g/t mining mix grade from the optimiser for a 25 per cent overall profit margin.

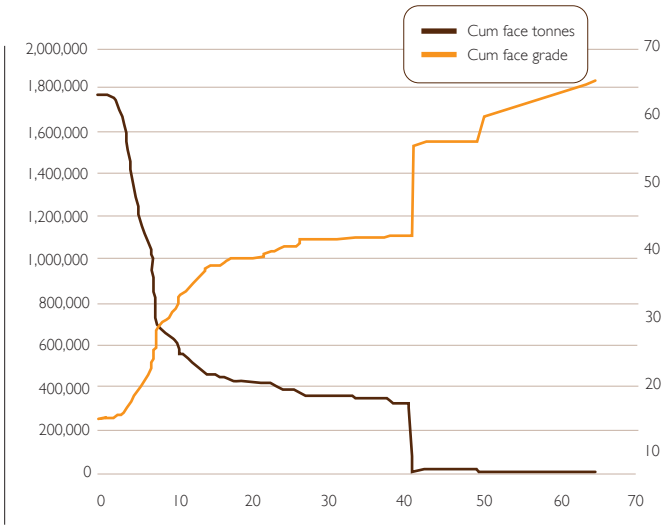
3. Grade Tonnage Curves

Mineral Reserves metal figures are fully inclusive of all mining dilutions and gold losses, and are reported as mill delivered tonnes and recovered grades.

Sheba Tonnage Grade Curve (face values)



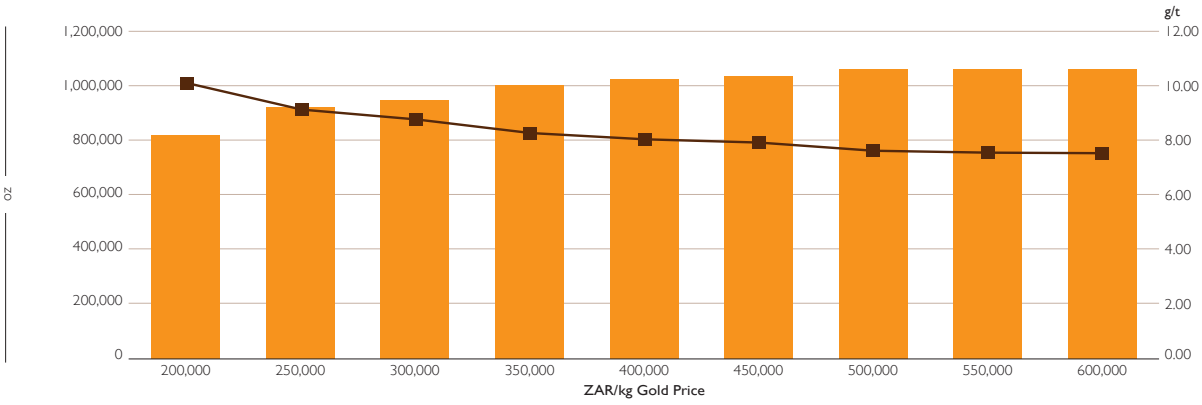
Fairview Tonnage Grade Curve (face values)



4. Mineral Reserve Sensitivity

The graph below illustrates ore reserve sensitivities to a changing gold price below and above ZAR275,000/kg.

Ore Reserve Sensitivities



	200,000	250,000	300,000	350,000	400,000	450,000	500,000	550,000	600,000
Ounces	818	919	945	1,001	1,022	1,035	1,058	1,061	1,061
g/t	10.08	9.11	8.75	8.25	8.02	7.90	7.60	7.53	7.51

5. Underground Exploration and Development Results

During the past year 2,186 m of reef, at an average grade of 4.90 g/t, and 5,438 m of waste were completed, of which 3,556 m was geologically mapped.

Barberton Mines collared 187 underground boreholes during the year and drilled 14,528 m of core. A total of 133 significant intersections were returned of which 103 were above the pay limit and a further 30 marginal grade intersections. The average value of all 45 economic intersections comes to 24.26 g/t over a width of 182 cm.

The following are the most significant results obtained during the year ended 30 June 2012:

Operation	Bh No	cm	g/t	Description
New Consort	37NE-5	100.00	111.0	To be accessed via SI 14
New Consort	3#CT-6	192.00	55.8	3 Shaft resource extension
New Consort	22W4-6	188.00	19.6	Confirms extension of W4 beyond pegmatite
New Consort	20IV-4	188.00	21.5	Ivora mineralisation below 20 level
Sheba	33 ZKH 03	71.00	300.4	Footwall mineralisation on the ZK-Horizon
Sheba	29 ST 20	764.00	15.7	Stockwork extension
Sheba	29 ST 24	113.00	34.1	Stockwork extension
Sheba	36 ZK W01	82.00	42.7	Mineralisation on the ZK Main Fracture
Fairview	Bh 5849	1,626.00	50.2	Downdip extention of 11 Block
Fairview	Bh 5864	1,383.00	43.8	Downdip extention of 11 Block
Fairview	Bh 5861	77.00	21.2	Low grade flanks of 11 Block
Fairview	Bh 5799	70.00	8.8	Low grade flanks of 11 Block

PART 3 – FINANCIAL INFORMATION RELATING TO PAN AFRICAN

1. HISTORICAL RESULTS OF PAN AFRICAN

The audited results of Pan African for the years ended 30 June 2012, 2011 and 2010 and the report of the independent auditors relating thereto are set out in Part 7 of this Document.

2. CURRENT TRADING

The Group is currently exceeding its strategic plan as a result of good operational performance, cost control and a high gold price.

3. PROSPECTS

3.1 The Enlarged Group

The major strategic advantage of the Group has been its ability to; (a) keep cash costs down, (b) generate profit and (c) pay a dividend. On an operational level this has been the result of (a) high grade of the Company's ore-bodies, (b) the technical skill base of the Company's people and (c) a "small company management culture".

Group cash costs will increase with the Evander Acquisition but it is anticipated that this will be more than offset by the higher mining grades and more consistent payshoots at Evander. It is anticipated that inclusive of the Group's tailings retreatment projects (Phoenix Platinum on a gold ounce equivalent basis and BTRP) overall Group cash costs will remain the same in spite of rising mining inflation.

The Enlarged Group will however continue to drive MRM to ensure optimum grade profiles are achieved on a sustainable basis. Furthermore capital and management resources will continue to be allocated to improve underground working conditions in order to drive productivity and control cost escalation.

The Enlarged Group will continue to be managed on the basis of separate management teams at each operation with support from a small corporate executive team. The Evander Acquisition also expands the operational and skills base of the Enlarged Group considerably.

The Board believes that this approach will ensure that the Enlarged Group remains a viable business irrespective subject to commodity cycle fluctuation and a rising cost inflative environment.

The Enlarged Group will focus on regional consolidation around its Barberton Mines and further acquisition in both the gold and platinum sector in South Africa.

3.2 Evander

Pan African intends to keep on running the Evander operation with the current management and management structure. The Company's focus will be to look for opportunities specifically at Evander 7 Shaft to increase the production profile. The Group also intends to investigate Evander 9 Shaft to access the recommencement of mining activities.

As far as the projects are concerned, the Enlarged Group intends to seek strategic partners with capital to complete a BFS on Evander South and Poplar. Based on the results of the BFS and subject to Shareholder approval, to the extent required, the Enlarged Group could develop these projects with a strategic partner. The Enlarged Group will also investigate how to access greater areas of the Rolspruit area (extension to Evander 8 Shaft) to increase the current LoM.

4. BORROWINGS

4.1 Borrowing powers

Details of the borrowing powers exercisable by the Directors are set out in Articles 148 to 151 of the Articles, an extract of which is set out in Part 13 "Extracts from the Articles of Association of Pan African" of this Document.

The borrowing powers have not been exceeded in the three years preceding the Last Practicable Date. There are no exchange control restrictions on the borrowing powers of Pan African or its Subsidiaries.

4.2 Material borrowings

As at the Last Practicable Date the Group did not have any material loans save for the funding arrangements to fund the Evander Acquisition, details of which are set out in paragraph 4.3 of Part 3 "Financial Information Relating to Pan African" of this Document below.

4.3 Use of facilities in place to fund the Evander Acquisition

Pan African currently has an unutilised ZAR300 million revolving credit facility with Nedbank Limited (acting through its Nedbank Capital Mining Finance division) in place at Barberton Mines ("Current Facility"). Furthermore, Pan African has executed a term sheet in terms of which a new ZAR600 million revolving credit facility ("New Facility") is being arranged for the Enlarged Group to replace the Current Facility. It is intended that the New Facility, to be shared equally between Nedbank Limited (acting through its Nedbank Capital Mining Finance division) and ABSA Bank Limited (acting through its ABSA Capital division), shall be available for draw-down from the Closing Date.

The amount to be drawn down from the New Facility for purposes of settling a portion of the Purchase Consideration will vary according to the timing of the Closing Date. Based on the current projections, the amount to be drawn is estimated to be approximately between R200 million and R300 million.

5. COMMITMENTS, CONTINGENT LIABILITIES AND GUARANTEES

As at 30 June 2012 the Group had:

- outstanding open orders contracted for of £12,305,025;
- authorised commitments for the new financial year not yet contracted for of £30,197,687;
- no contingent liabilities;
- guarantees of £11,615,841 in favour of Nedbank Limited;
- guarantees of £298,345 in favour of Eskom; and
- guarantees of £226,122 in favour of the DMR

The above commitments and guarantees have not changed materially from 30 June 2012 to the Last Practicable Date.

6. LOANS RECEIVABLE

There were no material loans receivable by Pan African or the Subsidiaries as at 30 June 2012 or as at the Last Practicable Date.

6.1 Loans made for the benefit of any director or manager

Neither Pan African nor the Subsidiaries had advanced any loans to any Director or senior manager as at the Last Practicable Date.

7. PROPERTY, PLANT AND EQUIPMENT

Details of the Group's property, plant and equipment as at 30 June 2012 is set out in note 16 to the annual financial statements for the year ended 30 June 2012 which is set out in Part 7 "Historical Financial Information on Pan African" of this Document.

As far as the Directors are aware, there are no environmental issues affecting the Group's utilisation of its fixed assets.

8. INTER-COMPANY LOANS AND TRANSACTIONS

Details of material loans between Pan African and the Subsidiaries as at 30 June 2012, prior to elimination on consolidation as well as details of all material inter-company financial and other transactions for the year ended 30 June 2012 are set are set out below:

Name of subsidiary	Amount owing to/(by) Pan African at 30 June 2012 £
Barberton Mines	(1,298,235)
Phoenix Platinum	19,505,668
Total	**18,207,433**

Details of all material inter-company financial and other transactions for the year ended 30 June 2012 are set out below:

Name of subsidiary	Amount for the year ended 30 June 2012 £
Dividends received[1]	24,500,396
Fees received from Barberton Mines[1]	(1,241,823)
Admin fee received from Phoenix Platinum[1]	(244,453)
Fee paid to Shanduka	(77,887)
Directors fees paid to Shanduka	(116,328)
Total	**22,819,905**

Note:

1. These related party transactions related to Pan African eliminate on consolidation.

9. AMOUNTS PAYABLE

9.1 Royalties payable

Barberton Mines paid South African mining royalty tax of £3,848,450 for the year ended 30 June 2012 (2011: £2,368,239). No other royalty taxes were payable by the Group for the year ended 30 June 2012.

9.2 Amounts paid or payable to any promoter

In the three years preceding the Last Practicable Date, no amount has been paid or has been accrued as being payable to any promoter.

9.3 Commission paid or payable in respect of underwriting

Save as disclosed in paragraph 10 of Part 5 "Terms and Conditions of the Rights Offer" of this Document, no amounts have been paid by the Company as commission for underwriting, discounts or brokerage in connection with the issue or sale of Shares in the three years preceding the Last Practicable Date.

10. FINANCIAL EFFECTS OF EVANDER ACQUISITION AND THE RIGHTS OFFER

The detailed *pro forma* financial effects of the Evander Acquisition and the Rights Offer and the notes thereto as well as the independent reporting accountant's report on the *pro forma* Financial Effects are set out in Part 9 "*Pro Forma* Financial Information on Pan African" of this Document. These financial effects have been prepared in accordance with Annex 11 of the Prospectus Directive.

The Evander Acquisition and the Rights Offer are likely to have a positive effect on earnings.

11. SIGNIFICANT CHANGES

There have been no Significant changes in the financial or trading position of Pan African or its subsidiaries from 30 June 2012 being, the end of the last financial period for which audited annual financial statements have been published.

12. ADEQUACY OF WORKING CAPITAL

The Company is of the opinion that, after taking into account the Subscription Commitment Amount, the working capital available to the Company and the Group is sufficient for the Group's present requirements (that is, for at least the next 12 months from the date of this Document).

13. CAPITALISATION AND INDEBTEDNESS OF THE GROUP

13.1 Capitalisation of the Group at 30 June 2012

Set out below is a statement of the Company's capitalisation as at 30 June 2012, which has been extracted without adjustment from, and should be read together with the Group's audited consolidated financial statements for the year ended 30 June 2012, which are set out in Part 7 of this Document.

	As at 30 June 2012 £
Share capital	14,482,623
Share premium	51,149,299
Translation reserve	(1,937,509)
Share option reserve	904,902
Retained income	59,432,741
Realisation of equity reserve	(10,701,093)
Merger reserve	(10,705,308)
Equity attributable to owners of parent	102,625,655

Note:

1. There has been no material change to the Company's capitalisation from 30 June 2012 to the Last Practicable Date.

13.2 Group's net financial indebtedness at 30 September 2012

Details of the Group's net financial indebtedness as at 30 September 2012 is set out below.

	As at 30 September 2012 £
Cash and cash equivalents	19,762,097
Financial debt	–
Net cash on hand	19,762,097

Notes:

1. This information is unaudited and has been extracted without adjustment from the Company's unaudited accounting records.
2. There has been no material change in the Group's net financial indebtedness from 30 September 2012 to the Last Practicable Date.

PART 4 – INFORMATION ON EVANDER AND ITS OPERATIONS

1. THE EVANDER ACQUISITION

In terms of the Agreement, Emerald Panther Investments will acquire a 100 per cent interest in Evander from Harmony for an amount of, subject to certain adjustments, R1.5 billion in cash. The Purchase Consideration shall be increased by an amount equivalent to an interest rate of 5 per cent per annum on the Purchase Consideration between 31 October 2012 and the Closing Date, but shall be decreased by the aggregate of any distributions made by Evander or any subsidiary of Evander (the "Evander Group") to Harmony or any subsidiary of Harmony (the "Harmony Group") and any repayment of any amount owing by any member of the Evander Group to any member of the Harmony Group ("Evander Distributions"). The funding of the Purchase Consideration includes, *inter alia*, the debt funding disclosed in paragraph 4 of Part 3 "Financial Information Relating to Pan African" of this Document and the cash proceeds of the Rights Offer. ZAR50 million (which was described in the Agreement as a break fee) ("Break Fee") has already been paid to Harmony and will be treated as part payment of the Purchase Consideration on the Closing Date.

Details of the Acquisition were provided in the Acquisition Circular. The Evander Acquisition and matters ancillary thereto were approved by Shareholders at the General Meeting.

In terms of the Agreement, Harmony has not guaranteed Evander's book debts or other assets. Each of Pan African and Harmony has provided warranties that are considered usual for a transaction of this nature.

The Agreement does not preclude Harmony from carrying on business in competition with Pan African, and does not provide for any cash or other payment regarding restraints of trade.

The Agreement does not specifically provide for the settlement of any liability for accrued taxation or any apportionment thereof.

Possession and effective control of Evander will be given to Emerald Panther Investments on the Closing Date and Harmony will accordingly retain the right to exercise all voting rights attaching to Evander's issued shares until the Closing Date.

As at the Last Practicable Date, the outstanding conditions precedent to the Evander Acquisition were Evander entering into a new electricity supply agreement ("Electricity Agreement Condition") and the written consent of the Minister in terms of section 11 of the MPRDA to the transfer of the Sale Shares to Emerald Panther Investments (the "Section 11 Approval Condition").

Emerald Panther Investments is required to pay to Harmony:

- a minimum amount of ZAR400 million, subject to Evander complying with its obligations relating to the provision of security to Emerald Panther Investments ("Security Covenants"), on the later of (i) 14 December 2012 and (ii) the first business day after the Security Covenants have been performed, and shall be entitled to pay to Harmony further amounts in excess of ZAR400 million until the Closing Date, provided such further amounts are a multiple of ZAR10 million; and
- an amount of ZAR950 million (the "Deposit"), less ZAR400 million (or such greater amount as envisaged above) if such sum has already been paid, 10 business days after the later of (i) 18 January 2013 and (ii) the date that on which the remaining Conditions Precedent other than the Section 11 Approval Condition have been satisfied or waived.

The balance of the Purchase Consideration is payable to Harmony within 10 business days after the Closing Date.

The Purchase Consideration shall be reduced by an amount equivalent to an interest rate of 5 per cent per annum accrued on the payments made by Emerald Panther Investments to Harmony as described above, including the Break Fee and the Deposit, as well as any Evander Distributions from the date of payment until the Closing Date.

If Completion does not occur, Harmony shall be required to repay all amounts paid by Emerald Panther Investments on account of the Deposit to Emerald Panther Investments together with interest thereon calculated at 5 per cent per annum for the period commencing on the date on which the payments were paid to Harmony and ending on the date that such amounts are repaid by Harmony to Emerald Panther Investments.

2. EVANDER'S PERFORMANCE

Evander generated production profit, as published by Harmony in its results for the fourth quarter and year ended 30 June 2012 on SENS on 16 August 2012, for the full year ended 30 June 2012 of R638 million, before tax and other charges, up from R183 million for the previous year. The ounces produced and announced by Harmony was 108,317 oz, up from 87,900 oz the previous year. Despite Evander having had a difficult last quarter due to a nine day stoppage as a result of a mechanical failure on the rock winder, in addition to a number of public holidays disrupting production during April, the full year financial and operational performance in the view of the Directors underline the quality of both the asset and the Evander management team.

These results demonstrate the importance and success of the significant re-engineering process, combined with a capital programme of some R370 million in total and completed by Harmony during the past two financial years, prior to Harmony disposing of the asset. Harmony's decision to implement and complete this process was one of the key drivers for Pan African's investment decision.

The outcome of all of the above is that Evander ended the first quarter attributable to Pan African, being 1 April to 30 June 2012, with a balance sheet showing almost R120 million of net working capital, inclusive of almost R100 million cash on hand, and no borrowings. The amounts shown incorporate the effects of certain adjustments as required in terms of the Acquisition Agreement. Moreover, the environmental liability is fully funded at approximately R195 million as at 30 June 2012.

Production improvements at Evander were highlighted in Harmony's quarterly results for the quarter ended 30 September 2012, which were published on SENS on 7 November 2012. The Evander operations reported an 18% increase in gold production and a 14% improvement in cash operating costs at R259,613/kg, which resulted in an operating profit of £11.0 million (ZAR141 million) for the quarter. Gold production for the quarter at Evander increased to 817 kg, due to a net increase of 8 per cent in tonnes milled at 159,000 t as well as an increased grade to 5.14 g/t.

3. HISTORICAL RESULTS OF EVANDER

A reproduction of the statutory financial statements of Evander of the three years ended 30 June 2012, 2011 and 2010 are set out in Part 8 "Historical Financial Information on Evander" of this Document.

4. SIGNIFICANT CHANGES

There have been no Significant changes in the financial or trading position of Evander or its subsidiaries from 30 June 2012, being the end of the last financial period for which audited annual financial statements have been published.

5. EVANDER MANAGEMENT

Mr Manny Da Silva, *General Manager, Evander Gold Mine Operations*

BSc Mining Engineering, Mine Managers Certificate of Competency, Mine Overseers Certificate of Competency

Mr Da Silva has worked in the mining industry since 1988. He has worked for significant gold companies in South Africa such as Gencor, Gold Fields and ultimately Harmony in 2008. He joined the Evander Gold Mines' management team in November of 2009.

Mr Marius Pelser, *Mine Manager, Evander 8 Shaft*

Mine Managers Certificate of Competency, Mine Overseers Certificate of Competency

Mr Pelser has worked in the gold mining industry since 1975 and has been employed at General Mining, Gencor and Gold Fields. He worked at Harmony as Mine Manager at Buffelsfontein and at Evander. He acted as General Manager at Evander.

Mr Simon Giles, *Engineering Manager*

National 'N' Diploma – Electrical Engineering, Government Certificate of Competency Electrical Engineer (Mines & Works)

Mr Giles worked in the gold mining industry since 1986 with Gencor, Gold Fields. At Harmony, he worked at the Evander Operations.

Mrs Hilary Kamedza, *Decline Engineer*

BSc (Hons) Electrical Engineer, Engineers Certificate of Competency

Mrs Kamedza has worked as a Maintenance Engineer in the petrochemical industry since 2003. She joined Harmony in 2008, where she worked at Doornkop Mine, followed by Kalgold open cast mine and currently at Evander 8 Shaft.

Mr Walter Seymore, *Mineral Resources Manager*

National Diploma Geotechnology

Mr Seymor was employed as a Junior Geologist in 1998 at Casmyn Mining. He joined Harmony at end of 1998 as a geologist and has worked at Evander 8 Shaft since. He was appointed a Mineral Resource Manager at the end of 2010.

Ms Noma Mabikwa, *Financial Manager*

BCompt (Accounting Science) UNISA, IMDP-UCT

Ms Mabikwa worked at PPC Cement as a Payroll Administrator and Accountant from 1999 – 2007. She was subsequently employed at AngloGold Ashanti as a senior Accountant from 2007 – 2010. She has been employed at Evander Gold Mines since 2010.

Mr Thabang Hlalele, *Metallurgical Manager*

ND Chemical Engineering (UJ), New Managers Programme (UCT), B-Tech Metallurgy – TUT – enrolled currently.

Mr Hlalele was employed at Mintek in the Mineral Processing Division for six years. He joined Evander Gold Mines from Kusasalethu Mine in 2011.

Mr Abe Ketle, *Metallurgical Plant Engineer*

NHD Electrical Engineering, GCC Electrical

Mr Ketle has worked in the gold mining industry since 1996 with Harmony.

6. INTRODUCTION TO THE EVANDER GOLD ASSETS

The information on the Evander Gold Assets set out in paragraphs 6 to 9 of this Part 4 has been extracted from the Competent Person's Report on Evander which is available on the Company's Website.

6.1 Introduction

The Evander Gold Assets are located near the town of Evander, approximately 110 km east of Johannesburg, South Africa, and within the Evander Basin, which forms part of the north-eastern limb of the renowned gold bearing Witwatersrand Basin, and consist of the following assets:

- the E8 Operation is an operational underground mine, which has been operational since the 1980s and currently produces approximately 9,000 oz of gold from processing 40,000 tonnes of ore per month. The average recovered grade is approximately 7.0 g/t and the projected LoM is approximately 15 years;
- the Underground Projects, namely
  - the Rolspruit Project;
  - the Evander South Project and its extension, the Evander South Extension; and the Poplar Project and its extension, the Poplar Extension
- Surface Projects, which are tailings retreatment projects, namely:
  - the Libra Project and a reduced-scale version of the Libra Project called the Mini-Libra Project.

6.2 Summary of the Evander Gold Assets Mineral Resource and Mineral Reserve estimates

A summary of the Evander Gold Assets Mineral Resource and Mineral Reserve estimates as at 30 June 2012 is presented in the table below:

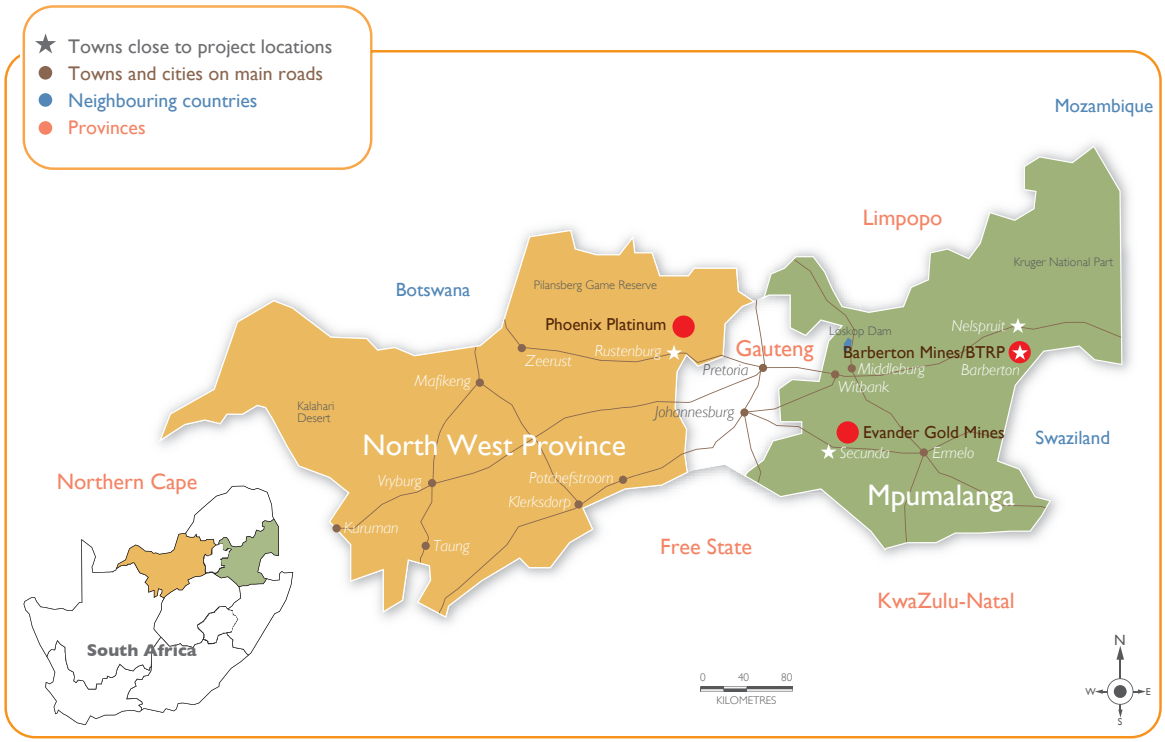
	Mineral Resources			Mineral Reserves		
Project	**Tonnes (Mt)**	**Grade (g/t)**	**Contained Au (Moz)**	**Tonnes (Mt)**	**Grade (g/t)**	**Contained Au (Moz)**
E8 Operation	19.30	10.76	6.68	4.85	7.68	1.150
Rolspruit	25.52	10.81	8.87	23.36	8.60	6.46
Poplar	34.88	6.27	7.03	–	–	–
Evander South	29.84	6.42	6.16	–	–	–
Libra/Mini-Libra	202.91	0.29	1.90	39.62	0.32	0.41
Total	**312.46**	**3.05**	**30.63**	**67.83**	**3.70**	**8.02**

Notes:

1. Mineral Resources are reported inclusive of Mineral Reserves and Inferred Resources.
2. The Mineral Resources are declared over a stoping width of 110 cm for Rolspruit and Poplar; and 101 cm for Evander South and 112 cm for E8.
3. A gold price of ZAR500,000/kg and ZAR340,000/kg Au was used to estimate Mineral Resources and Mineral Reserves respectively.
4. For Libra Project, the Mineral Resource applies to Libra Project, while the Mineral Reserves apply to Mini-Libra Project.

6.2 Geographic location

The geographic location of the Evander Gold Assets is set out below.



7. E8 OPERATION

7.1 Project outline, locality and description

The E8 Operation consists of the following components:

- an underground mine;
- a vertical shaft at E8 and a twin shaft system at Shaft No. 7 ("E7") required for rock hoisting, pumping, ventilation, underground logistics and engineering;
- a processing plant, namely the Kinross Metallurgical Plant; and
- a tailings storage facility.

E8 has been operational since the 1980s and previously operated as the Kinross No. 2 Shaft until 1998 when Harmony acquired the asset from Goldfields Mining Company Limited and the name change to E8 was introduced. Approximately 14 Moz of gold has been mined historically from the Kinross operation which included E8 and E7. The mine currently produces approximately 9,000 oz Au from processing 40,000 tpm to 45,000 tpm RoM material at an average grade of 7.1 g/t Au.

The ore is processed at the Kinross Metallurgical Plant, which is a hybrid CIP and CIL processing system, with cyanide as the main reagent.

Evander commissioned a project in 2010 to re-engineer and restructure the E8 Operation to improve production, mine efficiencies; underground working conditions and optimise the operation. The optimisation project is currently ongoing.

The Mineral Resources and Mineral Reserves estimates for E8 were estimated in-house by Evander and independently verified by SRK annually. Total Mineral Resources of 6.68 Moz Au at a grade of 10.76 g/t Au over a stoping width of 112 cm are reported, while the Total Mineral Reserves were estimated at 1.15 Moz Au at an average grade of 7.68 g/t Au. The Mineral Resource and Mineral Reserve estimates were carried out in accordance with the guidelines of the SAMREC Code.

Initially a projected 11-year LoM was estimated based on the Mineral Reserves declared in June 2011. However, these plans have been extended to a LoM of 15 years by including the 25A Block in the E8 Mineral Reserve. The block previously formed part of the adjacent Rolspruit Project Mineral Resources and Mineral Reserves.

7.2 Legal aspects and tenure

The Evander Gold Mine New Order Mining Right No. 30/5/1/2/2/126 MR, which includes the E8 project area, was awarded to Evander. The Mining Right is granted for gold and associated minerals and expires on 28 April 2038. The E8 Operation, as well as other Evander Gold Asset surface and underground projects, are encompassed by this Mining Right. The approximate E8 project boundaries include the farms Winkelhaak 135IS, Leeuwspruit 134IS and Uitkyk 136IS, which are held by different surface right owners.

Material agreements applicable to the E8 Operation include a Rand Refinery off-take agreement, in which gold is delivered in pulp form to the refinery and Harmony is compensated according to the spot gold price.

7.3 Regional geology

E8 is located within the Evander Basin which is a subsidiary sedimentary basin on the north-eastern limb of the Witwatersrand Basin. The Witwatersrand Basin is a sedimentary and volcanic sequence deposited unconformably on granitoid-greenstone Archaean basement and the volcano-sedimentary sequence of the Dominion group. The Witwatersrand Supergroup is unconformably overlain by the mafic to ultramafic volcanoclastics of the Ventersdorp Supergroup. The Evander Basin is approximately 50 km long by 30 km wide and formed during the early stages of the deposition of the Turffontein Subgroup, of the Central Rand Group of the of the Witwatersrand Supergroup dated ±2.7 Ga.

The Witwatersrand sediments were deposited in an environment represented by the transition from a fluvial-marine environment to a fluvial dominated depositional environment. Conglomeratic horizons formed in this transitional environment from re-worked fluvial sediments, are host to the gold mineralisation.

The regional stratigraphy of the Witwatersrand Basin in the region of the Evander Basin is summarised as follows:

- the Karoo Supergroup – includes the basal Dwyka Tillite Formation and up to three coal seams of the Ecca Group, interbedded with sandstones and shale. The Karoo Supergroup is approximately 200 m thick across the Evander Goldfield;
- The Transvaal Supergroup is preserved in the northwest of the Evander Basin, the remainder having been removed in pre-Karoo erosion. The Pretoria and Chuniespoort Groups are represented in the goldfield and the Black Reef Formation occurs as an unconformity surface at the base of the Transvaal Supergroup and is generally not mineralised;
- The Ventersdorp Supergroup within the Evander Goldfield is represented by a 0 m to 1,000 m thick succession of amygdaloidal and porphyritic andesitic lavas, comformably overlying the Witwatersrand Supergroup;
- The Ventersdorp Contact Reef is not developed in the Evander Basin;
- The Witwatersrand Supergroup – both the Central Rand and West Rand Groups of the Witwatersrand Supergroup are represented in the Evander Goldfield. The Witwatersrand Supergroup is attenuated relative to most other portions of the Witwatersrand Basin, with the Central Rand and West Rand Groups attaining maximum thicknesses of 750 m and 650 m, respectively; and
- Intrusives are uncommon in the Evander Basin and comprise two phases of Karoo-aged intrusions, a Ventersdorp phase and Bushveld-aged intrusives.

7.4 Local geology

The Evander Basin, located in the north-eastern limb of the Witwatersrand Basin, is geographically and geologically defined by the extent of the outcrop and sub-outcrop of the principle gold bearing conglomerate, the Kimberley Reef. The Evander Goldfield is arcuate in shape and a general southeast-northwest depositional trend seems apparent throughout the basin.

The structure of the goldfield is complex and characterised by basin margin faulting.

The northern extent of the basin has not been fully explored because of the excessive depth. Northwest striking asymmetrical fold structures dominate the north-eastern margin of the Evander Basin, with overturned and thrust faulted strata to the west. The goldfield is bounded in the south and west by major faults, of which the southern fault is considered to be an eastwards extension of the Sugarbush Fault. The actual mining region displays structural complexity, with normal and minor reverse faulting, which result in reef losses and potential mining instabilities.

The formation of the Evander Basin and deposition of gold is best described by Tweedie (1986). An overview of Tweedie's depositional model for the Evander Goldfield can be summarised as follows:

- deposition from the northeast to the southwest occurred on a fairly regular palaeoslope surface striking northwest to southeast;
- following deposition of the conglomerates of the Main Formation, basin subsidence and diminished sediment supply led to a transgressive, upward-fining sequence that was terminated during the deposition of the Booysens Shale Formation;
- following the initial major uplift, deposition of the Kimberley Reef by a system of braided streams occurred down the north-easterly- dipping palaeoslope from a single entry point in the southeast, with only the western flank of the original fan-shaped deposit preserved;
- marginal uplift to the north set into motion a major, regressive, coarsening-upward sequence and increased sediment supply that terminated with the deposition of the Kimberley Reef; and
- major uplift in the southwest, leading to a change in depositional direction towards the northeast and another regressive phase that ended with the extrusion of the Ventersdorp lavas.

The economic horizon at E8 is the northwest-southeast trending Kimberley Reef conglomerate within which the exploited Kinross Payshoot occurs. The MK quartzites form the footwall of the Kimberley Reef and the hangingwall comprises additional quartzites of the Kimberley Elsburg Series.

The Kinross Payshoot at E8 is up to 60 cm in thickness and comprises rounded quartz clasts supported by a quartzite matrix as shown in the photograph above. The gold mineralisation within

the Kinross Payshoot occurs as micro-granules and some relationship appears to exist between high concentrations of pyrite and high gold grade.

7.5 Key environmental issues

An independent, high level assessment of the E8 amended EMP was conducted by Beal Consulting, an associate of Venmyn. The EMP was concluded to be adequate and appropriate. Furthermore, Harmony undertook an additional assessment of the EMP in January 2012 and Harmony/Evander is currently engaged in the commitments made in the amended EMP.

The environmental impacts assessment does not highlight any specific areas of concern that could result in financial loss or severe environmental damage. Since E8 is an existing mining operation, most of the infrastructure as well as the mitigation measures to prevent environmental damage are already in place. It should be noted that Evander is currently in the process of implementing an ISO 14001 environmental management system. As part of the ISO 14001 management system, various procedures are implemented, actions tracked and inspections and internal audits conducted. EMP performance assessment comments and recommendations will also be incorporated into the ISO 14001 management system.

7.6 Mineral Resources and Reserves statement

Mineral Resource and Mineral Reserve estimates were undertaken by Harmony and independently verified annually by SRK Consulting.

Mineral Resources Estimates for E8 as at 30 June 2012

Category	Cut-off Grade (cmg/t)	Cut-off Grade (g/t)	Tonnes (Mt)	Ave Grade (cmg/t)	Grade (g/t)	Contained Au (Moz)
Measured	765	6.83	3.09	1,439	12.92	1.28
Indicated	765	6.83	3.22	1,589	14.40	1.49
Inferred	765	6.83	12.99	1,046	9.34	3.90
Total resources	**765**	**6.83**	**19.30**	**1,200**	**10.76**	**6.68**

Notes:

1. Mineral Resources are inclusive of Mineral Reserves.
2. Gold grade is estimated over a stoping width of 112 cm for Mineral Resources.
3. A cut-off grade of 765 cmg/t (6.83 g/t) Au was used for Mineral Resources.
4. A gold price of ZAR500,000/kg was used to estimate Mineral Resources.
5. A ZAR/USD exchange of 8.20 was used.

Mineral Reserve Estimates for E8 as at 30 June 2012

Category	Cut-off Accumulation (cmg/t)	Cut-off Grade (g/t)	Tonnes (Mt)	Grade (g/t)	Contained Au (Moz)
Proven	1,029	9.19	2.02	7.18	0.44
Probable	1,029	9.19	2.83	8.04	0.70
Total reserves	**1,029**	**9.19**	**4.85**	**7.68**	**1.15**

Notes:

1. Gold grade is estimated over a stoping width of 126 cm for Mineral Reserves.
2. A cut-off grade of 1,029 cmg/t (9.19 g/t) Au was used for Mineral Reserves.
3. A gold price of ZAR340,000/kg was used to estimate Mineral Reserves.
4. A ZAR/USD exchange of 7.55 was used.
5. A MCF of 73.5 per cent and PRF of 96.4 per cent were used in estimating Mineral Reserves.
6. An average operating cost of ZAR1,536/t RoM was used in estimating Mineral Reserves.
7. Mineral Reserves are estimated on milled tonnes at head grade average 7.58 g/t (Avg).

8. THE UNDERGROUND PROJECTS

8.1 Project outline, locality and description

The Underground Projects are situated approximately 110 km east of the city of Johannesburg in an area where gold and coal mining have been previously carried out. As a consequence, the area

is well developed with good road, rail and power systems. The assets surround the built up town of Evander and lie immediately south of the town of Kinross and east of the town of Leandra. The projects can be accessed by the N17 National Route and various other tar roads and well maintained secondary roads.

The Underground Projects portfolio comprises the following projects at different stages of exploration and evaluation studies:

- the Rolspruit Project for which an updated PFS was completed by Turgis in 2012;
- the Poplar Project for which a DFS was completed by Harmony in 2003, which was updated in 2006. An updated Mineral Resource estimation was completed by ExplorMine (Proprietary) Limited in 2011, based on additional exploration. Poplar Extension is a Prospecting Licence recently granted to Evander which will eventually be included in the Poplar Project; and
- Evander South Project for which a PFS was completed by Turgis in 2006. SRK Consulting SA conducted another PFS in 2010 based on additional exploration drilling results and Evander South Extension. Evander South Extension is a Prospecting Licence recently granted to Evander which will eventually be included in the Evander South Project.

8.2 Legal aspects and tenure

The Underground Projects are held under a New Order Mining Right and two Prospecting Rights. Rolspruit spans the farms Kromdraai 128IS, Ruigtekuilen 129IS, Rolspruit 127IS and Winkelhaak 135IS. The Poplar Project spans the farms Brakfontein 310IR, Rietfontein 313IR and Watervalshoek 350IR, held under different surface right ownerships.

The Evander South Project is held under Prospecting Right No. MP 30/5/1/2/2/248. The Prospecting Right covers an area of 2.5 ha and was valid for two years from 30 June 2007.

The Evander South Project spans the farms Kafferspruit 527IR, Rietkuil 531IR, Wildebeestspruit 356IR and Kromdraai 128IS. Evander has applied for the inclusion of the Prospecting Right into the New Order Mining Right and the Prospecting Right will remain in force until the DMR has processed the application.

8.3 Property geology

Rolspruit

The Rolspruit Project is located on the down-dip, northwest extension of the Kimberley Reef exploited at E8, which is southeast of the project area. The Kimberley Reef within the Rolspruit Project area was historically intersected in 47 surface boreholes with 170 deflections, however the core is unavailable for study. The geology of the Kimberley Reef at Rolspruit is well understood and represents a distal extension, approximately 2 km wide by 5 km long, of the Kinross payshoot currently exploited at E8. The dip varies from 22° in the south to 9° in the north of the project area and is in a north-easterly direction in the centre and west of Rolspruit Project, changing to north-westerly in the east and north-easterly in the west.

The Kimberley Reef occurs between 1,408 m and 3,324 m below datum and high grade mineralisation distribution is controlled by northwest-southeast striking faults. Post deposition faulting is extensive and low gold grades occur in the Rolspruit Gap, which is a northeast-southwest striking zone associated with the Kinross anticline. Mineralised zones identified by channel width, sulphide and carbon content correlate well with the Kinross payshoot. The footwall stratigraphy to the main Kinross payshoot comprises the MK and LK conglomerates of the Kimberley/Elsburg series. The MK conglomerates form the footwall of the Kimberley Reef, and the hanging wall comprises other Kimberley/Elsburg quartzites. The gold mineralisation with the Kimberley Reef occurs as micro-granules, and some relationship appears to exist, between high concentrations of pyrite and high gold grades.

Poplar

The Kimberley Reef on the Poplar Project was identified in a number of exploration drilling programmes, most notably Union Corporation/Gencor (1990s) campaigns comprising 68 boreholes with 210 deflections and Harmony (2007 and 2010) campaigns including 44 boreholes. The Kimberley Reef comprises a sequence of fluvial, channel sediments that were deposited in a braided stream environment and deposition of the reef was apparently influenced by the footwall lithologies. The footwall stratigraphic sequence to the Kimberley Reef within the Project area is distinctly

different to that observed in the Rolspruit Project area, which has the LK and MK conglomerates forming the footwall of the Kimberley Reef. In the Poplar Project area the Kimberley Reef overlies the MBQ's and Bird Amygdaloidal lavas of the Main Bird series. The change footwall sequence has been interpreted as the result of uplift and subsequent erosion of the overlying Kimberley/Elsburg sequences, before the deposition and mineralisation of the Kimberley Reef in this area.

The Kimberley Reef within the Poplar Project occurs at a depth below surface of between 500 m in the west to 1,200 m in the east. The reef strikes north-south and dips 9° to 24° to the east.

Evander South

The Kimberley Reef within the Evander South Project comprises a sequence of fluvial channel sediments that were deposited in a braided stream environment. Similar to the other Evander Gold Assets, the deposition of the Kimberley Reef was influenced by the nature and distribution the footwall lithologies.

The Kimberley Reef occurs at depths below surface ranging between 300 m in the west and 1,200 m in the east. The reef strikes north-south and dips 6° to 19°, averaging 14° to the east. The area of economic mineralisation is not continuous throughout the Evander South licence area but the most extensive zone of mineralisation reef is found in the southern part of the area, whilst the northern regions of the Project area are structurally disturbed. A twinned vertical shaft has been planned for the southern area, namely the development of the South Mine, which will permit the extraction of the southern area mineralisation as the first mining priority. The Kimberley Reef overlies the MBQ's and BA lavas of the Main Bird Series, as is the case at Poplar Project.

8.4 Key environmental issues

The EMP approved for the Evander Gold Mine Mining Right, MP 30/5/1/2/2/126 MR is applicable to the Rolspruit Project. The recommendation is that a separate EIA, Social Impact Assessment and EMP be carried out for the Rolspruit Project to amend the existing studies. In addition, the infrastructure requirements in terms of the water availability and supply, power requirements and Eskom supply and TDF must be determined to a higher degree of accuracy. The existing IWUL should be amended to incorporate the Rolspruit Project.

The Poplar and Evander South Projects PFS level environmental studies indicated that no environmental fatal flaws were identified, although water management will require attention in future studies and an IWUL must obtained for Evander South. Potential groundwater issues may arise from underground geological structures, such as faulting and fracture, which may affect water movement. The environmental consequences of the development of the Poplar and Evander South Projects, both positive and negative, are to be addressed in an EIA or EMP.

8.5 Mineral Resources and Reserves statement

Mineral Resources and Mineral Reserves were estimated by Harmony in 2011 and updated in 2012. The Mineral Resource and Mineral Reserve estimates were independently verified by SRK Consulting.

Mineral Resource estimates for the Underground Projects as at 30 June 2012

Project	Category	Cut-off Accumu-lation (cmg/t)	Cut-off Au Grade (g/t)	Ore tonnes (Mt)	Ave Au Accumu-lation (cmg/t)	Au Grade (G/t)	Contained Au (Moz)
Rolspruit	Indicated	381	3.46	24.59	1,196	10.88	8.60
	Inferred	381	3.46	0.94	1,008	9.17	0.28
	Total resources	381	3.46	25.52	1,190	10.81	8.87
Poplar	Indicated	333	3.03	22.38	727	6.61	4.75
	Inferred	333	3.03	12.50	623	5.66	2.27
	Total/Average	333	3.03	34.88	690	6.27	7.03
Evander south	Indicated	300	2.98	14.40	766	7.64	3.54
	Inferred	300	2.98	15.44	532	5.27	2.62
	Total resources	300	2.98	29.84	645	6.42	6.16

Notes:

1. Mineral Resources are inclusive of Mineral Reserves.
2. Block widths of 110 cm were used for grade estimation at Rolspruit and Poplar Projects.
3. A block width of 101 cm was used for grade estimation Evander South Project.
4. Gold grade is estimated over a stoping width of 110 cm for Mineral Resources.
5. A gold price of ZAR500,000/kg was used to estimate Mineral Resources.
6. A ZAR/USD exchange of 8.20 was used.

Mineral Reserve estimates for the Underground Projects as at 30 June 2012

Project	Category	Cut-off Au accumulation (cmg/t)	Cut-off Au Grade (g/t)	Ore tonnes (Mt)	Au grade (g/t)	Contained Au (Moz)
Rolspruit	Probable	532	4.84	23.36	8.60	6.46
	Total reserves	**532**	**4.84**	**23.36**	**8.60**	**6.46**

Notes:

1. Gold grade is estimated over a stoping width of 110 cm for Mineral Reserves.
2. A cut-off grade of 532 cmg/t (4.64 g/t) Au was used for Mineral Reserves.
3. A gold price of ZAR340,000/kg was used to estimate Mineral Reserves.
4. A ZAR/USD exchange of 7.55 was used.
5. A MCF and PRF of 85% and 96.4% were used in estimated Mineral Reserves.
6. An average operating cost of ZAR1,126/t RoM was used in estimating Mineral Reserves.

9. THE SURFACE PROJECTS

9.1 Project outline, locality and description

The Surface Projects comprise the Libra and Mini-Libra Projects. The Surface Projects are situated approximately 110 km east of the city of Johannesburg within the historic Kinross-Winkelhaak-Leslie-Bracken Mines mining complex area. Most of these mines are uneconomic except for the historic Kinross 2 Shaft, which was renamed Evander 8 Shaft. All of the historic mines now fall within the Evander New Order Mining Right.

The Libra Project is a surface dump retreatment project which will exploit the historic TSF generated from historical mining activities at the Kinross-Winkelhaak-Leslie-Bracken Mines mining complex. The TSFs to be retreated are the Winkelhaak, Kinross and Leslie Tailings Dams. The Mini Libra Project is a reduced version of the Libra Project in which only the Kinross No. 1 and No. 3 Tailings Dams would be exploited and processed at the existing Kinross Metallurgical Plant. The two Projects are at different stages of exploration and evaluation.

Given that the Surface Projects are situated in a longstanding gold and coal mining region, the road, rail and power infrastructure in the immediate environment is good. The various TSFs are located south of the town of Kinross, east of the town of Secunda and on the immediate outskirts of the town of Evander. The Projects can be accessed via the N17 National Route and various other tar roads and well maintained secondary roads.

9.2 Legal aspects and tenure

The Surface Projects are held under a New Order Mining Right and two Prospecting Rights. The TSFs to be retreated are located on various farms and farm portions as summarised below:

- Kinross Tailings Dam: Winkelhaak 135IS and Leeuwspruit 134IS;
- Winkelhaak Tailings Dam: Winkelhaak 135IS and Driefontein; and
- Leslie Tailings Dam: Zandfontein 130IS and Spronbokdraai 277IS.

9.3 Geological setting

The Surface Projects comprise man-made TSFs and consequently cannot be described in terms of regional or local geology. The TSFs were constructed as the result of processing of gold bearing ore from the historic Kinross-Winkelhaak-Leslie-Bracken Mines mining complex area and will display some chemical and mineralogical similarities with the underlying orebodies and host sequence. The TSFs were initially drilled and sampled in 1998 for a Preliminary Feasibility Study (PFS) and a subsequent drilling program was conducted in 2007 to confirm the TSF gold and uranium (U) grades and content. The total Indicated Mineral Resource for the combined TSFs was estimated to be 202.91 Mt at an average grade of 0.29 g/t Au for 1.90 Moz contained gold.

Harmony investigated a reduced version of Libra in 2010 in which only the Kinross Tailings Dam would be exploited and processed at the existing Kinross Metallurgical Plant. The change of scope permitted for a portion of the Mineral Resources to be converted to Probable Mineral Reserves of 39.62 Mt at an average grade of 0.32 g/t Au for 0.41 Moz contained gold.

9.4 Key environmental issues

The acquisition and permitting of the TSFs are crucial to the success of the Libra and Mini-Libra Projects and may represent a fatal flaw if authorisation and permitting issues prevent the planned retreatment process from being undertaken. The Mini-Libra Project is better positioned in this regard as the tailings generated by the retreatment plant can be deposited on the existing and current Winkelhaak Tailings Dam. The major risks to the Libra Project execution lie in the supply of water, power from Eskom, the permitting and building of a new TSFs and the time delays associated with the environmental and water permitting.

In order for the Company to create a new TSF site, a full Environmental Impact Assessment (EIA) of the new site will be required, which may take up to 18 months to complete. In addition, the Company will be required to apply for a Waste Licence Application in terms of the National Environmental Management: Waste Act 2008 (No. 59 of 2008). As Evander 8 Shaft (E8) is operational, most of the infrastructure as well as the mitigation measures, are currently in place.

Turgis Consulting undertook a high-level site selection process for a new TSF for the Libra Project which will accommodate the tailings produced from the re-treatment plant. Various environmental, social, technical, and Project economic factors were considered in the study, and two specific options were investigated in regard to the site selection process:

- a single large dam to accommodate all the tailings on one facility, or
- a small starter dam to accommodate the initial tailings with re-deposition on the existing tailings storage facilities at Winkelhaak, Leslie and Kinross sites.

A detailed trade-off study and site selection process was undertaken and a preferred site option was identified located adjacent to the Kinross Tailings Dam. The site will accommodate a starter dam, whilst a location for a larger dam is being identified and the authorisations obtained.

Water supply for the Project will be sourced from underground fissure water, Sasol, and local water works.

9.5 Mineral Resources and Mineral Reserves statement

Mineral Resources and Mineral Reserves were estimated by Harmony and independently verified by SRK Consulting.

Mineral Resource estimates for the Surface Projects as at 30 June 2012

Category	Tonnes (Mt)	Grade (g/t)	Contained Au (Moz)
Indicated	202.91	0.29	1.9
Total resources	**202.91**	**0.29**	**1.9**

Note:

1. Mineral Resources are inclusive of Mineral Reserves.

Mineral Reserve estimates for the Surface Projects as at 30 June 2012

Category	Tonnes (Mt)	Grade (g/t)	Contained Au (Moz)
Probable	39.62	0.32	0.41
Total reserves	**39.62**	**0.32**	**0.41**

Notes:

1. A gold price of ZAR340,000/kg was used to estimate Mineral Reserves.
2. An exchange rate of ZAR7.55 was used.
3. An operating cost of ZAR22/t RoM was used.
4. Mineral Reserves are only applicable to the Mini-Libra alternative.

PART 5 – TERMS AND CONDITIONS OF THE RIGHTS OFFER

1. DETAILS OF THE RIGHTS OFFER

In the terms of the Rights Offer, 370,071,902 New Shares are being offered for subscription, by way of Rights, to Qualifying Shareholders (other than, Foreign Shareholders) at a Subscription Price of ZAR1.90 per New Share for SA Qualifying Shareholders and 14 pence per New Share for UK Qualifying Shareholders. Approximately ZAR703 million (ZAR668 million net of expenses) is expected to be raised pursuant to the Rights Offer.

The Rights Offer is being made on the following basis:

25.5 New Shares for every 100 Existing Shares

held by Qualifying Shareholders (other than, Foreign Shareholders) on the Record Date and so in proportion to any other number of Existing Shares then held, and otherwise on the terms and conditions set out in this Document and, in the case of UK Qualifying Certificated Shareholders (other than, Foreign Shareholders), the Provisional Allotment Letter and, in the case of SA Qualifying Certificated Shareholders (other than, Foreign Shareholders), the Forms of Instruction.

The Rights Shares will, once issued and fully paid, rank *pari passu* in all respects with the Existing Shares, including the right to all future dividends or other distributions made, paid or declared after the date of their issue.

The Subscription Price of ZAR1.90 per New Share, which is payable in full by SA Qualifying Shareholders on acceptance by no later than 12.00 noon (Johannesburg time) on 11 January 2013, represents, in effect:

- a 3.7 per cent discount relative to the closing price of the Shares as traded on the JSE on 30 May 2012, being the date that the Evander Acquisition was announced;
- a 3.7 per cent discount relative to the volume weighted average Share price as traded on the JSE for the 30 trading days ended on 30 May 2012;
- a 4.2 per cent discount relative to the volume weighted average Share price as traded on the JSE over the period from 30 May 2012 up and to and including 15 August 2012, being the period during which the bookbuild process to secure the Subscription Commitments was conducted;
- a 29.55 per cent discount to the theoretical *ex*-Rights price (calculated by reference to the closing price of ZAR2.90 per Share on the JSE on the Last Practicable Date); and
- a 34.48 per cent discount to the closing price of ZAR2.90 per Share on the JSE on the Last Practicable Date.

The Subscription Price of 14 pence per New Share which is payable in full by UK Qualifying Shareholders on acceptance by no later than 11.00 am (London time) on 11 January 2013, represents, in effect:

- a 28.49 per cent discount to the theoretical *ex*-Rights price (calculated by reference to the closing price of 21 pence per Share on AIM on the Last Practicable Date); and
- a 33.33 per cent discount to the closing price of 21 pence per Share on AIM on the Last Practicable Date.

The Nil Paid Rights are entitlements to subscribe for New Shares subject to payment of the Subscription Price. In the UK, the Fully Paid Rights are entitlements to receive the New Shares, for which payment of the Subscription Price has already been made.

New Shares representing fractional entitlements of 0.5 or greater will be rounded up to the next whole number and less than 0.5 will be rounded down to the nearest whole number.

Subject to the provisions of paragraph 7 of this Part 5 and relating to Foreign Shareholders, Rights Shares not taken up by Qualifying Shareholders will not be sold for their benefit and Qualifying Shareholders will not receive any economic benefit in respect of those Rights Shares not taken up by them.

Qualifying Shareholders who do not take up their entitlements to New Shares will have their proportionate shareholdings in the Company diluted. Those Qualifying Shareholders who take up their Rights in full will, following the Rights Offer being completed and subject to the treatment of fractions, have the same proportional voting rights and entitlements to distributions as they had on the Record Date.

Any changes to the timetable of the Rights Offer will be announced by the Company in accordance with applicable rules in the UK and South Africa.

No conditions need to be satisfied before the Rights Offer may be implemented.

The Company has received Subscription Commitments in terms of which the Subscribers have committed to subscribe for Rights Shares to be issued pursuant to the Rights Offer to the extent of ZAR702,093,346. Further details of the Subscription Commitments are set out in paragraph 10 below.

Save in respect of Foreign Shareholders and certain Overseas Shareholders, Qualifying Shareholders will be permitted to apply for Rights Shares in excess of their entitlement in terms of their Rights, being those Rights Shares not taken up by Qualifying Shareholders or their renounces who do not exercise all or some of their Rights in terms of the Rights Offer.

Save in respect of the allocation of Excess Shares, if any, addressed in paragraphs 3.12 and 5.10 of this Part 5, there is no provision for the reduction in subscriptions or the refunding of excess amounts paid by applicants.

Provisional Allotment Letters in respect of the entitlements to New Shares will be despatched to UK Qualifying Certificated Shareholders (other than, Foreign Shareholders) and Forms of Instruction in respect of Letters of Allocation will be despatched to SA Qualifying Certificated Shareholders (other than, Foreign Shareholders), at their own risk. Provisional Allotment Letters and Forms of Instruction constitute temporary documents of title.

None of the New Shares are being made available to the public other than pursuant to the Rights Offer.

The attention of Shareholders with a registered address in, or who are resident in, countries other than the United Kingdom or South Africa, or who are holding Shares for the benefit of such a person, and any person (including, without limitation, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this document into a jurisdiction other than the United Kingdom or South Africa is drawn to paragraph 7 of this Part 5. In accordance with provisions of paragraph 7(c) of this Part 5, Foreign Shareholders will not be sent Provisional Allotment Letters or Forms of Instruction and will not have their CREST stock accounts credited with Nil Paid Rights and the crediting of Letters of Allocation to a CSDP or Broker account, or an account with the Transfer Secretary in Strate in respect of a SA Qualifying Shareholder with a registered address in any Excluded Territory, will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and no SA Qualifying South African Shareholder with a registered address in any Excluded Territory, receiving a credit of Letters of Allocation to a CSDP, Broker account or an account with the Transfer Secretary in Strate may treat the same as constituting an invitation or offer to him nor should he in any event use any Letters of Allocation credited to him or for his benefit in Strate unless such an invitation or offer could lawfully be made to him or the Letters of Allocation could lawfully be used or dealt with without contravention of any registration or other legal requirements.

The Letters of Allocation, Provisional Allotment Letters and Nil Paid Rights attributable to Foreign Shareholders will, instead be delivered to the Transfer Secretary and the Registrar who will act as nominees for Foreign Shareholders. The Transfer Secretary and the Registrar will, to the extent that a premium can be realised over the costs associated with the sale, sell the Letters of Allocation and the Nil Paid Rights on the JSE and AIM respectively, on a reasonable endeavours basis on behalf and for the benefit of, and will remit the proceeds to, such Foreign Shareholders. However, if the net proceeds of sale in relation to any such Foreign Shareholder are less than ZAR50.00 or £5.00, they will be retained for the benefit of Pan African. Foreign Shareholders will not be entitled to take up their Rights, subscribe for New Shares or otherwise participate in the Rights Offer.

Application has been made to the London Stock Exchange for the New Shares to be admitted to trading on AIM. It is expected that UK Admission will become effective and that dealings in the New Shares, nil paid, will commence at 8.00 am (London time) on 19 December 2012, and in the New Shares, fully paid, at 8.00 am (London time) on 14 January 2013.

The New Shares and the Existing Shares are in registered form and can be held in certificated or Dematerialised form via CREST. No further application to CREST is required for the New Shares and all the New Shares, when issued and fully paid, may be held and transferred by means of CREST.

Applications have been made for the Nil Paid Rights, the Fully Paid Rights and entitlements to Excess Shares to be admitted to CREST. Euroclear requires the Company to confirm to it that certain conditions are satisfied before Euroclear will admit any security to CREST. As soon as practicable after satisfaction of the conditions, the Company will confirm this to Euroclear.

Application has been made to the JSE Limited for the Letters of Allocation and the New Shares to be admitted to listing and trading on the Main Board of the JSE. It is expected that SA Admission will become effective and that dealings on the Main Board of the JSE in the Letters of Allocation (on a deferred settlement basis) will commence at 9.00 am (Johannesburg time) on 10 December 2012 and in the New Shares (fully paid on a deferred settlement basis) will commence at 9.00 am (Johannesburg time) on 7 January 2013. No holding statements will be issued to SA Qualifying Shareholders. SA Qualifying Certificated Shareholders are advised to consult the Transfer Secretary and SA Qualifying Dematerialised Shareholders should consult their CSDP or Broker for confirmation of their holding of Letters of Allocation and/or New Shares. Any SA Qualifying Shareholder who deals in their Letters of Allocation or the New Shares in any way prior to receiving confirmation of their holding from the Transfer Secretary or their CSDP or Broker, as the case may be, will do so at their own risk. The Company disclaims all liability howsoever caused and howsoever arising (and to the maximum extent permitted by law) to persons who trade their Letters of Allocation or New Shares before receiving confirmation of their holding.

The New Shares will not be quoted on the Main Board of the JSE until after the Rights Offer has closed.

The Company has instructed the Registrar and the Transfer Secretary not to process transfers of Shares between the UK Register and SA Register between 5.00 pm (Johannesburg time) on 7 December 2012 and 5.00 pm (Johannesburg time) on 14 December 2012 both days inclusive, in order to facilitate the Rights Offer. Accordingly, during this period, Shareholders on the UK Register and the SA Register must deal with Existing Shares, Nil Paid Rights, Letters of Allocation, Fully Paid Rights and New Shares on AIM or the JSE as the case may be.

The ISIN code for the New Shares will be the same as that of the Existing Shares being GB0004300496. The ISIN code for the Nil Paid Rights and Letters of Allocation is GB00B85FJG40 and for the Fully Paid Rights is GB00B8RCBP62. The ISIN code for the Excess Shares for purpose of CREST is GB00B8T1NV11.

It is expected that:

(i) the Provisional Allotment Letters in respect of Nil Paid Rights will be despatched to UK Qualifying Certificated Shareholders (other than, UK Qualifying Certificated Shareholders with registered addresses in any Excluded Territories) at their own risk on 18 December 2012;

(ii) a Form of Instruction in respect of the Letters of Allocation will be despatched to SA Qualifying Certificated Shareholders (other than, SA Qualifying Certificated Shareholders with registered addresses in any Excluded Territories) on 18 December 2012;

(iii) Capita Registrars will instruct Euroclear to credit the appropriate stock accounts of UK Qualifying Dematerialised Shareholders (other than, UK Qualifying Dematerialised Shareholders with registered addresses in any Excluded Territories) with the appropriate number Nil Paid Rights, with effect from 8.00 am (London time) on 19 December 2012;

(iv) the Nil Paid Rights, the Fully Paid Rights and the Excess Shares will be enabled for settlement by Euroclear on 19 December 2012, as soon as practicable after the Company has confirmed to Euroclear that all the conditions for admission of such Rights to CREST have been satisfied;

(v) SA Qualifying Dematerialised Shareholders will have their accounts at their CSDP or Broker automatically credited with their Letters of Allocation by 9.00 am (Johannesburg time) on 18 December 2012. However, the crediting of Letters of Allocation to a CSDP or Broker account in Strate of a SA Qualifying Dematerialised Shareholder with a registered address in any Excluded Territory will not constitute an offer in those jurisdictions in which it would be illegal to make an offer. Accordingly, no SA Qualifying Dematerialised Shareholder with a registered address in any Excluded Territory, receiving a credit of Letters of Allocation to a CSDP or Broker account may treat the same as constituting an invitation or offer to him nor should he under any circumstances use or deal in Letters of Allocation credited to him unless such an invitation or offer could lawfully be made to him or the Letters of Allocation could lawfully be used or dealt with without contravention of any registration or other legal requirements;

(vi) SA Qualifying Certificated Shareholders will have their Letters of Allocation credited to an account with the Transfer Secretary for the benefit of the SA Qualifying Certificated Shareholders by 9.00 am (Johannesburg time)on 18 December 2012;

(vii) New Shares, including, for the avoidance of doubt, any Excess Shares for which a successful application has been made, will be credited to the appropriate stock accounts of UK Qualifying Dematerialised Shareholders (or their renouncees) who validly take up some or all of their Rights by no

later than 8.00 am (London time) 14 January 2013 in respect of New Shares and on 16 January 2013 in respect of Excess Shares;

(viii) share certificates in respect of the New Shares, including, for the avoidance of doubt, any Excess Shares for which a successful application has been made, will be despatched to the relevant UK Qualifying Certificated Shareholders (or their renouncees) who validly take up some or all of their Rights by no later than 28 January 2013, at their own risk;

(ix) the CSDP or Broker accounts of SA Qualifying Dematerialised Shareholders (or their renouncees) who validly take up some or all their Rights will be updated and credited with New Shares, including, for the avoidance of doubt, any Excess Shares for which a successful application has been made, and debited with the aggregate Subscription Price by 9.00 am (Johannesburg time) on 14 January 2013 in respect of New Shares, and by 9.00 am (Johannesburg time) on 16 January 2013 in respect of Excess Shares;

(x) share certificates in respect of the New Shares, will be despatched to SA Qualifying Certificated Shareholders (or their renouncees) who validly take up some or all of their Rights on or about 14 January 2013, and share certificates in respect of Excess Shares for which successful application has been made and/or refund cheques in respect of any Excess Shares for which an unsuccessful application has been made will be despatched to SA Qualifying Certificated Shareholders or their renouncees who applied and paid for Excess Shares on or about 16 January 2013; and

(xi) pending delivery of the share certificates to those persons entitled to them, transfers of New Shares will be certified against the relevant register.

The Rights Offer will be made to UK Qualifying Certificated Shareholders by way of the Provisional Allotment Letter (as described in (i) above), to SA Qualifying Certificated Shareholders, by way of this Document and the Form of Instruction (as described in (ii) above), and the crediting of an account with the Transfer Secretary (as described in (vi) above), to UK Qualifying Dematerialised Shareholders by way of the enablement of the Nil Paid Rights and the Fully Paid Rights (as described in (iv) above) (such Shareholders' stock accounts having been credited (as described in (iii) above), and to SA Qualifying Dematerialised Shareholders by way of this Document and the credit of the Letters of Allocation to their accounts held with their CSDP or Broker as described in (v) above), such offer being made on the terms and conditions set out in this Part 5 and based on the information contained in this Document.

The New Shares will, once issued and fully paid, rank *pari passu* in all respects with the Existing Shares, including the right to all future dividends or other distributions made, paid or declared after the date of their issue.

2. ACTION TO BE TAKEN

The action to be taken in respect of New Shares depends on whether, at the relevant time, a Qualifying Shareholder holds Certificated Shares or Dematerialised Shares.

If you are a UK Qualifying Shareholder and you have any questions relating to this Document, and completion and return of the Provisional Allotment Letter, please telephone Capita Registrars between 9.00 am and 5.30 pm (London time) Monday to Friday on 0871 664 0321 from within the UK or +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the proposals nor give any financial, legal or tax advice.

If you are a SA Qualifying Shareholder and have any queries about the Rights Offer or the procedure for acceptance or payment, you should contact the South African Shareholder Helpline on 011 370 5000, if you are calling from South Africa, or +27 11 370 5000, if calling from outside South Africa, between 7.30 am and 5.00 pm (Johannesburg time), Monday to Friday (excluding public holidays). Calls to the South African Shareholder Helpline from within South Africa are charged at your service provider's applicable rate for calls to a standard Telkom telephone number. Calls to the South African Shareholder Helpline from outside South Africa will be charged at applicable international rates.

If you hold your Shares in CREST and you have any questions regarding the CREST procedures, please telephone the CREST Service Desk on 0845 9645 648 or +44 845 9645 648 if you are calling from outside the United Kingdom. The CREST Service Desk is available from 5.00 am to 8.00 pm (London time) on any business day. Please note that calls may be monitored or

recorded. For legal reasons, the CREST Service Desk will only be able to provide you with information contained in this Document (other than information relating to the CREST processes) and as such will be unable to give advice on the merits of the Rights Offer or to provide legal, financial, tax or investment advice. Shareholder Helpline staff can explain the options available to you, which forms you need to fill in and how to fill them in correctly.

If you are a UK Qualifying Certificated Shareholder, have received a Provisional Allotment Letter, and do not have a registered address in any of the Excluded Territories, please refer to paragraph 3 of this Part 5.

If you are a SA Qualifying Shareholder, have received this Document and/or a Form of Instruction, and do not have a registered address in any of the Excluded Territories, please refer to paragraph 4 of this Part 5.

If you are a UK Qualifying Dematerialised Shareholder, and do not have a registered address in any of the Excluded Territories, please refer to paragraph 5 of this Part 5 and to the CREST Manual for future information on the CREST procedure referred to below.

If you are an Overseas Shareholder, please refer to paragraph 7 of this Part 5.

CREST Sponsored Members should refer to their CREST Sponsors, as only their CREST Sponsors will be able to take the necessary actions specified below to take up the entitlements or otherwise to deal with the Nil Paid Rights or Fully Paid Rights of CREST Sponsored Members.

All Qualifying Shareholders, by accepting and/or renouncing a Provisional Allotment Letter or following their Rights by completing a Form of Instruction or requesting registration of the New Shares comprised therein, or by making a valid acceptance in accordance with the procedures set out in this Part 5 will be deemed to make the representations and warranties to the Company contained in paragraph 7d(i) and 7d(ii) of this Part 5.

3. ACTION TO BE TAKEN BY UK QUALIFYING CERTIFICATED SHAREHOLDERS IN RELATION TO NIL PAID RIGHTS REPRESENTED BY PROVISIONAL ALLOTMENT LETTERS

3.1 General

The Company intends that the Provisional Allotment Letters will be despatched to UK Qualifying Certificated Shareholders on 18 December 2012.

The personalised Provisional Allotment Letter, which constitutes a temporary document of title, will set out:

(i) the holding of Existing Shares at the Record Date on which the UK Qualifying Certificated Shareholder's entitlement to the New Shares has been based;

(ii) the aggregate number and cost of New Shares in certificated form which have been provisionally allotted to such UK Qualifying Certificated Shareholder;

(iii) the procedures to be followed if a UK Qualifying Certificated Shareholder wishes to dispose of all or part of his entitlement or to convert all or part of his entitlement into Dematerialised form; and

(iv) instructions regarding acceptance and payment, consolidation, splitting and registration of renunciation.

On the basis that Provisional Allotment Letters are posted on 18 December 2012 and that dealings commence on 19 December 2012, **the latest time and date for acceptance and payment in full will be 11.00 am (London time) on 11 January 2013.**

If the Rights Offer is delayed so that Provisional Allotment Letters cannot be despatched on 18 December 2012, the expected timetable on page 33 of this Document may be adjusted accordingly and the revised dates will be set out in the Provisional Allotment Letters and announced through a Regulatory Information Service. References to dates and times in this Document should be read as subject to any such adjustment.

3.2 Procedure for acceptance and payment

3.2.1 UK Qualifying Certificated Shareholders who wish to accept in full

Holders of Provisional Allotment Letters who wish to take up all of their Nil Paid Rights and apply for Excess Shares must complete and return the Provisional Allotment Letter, together with a cheque or banker's draft in Pounds Sterling made payable to "Capita Registrars Limited: RE Pan African Resources PLC Rights Offer A/C" and crossed "A/C payee", for the full amount payable on acceptance, in accordance with the instructions printed on the Provisional Allotment Letter by post or hand (during normal business hours only) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, so as to be received as soon as possible and in any event not later than 11.00 am on 11 January 2013, being the last date and time for acceptances. A reply-paid envelope will be enclosed with the Provisional Allotment Letter for use within the UK only. If you post your Provisional Allotment Letter within the UK by first class post, it is recommended that you allow at least four days for delivery.

3.2.2 UK Qualifying Certificated Shareholders who wish to accept in part

Holders of Provisional Allotment Letters who wish to take up some but not all of their Nil Paid Rights and wish to sell some or all of those which they do not want to take up, should first apply for split Provisional Allotment Letters by completing Form X of the Provisional Allotment Letter and returning it, together with a covering letter stating the number of split Provisional Allotment Letters required and the number of Nil Paid Rights or Fully Paid Rights (if appropriate) to be comprised in each split Provisional Allotment Letter by hand (during normal business hours only) or by post to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU so as to be received as soon as possible and, in any event, not later than 3.00 pm (London time) on 9 January 2013, the last date and time for splitting Nil Paid Rights or Fully Paid Rights.

The Provisional Allotment Letter will then be cancelled and exchanged for the split Provisional Allotment Letters required. Holders of such split Provisional Allotment Letters should then deliver the split Provisional Allotment Letter representing the New Shares they wish to accept, together with a cheque or banker's draft in Pounds Sterling, made payable to "Capita Registrars Limited: RE Pan African Resources PLC Rights Offer A/C" and crossed "A/C payee", for the amount payable in respect of the number of Nil Paid Rights and Excess Shares to be taken up by hand (during normal business hours only) or by post to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU so as to be received as soon as possible and in any event not later than 11.00 am (London time) on 11 January 2013, the last date and time for acceptances. The remaining split Provisional Allotment Letters (representing the New Shares which they do not wish to take up) will be required in order for UK Qualifying Certificated Shareholders to sell those rights not being taken up.

Alternatively, UK Qualifying Certificated Shareholders who wish to take up some of their Nil Paid Rights without transferring or selling the remainder should complete Form X of the Provisional Allotment Letter and return it, together with a covering letter confirming the number of Nil Paid Rights to be taken up and a cheque or banker's draft in Pounds Sterling made payable to "Capita Registrars Limited: RE Pan African Resources PLC Rights Offer A/C" and crossed "A/C payee", for the amount payable in respect of the number of Nil Paid Rights to be taken up by hand (during normal business hours only) or by post to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU so as to be received as soon as possible and, in any event, not later than 11.00 am (London time) on 11 January 2013, the last date and time for acceptances.

3.2.3 Company's discretion as to validity of acceptances

If payment is not received in full by 11.00 am (London time) on 11 January 2013, the provisional allotment will be deemed to have been declined and will lapse.

The Company may (in its absolute discretion) treat a Provisional Allotment Letter as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions or is not accompanied by a valid power of attorney (where required).

The Company reserves the right to treat as invalid any acceptance or purported acceptance of the offer of New Shares that appears to the Company or its respective agents to have been executed in, despatched from or that provides an address for the delivery of definitive share certificates for New Shares in an Excluded Territory.

A UK Qualifying Certificated Shareholder who makes a valid acceptance and payment in accordance with this paragraph 3.2 is deemed to request that the Fully Paid Rights and/or New Shares to which they will become entitled be issued to him on the terms set out in this Document and subject to the Articles.

3.2.4 Payments

All payments must be made by cheque or banker's draft in Pounds Sterling drawn on a branch in the UK of a bank or building society and bear a UK bank or building society sort code number in the top right hand corner.

Cheques, which must be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to "Capita Registrars Limited: RE Pan African Resources PLC Rights Offer A/C" and crossed "A/C payee". Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the back of the building society cheque or bankers' draft to such effect. The account name should be the same as that shown on the Provisional Allotment Letter. Post-dated cheques will not be accepted. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender.

The Company reserves the right to have cheques and banker's drafts presented for payment on receipt and to instruct Capita Registrars to seek special clearance of cheques to allow the Company to obtain value for remittances at the earliest opportunity. Interest will not be paid on payments made before they are due but will accrue for the benefit of the Company.

Return of the Provisional Allotment Letter with a remittance in the form of a cheque will constitute a warranty that the cheque will be honoured on first presentation. The Company may elect, in its absolute discretion, to treat as invalid any acceptances in respect of which cheques or other remittances are notified to it or its agent as not having been so honoured.

If New Shares have already been allotted to UK Qualifying Certificated Shareholders prior to any payment not being so honoured and such acceptances being treated as invalid, the Company may (in its absolute discretion as to manner, timing and terms) make arrangements for the sale of such shares on behalf of such UK Qualifying Certificated Shareholders and hold the proceeds of sale (net of the Company's reasonable estimate of any loss that it has suffered as a result of the acceptance being treated as invalid and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and of all amounts payable by such UK Qualifying Certificated Shareholders pursuant to the provisions of this Document in respect of the subscription of such shares) on behalf of such UK Qualifying Certificated Shareholders. In these circumstances neither the Company nor any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by UK Qualifying Certificated Shareholders as a result.

Holders of Provisional Allotment Letters who wish to take up any of their entitlements must make the representations and warranties set out in paragraph 7(b) and 7(d) of this Part 5 .

3.3 Money Laundering Regulations

It is a term of the Rights Offer that, to ensure compliance with the Money Laundering Regulations, the Registrar may require, at its absolute discretion, verification of the identity of the person lodging the Provisional Allotment Letter and, where relevant, its beneficial owner or ultimate controller and/or of any person on whose behalf the Provisional Allotment Letter is lodged with payment and, where relevant, its beneficial owner or ultimate controller (which requirements are referred to below as the ''verification of identity requirements''). If an application is made by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Registrar. In such case, the lodging agent's stamp should be inserted on the Provisional Allotment Letter.

The person lodging the Provisional Allotment Letter with payment (the ''applicant''), including any person who appears to the Registrar to be acting on behalf of some other person, shall thereby be deemed to agree to provide the Registrar with such information and other evidence as the Registrar may require to satisfy the verification of identity requirements and agree for the Registrar to make a search using a credit reference agency for the purposes of confirming such identity, where deemed necessary a record of the search will be retained. Return of the Provisional Allotment Letter with the appropriate remittance will constitute a warranty from the applicant that the Money Laundering Regulations will not be breached by acceptance of such remittance.

If the Registrar determines that the verification of identity requirements apply to any applicant or application, the relevant New Shares (notwithstanding any other term of the Rights Offer) will not be issued to the relevant applicant unless and until the verification of identity requirements have been satisfied in respect of that applicant or application. The Registrar is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any applicant or application and whether such requirements have been satisfied, and neither the Registrar, nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays and potential rejection of an application. If, within a reasonable period of time following a request for verification of identity, the Registrar has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the application money will be returned (at the applicant's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

The verification of identity requirements will not usually apply if:

(i) the applicant is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;

(ii) the applicant is an organisation required to comply with the EU Money Laundering Directive (2005/60/EC);

(iii) the applicant is a company whose securities are listed on a regulated market subject to specified disclosure obligations;

(iv) the applicant (not being an applicant who delivers his application in person) makes payment through an account in the name of such applicant with a credit institution which is subject to the EU Money Laundering Directive (2005/60/EC) or with a credit institution situated in a non-EEA state which imposes requirements equivalent to those laid down in the EU Money Laundering Directive (2005/60/EC); or

(v) the aggregate subscription price for the relevant New Shares is less than 15,000 Euros (or its Pounds Sterling equivalent, approximately £12,132 as at the Last Practicable Date).

Where the verification of identity requirements apply, please note the following, as this will assist in satisfying the requirements. Satisfaction of these requirements may be facilitated in the following ways:

(i) payments must be made by cheque or banker's draft in Pounds Sterling drawn on a branch in the UK of a bank or building society and bear a UK bank sort code number in the top right hand corner. Cheques, which must be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to "Capita Registrars Limited: RE Pan African Resources PLC Rights Offer A/C" and crossed "A/C payee". Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the back of the building society cheque/banker's draft to such effect. The account name should be the same as that shown on the application;

(ii) if the Provisional Allotment Letter is lodged with payment by an agent which is an organisation required to comply with the EU Money Laundering Directive (2005/06/EC) or which is subject to anti-money laundering regulations in a country which is a member of the Financial Action Task Force (the non-EU members of which are Argentina, Australia, Brazil, Canada, members of the Gulf Co-operation Council (being Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the

United Arab Emirates), Hong Kong, Iceland, Japan, Mexico, Luxembourg, New Zealand, Norway, the Russian Federation, Singapore, South Africa, Switzerland, Turkey and the United States), the agent should provide written confirmation that it has that status with the Provisional Allotment Letter(s) and written assurances that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Registrar and/or any relevant regulatory or investigatory authority; or

(iii) if a Provisional Allotment Letter is lodged by hand by the applicant in person, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and evidence of his address.

In order to confirm the acceptability of any written assurance referred to above, or in any other case, the applicant should contact the UK Shareholder Helpline on 0871 664 0321 (or +44 20 8639 3399 if you are calling from outside the UK). This helpline is available from 9.00 am to 5.30 pm (London time) on any business day. Calls to the 0871 664 0321 number cost 10 pence per minute in addition to any service provider charges. Calls to the helpline from outside the UK will be charged at applicable international rates.

3.4 Dealings in Nil Paid Rights

Subject to the Rights Offer otherwise becoming unconditional, dealings on AIM in the Nil Paid Rights are expected to commence at 8.00 am (London time) on 19 December 2012. A transfer of Nil Paid Rights can be made by the splitting or renunciation of the Provisional Allotment Letter in accordance with the instructions printed on it and delivery of the split or renounced Provisional Allotment Letter to the transferee, up to the latest time for acceptance and payment in full stated in the Provisional Allotment Letter, which is 11.00 pm (London time) on 11 January 2013.

Please also see paragraph 3.2.2 above and 3.6 below regarding splitting and renunciation.

3.5 Dealings in Fully Paid Rights

After acceptance of the provisional allotment and payment in full in accordance with the provisions set out in this Document and the Provisional Allotment Letter, the Fully Paid Rights may be transferred by renunciation of the relevant Provisional Allotment Letter and delivering it by hand (during normal business hours only) or by post to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by not later than 11.00 am (London time) on 11 January 2013. From 14 January 2013, the New Shares will be registered and transferable in the usual common form or, if they have been issued in or converted into Dematerialised form, in electronic form under CREST.

Fully paid Provisional Allotment Letters will not be returned to UK Qualifying Certificated Shareholders unless their return is requested by ticking the relevant box in the Provisional Allotment Letter.

3.6 Renunciation and splitting of Provisional Allotment Letters

The Provisional Allotment Letters are fully renounceable and may be split up to 3.00 pm (London time) on 9 January 2013, nil paid and fully paid. UK Qualifying Certificated Shareholders who wish to transfer all of their Nil Paid Rights or, after acceptance of the provisional allotment and payment in full, Fully Paid Rights comprised in a Provisional Allotment Letter may renounce such allotment by completing and signing Form X of the Provisional Allotment Letter (if it is not already marked ''Original Duly Renounced'') and passing the entire Provisional Allotment Letter to their stockbroker or bank or other appropriate financial adviser or to the transferee. Once a Provisional Allotment Letter has been so renounced, it will become a negotiable instrument in bearer form and the Nil Paid Rights or Fully Paid Rights (as appropriate) comprised in such letter may be transferred by delivery of such letter to the transferee. The latest time and date for registration of renunciation of Provisional Allotment Letters is 11.00 am (London time) on 11 January 2013 and after such date the New Shares comprised within it will be in registered form, transferable by written instrument of transfer in the usual common form or, if they have been issued in or converted into uncertificated form, in electronic form under CREST. If a holder of a Provisional Allotment Letter wishes to have only some of the New Shares registered in his name and to transfer the remainder, or wishes to transfer all the Nil Paid Rights, or (if appropriate) Fully Paid Rights, but to different persons, he may have the Provisional Allotment Letter split, for which purpose he must sign and date Form X of the Provisional Allotment Letter. The Provisional Allotment Letter must then be delivered by hand (during normal business hours only) or by post to Capita Registrars, Corporate

Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU so as to be received as soon as possible and in any event not later than 3.00 pm (London time) on 9 January 2013, to be cancelled and exchanged for the number of split Provisional Allotment Letters required. The number of split Provisional Allotment Letters required and the number of Nil Paid Rights or (as appropriate) Fully Paid Rights to be comprised in each split Provisional Allotment Letter should be stated in an accompanying letter. Form X of split Provisional Allotment Letters will be marked ''Original Duly Renounced'' before issue.

The Company reserves the right to refuse to register any renunciation in favour of any person in respect of which the Company believes such renunciation may violate applicable legal or regulatory requirements including (without limitation) any renunciation in the name of any person with an address in any of the Excluded Territories.

Alternatively, UK Qualifying Certificated Shareholders who wish to take up some of their Nil Paid Rights, without transferring the remainder, should complete Form X of the original Provisional Allotment Letter and return it, together with a covering letter confirming the number of Nil Paid Rights to be taken up and a cheque or banker's draft in Pounds Sterling made payable to ''Capita Registrars Limited: RE Pan African Resources PLC Rights Offer A/C'', for the amount payable in respect of the number of Nil Paid Rights to be taken up by hand (during normal business hours only) or by post to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU so as to be received as soon as possible and, in any event, not later than 11.00 am (London time) on 11 January 2013, being the last date and time for acceptances.

3.7 Registration in names of UK Qualifying Certificated Shareholders

A UK Qualifying Certificated Shareholder who wishes to have all his entitlement to New Shares registered in his name must accept and make payment for such New Shares prior to the latest time for acceptance and payment in full, which is 11.00 am (London time) on 11 January 2013, in accordance with the provisions set out in the Provisional Allotment Letter and this Document, but need take no further action. A share certificate is expected to be sent to such Qualifying Shareholder by post not later than 28 January 2013.

3.8 Registration in names of persons other than UK Qualifying Certificated Shareholders originally entitled

A UK Qualifying Certificated Shareholder who wishes to have the New Shares comprised in a Provisional Allotment Letter registered in his name, or his agent's name, must complete Form X of the Provisional Allotment Letter (unless the UK Qualifying Certificated Shareholder is a CREST Member who wishes to hold such shares in uncertificated form, in which case, the CREST Deposit Form must be completed) and must send the entire letter when fully paid by hand (during normal business hours only) or by post to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by not later than the latest time for registration of renunciation which is 3.00 pm (London time) on 8 January 2013.

Registration cannot be effected unless and until the New Shares comprised in a Provisional Allotment Letter are fully paid.

The New Shares comprised in several renounced Provisional Allotment Letters may be registered in the name of one holder (or joint holders) if Form Y on the Provisional Allotment Letter is completed on one Provisional Allotment Letter (the ''Principal Letter'') and all Provisional Allotment Letters are lodged in one batch. Details of each Provisional Allotment Letter (including the Principal Letter) should be listed in a Consolidation Listing Form and the allotment number of the Principal Letter should be entered in the space provided on each of the other Provisional Allotment Letters.

3.9 Deposit of Nil Paid Rights or Fully Paid Rights into CREST

The Nil Paid Rights or Fully Paid Rights represented by a Provisional Allotment Letter may be converted into uncertificated form, that is, deposited into CREST (whether such conversion arises as a result of a renunciation of those rights or otherwise). Similarly, Nil Paid Rights or Fully Paid Rights held in CREST may be converted into certificated form, which is, withdrawn from CREST.

Subject as provided in the next paragraph or in the Provisional Allotment Letter, normal CREST procedures and timings apply in relation to any such conversion. You are recommended to refer to the CREST Manual for details of such procedures. The procedure for depositing the Nil Paid Rights or Fully Paid Rights represented by a Provisional Allotment Letter into CREST whether such

rights are to be converted into uncertificated form in the name(s) of the person(s) whose name(s) and address(es) appear on page 1 of the Provisional Allotment Letter or in the name of a person or persons to whom the Provisional Allotment Letter has been renounced is as follows; Form X and the CREST Deposit Form (both set out in the Provisional Allotment Letter) will need to be completed. The Provisional Allotment Letter must be deposited with the CCSS. In addition, the normal CREST Stock Deposit procedures will need to be carried out, except that (a) it will not be necessary to complete and lodge a separate CREST Transfer Form (prescribed under the Stock Transfer Act 1963) with the CCSS; and (b) only the whole of the Nil Paid Rights or Fully Paid Rights represented by the Provisional Allotment Letter may be deposited into CREST. If you wish to deposit only some of the Nil Paid Rights or Fully Paid Rights represented by the Provisional Allotment Letter into CREST, you must first apply for split Provisional Allotment Letters by following the instructions in paragraph 3.2.2 of this Part 5. If the rights represented by more than one Provisional Allotment Letter are to be deposited, the CREST Deposit Form on each Provisional Allotment Letter must be completed and deposited. A consolidation listing form must not be used.

A holder of the Nil Paid Rights or Fully Paid Rights represented by a Provisional Allotment Letter who is proposing to convert those rights into uncertificated form (whether following a renunciation of such rights or otherwise) is recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Nil Paid Rights or Fully Paid Rights in CREST following the conversion to take all necessary steps in connection with taking up the entitlement prior to 3.00 pm (London time) on 8 January 2013. **In particular, having regard to processing times in CREST and on the part of Capita Registrars, the latest recommended time for depositing a renounced Provisional Allotment Letter (with Form X and the CREST Deposit Form in the Provisional Allotment Letter duly completed), with the CCSS (in order to enable the person acquiring the Nil Paid Rights or Fully Paid Rights in CREST as a result of the conversion to take all necessary steps in connection with taking up the entitlement prior to 11.00 am (London time) on 11 January 2013) is 3.00 pm (London time) on 8 January 2013.**

When Form Y and the CREST Deposit Form (both in the Provisional Allotment Letter) have been completed, title to the Nil Paid Rights or the Fully Paid Rights represented by the Provisional Allotment Letter will cease forthwith to be renounceable or transferable by delivery and for the avoidance of doubt any entries in Form X of the Provisional Allotment Letter will not be recognised or acted upon by Capita Registrars.

All renunciations or transfers of the Nil Paid Rights or Fully Paid Rights must be effected through the means of the CREST system once such rights have been deposited into CREST.

CREST Sponsored Members should contact their CREST Sponsor as only their CREST Sponsor will be able to take the necessary action to take up the entitlement or otherwise to deal with the Nil Paid Rights or Fully Paid Rights of CREST Sponsored Members.

3.10 Issue of New Shares in definitive form

Definitive share certificates in respect of the New Shares to be held in certificated form are expected to be despatched by post by 28 January 2013 at the risk of the person(s) entitled to them, to accepting UK Qualifying Certificated Shareholders and renouncees or their agents or in the case of joint holdings, to the first-named Shareholder at their registered address (unless a lodging agent's stamp or details appear in the relevant box of the Provisional Allotment Letter). After despatch of definitive share certificates, Provisional Allotment Letters will cease to be valid for any purpose whatsoever. Pending despatch of definitive share certificates, instruments of transfer of the New Shares will be certified by the Registrar against the lodgement of fully paid Provisional Allotment Letters and/or, in the case of renunciations, against the Provisional Allotment Letters held by the Registrar.

3.11 Allowing Nil Paid Rights to lapse

If Nil Paid Rights are allowed to lapse, all value they may have will be forgone. No arrangements have been made to sell the underlying New Shares in the market; instead the New Shares not taken up through the following of Rights shall become Excess Shares, and shall be allocated in the manner described in paragraph 3.12 below.

3.12 Excess Applications

All New Shares not taken up pursuant to the terms of the Rights Offer will be available for allocation to Qualifying Shareholders (other than, Foreign Shareholders) who wish to apply for a greater number of New Shares than those offered to them in terms of the Rights Offer. Accordingly, Qualifying Shareholders may also apply for additional New Shares in excess of the New Shares allocated to that Qualifying Shareholder in terms of the Rights Offer on the same terms and conditions as those applicable to the Rights. The right to apply for additional New Shares is transferable on renunciation or sale of Rights.

UK Qualifying Certificated Shareholders wishing to apply for Excess Shares should complete the Provisional Allotment Letter in accordance with the instructions contained therein and lodge it, together with payment of the subscription price, with the Registrar at Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, so as to be received by Capita Registrars by no later than 11.00 am (London time) on 11 January 2013.

UK Qualifying Dematerialised Shareholders wishing to apply for Excess Shares should instruct their CREST Sponsor, in terms of the custody agreement entered into between themselves and their CREST Sponsor, as to the number of Excess Shares for which they wish to apply.

The pool of New Shares available to meet excess applications will be dealt with as set out below:

(i) if all the New Shares are taken up in the Rights Offer, then no additional New Shares will be made available for allocation to applicants for Excess Shares;

(ii) if the New Shares taken up in the Rights Offer and the excess applications together are less than or equal to 100 per cent of the number of New Shares available, the Board will allocate any or all Excess Shares to all applicants in accordance with the applications made for Excess Shares; or

(iii) if the New Shares taken up in the Rights Offer and the excess applications together exceed 100 per cent of the number of New Shares available, the pool of the excess New Shares will be allocated equitably in accordance with the requirements of the Listings Requirements. New Shares in respect of Excess Share applications will be issued on 16 January 2013; and

(iv) the Board shall allocate New Shares to Qualifying Shareholders who have applied and paid for any New Shares pursuant to an Excess Share application unless such allocation would:

  (a) result in fractional shares, in which case such allocation shall be rounded to the nearest multiple of one New Share (fractional entitlements of 0.5 or greater will be rounded up and less than 0.5 will be rounded down) so long as all such New Shares are paid for in full;

  (b) result in a violation of applicable law or the applicable rules or regulations of any governmental authority or securities exchange; or

  (c) constitute a breach of the fiduciary duties of the Board.

Non-equitable allocations of excess New Shares will only be allowed in instances where they are used to round holdings up to the nearest multiple of 100 shares.

4. ACTION TO BE TAKEN BY SA QUALIFYING SHAREHOLDERS

4.1 General

4.1.1 SA Qualifying Dematerialised Shareholders

SA Qualifying Dematerialised Shareholders (other than, SA Qualifying Dematerialised Shareholders resident in or with registered addresses in any of the Excluded Territories) will have their accounts with their CSDP or Broker automatically credited with their Letters of Allocation by 9.00 am (Johannesburg time) on 18 December 2012.

SA Qualifying Shareholders who hold Existing Shares in Dematerialised form that wish to participate in the Rights Offer must act in terms of the instructions received from their CSDP or Broker.

4.1.2 SA Qualifying Certificated Shareholders

A SA Qualifying Certificated Shareholder will receive a personalised Form of Instruction. The personalised Form of Instruction, which constitutes a temporary document of title, sets out:

(i) the holding of Existing Shares as at the Record Date on which the SA Qualifying Certificated Shareholder's entitlement to the New Shares has been based;

(ii) the aggregate number and cost of New Shares in certificated form which have been provisionally allotted to the SA Qualifying Certificated Shareholder; and

(iii) the procedures to be followed if the SA Qualifying Certificated Shareholder wishes to accept its Nil Paid Rights, or sell or renounce all or part of the Letters of Allocation in respect of its Nil Paid Rights, apply for Excess Shares and instructions regarding payment.

The latest time and date for acceptance, applying for Excess Shares and payment in full is 12.00 noon (Johannesburg time) on 11 January 2013.

4.2 Procedure for acceptance of the Rights Offer

4.2.1 SA Qualifying Dematerialised Shareholders

SA Qualifying Dematerialised Shareholders must instruct their CSDP or Broker as to whether they are SA Qualifying Dematerialised Shareholders and wish to participate in the Rights Offer to enable their CSDP or Broker to act on their behalf in terms of the custody agreement entered into between the relevant SA Qualifying Dematerialised Shareholder and its CSDP or Broker.

4.2.2 SA Qualifying Certificated Shareholders

Full details of the procedure for acceptance of the Rights Offer and payment are contained in the relevant Form of Instruction to be sent to SA Qualifying Certificated Shareholders (other than, SA Qualifying Shareholders resident in or with registered addresses in any of the Excluded Territories). The following should be noted:

(i) SA Qualifying Certificated Shareholders may accept a lesser number of New Shares than their full entitlement and must indicate the number of New Shares for which they wish to subscribe on the Form of Instruction;

(ii) any instruction to sell or renounce all or part of their Letters of Allocation in favour of another person may only be made by a SA Qualifying Certificated Shareholder by means of the Form of Instruction;

(iii) the properly completed Form of Instruction and cheque (crossed, marked ''not transferable'' and with the words ''or bearer'' deleted) or a banker's draft (drawn by a registered bank in South Africa) in ZAR in payment of the aggregate Subscription Price in respect of the New Shares applied for must be made payable to ''Pan African Resources PLC Rights Issue'' and be received by the Transfer Secretary at the postal or physical address referred to in paragraph 4.6.2 of this Part 5 by not later than 12.00 noon (Johannesburg time) on 11 January 2013. SA Qualifying Certificated Shareholders are advised to take postal delivery times into consideration when posting their Form of Instruction, as no late postal deliveries will be accepted. Where possible, SA Qualifying Certificated Shareholders are advised to deliver their completed Form of Instruction together with a cheque or banker's draft by hand or by courier. Each cheque or banker's draft will be deposited immediately upon collection;

(iv) should the requisite cheque or banker's draft not accompany the Form of Instruction, the Transfer Secretary will treat the application for New Shares and the Form of Instruction as invalid;

(v) payment will, when the relevant cheque or banker's draft has been met, constitute an irrevocable acceptance of the Rights Offer in respect of such number of New Shares as is indicated on the Form of Instruction upon the terms and conditions set out in this Document and the Form of Instruction. Should any cheque or banker's draft be dishonoured, the Company may in its sole discretion without prejudice to any rights it may have, regard the application for New Shares and the Form of Instruction as null and void or take such steps in regard thereto as it deems fit; and

(vi) if any Form of Instruction or cheque or banker's draft is not received as set out above the Rights will be deemed to have been declined by the SA Qualifying Certificated Shareholder to whom the Form of Instruction is addressed and the right to subscribe for the New Shares offered to the addressee or renounced in favour of another person in terms of such Form of Instruction will lapse, no matter who then holds it.

4.3 Procedure for sale of Letters of Allocation

SA Qualifying Shareholders not wishing to take up all or part of their Nil Paid Rights or renounce all or part of their Letters of Allocation may sell all or part of the Letters of Allocation in respect of their Nil Paid Rights.

4.3.1 SA Dematerialised Qualifying Shareholders

SA Qualifying Dematerialised Shareholders must instruct their CSDP or Broker as to whether they are SA Qualifying Dematerialised Shareholders and wish to sell all or a part of their Letters of Allocation to enable the CSDP or Broker to act on their behalf in terms of the custody agreement entered into between the relevant SA Qualifying Dematerialised Shareholder and its CSDP or Broker.

4.3.2 SA Qualifying Certificated Shareholders

SA Qualifying Certificated Shareholders wishing to sell all or part of the Letters of Allocation in respect of the Nil Paid Rights reflected in the relevant Form of Instruction must complete Part A of the relevant Form of Instruction and return it to the Transfer Secretary in accordance with the instructions contained therein, to be received by no later than 12.00 noon (Johannesburg time) on 4 January 2013. The Transfer Secretary will endeavour to procure the sale of the Letters of Allocation on the Main Board of the JSE on behalf of such SA Qualifying Certificated Shareholder and will remit the proceeds in accordance with the payment instructions reflected on the Form of Instruction, provided that such proceeds, net of brokerage charges and associated expenses, are in excess of ZAR50.

SA Qualifying Certificated Shareholders should note that the closer to this deadline that they instruct the Transfer Secretary to sell their Letters of Allocation, the less opportunity the Transfer Secretary will have to sell their Rights on the JSE at a profit or at all.

None of the Company, the Transfer Secretary or any Broker appointed by them will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising out of the timing of such sale, the price obtained or any failure to sell such Letters of Allocation. References in this paragraph to a SA Qualifying Certificated Shareholder include references to the person or persons executing the Form of Instruction and any person or persons on whose behalf such person or persons executing the Form of Instruction is or are acting. In the event of more than one person executing the Form of Instruction the provisions of this paragraph shall apply jointly and severally.

4.4 Procedure for renunciation of Nil Paid Rights

SA Qualifying Shareholders not wishing to sell or subscribe for all or part of their Nil Paid Rights may renounce all or part of the Letters of Allocation in respect of their Nil Paid Rights in favour of another person, who may then take up such Nil Paid Rights.

4.4.1 SA Qualifying Dematerialised Shareholders

SA Qualifying Dematerialised Shareholders must instruct their CSDP or Broker as to whether they are SA Qualifying Dematerialised Shareholders and wish to renounce their Letters of Allocation to enable the CSDP or Broker to act on their behalf in terms of the custody agreement between the relevant SA Qualifying Shareholder and its CSDP or Broker.

4.4.2 SA Qualifying Certificated Shareholders

SA Qualifying Certificated Shareholders who do not wish to sell all or part of their Letters of Allocation in respect of the Nil Paid Rights reflected in the relevant Form of Instruction and who do not wish to subscribe for all of the New Shares offered to them in terms of the Rights Offer, and/or wish to renounce all or part of the Letters of Allocation in favour of another person, must complete Part B of their Form of Instruction and the person in whose favour such Letters of Allocation have been renounced who wishes to acquire the New Shares

in terms of the Rights Offer must complete Part C of the relevant Form of Instruction and lodge the Form of Instruction together with payment with the Transfer Secretary to be received by no later than 12.00 noon (Johannesburg time) on 11 January 2013 in accordance with the instructions contained herein and the Form of Instruction.

The lodging of the Form of Instruction, with Part B of the relevant Form of Instruction purporting to be signed by the SA Qualifying Certificated Shareholder whose name appears thereon, will be taken to be conclusive evidence of the right of the holder:

(i) to deal with the Form of Instruction; or

(ii) to have the New Shares in question allotted and to receive a certificate in respect of such New Shares.

The Company will not be obliged to investigate whether Parts B and C of the relevant Form of Instruction have been properly signed or completed or to investigate any facts surrounding the signing or lodging of the Form of Instruction.

Any person in whose favour Letters of Allocation have been renounced must:

(a) be a person who is not, a Foreign Shareholder; and/or

(b) not be subject to the laws or regulations of a country under which its participation in the Rights Offer would be prohibited or subject to any restrictions imposed by that country's laws and regulations collectively or individually as the case may require.

4.5 Partial acceptance, renunciation and/or sale

SA Qualifying Shareholders may take up only a portion of their Nil Paid Rights and renounce and/or sell the Letters of Allocation in respect of their remaining Nil Paid Rights and/or allow their remaining Nil Paid Rights to lapse.

4.5.1 SA Qualifying Dematerialised Shareholders

SA Qualifying Dematerialised Shareholders must instruct their CSDP or Broker as to whether they are SA Qualifying Dematerialised Shareholders and want to take up only a portion of their Nil Paid Rights and renounce and/or sell the Letters of Allocation in respect of their remaining Nil Paid Rights to enable the CSDP or Broker to act on their behalf in terms of the custody agreement entered into between the relevant SA Qualifying Dematerialised Shareholder and its CSDP or Broker.

4.5.2 SA Qualifying Certificated Shareholders

SA Qualifying Certificated Shareholders who wish to take up only a portion of their Nil Paid Rights and wish to renounce and/or sell the Letters of Allocation in respect of their remaining Nil Paid Rights must indicate on the relevant Form of Instruction the number of New Shares for which they wish to subscribe and/or complete Part A of their Form of Instruction indicating the number of their Letters of Allocation they wish to sell and/or complete Part B of their Form of Instruction indicating the number of Letters of Allocation that they wish to renounce, as applicable and, in the event that they wish to renounce any portion of their Letters of Allocation then the person in whose favour such Letters of Allocation have been renounced and who wishes to subscribe for New Shares in terms of the Rights Offer must complete Part C of the relevant Form of Instruction. The Form of Instruction must be received by the Transfer Secretary by 12.00 noon (Johannesburg time) on 4 January 2013 if SA Qualifying Certificated Shareholders want to sell any of their Letters of Allocation and by 12.00 noon (Johannesburg time) on 11 January 2013 if SA Qualifying Certificated Shareholders do not want to sell any of their Letters of Allocation but want to take up a portion of their Nil Paid Rights and renounce the Letters of Allocation in respect of their remaining Nil Paid Rights and/or allow their remaining Nil Pad Rights to lapse. The other procedures and instructions in the Form of Instruction will apply to each of the actions taken by SA Qualifying Certificated Shareholders and/or their renouncees.

4.6 Payment

4.6.1 SA Qualifying Dematerialised Shareholders

SA Qualifying Dematerialised Shareholders who wish to subscribe for New Shares must, in making payment of the aggregate Subscription Price in respect of the New Shares they wish to subscribe for, act in terms of the instructions received from their CSDP or Broker. The CSDP will effect payment on a delivery versus payment basis.

4.6.2 SA Qualifying Certificated Shareholders

SA Qualifying Certificated Shareholders who wish to subscribe for New Shares must together with their duly completed Form of Instruction, lodge a cheque (crossed, marked ''not transferable'' and with the words ''or bearer'' deleted) or a banker's draft (drawn on a bank registered in South Africa) for the aggregate Subscription Price for the New Shares for which they are subscribing, made payable to "Pan African Resources PLC Rights Issue" for the aggregate Subscription Price in respect of the New Shares applied for payable, in Rand, with the Transfer Secretary as follows:

Delivered to:	***Posted to:***
Computershare Investor Services	Computershare Investor Services
(Proprietary) Limited	(Proprietary) Limited
Ground Floor	PO Box 61763
70 Marshall Street	Marshalltown
Johannesburg	2107
South Africa	South Africa

so as to be received by the Transfer Secretary by no later than 12.00 noon. (Johannesburg time) on 14 January 2013. Should any cheque or banker's draft be dishonoured, Pan African may, in its sole discretion and without prejudice to any rights it may have, regard the application to subscribe for New Shares and the completed Form of Instruction as null and void or take such steps in regard thereto as it deems fit.

4.6.3 Company's discretion as to validity of acceptances

If payment is not received in full by 12.00 noon (Johannesburg time) on 11 January 2013, the provisional allotment of New Shares will be deemed to have been declined and will lapse. The Company may (in its absolute discretion) treat a Form of Instruction as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions or is not accompanied by a valid power of attorney (where required).

The Company reserves the right to treat as invalid any acceptance or purported acceptance of the offer of New Shares that appears to the Company or their respective agents to have been executed in, despatched from or that provides an address for the delivery of definitive share certificates for New Shares in an Excluded Territory.

A SA Qualifying Shareholder which makes a valid acceptance and payment in accordance with this paragraph 4.6 is deemed to request that the New Shares to which they will become entitled be issued to him on the terms set out in this Document and subject to the Company's Articles.

4.6.4 Currency for payment

Qualifying South African Shareholders, are being offered New Shares at a Subscription Price of ZAR1.90 per New Share.

4.7 Lapsing of Nil Paid Rights

SA Qualifying Shareholders who do not want to exercise their Nil Paid Rights to subscribe for New Shares and do not want to sell or renounce the Letters of allocation in respect of their Nil Paid Rights do not need to do anything. Nil Paid Rights that are not exercised will be dealt with in accordance with paragraph 6 of this Part 5.

If SA Qualifying Shareholders do not exercise their Nil Paid Rights, although they will continue to own the same number of Shares, their percentage holding in Pan African will be diluted.

4.8 Dealings in Letters of Allocation

Dealings on the Main Board of the JSE in Letters of Allocation (on a deferred settlement basis) are expected to commence at 9.00 am (Johannesburg time) on 10 December 2012.

4.9 Excess Applications

All New Shares not taken up pursuant to the exercise of Nil Paid Rights in terms of the Rights Offer will be available for allocation to Qualifying Shareholders who wish to apply for a greater number of New Shares than those provisionally allotted and offered to them in terms of the Rights Offer.

Accordingly, a SA Qualifying Shareholder may apply to subscribe for additional New Shares in excess of the New Shares allocated to that SA Qualifying Shareholder in terms of the Rights Offer on the same terms and conditions as those applicable to the subscription of New Shares pursuant the exercise of Nil Paid Rights. The right to apply for Excess Shares is transferable on renunciation or sale of Letters of Allocation.

SA Qualifying Dematerialised Shareholders wishing to apply for Excess Shares should instruct their CSDP or Broker, in terms of the custody agreement entered into between themselves and their CSDP or Broker, as to the number of Excess Shares for which they wish to apply.

SA Qualifying Certificated Shareholders wishing to apply for Excess Shares should complete the Form of Instruction in accordance with the instructions contained therein and lodge it, together with payment of the aggregate Subscription Price payable in respect of the Excess Shares applied for, with the Transfer Secretary at the address referred to in paragraph 4.6.2 of this Part 5, so as to be received by the Transfer Secretary by no later than 12.00 noon (Johannesburg time) on 11 January 2013.

The pool of Excess Shares available to meet excess applications will be dealt with as set out below:

(i) if all the New Shares are taken up pursuant to the exercise of Nil Paid Rights in terms of the Rights Offer, then no additional New Shares will be made available for allocation to applicants for Excess Shares;

(ii) if the New Shares taken up pursuant to the exercise of Nil Paid Rights in terms of the Rights Offer and the applications for Excess Shares together are less than or equal to 100 per cent of the total number of New Shares available in terms of the Rights Offer, the Board will allocate any or all Excess Shares to all applicants in accordance with their applications for Excess Shares; or

(iii) if the New Shares taken up in the Rights Offer and the applications for Excess Shares together exceed 100 per cent of the number of New Shares available, the pool of the Excess Shares will be allocated equitably to the applicants for Excess Shares in accordance with the Listings Requirements. New Shares in respect of excess applications will be issued on 16 January 2013;

(iv) the Board shall allocate Excess Shares to Qualifying Shareholders who have applied and paid for any Excess Shares pursuant to an excess application unless such allocation would:

  (a) result in the allocation of a fraction of a Share, in which case such allocation shall be rounded to the nearest multiple of one New Share (fractional entitlements of 0.5 or greater will be rounded up and less than 0.5 will be rounded down as long as all such New Shares are fully paid);

  (b) result in a violation of applicable law or the applicable rules or regulations of any governmental authority or securities exchange; or

  (c) constitute a breach of the fiduciary duties of the Board; and

(v) non-equitable allocations of Excess Shares will only be allowed in instances where they are used to round holdings up to the nearest multiple of 100 Shares.

4.10 Representations and warranties

SA Qualifying Certificated Shareholders who accept and/or renounce their Letters of Allocation also make the representations and warranties set out in paragraph 7(d)(i) of this Part 5 and SA Qualifying Dematerialised Shareholders who exercise their Rights also make the representations and warranties set out in paragraph 7(d)(ii) of this Part 5.

5. ACTION TO BE TAKEN IN RELATION TO RIGHTS IN CREST

5.1 General

Each UK Qualifying Dematerialised Shareholder is expected to receive a credit to his CREST stock account of his entitlement to Nil Paid Rights and entitlement to Excess Shares on 19 December 2012. The CREST stock account to be credited will be an account under the Participant ID and member account ID that apply to the Existing Shares held on the Record Date by the UK Qualifying Dematerialised Shareholder in respect of which the Nil Paid Rights are provisionally allotted. The Nil Paid Rights will constitute a separate security for the purposes of CREST and can accordingly be transferred, in whole or in part, by means of CREST in the same manner as any other security that is admitted to CREST.

A credit of an entitlement to 100,000 Excess Shares will be made to each UK Qualifying Dematerialised Shareholder in CREST. If a UK Qualifying Dematerialised Shareholder would like to apply for a larger amount of Excess Shares, you should contract Capita Registrars to arrange for a larger credit of an entitlement to Excess Shares, subject at all times to the maximum number of Excess Shares available.

If for any reason it is impracticable to credit the stock accounts of UK Qualifying Dematerialised Shareholder or to enable the Nil Paid Rights or entitlement to Excess Shares by 5.00 pm (London Time) on 19 December 2012, Provisional Allotment Letters shall, unless the Company and agrees otherwise, be sent out in substitution for the Nil Paid Rights which have not been so credited or enabled and the expected timetable as set out in this Document may be adjusted as appropriate.

References to dates and times in this Document should be read as subject to any such adjustment.

The Company will make an appropriate announcement to a Regulatory Information Service approved by the UKLA giving details of the revised dates but UK Qualifying Dematerialised Shareholders may not receive any further written communication.

CREST Members who wish to take up all or part of their entitlements in respect of, or otherwise to transfer, all or part of their Nil Paid Rights or Fully Paid Rights held by them in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below. If you are a CREST Sponsored Member, you should consult your CREST Sponsor if you wish to take up your entitlement as only your CREST Sponsor will be able to take the necessary action to take up your entitlements or otherwise to deal with your Nil Paid Rights or Fully Paid Rights.

5.2 Procedure for acceptance and payment

5.2.1 MTM instructions

CREST Members who wish to take up all or part of their entitlement in respect of Nil Paid Rights in CREST must send (or, if they are CREST Sponsored Members, procure that their CREST Sponsor sends) an MTM instruction to Euroclear which, on its settlement, will have the following effect:

(i) the crediting of a stock account of the UK Receiving Agent under the Participant ID and member account ID specified below, with the number of Nil Paid Rights to be taken up;

(ii) the creation of a settlement bank payment obligation (as this term is defined in the CREST Manual), in accordance with the CREST RTGS payment mechanism (as this term is defined in the CREST Manual), in favour of the settlement bank of the UK Receiving Agent in Pounds Sterling, in respect of the full amount payable on acceptance in respect of the Nil Paid Rights referred to in paragraph (i) above; and

(iii) the crediting of a stock account of the accepting CREST Member (being an account under the same Participant ID and member account ID as the account from which the Nil Paid Rights are to be debited on settlement of the MTM instruction) of the corresponding number of Fully Paid Rights to which the CREST Member is entitled on taking up his Nil Paid Rights referred to in paragraph (i) above.

5.2.2 Contents of the MTM instructions in respect of the Nil Paid Rights

The MTM instruction must be properly authenticated in accordance with Euroclear specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

(i) the Nil Paid Rights ISIN number. This is GB00B85FJG40;

(ii) the number of Nil Paid Rights to which the acceptance relates;

(iii) the Participant ID of the accepting CREST Member;

(iv) the Member Account ID of the accepting CREST Member from which the Nil Paid Rights are to be debited;

(v) the Participant ID of Capita Registrars, in its capacity as a CREST Receiving Agent. This is 7RA33;

(vi) the Member Account ID of Capita Registrars, in its capacity as a CREST Receiving Agent. This is 27707PAN;

(vii) the number of Fully Paid Rights that the CREST Member is expecting to receive on settlement of the MTM instruction. This must be the same as the number of Nil Paid Rights to which the acceptance relates;

(viii) the amount payable by means of the CREST assured payment arrangements on settlement of the MTM instruction. This must be the full amount payable on acceptance in respect of the number of Nil Paid Rights to which the acceptance relates;

(ix) the intended settlement date (which must be on or before 11.00 am (London time) on 11 January 2013;

(x) the Fully Paid Rights ISIN number. This is GB00B8RCBP62

(xi) the Corporate Action Number for the Rights Offer. This will be available by viewing the relevant corporate action details in CREST;

(xii) input with a standard delivery instruction of priority 80; and

(xiii) the contact name and telephone numbers in the shared notes field.

(xiv) an MTM instruction should only be given in respect of Nil Paid Rights representing the Rights Offer entitlement (and not the entitlement to Excess Shares).

5.2.3 Contents of the USE instructions in respect of entitlements to Excess Shares

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

(i) the number of Excess Shares for which application is being made;

(ii) the Participant ID of the accepting CREST Member;

(iii) the Member Account ID of the accepting CREST Member from which the entitlement to Excess Shares are to be debited;

(iv) the Participant ID of Capita Registrars, in its capacity as a CREST Receiving Agent. This is 7RA33;

(v) the Member Account ID of Capita Registrars, in its capacity as a CREST Receiving Agent. This is 27707PAN;

(vi) the amount payable by means of CREST assured payment arrangements on settlement of the USE instruction. This must be the full amount payable on take up of the maximum number of Excess Shares referred to in (i) above;

(vii) the intended settlement date (which must be on or before 11.00 am on 11 January 2013);

(viii) the ISIN Number of the Excess Shares, which is GB00B8T1NV11;

(ix) the Corporate Action Number for the Rights offer. This will be available by viewing the relevant corporate action details in CREST;

(x) a contact name and telephone number (in the free format shares note field); and

(xi) a priority of at least 80.

An USE instruction should only be given in respect of the entitlement to Excess Shares (and not the Nil Paid Rights representing the Rights Offer Entitlement).

5.2.4 Valid acceptance

An MTM and USE instruction complying with each of the requirements as to authentication and contents set out in paragraph 5.2.2 will constitute a valid acceptance where either:

(i) the MTM and USE instruction settles by not later than 11.00 am (London time) on 11 January 2013; or

(ii) at the discretion of the Company (i) the MTM and USE instruction is received by Euroclear by not later than 11.00 am (London time) on 11 January 2013; and (ii) the number of Nil Paid Rights or entitled to Excess Shares inserted in the MTM

or USE instruction is credited to the CREST stock member account of the accepting CREST Member specified in the MTM or USE instruction at 11.00 am (London time) on 11 January 2013; and (iii) the relevant MTM or USE instruction settles by 11.00 am (London time) on 11 January 2013 (or such later date as the Company has determined). An MTM or USE instruction will be treated as having been received by Euroclear for these purposes at the time at which the instruction is processed by the Network Provider's Communications Host (as this term is defined in the CREST Manual) or Euroclear of the network provider used by the CREST Member (or by the CREST Sponsored Member's CREST Sponsor). This will be conclusively determined by the input time stamp applied to the MTM or USE instruction by the Network Provider's Communications Host.

5.2.5 Representations, warranties and undertakings of CREST Members

A CREST Member or CREST Sponsored Member who makes a valid acceptance in accordance with this paragraph 5.2 represents, warrants and undertakes to the Company that he has taken (or procured to be taken), and will take (or will procure to be taken), whatever action is required to be taken by him or by his CREST Sponsor (as appropriate) to ensure that the MTM or USE instruction concerned is capable of settlement at 11.00 am on 11 January 2013 and remains capable of settlement at all times after that until 2.00 pm on 11 January 2013 (or until such later time and date as the Company may determine). In particular, the CREST Member or CREST Sponsored Member represents, warrants and undertakes that at 11.00 am on 11 January 2013 and at all times thereafter until 2.00 pm on 11 January 2013 (or until such later time and date as the Company may determine) there will be sufficient Headroom within the Cap in respect of the cash memorandum account to be debited with the amount payable on acceptance to permit the MTM or USE instruction to settle. CREST Sponsored Members should contact their CREST Sponsor if they are in any doubt.

CREST Members or CREST Sponsored Members taking up entitlements must make the representations and warranties set out in paragraph 7(d) of this Part 5 ("Further representations and warranties").

If there is insufficient Headroom within the Cap in respect of the cash memorandum account of a CREST Member or CREST Sponsored Member for such amount to be debited or the CREST Member's or CREST Sponsored Member's acceptance is otherwise treated as invalid and New Shares have already been allotted to such CREST Member or CREST Sponsored Member, the Company may (in its absolute discretion as to manner, timing and terms) make arrangements for the sale of such shares on behalf of that CREST Member or CREST Sponsored Member and hold the proceeds of sale (net of the Company's reasonable estimate of any loss that it has suffered as a result of the acceptance being treated as invalid and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and of all amounts payable by the CREST Member or CREST Sponsored Member pursuant to the provisions of this Part 5 in respect of the subscription of such shares) on behalf of such CREST Member or CREST Sponsored Member. In these circumstances, neither the Company nor any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by such CREST Member or CREST Sponsored Member as a result.

5.2.6 CREST procedures and timings

CREST Members and CREST Sponsors (on behalf of CREST Sponsored Members) should note that Euroclear does not make available special procedures in CREST for any particular corporate action.

Normal system timings and limitations will therefore apply in relation to the input of an MTM or USE instruction and its settlement in connection with the Rights Offer. It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST Sponsored Member, to procure that his CREST Sponsor takes) the action necessary to ensure that a valid acceptance is received as stated above by 11.00 am (London time) on 11 January 2013. In connection with this, CREST Members and (where applicable) CREST Sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

5.2.7 CREST Member's undertaking to pay

A CREST Member or CREST Sponsored Member who makes a valid acceptance in accordance with the procedures set out in this paragraph 5.2: (a) undertakes to pay to the Company or procure the payment to the Company of, the amount payable in Pounds Sterling on acceptance in accordance with the above procedures or in such other manner as the Company may require (it being acknowledged that, where payment is made by means of the RTGS payment mechanism, the creation of a RTGS settlement bank payment obligation in Pounds Sterling in favour of Capita's settlement bank (as defined in the CREST Manual), in accordance with the RTGS payment mechanism shall, to the extent of the obligation so created, discharge in full the obligation of the CREST Member (or CREST Sponsored Member) to pay to the Company the amount payable on acceptance); and (b) requests that the Fully Paid Rights and/or New Shares, to which they will become entitled, be issued to them on the terms set out in this Document and subject to the Articles.

If the payment obligations of the relevant CREST Member in relation to such New Shares are not discharged in full and such New Shares have already been allotted to the CREST Member or CREST Sponsored Member, the Company may (in its absolute discretion as to the manner, timing and terms) make arrangements for the sale of such shares on behalf of that CREST Member or CREST Sponsored Member and hold the proceeds of sale (net of expenses including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and all amounts payable by the CREST Member or CREST Sponsored Member pursuant to the provisions of this Part 5 in respect of the subscription of such shares) or an amount equal to the original payment of the CREST Member or CREST Sponsored Member (whichever is lower) on trust for such CREST Member or CREST Sponsored Member. In these circumstances, neither the Company nor any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by any CREST Member or CREST Sponsored Member as a result.

5.2.8 Discretion as to rejection and validity of acceptances

The Company may:

(i) reject any acceptance constituted by an MTM or USE instruction, which is otherwise valid, in the event of breach of any of the representations, warranties and undertakings set out or referred to under "Representations, warranties and undertakings of CREST Members", above. Where an acceptance is made as described in this paragraph 5.2 which is otherwise valid, and the MTM or USE instruction concerned fails to settle by 11.00 am (London time) on 11 January 2013 (or by such later time and date as the Company may determine), the Company shall be entitled to assume, for the purposes of their right to reject an acceptance as described in this paragraph 5.2 of this Part 5 that there has been a breach of the representations, warranties and undertakings set out or referred to in this paragraph 5.2 unless the Company is aware of any reason outside the control of the CREST Member or CREST Sponsor (as appropriate) for the failure to settle;

(ii) treat as valid (and binding on the CREST Member or CREST Sponsored Member concerned) an acceptance which does not comply in all respects with the requirements as to validity set out or referred to in this paragraph 5.2;

(iii) accept an alternative properly authenticated dematerialised instruction from a CREST Member or (where applicable) a CREST Sponsor as constituting a valid acceptance in substitution for, or in addition to, an MTM or USE instruction and subject to such further terms and conditions as the Company may determine;

(iv) treat a properly authenticated dematerialised instruction (the ''first instruction'') as not constituting a valid acceptance if, at the time at which Capita Registrars receives a properly authenticated dematerialised instruction giving details of the first instruction, either the Company or Capita Registrars has received actual notice from Euroclear of any of the matters specified in CREST Regulation 35(5)(a) in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and

(v) accept an alternative instruction or notification from a CREST Member or (where applicable) a CREST Sponsor, or extend the time for acceptance and/or settlement of an MTM or USE instruction or any alternative instruction or notification if, for reasons or due to circumstances outside the control of any CREST Member or CREST Sponsored Member or (where applicable) CREST Sponsor, the CREST Member or CREST Sponsored Member is unable validly to take up all or part of his Nil Paid Rights or entitlement to Excess Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of facilities and/or systems operated by Capita Registrars in connection with CREST.

5.3 Money Laundering Regulations

If you hold your Nil Paid Rights in CREST and apply to take up all or part of your entitlement as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a bank, a broker or another UK financial institution), irrespective of the value of the application, Capita Registrars is required to take reasonable measures to establish the identity of the beneficial owner or ultimate controller of the person or persons on whose behalf you are making the application. Such UK Qualifying Dematerialised Shareholder must therefore contact Capita Registrars before sending any MTM or USE instruction or other instruction so that appropriate measures may be taken. Submission of an MTM or USE instruction which constitutes, or which may on its settlement constitute, a valid acceptance as described above constitutes a warranty and undertaking by the applicant to provide promptly to Capita Registrars any information Capita Registrars may specify as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to Capita Registrars as to identity, Capita Registrars, having consulted with the Company, may take, or omit to take, such action as it may determine to prevent or delay settlement of the MTM or USE instruction. If satisfactory evidence of identity has not been provided within a reasonable time, Capita Registrars will not permit the MTM or USE instruction concerned to proceed to settlement without prejudice to the right of the Company to take proceedings to recover any loss suffered by it/them as a result of failure by the applicant to provide satisfactory evidence.

5.4 Dealings in Nil Paid Rights

Subject to the Rights Offer otherwise becoming unconditional, dealings in the Nil Paid Rights on AIM are expected to commence at 8.00 am (London time) am on 19 December 2012. A transfer (in whole or part) of Nil Paid Rights can be made by means of CREST in the same manner as any other security that is admitted to CREST. The Nil Paid Rights are expected to be disabled in CREST after the close of CREST business on 11 January 2013.

5.5 Dealings in Fully Paid Rights

After acceptance of the provisional allotment and payment in full in accordance with the provisions set out in this Document and (where appropriate) the Provisional Allotment Letter, the Fully Paid Rights may be transferred (in whole or in part) by means of CREST in the same manner as any other security that is admitted to CREST. The last date for settlement of any transfer of Fully Paid Rights in CREST is expected to be 11.00 am (London time) on 11 January 2013. The Fully Paid Rights are expected to be disabled in CREST after the close of CREST at 11.00 am (London time) on 11 January 2013. After 14 January 2013, the New Shares will be registered in the name(s) of the person(s) entitled to them in the Company's register of members and will be transferable by means of CREST in the usual way.

5.6 Withdrawal from CREST

Nil Paid Rights, Fully Paid Rights and entitlement to Excess Shares (if applicable) held in CREST may be converted into certificated form, that is, withdrawn from CREST. Normal CREST procedures (including timings) apply in relation to any such conversion.

The recommended latest time for receipt by Euroclear of a properly authenticated dematerialised instruction requesting withdrawal of Nil Paid Rights and entitlement to Excess Shares (if applicable) from CREST is 4.30 pm (London time) on 7 January 2013, so as to enable the person acquiring or (as appropriate) holding the Nil Paid Rights and entitlement to Excess Shares (if applicable) following the conversion to take all necessary steps in connection with taking up the entitlement prior to 11.00 am (London time) on 11 January 2013. You are recommended to refer to the CREST Manual for details of such procedures.

5.7 Issue of New Shares in CREST

New Shares will be issued in uncertificated form to those persons registered as holding Fully Paid Rights in CREST at the close of business on the date on which the Fully Paid Rights are disabled. Capita Registrars will instruct Euroclear to credit the appropriate stock accounts of those persons (under the same Participant ID and member account ID that applied to the Fully Paid Rights held by those persons) with their entitlements to New Shares with effect from the next Dealing Day (expected to be 14 January 2013) and for Excess Shares on 16 January 2013.

5.8 Right to allot/issue in certificated form

Despite any other provision of this Document, the Company reserves the right to allot and to issue any Nil Paid Rights, Fully Paid Rights and entitlement to Excess Shares or New Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of an interruption, failure or breakdown of CREST (or of any part of CREST) or of a part of the facilities and/or systems operated by Capita Registrars in connection with CREST.

5.9 Allowing Nil Paid Rights to lapse

If Nil Paid Rights are allowed to lapse, all value they may have will be forgone. No arrangements have been made to sell the underlying New Shares in the market; instead the New Shares not taken up through the following of Rights shall become Excess Shares, and shall be allocated in the manner described in paragraph 5.10 below.

5.10 Excess Applications

All New Shares not taken up pursuant to the terms of the Rights Offer will be available for allocation to Qualifying Shareholders who wish to apply for a greater number of New Shares than those offered to them in terms of the Rights Offer. Accordingly, Qualifying Shareholders may also apply for additional New Shares in excess of the New Shares allocated to that Qualifying Shareholder in terms of the Rights Offer on the same terms and conditions as those applicable to the Rights. The right to apply for Excess Shares is transferable on renunciation or sale of Rights.

UK Qualifying Certificated Shareholders wishing to apply for Excess Shares should complete the Provisional Allotment Letter in accordance with the instructions contained therein and lodge it, together with payment of the subscription price, with the UK Receiving Agent at Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, so as to be received by Capita Registrars by no later than 11.00 am (London time) on 11 January 2013.

UK Qualifying Dematerialised Shareholders who have purchased Nil Paid Rights and wish to take up these Rights in full and then apply for Excess Shares should contact Capital Registrars to arrange for a credit of Excess Shares.

The pool of New Shares available to meet Excess Share applications will be dealt with as set out below:

(i) if all the New Shares are taken up in the Rights Offer, then no additional New Shares will be made available for allocation to applicants for excess New Shares;

(ii) if the New Shares taken up in the Rights Offer and the excess applications together are less than or equal to 100 per cent of the number of New Shares available, the Board will allocate any or all Excess Shares to all applicants in accordance with the applications made for Excess Shares; or

(iii) if the New Shares taken up in the Rights Offer and the Excess Share applications together exceed 100 per cent of the number of New Shares available, the pool of the Excess Shares will be allocated equitably in accordance with the requirements of the Listings Requirements. New Shares in respect of excess applications will be issued on 14 January 2013; and

(iv) the Board shall allocate New Shares to Qualifying Shareholders who have applied and paid for any New Shares pursuant to an excess application unless such allocation would:

  (a) result in fractional shares, in which case such allocation shall be rounded to the nearest multiple of one New Share (Fractional entitlements of 0.5 or greater will be rounded up and less than 0.5 will be rounded down) so long as all such New Shares are paid in full;

  (b) result in a violation of applicable law or the applicable rules or regulations of any governmental authority or securities exchange; or

  (c) constitute a breach of the fiduciary duties of the Board.

Non-equitable allocations of Excess Shares will only be allowed in instances where they are used to round holdings up to the nearest multiple of 100 shares.

6. RIGHTS NOT TAKEN UP AND WITHDRAWAL RIGHTS

6.1 Rights not taken up

If Rights (whether in whole or in part) are not validly taken up in accordance with the procedure laid down for acceptance and payment, then that provisional allotment of New Shares (or that part of the provisional allotment not taken up, as the case may be) will be deemed to have been declined and will lapse. Foreign Shareholders are unable to take up New Shares provisionally allotted to them because they are in jurisdictions where the Rights Offer may not be made to them or they may not take up Rights Shares because such action would result in the contravention of applicable law or regulatory requirements, the Transfer Secretary and Registrars (or their agents) shall use reasonable endeavours to sell the Nil Paid Rights or Letters of Allocation allocated to such Foreign Shareholders. The net proceeds of such sales (after deduction of expenses) will be paid to the relevant Foreign Shareholders pro-rated to their holdings of Shares as at the Record Date provided that such net proceeds of sale exceed ZAR50.00/£5.00.

6.2 Withdrawal rights

Qualifying Shareholders or their renouncees who have the right to withdraw their acceptances under section 87Q(4) of FSMA after a supplementary prospectus (if any) has been published and who wish to exercise such right of withdrawal must deposit a written notice of withdrawal (which shall not include a notice sent by any form of electronic communication other than facsimile), which must include the full name and address of the person wishing to exercise such right of withdrawal and, if such person is a CREST Member, the participant ID and the member account ID of such CREST Member, by post or by hand (during normal business hours only) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or by email to withdraw@capitaregistrars.com, in each case so as to be received before the end of the period of two business days beginning with the first business day after the date on which the supplementary prospectus was published. Notice of withdrawal of acceptance given by any other means or which is deposited with Capita Registrars after the end of the period of two business days beginning with the first business day after the date on which the supplementary prospectus (if any) is published will be invalid.

SA Qualifying Certificated Shareholders or their renouncees who wish to exercise such right of withdrawal after a supplementary prospectus (if any) has been published must do so by depositing a written notice of withdrawal (which shall not include a notice sent by any form of electronic communication other than facsimile) and which must include the full name and address of the person wishing to exercise such withdrawal rights, to Computershare Investor Services (Proprietary) Limited by post to PO Box 61763, Marshalltown, 2107, South Africa, by hand to Ground Floor, 70 Marshall Street, Johannesburg, South Africa, or by fax to 011 688 5210 from within South Africa and +27 11 688 5210 from outside South Africa, so as to be received before the end of the period of two business days beginning with the first business day after the date on which the supplementary prospectus (if any) is published. Notice of withdrawal of acceptance given by any other means or which is deposited with the Transfer Secretary after the end of the period of two business days beginning with the first business day after the date on which the supplementary prospectus (if any) is published.

SA Qualifying Dematerialised Shareholders who wish to exercise such right of withdrawal after a supplementary prospectus (if any) has been published should contact their CSDP or Broker.

Furthermore, the exercise of withdrawal rights will not be permitted after payment by the relevant person of the Subscription Price and the allotment of the New Shares to such person becoming unconditional. In such circumstances, Shareholders are advised to consult their professional advisers. Provisional allotments of entitlements to New Shares which are the subject of a valid withdrawal notice will be deemed to be declined and will therefore be subject to the provisions of paragraph 6.1 of this Part 5 as if the Rights had not been taken up.

Furthermore, the exercise of withdrawal rights will not be permitted after payment by the relevant person of the Subscription Price in full and the allotment of the New Shares to such person becoming unconditional, save as required by statute. In such circumstances, Shareholders are advised to

consult their professional advisers. Provisional allotments of entitlements to New Shares which are the subject of a valid withdrawal notice will be deemed to be declined and to have lapsed. In such circumstances, to the extent that Shareholders have paid monies to the Company in respect of an acceptance which they wish to withdraw, the Company will remit such monies to Shareholders, without interest, within 14 Business Days. Funds will be held in a non-interest-bearing account.

7. OVERSEAS SHAREHOLDERS

The making of the offer of New Shares to persons located or resident in, or who are citizens of, or who have a registered address in countries other than the UK or South Africa, may be affected by the law or regulatory requirements of the relevant jurisdiction. Any Shareholder who is in any doubt as to his position should consult an appropriate professional adviser without delay.

(a) General

Qualifying Shareholders who have registered addresses in, or are resident or located in Excluded Territories, are not entitled to participate in the Rights Offer or to apply for Excess Shares. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their Rights or apply for Excess Shares.

It is also the responsibility of any person (including, without limitation, custodians, nominees and trustees) outside the UK or South Africa wishing to take up New Shares under the Rights Offer to satisfy himself as to the full observance of the laws of any relevant territory in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. The comments set out in this paragraph 7(a) are intended as a general guide only and any Overseas Shareholder who is in doubt as to his position should consult his professional adviser without delay.

Receipt of this Document, a Provisional Allotment Letter and/or a Form of Instruction or the crediting of Nil Paid Rights or entitlement to Excess Shares to a stock account in CREST, or Letters of Allocation to a Broker or CSDP account or an account with the Transfer Secretary in Strate, will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Document, a Provisional Allotment Letter and/or a Form of Instruction must be treated as sent for information only and should not be copied or redistributed.

New Shares will be provisionally allotted to all Qualifying Shareholders, including Overseas Shareholders. However, Provisional Allotment Letters and Forms of Instruction will not be sent to UK Qualifying Certificated Shareholders or SA Qualifying Certificated Shareholders, respectively, with registered addresses in Excluded Territories or their agents or intermediaries. No person receiving a copy of this Document, a Provisional Allotment Letter and/or a Form of Instruction and/or receiving a credit of Nil Paid Rights or entitlement to Excess Shares to a stock account in CREST, or Letters of Allocation to a CSDP or Broker account or an account with the Transfer Secretary in Strate, may treat the same as constituting an invitation or offer to him nor should he in any event use the Provisional Allotment Letter or Form of Instruction or deal in the Rights in CREST or the Letters of Allocation on the JSE unless, in the relevant territory, such an invitation or offer could lawfully be made to him, or the Provisional Allotment Letter or Form of Instruction could lawfully be used or dealt with, without contravention of any registration or other legal requirements. In such circumstances, this Document, the Provisional Allotment Letter and/or the Form of Instruction are to be treated as sent for information only and should not be copied or redistributed.

Persons (including, without limitation, custodians, nominees and trustees) receiving a copy of this Document a Provisional Allotment Letter and/or Form of Instruction or whose stock account is credited with Nil Paid Rights or whose CSDP or Broker account is credited with Letters of Allocation should not, in connection with the Rights Offer, distribute or send the same or transfer Rights and/ or Letters of Allocation in or into any jurisdiction where to do so would or might contravene local security laws or regulations. If a Provisional Allotment Letter or Form of Instruction or a credit of Nil Paid Rights or Letters of Allocation is received by any person in any such territory, or by his agent or nominee, he must not seek to take up the New Shares referred to in the Provisional Allotment Letter or Form of Instruction or in this Document or renounce the Provisional Allotment Letter or Letters of Allocation or transfer the Rights or Letters of Allocation or apply for Excess Shares unless the

Company determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, nominees and trustees) who does forward this Document, a Provisional Allotment Letter and/or Form of Instruction or transfers Rights or Letters of Allocation into any such territories (whether pursuant to a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this paragraph 7.

Subject to paragraphs 7(b), 7(c) and 7(d) below, any person (including, without limitation, agents, nominees and trustees) outside the UK or South Africa wishing to take up New Shares under the Rights Offer or to apply for Excess Shares (or to do so on behalf of someone else) must satisfy himself as to full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. **The comments set out in this paragraph 7 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.**

The Company reserves the right to treat as invalid and will not be bound to allot or issue any New Shares or Excess Shares in respect of any acceptance or purported acceptance of the offer of New Shares which:

(aa) appears to the Company or its agents to have been executed, effected or despatched from an Excluded Territory unless the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement;

(bb) in the case of an acceptance or purported acceptance pursuant to a Provisional Allotment Letter or Form of Instruction, provides an address for delivery of the share certificates in or, in the case of a credit of New Shares in CREST or a CSDP or Broker account in Strate, to a CREST or a CSDP or Broker account in Strate or CREST sponsored member whose registered address would be in an Excluded Territory or any other jurisdiction outside the UK or SA in which it would be unlawful to deliver such share certificates or make such a credit unless the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement; or

(cc) purports to exclude the representations and warranties required by paragraphs 7(b)(i) or 7(d)(ii) below.

The attention of Overseas Shareholders with registered addresses in an Excluded Territory is drawn to paragraphs 7(c) to 7(d) below.

The provisions of this paragraph 7(a) will apply to Overseas Shareholders who do not take up New Shares provisionally allotted to them or are unable to take up New Shares provisionally allotted to them because such action would result in a contravention of applicable law or regulatory requirements. In such circumstances, the Transfer Secretary and Capita Registrars (or their agents) shall use reasonable endeavours to sell the Nil Paid Rights or Letters of Allocation allocated to such Overseas Shareholders. The net proceeds of such sales (after deduction of expenses) will be paid to the relevant Qualifying Shareholders pro-rated to their holdings of Shares as at the Record Date as soon as practicable after receipt, except that individual amounts of less than ZAR50.00/£5.00 per Shareholder (net of brokerage charges and associated costs) will not be distributed but will be aggregated and accrued for the benefit of the Company. Neither the Company nor any other person shall be responsible or have any liability whatsoever for any loss or damage (actual or alleged) arising from the terms or the timing of the sale or the procuring of it or any failure to procure purchasers.

Despite any other provision of this Document or the Provisional Allotment Letter or Form of Instruction, the Company reserves the right to permit any Qualifying Shareholder to take up his New Shares or to apply for Excess Shares if the Company in its sole and absolute discretion is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question.

Those Qualifying Shareholders who wish, and are permitted, to take up their entitlement to New Shares should note that payments must be made as described in paragraphs 3, 4 and 5.

(b) Overseas territories other than the Excluded Territories

Provisional Allotment Letters will be posted to UK Qualifying Certificated Shareholders other than to UK Qualifying Certificated Shareholders with a registered address, or located or resident, in Excluded Territories and Nil Paid Rights will be credited to the CREST stock accounts of UK Qualifying Dematerialised Shareholders. Forms of Instruction will be posted to SA Qualifying Certificated Shareholders and Letters of Allocation will be credited to the CSDP or Broker accounts of SA Qualifying Dematerialised Shareholders, other than to those with a registered address, or located or resident, in Excluded Territories. Such Qualifying Shareholders may, subject to the laws of the relevant jurisdictions, take up their New Shares under the Rights Offer and apply for Excess Shares in accordance with the instructions set out in this Document and, if relevant, the Provisional Allotment Letter and/or Form of Instruction. In cases where Overseas Shareholders do not or are unable to take up Rights, their entitlements will be dealt with, if possible, in accordance with the provisions of paragraph 7(a) above.

A Qualifying Shareholder, or persons acting for a Qualifying Shareholder, located outside the Excluded Territories, and any subscriber outside the Excluded Territories of Fully Paid Rights or New Shares not taken up in the Rights Offer will be deemed, by accepting delivery of this Document, to have acknowledged, represented to and agreed with the Company, among other things, that:

(i) it (aa) is not in an Excluded Territory and (bb) is not acting for the account or benefit of a person in an Excluded Territory; unless (in the case of (bb) only) it is acting with investment discretion or authority for such person;

(ii) it is not engaged in the business of distributing securities or, if it is, it agrees that it will not offer or resell in, or to persons in, the United States (aa) any Fully Paid Rights or New Shares it acquires in the Rights Offer at any time or (bb) any Fully Paid Rights or New Shares it acquires other than in the Rights Offer until 40 days after the date of this Document, in either case other than in a transaction meeting the requirements of Rule 144A under the Securities Act;

(iii) the Company, the Registrar, the Transfer Secretary and their affiliates, and others, will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, and it agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its acceptance of this Document are no longer accurate, it shall promptly notify the Company; and

(iv) it understands that due to restrictions under the Securities Act, the Company cannot extend the Rights Offer to shareholders resident in the United States.

Member States of the European Economic Area (other than the UK)

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "relevant member state") (except for the UK), with effect from and including the date on which the Prospectus Directive was implemented in that relevant member state (the "relevant implementation date") no New Shares, Rights or Letters of Allocation have been offered or will be offered pursuant to the Rights Offer to the public in that relevant member state prior to the publication of a prospectus in relation to the New Shares, Rights or Letters of Allocation which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in the relevant member state, all in accordance with the Prospectus Directive, except that with effect from and including the relevant implementation date, offers of New Shares, Rights or Letters of Allocation may be made to the public in that relevant member state at any time under the following exemptions under the Prospectus Directive, if they are implemented in that relevant member state:

(aa) any legal entity which is a qualified investor as defined in the Prospectus Directive;

(bb) fewer than 100, or, if the relevant member staff has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospective Directive) in such relevant member state; or

(cc) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of New Shares, Rights or Letters of Allocation shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a relevant member state and each person who initially acquires any New Shares, Rights or Letters of Allocation to whom any offer is made under the Rights Offer will be deemed to have represented, acknowledged, and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive.

For this purpose, the expression "an offer of any New Shares, Rights or Letters of Allocation to the public" in relation to any New Shares, Rights or Letters of Allocation in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the Rights Offer and any New Shares, Rights or Letters of Allocation to be offered so as to enable an investor to decide to subscribe for any New Shares, Rights, or Letters of Allocation as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state.

The distribution of this Document, the Provisional Allotment Letters, the Form of Instruction or the Letters of Allocation in other jurisdictions may be restricted by law and therefore persons into whose possession this Document, the Provisional Allotment Letters, the Form of Instruction or the Letters of Allocation comes should inform themselves about and observe any such restrictions. This Document may not be used for, or in connection with, and does not constitute, any offer of New Shares, Rights Letters of Allocation or an invitation to purchase or subscribe for any New Shares, Rights or Letters of Allocation in any relevant member state or jurisdiction in which such offer or invitation would be unlawful.

(c) Excluded Territories

In relation to the Excluded Territories, neither the Nil Paid Rights, the entitlement to Excess Shares, the Letters of Allocation nor the Rights Shares may be offered, sold, taken up, exercised, resold, pledged, renounced, transferred or delivered, directly or indirectly, in or into the Excluded Territories. Accordingly, the Nil-Paid Rights or Letters of Allocation to be issued to Qualifying Shareholders resident in Excluded Territories shall be withheld by the Transfer Secretary and the UK Receiving Agent (or their agents) and shall, on a reasonable endeavours basis, be sold for the benefit of such Qualifying Shareholders. The net proceeds of such sales (after deduction of brokerage charges and associated expenses) will be paid to the relevant Foreign Shareholders pro-rated to their holdings of Shares at the Record Date as soon as practicable after receipt, except that: (i) individual amounts of less than ZAR50.00/£5.00 per holding will not be distributed but will be aggregated and accrued to the benefit of the Company. Neither the Company nor any other person shall be responsible or have any liability whatsoever for any loss or damage (actual or alleged) arising from the terms or the timing of the sales or the sales or any failure to sell Rights or Letters of Allocation.

(d) Representations and warranties relating to Non-US Qualifying Shareholders

(i) UK Qualifying Certificated Shareholders and SA Qualifying Certificated Shareholders

Any person accepting and/or renouncing a Provisional Allotment Letter or Letter of Allocation by way of a Form of Instruction or requesting registration of the New Shares comprised therein or applying for Excess Shares represents and warrants to the Company that, except where proof has been provided to the Company's satisfaction that such person's registration of New Shares or use of the Provisional Allotment Letter or Form of Instruction will not result in the contravention of any applicable regulatory or legal requirement in any jurisdiction: (A) such person is not accepting and/or renouncing the Provisional Allotment Letter or the Letters of Allocation by way of a Form of Instruction, or requesting registration of the relevant New Shares, or Excess Shares from within an Excluded Territory; (B) such person is not in any territory in which it is unlawful to make or accept an offer to subscribe for Fully Paid Rights or New Shares or to apply for Excess Shares or to use the Provisional Allotment Letter or Form of Instruction in any manner in which such person has used or will use it; (C) such person is not accepting or renouncing for the account of a person located within any Excluded Territory unless: (I) the instruction to accept or renounce was received from a person outside an Excluded Territory; and (II) the instructing person has advised such person that it has the authority to give such instruction and that either: (aa) it has investment discretion or authority over such account; or (bb) otherwise is acquiring the Fully Paid Rights or New Shares or Excess Shares in an offshore transaction within the meaning of Regulation S under the Securities Act; and (D) such person is not acquiring Fully Paid Rights or New Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Fully Paid Rights or New Shares into any Excluded Territory or any territory referred to in (B) above.

The Company may treat as invalid any acceptance or purported acceptance of the allotment of Fully Paid Rights or New Shares comprised in, or renunciation or purported renunciation of, a Provisional Allotment Letter, Letters of Allocation or applications for Excess Shares if it: (A) appears to the Company to have been executed in or despatched from an Excluded Territory or otherwise in a manner which may involve a breach of the laws of any jurisdiction or

if it believes the same may violate any applicable legal or regulatory requirement; (B) provides an address any Excluded Territory for delivery of definitive share certificates for New Shares (or any jurisdiction outside the UK or SA in which it would be unlawful to deliver such certificates); or (C) purports to exclude the warranty required by this paragraph 7(d).

(ii) UK Qualifying Dematerialised Shareholders and SA Qualifying Dematerialised Shareholders

A UK Qualifying Dematerialised Shareholders and SA Qualifying Dematerialised Shareholders who takes up its New Shares or applies for Excess Shares in accordance with the procedures set out in this Part 5 represents and warrants to the Company that, except where proof has been provided to the Company's satisfaction that such person's acceptance or application will not result in the contravention of any applicable regulatory or legal requirement in any jurisdiction: (A) such person is not within the an Excluded Territory; (B) such person is not in any territory in which it is unlawful to make or accept (as applicable to such person) an offer to subscribe for Fully Paid Rights or New Shares; (C) such person is not accepting or applying for the account of a person located within an Excluded Territory unless: (I) the instruction to accept or apply was received from a person outside the United States, Canada, Japan or any other Excluded Territory; and (II) the instructing person has advised such person that it has the authority to give such instruction and that either: (aa) it has investment discretion or authority over such account; or (bb) otherwise is acquiring the Fully Paid Rights or New Shares or Excess Shares in an offshore transaction within the meaning of Regulation S under the Securities Act; and (D) such person is not acquiring Fully Paid Rights or New Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, into an Excluded Territory or any jurisdiction referred to in (B) above.

The Company reserves the right to treat as invalid any MTM or USE instruction which (a): appears to the Company to have been despatched in a manner which may involve a breach of the laws of any jurisdiction or their agents believe may violate any applicable legal or regulatory requirements; or (b) purports to exclude the warranty required by this paragraph.

(e) Waiver

The provisions of this paragraph 7(e) and of any other terms of the Rights Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Qualifying Shareholders or on a general basis by the Company in its absolute discretion. Subject to this, the provisions of this paragraph 7(e) supersede any terms of the Rights Offer inconsistent herewith. References in this paragraph 7(e) to shareholders shall include references to the person or persons executing a Provisional Allotment Letter or Form of Instruction and, in the event of more than one person executing a Provisional Allotment Letter or Form of Instruction, the provisions of this paragraph 7(e) shall apply to them jointly and to each of them.

8. GOVERNING LAW

The terms and conditions of the Rights Offer as set out in this Document and, where appropriate, the Provisional Allotment Letter and/or the Form of Instruction, and any non-contractual obligation related thereto, shall be governed by, and construed in accordance with, the laws of England and Wales.

9. JURISDICTION

The Courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Rights Offer, this Document, the Provisional Allotment Letter or Form of Instruction (including, without limitation, disputes arising relating to any non-contractual obligations arising out of or in connection with the Rights Offer, this Document or the Provisional Allotment Letter or Form of Instruction). By taking up New Shares under the Rights Offer in accordance with the instructions set out in this Document and, in the case of UK Qualifying Certificated Shareholders and registered SA Qualifying Certificated Shareholders, the Provisional Allotment Letter and the Form of Instruction, respectively, Qualifying Shareholders irrevocably submit to the jurisdiction of the Courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

10. SUBSCRIPTION COMMITMENTS

Pursuant to the Subscription Commitments received by the Company, each Subscriber has irrevocably committed an amount as detailed in the table below (the "Commitment Amount") towards the subscription for Rights Shares at the Subscription Price by exercising its/his rights in full or in part and/or applying for Excess Shares in respect of the balance (if any), so that, in aggregate, the Subscribers have collectively committed to subscribe for Rights Offer Shares and/or apply for Excess Shares to the extent of the Subscription Commitment Amount (save for PIC for who has undertaken to exercise all of its Rights issued to it pursuant to the Rights Offer). The Subscribers will be paid a liquidity fee of 2 per cent of their Committed Amount.

In terms of the Subscription Commitment Agreements:

- Each Subscriber acknowledges that at any time after receipt by Pan African of the relevant Commitment Amount, Pan African will be entitled to utilise such Commitment Amount to capitalise Emerald Panther Investments so as to enable Emerald Panther Investments to pay part of the Purchace Consideration.
- Pan African shall pay to each Subscriber the amount (if any) by which the relevant Commitment Amount exceeds the aggregate Subscription Price payable in respect of the total Rights Shares and Excess Shares actually subcribed for by the relevant Subscriber (the "Refund Amount"). No interest shall accrue on the Commitment Amount, Refund Amount or liquidity fee in respect of any Subscriber.
- Each Subscriber gave certain warranties to Pan African and Pan African has given certain warranties to each Subscriber.

Subscribers	**Subscription Commitment Amounts (ZAR)**
Investec[1]	231,000,000
Coronation[1]	220,000,000
Shanduka Gold[1]	125,000,000
Allan Gray[1]	75,000,000
PIC[2]	21,375,846
RG Still[1]	29,717,500
Total	**702,093,346**

Notes:

1. The parties will follow all or a portion of their Rights and apply for Excess Shares in respect of the balance (if any).
2. The party has undertaken to follow all of its Rights issued to it pursuant to the Rights Offer.

11. INFORMATION RELATING TO THE INVESTORS

The following information relating to the Investors is disclosed in accordance with the Listings Requirements:

Company name	Investec Asset Management (Proprietary) Limited
Registration number	1984/011235/07
Date of incorporation	07/12/1984
Place of incorporation	South Africa
Directors	KM McFarland, AD Roux, CT Ngcukana, HJ du Toit, NP Gosa, JC Green, JT McNab, T Khojane
Company Secretary	CM Humphreys
Bankers	Nedbank
Authorised share capital	100,000 ordinary shares of R1.00 each; 10,000 Redeemable non-cumulative preference shares of R0.01 each
Issued share capital	50,000 ordinary shares of R1.00 each
Company name	Investec Asset Management Limited
Registration number	02036094
Date of incorporation	10/07/1986
Place of incorporation	England and Wales
Directors	D Aird, HJ du Toit, D Ferrini, H Flight, JC Green, H Herman, B Kantor, S Koseff, KM McFarland, JT McNab, M Samuelson, P Saunders, B Tapnack
Company Secretary	M Slade
Bankers	Citibank
Authorised share capital	n/a
Issued share capital	10,622,032 ordinary shares of £1.0 each
Company name	Allan Gray (Proprietary) Limited
Registration number	2005/002576/06
Date of incorporation	26/01/2005
Place of incorporation	South Africa
Directors	M Cooper, SC Marais, WB Gray, IS Liddle, T Mhlambiso, KC Morolo, RW Dower, T Mahuma
Company Secretary	C Solomon
Bankers	Standard Bank of South Africa
Authorised share capital	4,000,000 ordinary shares of R1.00 each
Issued share capital	3,540,886 ordinary shares of R1.00 each
Company name	Coronation Asset Management (Proprietary) Limited
Registration number	1993/002807/07
Date of incorporation	25/05/1993
Place of incorporation	South Africa
Directors	HA Nelson, AC Pillay, JA Snalam
Company Secretary	LJ Parenzee
Bankers	Nedbank Limited
Authorised share capital	250,000 ordinary shares of R1.00 each
Issued share capital	250,000 ordinary shares of R1.00 each

Company name	Shanduka Gold (Proprietary) Limited
Registration number	2002/021396/07
Date of incorporation	02/09/2002
Place of incorporation	South Africa
Directors	P Mahanyele, D Ngobeni
Company Secretary	CFG Mabiletsa
Bankers	Standard Bank
Authorised share capital	1,000 ordinary shares of R1.00 each
Issued share capital	1 ordinary share of R1.00 each

Company name	Public Investment Corporation SOC Ltd.
Registration number	2005/009094/06
Date of incorporation	30/03/2005
Place of incorporation	South Africa
Directors	NM Nene, E Masilela, D Matjila, P Mngconkola, R Morar, M Moses, V Ntombela, I Sehoole, Z Sithole, J Strydom, Y Waja
Company Secretary	WJF Louw
Bankers	Nedbank Limited
Authorised share capital	100 ordinary shares of R10.00 each
Issued share capital	100 ordinary shares of R10.00 each

12. DIRECTORS' STATEMENT

The Directors have made due and careful enquiry to confirm that the Subscribers can meet their commitments made to the Company in terms of the Subscription Commitments.

13. SOUTH AFRICAN EXCHANGE CONTROL

The following summary is intended only as a guide and is, therefore, not comprehensive. If Shareholders are in any doubt as to the appropriate course of action, they are advised to consult their professional advisers.

13.1 UK Qualifying Shareholders who are resident in or emigrants from the CMA

13.1.1 General

Subject to the further provisions of paragraphs 13.1.2 and 13.1.3 below, those UK Qualifying Shareholders who are currently resident or were previously resident in the CMA (that is, emigrants) are subject to Exchange Control Regulations and cannot participate in the Rights Offer in the United Kingdom without the specific approval of the Financial Surveillance Department.

13.1.2 Residents in the CMA

Individual South African Resident Shareholders are granted a foreign investment allowance of ZAR4 million per calendar year per private individual who is a taxpayer in good standing over the age of 18 and where such Shareholder has not fully utilised that foreign investment allowance for the period, he may, with the authorisation of an Authorised Dealer, utilise the unutilised foreign investment allowance to participate in the Rights Offer in the United Kingdom. Furthermore, where a South African Resident Shareholder holds funds outside South Africa with the approval of the Financial Surveillance Department, those funds may be utilised to participate in the Rights Offer in the United Kingdom.

South African retirement funds, long-term insurers, collective investment scheme management companies and investment managers who have the requisite Exchange Control approval may participate in the Rights Offer in the United Kingdom, subject to the following:

(i) currently, foreign portfolio investments by South African institutional investors can be made subject to certain limits based on an institution's total retail assets. The foreign exposure of retail assets may not exceed 25 per cent in the case of retirement funds and underwritten policy business of long-term insurers. Collective investment scheme management companies, investment managers registered with the Financial Services Board of South Africa as discretionary managers for exchange control purposes and the investment-linked business of long-term insurers are restricted to 35 per cent of total retail assets under management; and

(ii) where a South African institutional investor has fully utilised its capacity to invest outside South Africa, they will not be permitted to participate in the Rights Offer in the United Kingdom.

In order for Qualifying Shareholders that are currently resident in the CMA to participate in the Rights Offer in the United Kingdom using their foreign investment allowance, they need to obtain a banker's draft in Pounds Sterling from their banker (in its capacity as an Authorised Dealer) who will prepare that banker's draft provided he is satisfied that the Qualifying Shareholder has complied with the Exchange Control Regulations.

If a Qualifying Shareholder that is currently resident in the CMA has used its foreign investment allowance to participate in the Rights Offer and it transfers its New Shares from the UK Register to the SA Register, SARB has indicated that those New Shares cannot be credited against that South African Resident Shareholder's foreign investment allowance. In order for that South African Resident Shareholder's foreign investment allowance to be credited for repatriating the proceeds received from the Rights Offer, it would need to sell its New Shares offshore and repatriate those funds to South Africa.

13.1.3 Emigrants from the CMA

Individuals who are emigrants from the CMA may utilise any unutilised balance of the foreign investment allowance of up to ZAR4 million per adult to participate in the Rights Offer in the United Kingdom. Where an emigrant held funds abroad prior to emigration with the approval of the Financial Surveillance Department or, accumulated funds abroad post-emigration from the CMA, those funds may be utilised to participate in the Rights Offer in the United Kingdom. An emigrant may not, without the approval of the Financial Surveillance Department, utilise blocked funds, that is funds held under the control of an Authorised Dealer in foreign exchange comprising those funds remaining in South Africa after emigration allowances have been utilised, to participate in the Rights Offer in the United Kingdom.

13.2 SA Qualifying Shareholders who are resident in or emigrants from the CMA

13.2.1 SA Qualifying Shareholders who are resident in the CMA

SA Qualifying Shareholders (including institutional investors, private individuals, corporates, trusts or partnerships) who are South African Resident Shareholders may participate in the Rights Offer in South Africa without restriction.

13.2.2 SA Qualifying Shareholders who are emigrants from the CMA

Where a Nil Paid Right becomes due to a former resident of the CMA, which Right is based on Shares blocked in terms of the Exchange Control Regulations, then only emigrant blocked funds may be used to:

(i) take up the Rights in terms of the Rights Offer;

(ii) purchase Letters of Allocation on the JSE; and

(iii) subscribe for the New Shares and/or Excess Shares arising in respect of the Letters of Allocation purchased on the JSE.

All applications by emigrants using blocked funds for the above purposes must be made through the Authorised Dealer in South Africa controlling their blocked assets. Share certificates issued to such emigrants will be endorsed "non-resident" and placed under the control of the Authorised Dealer through whom the payment was made. The proceeds due to emigrants from the sale of the Letters of Allocation, if applicable, will be returned to the Authorised Dealer for credit to such emigrants' blocked accounts. Electronic statements issued in terms of Strate and any Share certificates issued pursuant to blocked Rand

transactions will be endorsed "non-resident" and placed under the control of the Authorised Dealer through whom the payment was made. The proceeds arising from the sale of Letters of Allocation or arising from the sale of blocked Shares will be credited to the blocked accounts of the emigrants concerned.

13.3 SA Qualifying Shareholders who are non-resident in the CMA

Pursuant to the Exchange Control Regulations, non-residents of the CMA will be allowed to:

(i) take up Rights in terms of the Rights Offer;

(ii) purchase Letters of Allocation on the JSE; and

(iii) subscribe for New Shares and/or Excess Shares pursuant to the acquisition of Letters of Allocation on the JSE, provided payment is received either through normal banking channels from abroad or from a non-resident account.

All applications by non-residents of the CMA for the above purposes must be made through an Authorised Dealer. Electronic statements issued in terms of Strate and any share certificates issued pursuant to such applications will be endorsed "non resident".

14. TABLE OF ENTITLEMENT TO RIGHTS SHARES

The rounded number of Rights Shares to which a participant in the Rights Offer will become entitled, based on the ratio of 25.5 Rights Shares for every 100 Shares held, will be as follows:

Shares held	Number of Rights Shares to which a Shareholder is entitled	Shares held	Number of Rights Shares to which a Shareholder is entitled	Shares held	Number of Rights Shares to which a Shareholder is entitled	Shares held	Number of Rights Shares to which a Shareholder is entitled
1	0	41	10	81	21	2,200	561
2	1	42	11	82	21	2,300	587
3	1	43	11	83	21	2,400	612
4	1	44	11	84	21	2,500	638
5	1	45	11	85	22	2,600	663
6	2	46	12	86	22	2,700	689
7	2	47	12	87	22	2,800	714
8	2	48	12	88	22	2,900	740
9	2	49	12	89	23	3,000	765
10	3	50	13	90	23	3,100	791
11	3	51	13	91	23	3,200	816
12	3	52	13	92	23	3,300	842
13	3	53	14	93	24	3,400	867
14	4	54	14	94	24	3,500	893
15	4	55	14	95	24	3,600	918
16	4	56	14	96	24	3,700	944
17	4	57	15	97	25	3,800	969
18	5	58	15	98	25	3,900	995
19	5	59	15	99	25	4,000	1,020
20	5	60	15	100	26	4,100	1,046
21	5	61	16	200	51	4,200	1,071
22	6	62	16	300	77	4,300	1,097
23	6	63	16	400	102	4,400	1,122
24	6	64	16	500	128	4,500	1,148
25	6	65	17	600	153	4,600	1,173
26	7	66	17	700	179	4,700	1,199
27	7	67	17	800	204	4,800	1,224
28	7	68	17	900	230	4,900	1,250
29	7	69	18	1,000	255	5,000	1,275
30	8	70	18	1,100	281	10,000	2,550

Shares held	Number of Rights Shares to which a Shareholder is entitled	Shares held	Number of Rights Shares to which a Shareholder is entitled	Shares held	Number of Rights Shares to which a Shareholder is entitled	Shares held	Number of Rights Shares to which a Shareholder is entitled
31	8	71	18	1,200	306	100,000	25,500
32	8	72	18	1,300	332	1,000,000	255,000
33	8	73	19	1,400	357	10,000,000	2,550,000
34	9	74	19	1,500	383	100,000,000	25,500,000
35	9	75	19	1,600	408		
36	9	76	19	1,700	434		
37	9	77	20	1,800	459		
38	10	78	20	1,900	485		
39	10	79	20	2,000	510		
40	10	80	20	2,100	536		

15. DILUTION

The Company expects to issue 370,071,902 New Shares pursuant to the Rights Offer. Assuming such number of New Shares are issued, existing Shareholders who not participate in the Rights Offer will suffer an immediate dilution of 25.5 Shares for every 100 Shares they currently own, which is equivalent to a dilution of approximately 20.32 per cent.

PART 6 – QUESTIONS AND ANSWERS ABOUT THE RIGHTS OFFER

The questions and answers set out in this Part 6 are intended to be in general terms only and, as such, you should read Part 5 "Terms and Conditions of the Rights Offer" of this Document for full details of the terms of the Rights Offer and what action you should take if you wish to participate. If you are in any doubt as to what action you should take, you are recommended to seek immediately your own financial advice from your stockbroker, bank manager, solicitor, accountant, CSDP or Broker or other independent financial adviser, duly authorised under the FSMA or FAIS, or from another appropriately authorised independent financial adviser.

QUESTIONS AND ANSWERS FOR ALL QUALIFYING SHAREHOLDERS

1. What is a rights offer?

A rights offer is a way for companies to raise money by giving their existing shareholders the right to buy further shares in proportion to their existing holdings, usually at a discount to the market price at announcement.

The offer under the Rights Offer is 370,071,902 New Shares at a subscriptions price of ZAR1.90 per New Share for SA Qualifying Shareholders, or 14 pence per New Share for UK Qualifying Shareholders in the ratio of 25.5 New Shares for every 100 Shares held. If you hold Existing Shares on the Record Date and, are not a Foreign Shareholder you will be entitled to subscribe for New Shares under the Rights Offer. If you, are a Qualifying Shareholder and a hold Certificated Shares, your entitlement, nil paid, will be set out in your Provisional Allotment Letter or Form of Instruction (as applicable).

New Shares are being offered to Qualifying Shareholders in the Rights Offer at a discount as follows:

- in respect of ZAR1.90, a 29.55 per cent discount to the theoretical *ex*-Rights price (calculated by reference to the closing price of ZAR2.90 per Share on the JSE on the Last Practicable Date);
- in respect of ZAR1.90 a 34.48 per cent discount to the closing price of ZAR2.90 per Share on the JSE on the Last Practicable Date;
- respect of 14 pence, a 28.49 per cent discount to the theoretical *ex*-Rights price (calculated by reference to the closing price of 21 pence per Share on AIM on the Last Practicable Date); and
- in respect of 14 pence, a 33.33 per cent discount to the closing price of 21 pence per Share on AIM on the Last Practicable Date;

Because of this discount and while the market value of the Existing Shares exceeds the Subscription Price, the right to buy the New Shares is potentially valuable.

2. Is the Rights Offer fully subscribed?

Yes. The Rights Offer is fully subscribed by the Subscribers as to ZAR702,093,346 pursuant to the Subscription Commitments. The fees payable to the Subscribers in connection with their Subscription Commitments and a summary of the terms of the Subscription Commitments are set out in paragraph 10 of Part 5 "Terms and Conditions of the Rights Offer" of this Document.

3. Why is Pan African undertaking the Rights Offer?

Shareholders approved the Evander Acquisition at the General Meeting held on 30 November 2012.

The Evander Acquisition will be funded through a combination of debt, cash reserves and through the issue of New Shares in terms of the Rights Offer. This approach is consistent with Pan African's philosophy of ensuring that its business provides profitable, sustainable stakeholder growth.

The Rights Offer is therefore being implemented to fund a portion of the Purchase Consideration.

Evander meets Pan African's investment criteria of a high grade, high margin, quality asset, the acquisition of which is not only expected to be earnings accretive, but will provide the Enlarged Group with a material increase in its production profile through the doubling of its current gold production. The introduction of an additional operating asset into the Group shall further the Enlarged Group's strategy of reducing operational risk through the broadening of its operations.

Pan African recognises the opportunity to further realise value from the Evander Acquisition through the potential orderly disposal of those assets held by Evander which Pan African does not view as being core to its operations.

Evander conducts the business of exploring, prospecting, mining, recovery, treatment and commercial production of gold and related products.

4. What if the number of New Shares to which I am entitled is not a whole number: am I entitled to fractions of New Shares?

Your entitlement to New Shares will be calculated on the Record Date. If the result is not a whole number, you will not receive a New Share in respect of such fractional entitlement and your entitlement, if 0.5 or greater, will be rounded up and, if less than 0.5 will be rounded down to the nearest whole number.

5. Will the Rights Offer affect the future dividends Pan African pays?

Qualifying Shareholders who receive New Shares under the Rights Offer will receive dividends on the New Shares in the same manner as they receive their dividend on their Existing Shares.

The Company has adopted a policy whereby dividends are considered and, if deemed appropriate by the Board, declared on an annual basis. The consideration of any dividend will take account of cash flow requirements and growth plans, whilst recognising that where possible, the payment of a dividend on a consistent basis increases shareholder value. This policy will not change subsequent to the implementation of the Rights Offer.

6. Will my current shareholding in Pan African remain the same following the Rights Offer?

If you decide to take up all of your Rights, the proportion of the total issued share capital of your holding in Pan African will, subject to fractional entitlements, remain the same as it was before the Rights Offer. If your entitlement to New Shares is not a whole number, your fractional entitlement of 0.5 or greater will be rounded up and of less than 0.5 will be rounded down.

If you decide to sell, renounce or not take up some or all of your Rights, the proportion of the Company you own will be smaller once the Rights Offer has been completed, as New Shares are being issued. In these circumstances your interest in Pan African will be diluted and the maximum dilution you may suffer (in the event you do not take up any of your Rights) will be approximately 20.32 per cent.

7. I understand that there is a period when there is trading in the Nil Paid Rights or Letters of Allocation. What does this mean?

If you do not want to buy the New Shares being offered to you under the Rights Offer, you can instead renounce or sell your Rights or (your Letters of Allocation which represent your right to subscribe for New Shares, as the case may be, and receive the net proceeds of the sale or transfer in cash. This is referred to as dealing ''nil paid''. This means that, during the Rights Offer period, you can either trade in Existing Shares (which will not carry any entitlement to participate in the Rights Offer) or you can trade in the Nil Paid Rights or Letters of Allocation, as the case may be.

8. How will I know the price of the Nil Paid Rights or Letters of Allocation and how much will I actually receive if I decide to sell my Nil Paid Rights or Letters of Allocation?

The price you will receive for your Nil Paid Rights or Letters of Allocation will vary with market conditions. It is important to note that the market price for Nil Paid Rights and Letters of Allocation is different from the Subscription Price of the New Shares. The value of the Nil Paid Rights and Letters of Allocation will be determined by the market in which they trade but ordinarily approximates the difference between the market price of Existing Shares *ex*-Rights and the Subscription Price (allowing for any applicable brokerages and commissions and amounts in respect of value added tax). It is possible that you may receive little or no proceeds from the sale of some or all of your Nil Paid Rights or Letters of Allocation if the market price of the Existing Shares falls, thus reducing the discount at which the New Shares are to be issued. In addition, there may be transaction costs on the sale of Nil Paid Rights or Letters of Allocation.

9. I am a Qualifying Shareholder and I hold my Existing Shares in the form of Certificated Shares. How do I know if I am able to acquire New Shares under the Rights Offer?

If you receive a Provisional Allotment Letter or a Form of Instruction and, you are not a Foreign Shareholder, then you should be eligible to subscribe for New Shares under the Rights Offer (as long as you have not sold all of your Existing Shares before the relevant *ex*-Rights Date).

Your ability to take up New Shares may be affected by the laws of the country in which you live, have your registered address or are otherwise located and you should take professional advice about any formalities you need to observe.

10. I am a Qualifying Shareholder and I hold my Existing Shares in the form of Certificated Shares. What do I need to do in relation to the Rights Offer?

If you hold Certificated Shares and are not a Foreign Shareholder, you will be sent a Provisional Allotment Letter or a Form of Instruction (as appropriate) that shows:

- how many Existing Shares you held at the close of business on the Record Date for the Rights Offer;
- how many New Shares you are entitled to subscribe for; and
- how much you need to pay if you want to take up your Rights to subscribe for all the New Shares provisionally allotted to you.

If you are not a Qualifying Shareholder or are a Foreign Shareholder, you will not receive a Provisional Allotment Letter or a Form of Instruction.

11. I hold my Existing Shares in the form of Certificated Shares. What if I do not receive a Provisional Allotment Letter or Form of Instruction?

If you do not receive a Provisional Allotment Letter or Form of Instruction but hold your Existing Shares in the form of Certificated Shares, this probably means that you are not able to acquire New Shares under the Rights Offer. Some UK Qualifying Certificated Shareholders and SA Qualifying Certificated Shareholders however, will not receive a Provisional Allotment Letter or Form of Instruction but may still be eligible to acquire New Shares under the Rights Offer, namely:

- UK Qualifying Dematerialised Shareholders who held their Existing Shares in Dematerialised form on 14 December 2012 and who have converted them to Certificated Shares;
- SA Qualifying Shareholders who held their Existing Shares in Dematerialised form on 7 December 2012 and who have converted them to Certificated Shares; and
- Shareholders who bought Existing Shares before 14 December 2012 and who hold such Shares in certificated form but were not registered as the holders of those Shares at the close of business on the Record Date.

If you do not receive a Provisional Allotment Letter or a Form of Instruction but think that you should have received one, please contact the UK Shareholder Helpline or the South African Shareholder Helpline, as appropriate. Contact details for the Shareholder Helplines are set out on page 88 of this Document.

12. I hold my Existing Shares in the form of Certificated Shares. If I take up my Rights, when will I receive the certificate representing my New Shares?

If you take up New Shares under the Rights Offer, share certificates in respect of such New Shares are expected to be posted by 14 January 2013 if you are a SA Qualifying Certificated Shareholder and by no later than 28 January 2013, if you are a UK Qualifying Certificated Shareholder.

13. If I buy Shares after the Record Date will I be eligible to participate in the Rights Offer?

If you are a UK Qualifying Shareholder and you bought Shares after the Record Date but prior to the relevant *ex*-Rights Date, you may be eligible to participate in the Rights Offer. If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement.

SA Qualifying Shareholders who buy Shares after the Record Date will not be eligible to participate in the Rights Offer

14. Will I be taxed if I take up or sell my rights or if my Rights or Letters of Allocation or if my Rights or Letters of Allocation are sold on my behalf?

If you are resident or ordinarily resident in the UK or SA for tax purposes, you should not have to pay UK or SA tax when you take up your New Shares, although the Rights Offer will affect the amount of UK or SA tax you may pay when you subsequently sell your Rights Shares.

However, in the UK, if you hold your Shares as an investment, rather than for the purposes of a trade, you may (subject to any available exemption or relief) be subject to capital gains tax on any proceeds that you receive from the sale of your Rights (or Letters of Allocation) (unless, generally, the proceeds do not exceed £3,000, or, if more, 5 per cent of the market value of your Shares on the date of sale, although in that case the amount of UK tax you may pay when you subsequently sell all or any of your Shares may be affected). In South Africa, assuming that you hold your Shares as an investment, rather than for speculative or trading purposes, you may (subject to any available exemption or relief) be subject to capital gains tax on any proceeds that you receive from the sale of your Nil Paid Rights (or Letters of Allocation). Persons who do not hold their Shares as an investment should contact a professional tax adviser.

Further information for Qualifying Shareholders who are resident in the UK or SA for tax purposes is contained in Part 11 "Taxation" of this Document. This information is intended as a general guide to the current tax position in the UK and SA and Qualifying Shareholders should consult their own tax advisers regarding the tax treatment of the Rights Offer in light of their own circumstances. Qualifying Shareholders who are in any doubt as to their tax position, or who are subject to tax in any other jurisdiction, should consult an appropriate professional adviser as soon as possible.

15. Can I change my decision to take up New Shares?

Once you have returned your Provisional Allotment Letter or Form of Instruction, you cannot withdraw your application or change the number of New Shares that you have applied for, save in accordance with paragraph 6 of Part 5 "Terms and Conditions of the Rights Offer" of this Document.

16. What if I hold options and awards under the Company's option scheme?

Options granted under the Company's option scheme, to the extent not exercised or vested (as the case may be) by the Record Date, will be adjusted to compensate for the effect of the Rights Offer. Such adjustments will be subject to confirmation from an independent professional or auditor, where appropriate. Participants will be contacted separately with further information on how their options will be affected by the Rights Offer.

17. What should I do if I live outside the United Kingdom or South Africa?

Whilst you have an entitlement to participate in the Rights Offer, your ability to take up Rights to subscribe for New Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Rights. Shareholders resident or with registered addresses in an Excluded Territory are not able to subscribe for New Shares provisionally allotted to them under the Rights Offer. Your attention is drawn to the information in paragraph 7 of Part 5 "Terms and Conditions of the Rights Offer" of this Document.

18. What should I do if I think my holding of Shares is incorrect or I want more information in relation to the Rights Offer?

If you have bought or sold Shares shortly before the Record Date, your transaction may not be entered on the SA Register or UK Register in time to appear on the register at the Record Date. If you are concerned about the figure in the Provisional Allotment Letter or Form of Instruction or otherwise concerned that your holding of Shares is incorrect, please contact the UK Shareholder Helpline or the South African Shareholder Helpline, as appropriate. Contact details for the Shareholder Helplines are set out on page 88 of this Document. The Shareholder Helplines will only be able to provide information contained in this Document (and, in addition, information relating to Pan African's register of members) and will be unable to give advice on the merits of the Rights Offer or to provide legal, financial, tax or investment advice.

19. Will Shareholders be entitled to vote on the Rights Offer?

No. The Company will be relying on existing shareholder approvals pursuant to sections 551 and 561 of the UK Companies Act granted by Shareholders at the General Meeting, and therefore the Rights Offer will not require Shareholder approval. Therefore, no further general meeting of Shareholders or other Shareholder vote will take place in connection with the Rights Offer.

QUESTIONS AND ANSWERS FOR ALL UK QUALIFYING SHAREHOLDERS

1. I hold my Existing Shares in Dematerialised form. What do I need to do in relation to the Rights Offer?

If you hold Existing Shares in dematerialised form your account in CREST will be credited with Nil Paid Rights. If you are a CREST Sponsored Members you should refer to your CREST Sponsor, as only your CREST Sponsors will be able to take the necessary actions specified below to take up the entitlements or otherwise to deal with your Nil Paid Rights. If you are not a CREST Sponsored Member, you should read paragraph 5.2 of Part 5 "Terms and Conditions of the Rights Offer" of this Document and consult the CREST Manual for instructions as to how to participate in the Rights Offer.

2. I hold my Existing Shares in Certificated form. What are my choices and what should I do with the Provisional Allotment Letter?

2.1 If you want to take up all your Rights

If you want to take up all of your rights to acquire the New Shares to which you are entitled, all you need to do is send the Provisional Allotment Letter, together with your cheque or banker's draft for the full amount, payable to "Capita Registrars Limited: RE Pan African Resources PLC Rights Offer A/C" and crossed ''A/C payee only'', by post or by hand (during normal business hours) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU to arrive by no later than 11.00 am (London time) on 11 January 2013. Within the UK only, you can use the reply-paid envelope which will be enclosed with the Provisional Allotment Letter. Full instructions are set out in paragraph 3.2.1 of Part 5 "Terms and Conditions of the Rights Offer" of this Document and the Provisional Allotment Letter.

You can also apply for Excess Shares by completing the relevant boxes the application form and sending a cheque or banker's draft for the nil paid and Excess Shares being taken up.

Please note third party cheques other than building society cheques or banker's drafts may not be accepted.

If payment is made by building society cheque (not being drawn on an account of the applicant) or a banker's draft, the building society or bank must endorse on the cheque or draft the applicant's name and the number of an account held in the applicant's name at the building society or bank, such endorsement being validated by a stamp and an authorised signature.

A definitive share certificate will then be sent to you for the New Shares that you take up. Your definitive share certificate for New Shares is expected to be despatched to you by no later than 28 January 2013. You will need your Provisional Allotment Letter to be returned to you if you want to deal in your Fully Paid Rights. Your Provisional Allotment Letter will not be returned to you unless you tick the appropriate box on the Provisional Allotment Letter.

2.2 If you do not want to take up your Rights

If you do not want to take up your rights, you do not need to do anything. If you do not return your Provisional Allotment Letter subscribing for the New Shares to which you are entitled by 11.00 am (London time) on 11 January 2013, those rights will lapse. Alternatively, you can sell or renounce your Nil Paid Rights (see paragraph 2.4 below).

2.3 If you want to take up some but not all of your Rights

If you want to take up some but not all of your rights and wish to sell some or all of those you do not want to take up, you should first apply to have your Provisional Allotment Letter split by completing Form X on the Provisional Allotment Letter, and returning it by post or by hand (during normal business hours only) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, to be received by 3.00 pm (London time) on 9 January 2013, together with a covering letter stating the number of split Provisional Allotment Letters required and the number of Nil Paid Rights to be comprised in each split Provisional Allotment Letter. You should then deliver the split Provisional Allotment Letter representing the New Shares that you wish to accept together with your cheque or banker's draft to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, (see paragraph (a) above) to be received by 11.00 am (London time) on 11 January 2013.

Alternatively, if you only want to take up some of your rights (but not sell some or all of the rest), you should complete Form X on the Provisional Allotment Letter and return it with a cheque or banker's draft together with an accompanying letter indicating the number of Nil Paid Rights that you wish to take up, in accordance with the provisions set out in the Provisional Allotment Letter.

Shareholders who wish to effect a cashless take-up of their Nil Paid Rights (which may be achieved through the sale of such portion of their Nil Paid Rights as will raise sufficient funds to allow the relevant Shareholder to take up their remaining Nil Paid Rights) should contact their broker, who may be able to assist with such arrangements.

2.4 If you want to sell all of your Rights

If you want to sell all of your Rights, you should complete and sign Form X on the Provisional Allotment Letter (if it is not already marked ''Original Duly Renounced'') and pass the entire letter to your stockbroker, bank manager or other appropriate financial adviser or to the transferee (provided they are not in the any of the Excluded Territories). The transferee of your Rights will have to complete Form Y on the Provisional Allotment Letter.

The latest time and date for selling all of your rights is 11.00 am (London time) on 11 January 2013. Please ensure, however, that you allow enough time so as to enable the person acquiring your rights to take all necessary steps in connection with taking up the entitlement prior to 11.00 am (London time) on 11 January 2013.

3. If I buy Shares after the Record Date, will I be eligible to participate in the Rights Offer?

If you bought Shares after the Record Date but prior to the *ex*-Rights Date, you may be eligible to participate in the Rights Offer.

If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, whoever arranged your share purchase, to ensure you claim your entitlement.

If you buy Shares at or after the *ex*-Rights Date, you will not be eligible to participate in the Rights Offer in respect of those Shares.

4. I hold my Existing Shares in Certificated form. What if I want to sell the New Shares for which I have paid?

Provided the New Shares have been paid for and you have requested the return of the receipted Provisional Allotment Letter or Form of Instruction, you can renounce the Fully Paid Rights by completing Form X (the form of renunciation) on the receipted Provisional Allotment Letter in accordance with the instructions set out therein until 11.00 am (London time) on 11 January 2013. After that time, you will be able to sell your New Shares in the normal way. The share certificate relating to your New Shares is expected to be despatched to you by no later than 28 January 2013. Pending despatch of the share certificate, instruments of transfer will be certified by the Capita Registrars against the register.

Further details are set out in paragraph 3.5 of Part 5 "Terms and Conditions of the Rights Offer" of this Document.

QUESTIONS AND ANSWERS FOR ALL SA QUALIFYING SHAREHOLDERS

1. I hold my Existing Shares in Dematerialised form. What do I need to do in relation to the Rights Offer?

If you are a SA Qualifying Dematerialised Shareholder with your account at your CSDP or Broker will be automatically credited with your Letters of Allocation and you will be contacted by your CSDP or Broker (as the case may be) who will provide you with instructions on how you can exercise your Nil Paid Rights to subscribe for New Shares in terms of the Rights Offer in accordance with the terms of the custody agreement between you and your CSDP or Broker (as the case may be). If you comply with, and communicate, those instructions in accordance with the custody agreement with your CSDP or Broker (as the case may be), the CSDP or Broker will exercise your Nil Paid Rights under the relevant Letters of Allocation on your behalf. If you have not been contacted by your CSDP or Broker (as the case may be) by the close of business on 4 January 2013, you should contact that CSDP or Broker directly.

SA Qualifying Dematerialised Shareholders wishing to apply for Excess Shares should instruct their CSDP or Broker, in terms of the custody agreement entered into between themselves and their CSDP or Broker, as to the number of Excess Shares for which they wish to apply.

2. I hold my Existing Shares in certificated form. What are my choices and what should I do with the Form of Instruction?

2.1 If you want to take up all your New Shares

If you want to take up all of the New Shares to which you are entitled, all you need to do is send a completed Form of Instruction, together with your cheque payable to "Pan African Resources PLC Rights Issue" and crossed ''not transferable'' and with the words ''or bearer'' deleted, or banker's draft (drawn by a registered bank in South Africa) in Rand for the full Subscription Price payable in respect of all the New Shares, by post to the Transfer Secretary, Computershare Investor Services (Proprietary) Limited, at PO Box 61763, Marshalltown 2107, South Africa, or by hand (during normal business hours) to Ground Floor, 70 Marshall Street Johannesburg, 2001, South Africa in either case to be received by no later than 12.00 noon (Johannesburg time) on 11 January 2013. Full instructions are set out in paragraph 4 of Part 5 "Terms and Conditions of the Rights Offer" of this Document and in the Form of Instruction. Please note third party cheques other than building society cheques or banker's drafts may not be accepted.

A definitive share certificate will then be sent to you for the New Shares that you take up. Your definitive share certificate for New Shares is expected to be dispatched to you, at your own risk, by no later than 14 January 2013.

The maximum number of New Shares you are entitled to subscribe for and the total Subscription Price of that number of New Shares is set out in the Form of Instruction.

2.2 If you do not want to take up your New Shares

If you do not want to take up any of your New Shares you do not need to do anything. If you do not return a Form of Instruction subscribing for the New Shares to which you are entitled by 12.00 noon (Johannesburg time) on 11 January 2013, those rights will lapse. Alternatively, if you do not want to take up your New Shares, you can sell or otherwise transfer your Letters of Allocation (see paragraph 2.4 below).

2.3 If you want to take up some but not all of your New Shares

If you want to take up some but not all of your New Shares and wish to sell some or all of the Letters of Allocation in respect of Rights you do not wish to exercise, you must complete the relevant Form of Instruction in respect of the New Shares for which you wish to subscribe and Part A of the relevant Form of Instruction in respect of the Letters of Allocation you wish to sell, in accordance with the instructions contained therein, and return it by post to the Transfer Secretary, Computershare Investor Services (Proprietary) Limited, at PO Box 61763, Marshalltown 2107, South Africa, or by hand (during normal business hours) to Ground Floor, 70 Marshall Street, Johannesburg. The Form of Instruction must be received by the Transfer Secretary by 12.00 noon (Johannesburg time) on 4 January 2013 if SA Qualifying Certificated Shareholders want to sell any of their Letters of Allocation and by 12.00 noon (Johannesburg time) on 11 January 2013 if SA Qualifying Certificated Shareholders do not want to sell any of their Letters of Allocation but want to take up a portion of their Nil Paid Rights and renounce the Letters of Allocation in respect of their remaining Nil Paid Rights.

Shareholders who wish to effect a cashless take-up of their New Shares (which may be achieved through the sale of such number of their Letters of Allocation as will raise sufficient funds to allow the relevant Shareholder to exercise their remaining Nil Paid Rights) should contact their CSDP or Broker, who may be able to assist with such arrangements.

2.4 If you want to sell all of your Letters of Allocation

If you want to sell all of your Letters of Allocation, you should complete and sign Part A of the Form of Instruction and return it by post to the Transfer Secretary, Computershare Investor Services (Proprietary) Limited, at PO Box 61763, Marshalltown 2107, South Africa, or by hand (during normal business hours) to Ground Floor, 70 Marshall Street, Johannesburg, in either case to be received by no later than 12.00 noon (Johannesburg time) on 4 January 2013.

The Transfer Secretary will endeavour to procure the sale of the Letters of Allocation on the JSE on your behalf and will remit the proceeds in accordance with the payment instructions reflected on the Form of Instruction, provided that such proceeds, net of brokerage charges and associated expenses are in excess of ZAR50.

2.5 If you want to apply for New Shares in excess of the New Shares provisionally allotted to you.

SA Qualifying Certificated Shareholders wishing to apply for Excess Shares should complete the Form of Instruction in accordance with the instructions contained therein and lodge it, together with payment of the aggregate Subscription Price payable in respect of the Excess Shares applied for, with the Transfer Secretary at the address referred to in paragraph 4.6.2 of Part 5 "Terms and Conditions of the Rights Offer" of this Document, so as to be received by the Transfer Secretary by no later than 12.00 noon (Johannesburg time) on 11 January 2013.

PART 7 – HISTORICAL FINANCIAL INFORMATION ON PAN AFRICAN

INTRODUCTION

This Part 7 (Historical Financial Information on Pan African) is a reproduction of the statutory financial statements of Pan African (for the years ended 30 June 2010, 30 June 2011 and 30 June 2012).

Part A – Annual Financial Statements for the year ended 30 June 2012

Part B – Annual Financial Statements for the year ended 30 June 2011

Part C – Annual Financial Statements for the year ended 30 June 2010

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 30 June 2012.

Principal Activities

The Group's principal activity during the year was of gold and platinum mining activities. A full review of the activities of the business and of future prospects are contained in the Chief Executive Officer's report and Financial Director's report, which accompanies these financial statements, with financial and non-financial key performance indicators shown below.

Key Performance Indicators

The Group produces management reports on a monthly basis that highlight several Key Performance Indicators ('KPIs') from a corporate, operational and management perspective to assess the financial position of the Group. These are highlighted on page 100 of the Pan African annual report.

Results and Dividends

The results for the year are disclosed in the Consolidated Statement of Comprehensive Income on page 114. The salient features of these results can be found on page 8.

The Pan African Board previously stated the Company's policy is to pay an annual dividend, subject to the capital requirements of the Company. This policy has not changed. However, taking into account the funding required to implement the Evander Gold Mines transaction and the concomitant proposed rights offer, and following discussions with our major shareholders, the Board of Directors has decided to forego the declaration of a dividend in respect of the 2012 financial year. The final dividend paid for the year ended 30 June 2011 was £7.4 million.

The Board remains committed to continue with the Company's dividend policy and intends to resume the dividend payment in the 2013 financial year, normal legal and commercial considerations permitting. Pan African Resources is positive that the Evander Gold Mines transaction, once implemented, will further support the Group's cash flows and drive to enhance shareholder returns through dividends.

Policy for Payment of Creditors

It is the Company's policy to settle all agreed transactions within the terms established with suppliers. The Company's credit days are a maximum of 60 days.

Risk Management

The key business risks to which the Company is exposed have been considered and are addressed on pages 98 and 99 of the Pan African annual report.

A separate risk committee is not considered necessary as this role is fulfilled by the Board, its sub-committees as well as that of executive management. The identification and management of critical risks is a strategic focus area for executive management, reviewed on a monthly basis and, together with action plans, reported regularly to the Board. Executive management has the ability to call for emergency Board meetings, should the need arise. Risk registers for each business segment are in place. The Board has reviewed the current risks to the business and, at the time of reporting, believes that the current business risks do not exceed the risk appetite of the Group.

Risks include the Rand gold price, Government and regulatory frameworks, as well as unforeseen natural disasters.

The Board believes that the current processes of identifying and dealing with risks is effective.

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 misstatement or loss.

Internal financial control procedures undertaken by the Board include:

- review of monthly financial reports and monitoring performance;
- review of internal audit reports and follow-up action of weaknesses identified by these reports;
- review of competency and experience of senior management staff;
- prior approval of all significant expenditure including all major investment decisions; and
- review and debate of treasury and other policies.

The Board has reviewed the operation and effectiveness of the Group's system of internal control for the financial year and the period up to the date of approval of the financial statements.

Going Concern

The Group is currently generating significant levels of cash from its operations, is debt-free and has a revolving credit facility of £11.6 million with a major bank which it has not yet utilised. However, the terms of its agreement to acquire Evander Gold Mines from Harmony will require it to make a significant (approximately £116.2 million) cash payment once all the outstanding conditions precedent have been met. The Directors currently envisage that the required funding will be met by a combination of existing cash, additional equity (for which irrevocable shareholder undertakings of £54.0 million have been obtained), cash held by Evander Gold Mines and debt funding. The level of debt funding required is expected to exceed the capacity of the current revolving credit facility, but we have secured credit committee approval from a major bank for the required increase in the size of the facility and are satisfied that the remaining steps to obtain final approval are procedural in nature.

The Group's ability to fund the transaction and meet the working capital needs of the enlarged Group thereafter is also sensitive to a number of other factors including, but not limited to, changes in gold price, production rates and cost levels. We have therefore produced cash flow forecasts and run sensitivities in respect of the above factors as well as considered the potential impact on our funding position of a national strike in the South African mining sector between now and the completion of the transaction. In the event there are unexpected adverse changes to the Group's cash flows, the Directors are confident that the Group could manage its financial affairs in a number of ways, including a reduction in discretionary capital expenditure, obtaining additional debt funding and, in the event of a short- term downturn, a focus on higher grade ores and working capital management.

Having taken into consideration the above factors, the Directors believe that the Group's forecasts and projections show that the Company and Group will be able to complete the Evander Gold Mines' acquisition, meet all its other contractual commitments and have adequate resources to continue in operational existence for the foreseeable future, being 12 months from the date of this report. Accordingly, the Directors continue to adopt the going concern basis in preparing the results for the year ended 30 June 2012.

Events After the Reporting Period

Acquisition of Evander Gold Mines from Harmony

Readers are referred to the detailed description of the transaction in the CEO's report.

On 17 August 2012 Pan African Resources issued an update on the Evander Gold Mines' acquisition status. Pan African Resources announced that 57% of the shareholders had committed to vote in favour of the transaction and that it had secured £54.2 million (ZAR700 million) through rights offer commitments.

Pan African Resources has made a further payment of £2.5 million (ZAR30 million) to Harmony in respect of the second tranche of the Break Fee in terms of the Agreement. Therefore the full Break Fee, being an amount of £4.1 million (ZAR50 million), has been paid by Pan African Resources to Harmony. Pan African Resources and Harmony have furthermore agreed that the Break Fee shall be set off against the £77.5 million (ZAR1 billion) Deposit. The balance of the Deposit (if it becomes payable, at Harmony's election) shall therefore constitute a total amount of £73.6 million (ZAR950 million).

The Secured Capital, in addition to Pan African's existing cash funds available and, to the extent necessary, draw-downs by Pan African Resources from existing debt funding facilities, will be sufficient to allow Pan African Resources to make payment of the Deposit. Pan African Resources intends to fund the balance of the Purchase Consideration through a combination of, *inter alia*, third party debt financing and funds generated

from Pan African's existing operations.

The Group is in the process of finalising the debt component of £46.5 million (ZAR600 million) required for part of the financing of the Evander Gold Mines' transaction.

Disposal of Manica Gold Project

1. *Introduction*

   On 29 August 2012, Pan African Resources announced that it entered into an agreement to dispose of 100% of its Manica Gold Project ('Manica') to Auroch Minerals Mozambique (Pty) Limited, a wholly-owned subsidiary of Terranova Minerals NL ('Terranova'), for a total potential purchase consideration ('Purchase Consideration') of AUD6 million (£4.0 million/ZAR52.4 million) payable in cash, and 96,666,668 shares in Terranova ('Terranova Shares'), subject to certain terms and conditions more fully described below ('Transaction').

2. *Purchase Consideration*

   In terms of the Agreement, Pan African Resources shall receive the first portion of the Purchase Consideration comprising AUD2 million (£1.3 million/ZAR17.5 million) and 25,000,000 shares in Terranova upon the fulfilment or, where possible, waiver of the conditions precedent to the Transaction.

   The remaining portion of the Purchase Consideration shall only become payable in tranches upon achievement of the following milestones by Manica during the four-year period following the completion of the Transaction:

   - the delineation of at least 400,000 oz of Joint Ore Reserves Committee Code ('JORC') Inferred Gold Resource of oxide ore with a cut-off grade of 1.25 g/t being defined on the Northern and/or Southern shear zones of Manica's mining concession ('Concession') ('400 koz Milestone');
   - the delineation of at least 1,000,000 oz of a JORC Inferred Gold Resource of oxide ore with a cut-off grade of 1.25 g/t being defined on the Northern and/or Southern shear zones of the Concession ('1,000 koz Milestone');
   - the completion of a positive Bankable Feasibility Study ('BFS') on either the oxide or sulphide ore on the Concession which recommends the construction of a mine with at least a 10-year life and production scope of 50,000 oz per annum and at any time after completion of the BFS, the Board of Directors of Terranova elects to commence construction of the mine as recommended in the BFS and has financing arranged for the construction of the mine ('BFS Milestone'); and
   - the production of either oxide or sulphide ore at the plant constructed at Manica to process ore from the Concession at the capacity specified in the BFS ('Capacity Milestone').

   The remaining portion of the Purchase Consideration shall be settled upon the achievement of the various milestones described above as follows:

   - AUD1,000,000 (£658,700/ZAR8,728,300) and 20,066,667 Terranova shares upon achievement of the 400 koz milestone;
   - AUD1,000,000 (£658,700/ZAR8,728,300) and 20,066,667 Terranova shares to be paid and issued upon achievement of the 1,000 koz milestone;
   - AUD1,000,000 (£658,700/ZAR8,728,300) and 24,366,667 Terranova shares or a payment of AUD7,310,000 (£4,815,097/ZAR63,803,873) in cash, at Terranova's election, to be paid and/or issued upon achievement of the BFS milestone; and
   - AUD1,000,000 (£658,700/ZAR8,728,300) and 7,166,667 Terranova shares or AUD2,150,000 (£1,416,205/ZAR18,765,845) in cash, at Terranova's election, to be paid and/or issued upon achievement of the capacity milestone.

   Pan African Resources expects to utilise the cash portion of the Purchase Consideration for the funding of the construction and development of its Bramber Tailings Retreatment Project and expects to retain the Terranova Shares received in terms of the Transaction so as to continue to participate in the development of Manica through Terranova.

3. *Conditions Precedent to the Transaction*

The implementation of the Transaction remains subject to the fulfilment or, where possible, waiver of, *inter alia,* the following conditions precedent within six months of the date of the Agreement:

- Terranova raising capital of not less than AUD5 million (£3.30 million/ZAR43.6 million), at a price of not less than AUD0.30 (£0.20/ZAR2.62) per share, to fund the initial working capital requirements required for the development of Manica;
- Terranova obtaining a report prepared by an independent expert stating that the Transaction is fair and reasonable to Terranova's shareholders;
- Terranova obtaining all the necessary regulatory approvals, on acceptable terms, as are required to give effect to the Transaction; and
- Terranova and Pan African Resources, to the extent required, obtaining all the necessary shareholder approvals required to implement the Transaction.

Furthermore, the Transaction remains conditional upon Terranova, within one month of the date of the Agreement, confirming that it is satisfied with the results of a due diligence exercise to be concluded over Manica.

The Transaction shall become effective upon the fulfilment or, where possible, waiver of all the conditions precedent to the Transaction.

4. *Details of Manica and Terranova*

Manica is a gold exploration project situated in central Mozambique approximately 4 km north of the town of Manica, which lies approximately 270 km inland of the port city of Beira, Mozambique. The project, which spans 42 km^2, is positioned in the Beira Corridor, which contains major road and rail infrastructure linking Zimbabwe to Beira and has a JORC resource of some 3 Moz at 1.83 g/t Au. The area surrounding Manica is well known for hosting gold mines such as Penhalonga, Rezende, Monarch and Old West. The reefs in these mines have typically been classified as porphyry mineralisation within quartz-diorites where gold is hosted in quartz veins.

Listed on the Australian Securities Exchange, Terranova is a mineral exploration company which is involved in the acquisition, exploration and evaluation of gold and copper assets. Terranova has gold projects in Western Australia including the Beete Gold, Peninsula Gold projects in the eastern fields Region and the Crawford Copper Project in the Crawford Belt of the Gascoyne Province, although going forward Terranova's primary focus will be on Manica. Terranova currently has 42.5 million fully diluted shares (this includes 20 million partially paid shares) in issue.

Directors

The following were Directors during the year under review:

Mr KC Spencer*

Ms P Mahanyele (appointed 20 July 2011)

Mr JP Nelson

Ms YB Sitole (appointed 14 December 2011)

Mr JAJ Loots

Mr RG Still*

Mrs HH Hickey* (appointed 12 April 2012)

Mr MC Ramaphosa (resigned 14 December 2011)

Mr RM Smith (resigned 20 July 2011)

** Independent*

Auditor

Deloitte LLP has been appointed as United Kingdom auditors until the conclusion of the next Annual General Meeting.

Each of the persons who is a Director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant information of which the Group's auditors are unaware; and

- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with S418 of the UK Companies Act 2006.

Deloitte LLP has expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

Jan Nelson
Chief Executive Officer

26 September 2012

INDEPENDENT AUDITOR'S REPORT – SOUTH AFRICA

To the Shareholders of Pan African Resources PLC

We have audited the consolidated and separate financial statements of Pan African Resources PLC set out on pages 137 to 176, which comprise the statements of financial position as at 30 June 2012, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The Company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Pan African Resources PLC as at 30 June 2012, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche

Per MLE Tshabalala
Partner

26 September 2012

INDEPENDENT AUDITOR'S REPORT – UNITED KINGDOM

To the Shareholders of Pan African Resources PLC

We have audited the financial statements of Pan African Resources PLC for the year ended 30 June 2012 which comprise the Group and Parent Company Statement of Comprehensive Income, the Group and Parent Company Statement of Financial Position, the Group and Parent Company Cash Flow Statement, the Group and Parent Company Statement of Changes in Equity and the related notes 1 to 37. The financial reporting framework that has been applied in their preparation is applicable by law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 Auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2012 and of the Group's and the Parent Company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matter Prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are Required to Report by Exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

David Paterson (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

26 September 2012

Certificate of the Company Secretary

I hereby certify that Pan African has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act 2006. All such returns are true, correct and up to date.

St James's Corporate Services Limited

26 September 2012

CONSOLIDATED AND COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2012

	Notes	Group		Company	
		30 June 2012 (Audited) £	30 June 2011 (Audited) £	**30 June 2012 (Audited) £**	30 June 2011 (Audited) £
Revenue					
Gold sales	4	**101,068,596**	79,208,399	**–**	–
Realisation costs		**(163,217)**	(157,763)	**–**	–
On-mine revenue		**100,905,379**	79,050,636	**–**	–
Cost of production – Gold	5	**(46,122,811)**	(45,345,417)	**–**	–
Depreciation	16	**(3,259,010)**	(2,885,243)	**–**	–
Mining profit		**51,523,558**	30,819,976	**–**	–
Other expenses	8	**(5,916,227)**	(2,796,657)	**21,644,712**	20,471,875
Impairment		**(48,238)**	–	**–**	–
Royalty costs		**(3,848,450)**	(2,368,239)	**–**	–
Net income before finance income and finance costs		**41,710,643**	25,655,080	**21,644,712**	20,471,875
Finance income	4 & 9	**652,267**	802,022	**551,154**	772,957
Finance costs	9	**(136,765)**	(40,128)	**–**	–
Profit before taxation	10	**42,226,145**	26,416,974	**22,195,866**	21,244,832
Taxation	13	**(12,984,511)**	(9,248,309)	**–**	–
Profit after taxation		**29,241,634**	17,168,665	**22,195,866**	21,244,832
Other comprehensive income:					
Foreign currency translation differences		**(10,248,051)**	3,814,677	**(7,013,252)**	1,855,200
Total comprehensive income for the year		**18,993,583**	20,983,342	**15,182,614**	23,100,032
Profit attributable to:					
Owners of the parent		**29,241,634**	17,168,665	**22,195,866**	21,244,832
Non-controlling interest		**–**	–	**–**	–
		29,241,634	17,168,665	**22,195,866**	21,244,832
Total comprehensive income attributable to:					
Owners of the parent		**18,993,583**	20,983,342	**15,182,614**	23,100,032
Non-controlling interest		**–**	–	**–**	–
		18,993,583	20,983,342	**15,182,614**	23,100,032
Earnings per share	14	**2.02**	1.20	**–**	–
Diluted earnings per share	14	**2.01**	1.19	**–**	–

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION
as at 30 June 2012

	Notes	Group		Company	
		30 June 2012 (Audited) £	30 June 2011 (Audited) £	**30 June 2012 (Audited) £**	30 June 2011 (Audited) £
ASSETS					
Non-current assets					
Property, plant and equipment and mineral rights	16	**62,411,655**	59,052,015	**126,209**	189,657
Other intangible assets	17	**–**	14,214,426	**–**	–
Goodwill	18	**21,000,714**	21,000,714	**–**	–
Investments	19	**–**	–	**50,101,244**	53,259,921
Rehabilitation trust fund	20	**2,662,934**	3,013,385	**–**	–
		86,075,303	97,280,540	**50,227,453**	53,449,578
Current assets					
Inventories	21	**1,868,735**	1,457,202	**–**	–
Receivables from subsidiaries	34	**–**	–	**19,505,668**	27,146,884
Trade and other receivables	22	**6,828,047**	4,254,401	**1,621,219**	121,000
Cash and cash equivalents	23	**19,782,179**	10,123,822	**17,812,893**	11,546,466
		28,478,961	15,835,425	**38,939,780**	38,814,350
Non-current assets held for sale	35	**13,135,215**	–	**13,155,070**	–
Total assets		**127,689,479**	113,115,965	**102,322,303**	92,263,928
EQUITY AND LIABILITIES					
Capital and reserves	24				
Share capital		**14,482,623**	14,440,406	**14,482,623**	14,440,406
Share premium		**51,149,299**	50,932,830	**51,149,299**	50,932,830
Translation reserve		**(1,937,509)**	8,310,542	**(5,158,052)**	1,855,200
Share option reserve		**904,902**	861,450	**792,143**	777,585
Retained income		**59,432,741**	37,607,283	**36,881,921**	22,102,231
Realisation of equity reserve		**(10,701,093)**	(10,701,093)	**–**	–
Merger reserve		**(10,705,308)**	(10,705,308)	**1,560,000**	1,560,000
Equity attributable to owners of the parent		**102,625,655**	90,746,110	**99,707,934**	91,668,252
Total equity		**102,625,655**	90,746,110	**99,707,934**	91,668,252
Non-current liabilities					
Long-term provisions	26	**3,043,954**	3,386,591	**–**	–
Long-term liabilities	27	**868,881**	181,285	**429,565**	27,329
Deferred taxation	28	**10,088,530**	9,841,695	**–**	–
		14,001,365	13,409,571	**429,565**	27,329
Current liabilities					
Trade and other payables	25	**7,709,729**	8,193,750	**886,569**	568,347
Payable to other Group companies	34	**–**	–	**1,298,235**	–
Current tax liability		**3,352,730**	766,534	**–**	–
		11,062,459	8,960,284	**2,184,804**	568,347
Total equity and liabilities		**127,689,479**	113,115,965	**102,322,303**	92,263,928

The financial statements of Pan African Resources PLC, registration number 3937466 were approved by the Board of Directors on 26 September 2012 and signed on its behalf by:

Jan Nelson
Chief Executive Officer

Busi Sitole
Financial Director

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS
for the year ended 30 June 2012

		Group		Company	
		30 June 2012	30 June 2011	**30 June 2012**	30 June 2011
		(Audited)	(Audited)	**(Audited)**	(Audited)
	Notes	**£**	£	**£**	£
Net Cash Generated from/ (Used in) Operating Activities	37	**30,575,270**	16,610,289	**(8,392,150)**	(5,680,503)
Investing Activities					
Dividends received		**–**	–	**24,500,396**	21,650,960
Deposit		**(1,548,779)**	–	**(1,548,779)**	–
Additions to property, plant and equipment, mineral rights		**(17,424,906)**	(21,033,991)	**(13,202)**	(181,183)
Additions to intangibles		**(505,273)**	(800,619)	**–**	–
Loans to subsidiaries		**–**	–	**(6,836,569)**	(14,614,028)
Funding of rehabilitation trust fund		**115,970**	122,145	**–**	–
Net (Cash Used in)/Generated from Investing Activities		**(19,362,988)**	(21,712,465)	**16,101,846**	6,855,749
Financing Activities					
Loans from subsidiaries		**–**	–	**1,298,235**	(5,738,018)
Shares issued	24	**258,686**	1,545,000	**258,686**	1,545,000
Net Cash from/(Used in) Financing Activities		**258,686**	1,545,000	**1,556,921**	(4,193,018)
Net Increase/(Decrease) in Cash and Cash Equivalents		**11,470,968**	(3,557,176)	**9,266,617**	(3,017,772)
Cash and cash equivalents at the beginning of the year		**10,123,822**	12,756,262	**11,546,466**	14,240,891
Effect of foreign exchange rate changes		**(1,812,611)**	924,736	**(3,000,190)**	323,347
Cash and Cash Equivalents at the end of the year	23	**19,782,179**	10,123,822	**17,812,893**	11,546,466

Consolidated and Company Statement of Changes in Equity
for the year ended 30 June 2012

GROUP	Share capital	Share premium account	Translation reserve	Share option reserve	Retained earnings	Realisation of equity reserve	Merger reserve	Total
Balance at 30 June 2010	**14,095,406**	**49,732,830**	**4,495,865**	**754,394**	**25,814,783**	**(10,701,093)**	**(10,705,308)**	**73,486,877**
Issue of shares	345,000	1,200,000	–	–	–	–	–	1,545,000
Total comprehensive income	–	–	3,814,677	–	17,168,665	–	–	20,983,342
Dividends paid	–	–	–	–	(5,376,165)	–	–	(5,376,165)
Share-based payment – charge for the year	–	–	–	107,056	–	–	–	107,056
Balance at 30 June 2011	**14,440,406**	**50,932,830**	**8,310,542**	**861,450**	**37,607,283**	**(10,701,093)**	**(10,705,308)**	**90,746,110**
Issue of shares	42,217	216,469	–	–	–	–	–	258,686
Total comprehensive income	–	–	(10,248,051)	–	29,241,634	–	–	18,993,583
Profit for the year	–	–	–	–	–	–	–	–
Dividends paid	–	–	–	–	(7,416,176)	–	–	(7,416,176)
Share-based payment – charge for the year	–	–	–	43,452	–	–	–	43,452
Balance at 30 June 2012	**14,482,623**	**51,149,299**	**(1,937,509)**	**904,902**	**59,432,741**	**(10,701,093)**	**(10,705,308)**	**102,625,655**
COMPANY								
Balance at 30 June 2010	**14,095,406**	**49,732,830**	**–**	**739,519**	**6,233,564**	**–**	**1,560,000**	**72,361,319**
Issue of shares	345,000	1,200,000	–	–	–	–	–	1,545,000
Total comprehensive income	–	–	1,855,200	–	21,244,832	–	–	23,100,032
Dividend issue	–	–	–	–	(5,376,165)	–	–	(5,376,165)
Charge for the year	–	–	–	38,066	–	–	–	38,066
Balance at 30 June 2011	**14,440,406**	**50,932,830**	**1,855,200**	**777,585**	**22,102,231**	**–**	**1,560,000**	**91,668,252**
Issue of shares	42,217	216,469	–	–	–	–	–	258,686
Total comprehensive income	–	–	(7,013,252)	–	22,195,866	–	–	15,182,614
Dividends paid	–	–	–	–	(7,416,176)	–	–	(7,416,176)
Share-based payment – charge for the year	–	–	–	14,558	–	–	–	14,558
Balance at 30 June 2012	**14,482,623**	**51,149,299**	**(5,158,052)**	**792,143**	**36,881,921**	**–**	**1,560,000**	**99,707,934**

NOTES TO THE FINANCIAL STATEMENTS: ACCOUNTING POLICIES AND FINANCIAL REPORTING TERMS

for the year ended 30 June 2012

1. GENERAL INFORMATION

Pan African is a company incorporated in England and Wales under the Companies Act 2006. The Company has a dual primary listing on the AIM Market ("AIM") of the London Stock Exchange and the JSE Limited ("JSE"). The nature of the Group's operations and its principal activities relate to gold and PGE mining and exploration activities. The financial statements are presented in Pounds Sterling. Foreign operations are included in accordance with the policies set out below. The individual financial results of each Group company are maintained in their functional currencies, which are determined by reference to the primary economic environment in which it operates.

For the purpose of the consolidated financial statements, the results and financial position of each Group company is expressed in Pounds Sterling. The financial statements have been prepared on the going concern basis.

The financial statements have also been prepared in accordance with the International Financial Reporting Standards ('IFRS') adopted by the European Union and South Africa.

2. ACCOUNTING POLICIES

Basis of preparation and General Information

The annual financial statements have been prepared under the historical cost basis, except for certain financial instruments which are stated at fair value. The principal accounting policies are set out below and are consistent in all material respects with those applied in the previous year, except where otherwise indicated.

Historic Reverse Acquisition

On 31 July 2007 the Company acquired 74% of Barberton Mines (Pty) Limited ("Barberton") in a share-for-share transaction. IFRS 3 "Business Combinations" defines the acquirer in a business combination as the entity that obtains control. Accordingly, the combination was accounted for as a reverse acquisition.

Going Concern

The financial position of the Group, its cash flows and liquidity position are described in these financial statements. In addition, note 29 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposure to credit, foreign currency, commodity price, interest rate and liquidity risk.

Management is not aware of any material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. Based on the current status of the Group's finances, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has, or will have, adequate resources to enable the Group to continue to meet its financial commitments for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements. Further details are provided (refer to page 26 in front section of the Pan African annual report).

New and Revised International Financial Reporting Standards not yet adopted

The Group applies all applicable IFRS in preparation of the financial statements. Consequently, all IFRS statements adopted by the European Union that were effective at 30 June 2012 and are relevant to its operations have been applied.

At the date of authorisation of these financial statements, the following standards and interpretations, which have been applied in these financial statements, for the first time, were in issue and effective as at 30 June 2012:

New and Revised International Financial Reporting Standards	Effective Date
Pre-payments of a Minimum Funding Requirement	Applies to annual periods beginning on or after 1 January 2011 (applied retrospectively from the beginning of the earliest comparative period presented)
Amendments to IFRS 7 Financial Instruments: Disclosures	Applies to annual periods beginning on or after 1 July 2011
Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to IFRS 1)	Applicable to annual periods beginning on or after 1 July 2011

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

New and Revised International Financial Reporting Standards	Effective Date
IAS 27 Separate Financial Statements (2011)	Applicable to annual reporting periods beginning on or after 1 January 2013
IAS 28 Investments in Associates and Joint Ventures (2011)	Applicable to annual reporting periods beginning on or after 1 January 2013
IFRS 9 Financial Instruments (2009)	Applies on a modified retrospective basis to annual periods beginning on or after 1 January 2015
IFRS 9 Financial Instruments (2010)	Applies to annual periods beginning on or after 1 January 2015
IFRS 10 Consolidated Financial Statements	Applicable to annual reporting periods beginning on or after 1 January 2013
IFRS 11 Joint Arrangements	Applicable to annual reporting periods beginning on or after 1 January 2013
IFRS 12 Disclosure of Interests in Other Entities	Applicable to annual reporting periods beginning on or after 1 January 2013
IFRS 13 Fair Value Measurement	Applicable to annual reporting periods beginning on or after 1 January 2013
Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12)	Applicable to annual periods beginning on or after 1 January 2012
IAS 19 Employee Benefits (2011)	Applicable to annual reporting periods beginning on or after 1 January 2013
Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)	Applicable to annual reporting periods beginning on or after 1 July 2012
Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)	Applicable to annual periods beginning on or after 1 January 2013 and interim periods within those periods
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	Applicable to annual periods beginning on or after 1 January 2014
Government Loans (Amendments to IFRS 1)	Applicable to annual periods beginning on or after 1 January 2013
Annual Improvements 2009 – 2011 Cycle	Applicable to annual periods beginning on or after 1 January 2013
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	Applies to annual periods beginning on or after 1 January 2013

The impact of the adoption of the above standards and interpretations still needs to be considered, but is not expected to have a material impact on the financial results.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) to 30 June each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. The results of the subsidiaries acquired or disposed of during the year are included in the consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Inter-company transactions and balances between Group entities are eliminated on consolidation.

Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of a business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations, are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held-for-Sale and Discontinued Operations, which are recognised and measured at fair value less costs-to-sell.

Goodwill arising on acquisitions is recognised as an asset, and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after re-assessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss. The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of net fair value of the assets, liabilities and contingent liabilities recognised.

Change in Ownership Interest

In terms of IAS 27, changes in a parent's ownership interest in a subsidiary that do not result in a change of control are accounted for as equity transactions.

Property, Plant and Equipment

Mining Assets

Mining assets, including mine development costs and mine plant facilities, are recorded at cost less provision for impairment and accumulated depreciation.

Expenditure incurred after feasibility stage to develop new ore bodies, to define mineralisation in existing ore bodies, to establish or expand productive capacity and expenditure designed to maintain productive capacities, is capitalised within capital under construction until commercial levels of production are achieved. Capital under construction is not depreciated. All revenue generated during the commissioning phase is capitalised back to the property, plant and equipment as per IAS 16.

Mineral and Surface Rights

Mineral and surface rights are recorded at cost less provision for impairment and accumulated depreciation.

Land

Land is shown at cost and is not depreciated.

Gain or Loss on Disposal or Retirement of Assets

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation

Mining assets, mineral and surface rights mining assets, mine development costs, mineral and surface rights and plant mine facilities are depreciated over the estimated life of mine ("LoM") to their residual values using the units-of-production method based on estimated proven and probable ore reserves.

Other mining plant and equipment is depreciated on the straight-line basis over the shorter of the LoM or their estimated useful lives.

Depreciation of Non-Mining Assets

Buildings and other non-mining assets are recorded at cost and depreciated on the straight-line basis over their expected useful lives, which vary between three to 10 years.

Research, Development, Mineral Exploration and Evaluation Costs

Research, development, mineral exploration and evaluation costs are expensed in the year in which they are incurred until they result in projects that the Group:

- evaluate as being technically or commercially feasible;
- has sufficient resources to complete development; and
- can demonstrate that they will generate future economic benefits.

Once these criteria are met, all directly attributable development costs and on-going mineral exploration and evaluation costs are capitalised within other intangible assets. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

Capitalised pre-production expenditure is assessed for impairment in accordance with the Group accounting policy stated below:

Impairment (Except for Goodwill)

At each Statement of Financial Position date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset being the higher of fair value less costs to sell or value in use is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Impairment losses are immediately recognised as an expense. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly-controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's CGUs expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the CGU may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the CGU, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the CGU, *pro rata* on the basis of the carrying amount of each asset in the CGU. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, associate or jointly-controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Taxation

The charge for current tax is based on the results for the year as adjusted for items which are non-deductible or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets or liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets or liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets or liabilities in a transaction, which affects neither tax nor accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is charged or credited to the Statement of Comprehensive Income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also recorded within equity, or where they arise from the initial accounting for a business combination. In a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

The carrying amount of deferred tax assets are reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or parts of the assets to be recovered.

Revenues, expenses and assets are recognised net of the amount of associated VAT, unless VAT incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables or payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated Statement of Financial Position.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation resulting from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Statement of Financial Position date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Lease Assets

The Group leases certain property, plant and equipment. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the Group. Other leases are classified as operating leases.

Finance lease assets are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Operating Leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability.

Foreign Currencies

Transactions in currencies, other than the functional currency of the relevant subsidiary, are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets or liabilities denominated in such other currencies are translated at the rates ruling at the Statement of Financial Position date. Profits or losses arising on exchange are recorded in the Statement of Comprehensive Income. In order to hedge its exposure to foreign exchange risks, the Group may enter into forward contracts. On consolidation, the assets or liabilities of the Group's foreign operations are translated into Pounds Sterling at exchange rates ruling at the Statement of Financial Position date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising from the translation of foreign operations are classified as equity and are recognised as income or expenses in the period in which the operation is disposed of. Translation differences on foreign loans to subsidiaries which are classified as equity loans are also accounted for as equity.

Inventories

Inventories include the gold bullion on hand, PGM concentrate, gold or PGM in process and consumable stores.

Bullion on hand and PGM concentrate are valued at the lower of cost, determined on a weighted-average basis, and net realisable value. Costs include direct mining costs and mine overheads.

Gold or PGM in process inventories represent materials that are currently in the process of being converted to a saleable gold or PGM product. The gold or PGM in process inventories are valued only if they are reliably measurable and are valued at the average cost of the material fed to process plus the in-process conversion costs.

Consumable stores are valued at the lower of cost, determined on a weighted average basis, and estimated net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Obsolete and slow-moving consumable stores are identified and are written down to their economic or realisable values

Retirement and Pension Benefits

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed schemes are dealt with as defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan and are charged as an expense as they fall due.

Post-Retirement Benefits Other Than Pension

Historically, Barberton Mines provided retirement benefits by way of medical aid scheme contributions for certain employees. The practice has been discontinued for some years. The net present value of estimated future costs of company contributions towards medical aid schemes for these retirees is recorded as a provision on the Group Statement of Financial Position. The provision is reviewed annually with movements in the provision recorded in the Statement of Comprehensive Income.

Equity Participation Plan

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each Statement of Financial Position date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Statement of Comprehensive Income, such that the cumulative expense reflects the revised estimate, with corresponding adjustments to the equity-settled employee benefits reserve.

Cash Participation Plan

Cash-settled share-based payments to employees are measured at the fair value of the cash instruments at the grant date. The fair value determined at the grant date of the cash-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of cash instruments that will eventually vest. At each Statement of Financial Position date, the Company revises its estimate of the number of cash instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Statement of Comprehensive Income, such that the cumulative expense reflects the revised estimate, with corresponding adjustments to the cash-settled employee benefits liability.

Provision for Environmental Rehabilitation Costs

Long-term environmental obligations are based on Barberton Mines and Phoenix Platinum environmental plans, in compliance with current environmental and regulatory requirements. The provision is based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the Statement of Financial Position date. Increases due to additional environmental disturbances are capitalised and amortised over the remaining lives of the mines. The estimated cost of rehabilitation is reviewed annually and adjusted as appropriate for changes in legislation or technology. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean up at closure.

Contributions to Rehabilitation Trust

Contributions are made to a dedicated environmental rehabilitation trust to fund the estimated cost of rehabilitation during and at the end of the life of the Group's mines. The trust's assets are recognised separately on the Statement of Financial Position as non-current assets at fair value. Interest earned on funds invested in the environmental rehabilitation trust is accrued on a time : proportion basis and credited to the provision for environmental rehabilitation costs.

Provision for Closure Costs

The Group provides for closure costs, other than rehabilitation costs, if any, when the Directors have prepared a detailed plan for closure of the particular operation, the remaining life of which is such that significant changes to the plan are unlikely, and the Directors have raised a valid expectation in those affected that it will carry out the closure by starting to implement that plan or announcing its main features to those affected by it.

Revenue Recognition

Sales represents the value of minerals sold, excluding value-added tax, and is recognised when goods are delivered and risk and reward has passed, and is measured at the fair value of the consideration received or receivable. Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rates applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established. Revenue is recognised when the buyer takes title, provided that:

(a) it is probable that delivery will be made;

(b) the item is on hand, identified and ready for delivery to the buyer at the time the sale is recognised;

(c) the buyer specifically acknowledges the deferred delivery instructions; and

(d) the usual payment terms apply.

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments and that are not quoted in an active market are classed as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less impairment if necessary. Interest income is recognised by applying the effective interest rate, except for short-term receivables, when the recognition of interest will be immaterial.

Impairment of Financial Assets

Financial assets, other than those at Fair Value Through Profit and Loss ("FVTPL"), are assessed for indicators of impairment at each Statement of Financial Position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been negatively impacted.

Derecognition of Financial Assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownerships of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial Liabilities and Equity Instruments Issued by the Group

Classification as Debt or Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial Liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or 'other financial liabilities'.

Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability, other than a financial liability held for trading, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that will otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement, permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. The Group has no financial liabilities classified as FVTPL.

Other Financial Liabilities

Other financial liabilities are initially valued at fair value and subsequently measured at amortised cost using the effective interest method, with interest recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts the estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

Derecognition of Financial Liabilities

The Group derecognises financial liabilities only when the Group's obligations are discharged, cancelled or have expired.

Derivative Financial Instruments

In the ordinary course of its operations, the Group may enter into a variety of derivative financial instruments to manage its exposure to commodity prices, volatility of interest rates and foreign exchange rate risk.

Derivatives are initially recognised at cost at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each Statement of Financial Position date. The resulting gain or loss is recognised in Statement of Comprehensive Income immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in Statement of Comprehensive Income depends on the nature of the hedge relationship. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge Accounting

The Group may designate certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk or firm commitments

are accounted for as cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is effective in offsetting changes in fair values or cash flows of the hedged item.

Fair Value Hedge

Changes in the fair value of any derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the Statement of Comprehensive Income relating to the hedged item. Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash Flow Hedge

The effective portion of changes in the fair value of any derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line of the Statement of Comprehensive Income. Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the Statement of Comprehensive Income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Hedge accounting is discontinued when the Group revokes the hedging relationships, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash-on-hand and demand deposits, and other short-term highly-liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Non-Current Assets Held-For-Sale

A non-current asset is designated as held-for-sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use and the asset is available for immediate sale in its present condition and the sale is highly probable. A sale is considered highly probable if management is committed to a plan to sell the non-current asset, an active divestiture programme has been initiated, the non-current assets is marketed at a price reasonable to its fair value and the disposal is expected to be completed within one year from classification. Non-current assets held-for-sale are stated at lower of carrying value and fair value less cost to sell and are reviewed for impairment at each subsequent reporting date.

At the time of classification as held-for-sale, these assets are reviewed for impairment. The impairment charged to the income statement is the excess of the carrying value of the non-current asset and its expected net selling price (fair value less costs to sell). At each subsequent reporting date, the carrying values are reassessed for possible impairment. A reversal of impairment is recognised for any subsequent increase in net selling price but not in excess of the cumulative impairment loss already recognised. No depreciation is provided on non-current assets from the date they are classified as held-for-sale.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Pan African Resources Executive Committee. Management has determined the operating segments of the Group based on the

reports reviewed by the Executive Committee that are used to make strategic decisions. The Executive Committee considers the business principally according to the nature of the products and service provided, with the segment representing a strategic business unit. The reportable operating segments derive their revenue primarily from mining, extraction, production and selling of gold and PGMs.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the annual financial statements in terms of IFRS, the Group's management is required to make certain judgements, estimates and assumptions that may materially affect reported amounts of assets or liabilities at the date of the financial statements and the reported amounts of revenue or expense during the reported year and the related disclosures. The estimates and judgements are based on historical experience, current and expected future economic conditions and other factors. Actual results may differ from these estimates.

Critical Accounting Estimates and Judgements Made by Management

The following judgements, that have the most significant effect on the amounts recognised in the financial statements, have been made by management in the process of applying the Group's accounting policies:

- estimates made in determining the present obligation of environmental provisions including decommissioning and rehabilitation (this includes the scope and timing of work required, the related costs and the discount rate used);
- estimates made in determining the recoverable amount of assets, this includes the estimation of cash flows and the discount rates used (including future production levels, commodity price and costs);
- estimates made in determining the life of the mines;
- the Life of Mine is determined from development plans based on mine management's estimates and includes total mineral reserve and a portion of the mineral resource. These plans are updated from time to time and take into consideration the actual current cost of extraction, as well as certain forward projections. These projections are reviewed by the Board;
- estimates made of legal or constructive obligations resulting in the raising of provisions, and the expected date of probable outflow of economic benefits to assess whether the provision should be discounted;
- estimates of mineral resources and ore reserves in accordance with the SAMREC Code (2000) for South African properties. Such estimates relate to the category for the resource (measured, indicated or inferred), the quantum and the grade;
- estimates of the recoverability of goodwill and intangible assets;
- estimates of the fair value of assets at acquisition are made in accordance with IFRS and take into account the replacement value of assets; and
- estimates involved in feasibility studies related to exploration and growth projects and hence the recoverability of any related capital expenditure.

	Group		Company	
	£	£	**£**	£
	30 June 2012	30 June 2011	**30 June 2012**	30 June 2011
4. REVENUE				
Gold sales	**101,068,596**	79,208,399	**–**	–
Finance income	**652,267**	802,022	**551,154**	772,957
	101,720,863	80,010,421	**551,154**	772,957
5. COST OF PRODUCTION				
Salaries and wages	**(22,477,760)**	(20,926,658)	**–**	–
Mining	**(6,026,400)**	(6,364,329)	**–**	–
Processing	**(4,081,816)**	(4,757,202)	**–**	–
Engineering and technical services	**(4,070,486)**	(3,702,615)	**–**	–
Electricity	**(5,114,015)**	(4,445,681)	**–**	–
Security	**(2,393,207)**	(3,034,428)	**–**	–
Administration and Other	**(1,959,127)**	(2,114,504)	**–**	–
	(46,122,811)	(45,345,417)	**–**	–

6. SEGMENTAL ANALYSIS

A segment is a distinguishable component of the Group that is engaged in providing products or services in a particular business sector (business segment) which is subject to risk and rewards that are different to those of other segments. The Group's business activities were conducted through three business segments: Barberton Mines, the Group's corporate and exploration activities and Phoenix Platinum Mining. The Chief Executive Officer reviews the operations in accordance with the disclosures presented below:

	30 June 2012				30 June 2011			
	Barberton Mines	**Phoenix Platinum***	**Corporate and Growth Projects**	**Group**	Barberton Mines	Phoenix Platinum*	Corporate and Growth Projects	Group
	£	**£**	**£**	**£**	£	£	£	£
Revenue								
Gold sales***	**101,068,596**	**–**	**–**	**101,068,596**	79,208,399	–	–	79,208,399
Realisation costs	**(163,217)**	**–**	**–**	**(163,217)**	(157,763)	–	–	(157,763)
On-mine revenue	**100,905,379**	**–**	**–**	**100,905,379**	79,050,636	–	–	79,050,636
Cost of production	**(46,122,811)**	**–**	**–**	**(46,122,811)**	(45,345,417)	–	–	(45,345,417)
Depreciation	**(3,259,010)**	**–**	**–**	**(3,259,010)**	(2,885,243)	–	–	(2,885,243)
Mining profit	**51,523,558**	**–**	**–**	**51,523,558**	30,819,976	–	–	30,819,976
Other expenses**	**(1,484,792)**	**(59,957)**	**(4,371,478)**	**(5,916,227)**	(288,930)	(12,943)	(2,494,784)	(2,796,657)
Impairment costs	**(48,238)**	**–**	**–**	**(48,238)**	–	–	–	–
Royalty costs	**(3,848,450)**	**–**	**–**	**(3,848,450)**	(2,368,239)	–	–	(2,368,239)
Net income/(loss) before finance income and finance costs	**46,142,078**	**(59,957)**	**(4,371,478)**	**41,710,643**	28,162,807	(12,943)	(2,494,784)	25,655,080
Finance income	**96,202**	**4,911**	**551,154**	**652,267**	29,065	–	772,957	802,022
Finance costs	**(136,765)**	**–**	**–**	**(136,765)**	(40,128)	–	–	(40,128)
Profit/(loss) before taxation	**46,101,515**	**(55,046)**	**(3,820,324)**	**42,226,145**	28,151,744	(12,943)	(1,721,827)	26,416,974
Taxation	**(13,058,128)**	**73,617**	**–**	**(12,984,511)**	(9,251,933)	3,624	–	(9,248,309)
Profit/(loss) after taxation	**33,043,387**	**18,571**	**(3,820,324)**	**29,241,634**	18,899,811	(9,319)	(1,721,827)	17,168,665

	30 June 2012				30 June 2011			
	Barberton Mines	**Phoenix Platinum***	**Corporate and Growth Projects**	**Group**	Barberton Mines	Phoenix Platinum*	Corporate and Growth Projects	Group
	£	**£**	**£**	**£**	£	£	£	£
Other comprehensive income:								
Foreign currency translation differences	**(3,840,331)**	**550,605**	**(6,958,325)**	**(10,248,051)**	1,737,540	269,848	1,807,289	3,814,677
Total comprehensive income/(loss) for the year	**29,203,056**	**569,176**	**(10,778,649)**	**18,993,583**	20,637,351	260,529	85,462	20,983,342

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

** *Other expenses exclude inter-company management fees and dividends.*

*** *All gold sales were made in RSA and the majority of revenue generated was to a single customer.*

	30 June 2012				30 June 2011			
	Barberton Mines	**Phoenix Platinum***	**Corporate and Growth Projects**	**Group**	Barberton Mines	Phoenix Platinum*	Corporate and Growth Projects	Group
	£	**£**	**£**	**£**	£	£	£	£
Segmental Assets (Total assets excluding goodwill)	**48,864,455**	**19,617,673**	**38,206,637**	**106,688,765**	43,333,140	16,990,521	31,791,590	92,115,251
Segmental Liabilities	**23,552,791**	**275,378**	**1,235,655**	**25,063,824**	20,212,973	1,556,006	600,876	22,369,855
Goodwill	**–**	**–**	**–**	**21,000,714**	–	–	–	21,000,714
Net Assets (excluding goodwill)	**25,311,664**	**19,342,295**	**36,970,982**	**81,624,941**	23,120,167	15,434,515	31,190,714	69,745,396
Capital Expenditure	**10,739,237**	**6,672,468**	**13,202**	**17,424,906**	6,773,729	14,079,722	180,540	21,033,991

All assets are held within South Africa with the exception of £13.1 million (2011: £10.7 million) relating to Manica which is held in Mozambique.

7. OPERATING LEASES

At the financial year end, the Group and Company had outstanding commitments under non-cancellable operating leases mainly in respect of office equipment, security cameras, building rentals and compressors which fall due as follows:

	Group		Company	
	£	£	**£**	£
	30 June 2012	30 June 2011	**30 June 2012**	30 June 2011
Not later than one year	**125,066**	194,641	**99,221**	108,451
Later than one year and no later than five years	**211,447**	381,925	**192,256**	344,077
Later than five years	**–**	–	**–**	–
	336,513	576,566	**291,477**	452,528
Minimum lease payments under operating leases recognised as an expense in the year:	**135,073**	226,374	**87,684**	48,532

Leases are negotiated for an average term of three to five years. The current lease agreement increases by 8% annually.

	Group		Company	
	30 June 2012	30 June 2011	**30 June 2012**	30 June 2011
	£	£	**£**	£
8. OTHER (EXPENSES)/INCOME				
Dividends received – subsidiaries	**–**	–	**24,500,396**	21,650,960
Management fees	**–**	–	**1,486,277**	1,306,054
Foreign exchange gain/(loss)	**850,775**	(40,366)	**850,775**	(40,366)
Operating leases	**(135,073)**	(226,374)	**(87,684)**	(48,532)
Non-mining depreciation	**(57,617)**	(25,416)	**(46,985)**	(25,416)
Non-Executive Directors' fees	**(205,120)**	(156,328)	**(205,120)**	(243,445)
Executive Directors' fees	**(363,638)**	(684,585)	**(363,638)**	(684,585)
Equity settled share option expense	**(43,452)**	(107,056)	**(14,558)**	(38,066)
Auditor's fees	**(141,692)**	(119,549)	**(85,574)**	(72,999)
Salaries corporate office	**(1,301,623)**	(764,356)	**(1,301,623)**	(764,356)
Investor and public relations	**(229,683)**	(218,886)	**(229,683)**	(218,886)
New business	**(1,629,808)**	(266,969)	**(1,629,808)**	(266,969)
Cash settled share option expense	**(775,049)**	(68,414)	**(425,430)**	(26,919)
Legal fees	**(116,943)**	(186,074)	**(76,313)**	(60,368)
Community projects	**(1,183,416)**	(228,145)	**(9,378)**	(5,385)
Other net (expense)/income	**(583,888)**	295,861	**(716,942)**	11,153
	(5,916,227)	(2,796,657)	**21,644,712**	20,471,875
9. FINANCE INCOME/(COSTS)				
Interest received – Bank	**652,267**	802,022	**551,154**	772,957
Interest paid – Bank	**(136,765)**	(40,128)	**–**	–
	515,502	761,894	**551,154**	772,957
10. PROFIT BEFORE TAXATION				
Profit before taxation has been arrived at after charging:				
Management fee expense/(income)				
– Shanduka	**77,887**	81,761	**–**	–
– Barberton Mines	**–**	–	**(1,241,823)**	(1,306,054)
– Phoenix Platinum	**–**	–	**(244,453)**	–
Equity settled share option expense (refer to note 33)	**43,452**	107,056	**14,558**	38,066
Cash settled share options expense (refer to note 27)	**775,049**	68,414	**425,430**	26,919
Depreciation	**3,316,627**	2,885,243	**46,985**	25,416
Impairment costs	**48,238**	–	**–**	–
Staff costs	**23,779,383**	21,691,014	**1,301,623**	764,356
Royalty costs	**3,848,450**	2,368,239	**–**	–
Operating leases	**135,073**	226,374	**87,684**	48,532

	Group		Company	
	30 June 2012	30 June 2011	**30 June 2012**	30 June 2011
	£	£	**£**	£
11. AUDITOR'S REMUNERATION				
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	**12,077**	10,500	**12,077**	10,500
Audit of the consolidated financial statements	**58,824**	68,965	**58,824**	68,965
Audit of the Company's subsidiaries pursuant to legislation	**56,118**	46,551	**–**	–
Under/(over) provision of audit fee in the prior year	**8,496**	(7,817)	**8,496**	(7,817)
Total audit fees	**135,515**	118,199	**79,397**	71,648
Other services rendered by the auditors	**6,177**	1,351	**6,177**	1,351
Total non-audit fees	**6,177**	1,351	**6,177**	1,351

All fees are paid to Deloitte South Africa with the exception of £32,000 (2011: £28,624) which is paid to Deloitte LLP (UK).

	Group		Company	
	£	£	**£**	£
	30 June 2012	30 June 2011	**30 June 2012**	30 June 2011
12. STAFF COSTS				
The average number of employees were:				
Corporate and Growth Projects	**15**	11	**12**	10
Mining	**1,820**	1,757	**–**	–
	1,835	1,768	**12**	10
Their aggregate remuneration comprised:				
Salaries and wages	**22,302,552**	20,227,325	**1,253,599**	737,120
Other retirement costs (refer to note 30)	**1,476,831**	1,463,689	**48,024**	27,236
	23,779,383	21,691,014	**1,301,623**	764,356
13. TAXATION				
Income tax expense				
South African normal taxation				
– current year	**11,134,846**	8,151,100	**–**	–
– prior year	**–**	10,421	**–**	–
Deferred taxation				
– current year	**1,849,665**	1,086,788	**–**	–
Total taxation charge	**12,984,511**	9,248,309	**–**	–
Profit before taxation	**42,226,145**	26,416,974	**22,195,866**	21,244,832
Taxation at the South African taxation rate of 28%	**11,823,321**	7,396,753	**6,214,842**	5,948,553
Non-deductible expenses/(exempt income)	**12,167**	29,976	**(6,169,150)**	(5,917,782)
Taxation rate differential	**1,149,023**	1,821,580	**–**	–
Tax effect of utilisation of tax losses	**–**	–	**(45,692)**	(30,771)
Taxation expense for the year	**12,984,511**	9,248,309	**–**	–

	Group		Company	
	£	£	**£**	£
	30 June 2012	30 June 2011	**30 June 2012**	30 June 2011
Effective taxation rates	**%**	%	**%**	%
Statutory rate	**28.00**	28.00	**28.00**	28.00
Taxation rate differential	**2.72**	6.90	**–**	–
Non-deductible expenses/(exempt income)	**0.03**	0.11	**(27.79)**	(27.86)
Tax effect of utilisation of tax losses	**–**	–	**(0.21)**	(0.14)
Effective taxation rate	**30.75**	35.01	**0.00**	0.00

There are no significant unrecognised temporary differences associated with undistributed profits of subsidiaries. South African mining tax on mining income is determined according to a formula which takes into account the profit and revenue from mining operations. South African mining taxable income is determined after the deduction of all mining capital expenditure with the proviso that this cannot result in an assessed loss. Capital expenditure amounts not deducted are carried forward as unredeemed capital expenditure to be deducted from future mining income. The Group has £12.0 million unredeemed capital carried forward, deductible against future profits.

During the year under review South Africa's gold mining income tax formula was reduced upon the introduction of withholding tax on dividends that replaced the secondary tax on companies resulting in the effective tax rate of Barberton Mines decreasing to 29.1% (2011: 34.5%).

14. EARNINGS PER SHARE

Basic and Diluted Earnings Per Share

Basic and diluted earnings per share are based on the Group's profit for the year attributable to owners of the parent, divided by the weighted average number of shares in issue during the year.

	30 June 2012			30 June 2011		
	Net profit £	**Weighted average number of shares**	**Earnings per share (Pence)**	Net profit £	Weighted average number of shares	Earnings per share (Pence)
From continuing operations						
Basic EPS	**29,241,634**	**1,445,202,485**	**2.02**	17,168,665	1,432,666,738	1.20
Share options	**–**	**8,085,456**	**(0.01)**	–	6,157,835	(0.01)
Diluted EPS	**29,241,634**	**1,453,287,941**	**2.01**	17,168,665	1,438,824,573	1.19

Headline Earnings Per Share

Headline earnings per share is based on the Group's headline earnings divided by the weighted average number of shares in issue during the year.

Reconciliation between earnings and headline earnings from continuing operations:

	30 June 2012			30 June 2011		
	Net profit £	**Weighted average number of shares**	**Earnings per share (Pence)**	Net profit £	Weighted average number of shares	Earnings per share (Pence)
Earnings as reported	**29,241,634**	**1,445,202,485**	**2.02**	17,168,665	1,432,666,738	1.20
Adjustments:						
Impairment costs	**48,238**		**0.01**	–	1,432,666,738	0.00
Loss on disposal of property, plant and equipment	**17,922**		**0.00**	–	1,432,666,738	0.00
Headline earnings per share*	**29,307,794**	**1,445,202,485**	**2.03**	17,168,665	1,432,666,738	1.20
Share options	**–**	**8,085,456**	**(0.01)**	–	6,157,835	(0.01)
Diluted headline earnings per share	**29,307,794**	**1,453,287,941**	**2.02**	17,168,665	1,438,824,573	1.19

* *Headline earnings per share is required to be disclosed in terms of the Listing Requirements of the JSE Limited.*

	Group	
	(Pence) 30 June 2012	(Pence) 30 June 2011
Net asset value per share	**7.09**	6.28
Tangible net asset value per share*	**4.73**	3.85

* *(Total assets less goodwill, non-current assets held for sale, non-current liabilities and current liabilities).*

15. DIVIDENDS

The Board of Directors has recommended that no dividend be declared for the year ended 30 June 2012 (2011: final dividend of 0.5135p paid). This is due to the purchase of Evander Gold Mines (Pty) Limited which requires significant cash funding from Pan African Resources PLC (refer to note 36).

16. PROPERTY, PLANT AND EQUIPMENT AND MINERAL RIGHTS

	Land*	Mineral Rights and Mining Property	Building and Infra-structure	Plant and Machinery	Capital Under Construc-tion*****	Shafts and Explor-ation	Other	Total
	£	£	£	£	£	£	£	£
Group								
Cost								
Balance at 30 June 2010	**30,342**	**11,918,925**	**1,770,650**	**14,463,133**	**–**	**26,395,892**	**48,341**	**54,627,283**
Transfer from other intangible assets***	–	1,061,675	–	–	–	–	–	1,061,675
Additions	–	8,019,557	124,366	2,317,359	6,056,098	4,332,003	184,608	21,033,991
Foreign currency translation reserve	1,648	826,948	98,054	820,725	92,121	1,499,424	9,028	3,347,948
Balance at 30 June 2011	**31,990**	**21,827,105**	**1,993,070**	**17,601,217**	**6,148,219**	**32,227,319**	**241,977**	**80,070,897**
Transfer from other intangible assets***	–	120,885	–	–	–	–	–	120,885
Additions	170,041	814,845	263,455	2,544,706	9,938,461	3,603,515	89,883	17,424,906
Disposal	–	–	–	(18,876)	–	–	–	(18,876)
Impairment**	–	–	–	(48,238)	–	–	–	(48,238)
Foreign currency translation reserve	(13,332)	(4,208,205)	(317,765)	(2,813,744)	(1,433,315)	(5,105,568)	(41,454)	(13,933,383)
Re-classified as non-current assets held for sale	–	–	–	(742,089)	–	–	–	(742,089)
Balance at 30 June 2012	**188,699**	**18,554,630**	**1,938,760**	**16,522,976**	**14,653,365**	**30,725,266**	**290,406**	**82,874,102**
Accumulated Depreciation								
Balance at 30 June 2010	–	(2,859,008)	(815,807)	(4,951,978)	–	(8,486,981)	(18,499)	(17,132,273)
Charge for the year	–	(203,797)	(65,287)	(1,373,257)	–	(1,242,902)	(25,416)	(2,910,659)
Foreign currency translation reserve	–	(158,369)	(45,299)	(289,825)	–	(479,823)	(2,634)	(975,950)
Balance at 30 June 2011	**–**	**(3,221,174)**	**(926,393)**	**(6,615,060)**	**–**	**(10,209,706)**	**(46,549)**	**(21,018,882)**
Charge for the year****	–	(264,219)	(57,985)	(1,674,409)	–	(1,262,397)	(57,617)	(3,316,627)
Disposal	–	–	–	954	–	–	–	954
Reclassified as non-current assets held for sale	–	–	–	446,047	–	–	–	446,047
Foreign currency translation reserve	–	505,546	144,498	1,142,580	–	1,623,460	9,977	3,426,061
Balance at 30 June 2012	**–**	**(2,979,847)**	**(839,880)**	**(6,699,888)**	**–**	**(9,848,643)**	**(94,189)**	**(20,462,447)**

	Land*	Mineral Rights and Mining Property	Building and Infra-structure	Plant and Machinery	Capital Under Construc-tion*****	Shafts and Explor-ation	Other	Total
	£	£	£	£	£	£	£	£
Carrying amount								
At 30 June 2011	**31,990**	**18,605,931**	**1,066,677**	**10,986,157**	**6,148,219**	**22,017,613**	**195,428**	**59,052,015**
At 30 June 2012	**188,699**	**15,574,783**	**1,098,880**	**9,823,088**	**14,653,365**	**20,876,623**	**196,217**	**62,411,655**
Cost								
Balance at 30 June 2010	–	–	–	–		–	46,141	46,141
Additions	–	–	–	–		–	181,183	181,183
Foreign currency translation reserve	–	–	–	–	–	–	8,882	8,882
Balance at 30 June 2011	**–**	**–**	**–**	**–**		**–**	**236,206**	**236,206**
Additions	–	–	–	–		–	13,202	13,202
Transfer from other intangible assets***	–	–	–	–	–	–	–	–
Foreign currency translation reserve	–	–	–	–	–	–	(39,114)	(39,114)
Balance at 30 June 2012	**–**	**–**	**–**	**–**		**–**	**210,294**	**210,294**
Accumulated Depreciation								
Balance at 30 June 2010	**–**	**–**	**–**	**–**		**–**	**(18,499)**	**(18,499)**
Charge for the year	–	–	–	–		–	(25,416)	(25,416)
Foreign currency translation reserve	–	–	–	–	–	–	(2,634)	(2,634)
Balance at 30 June 2011	**–**	**–**	**–**	**–**		**–**	**(46,549)**	**(46,549)**
Charge for the year	–	–	–	–		–	(46,985)	(46,985)
Foreign currency translation reserve							9,449	9,449
Balance at 30 June 2012	**–**	**–**	**–**	**–**		**–**	**(84,085)**	**(84,085)**
Carrying amount								
At 30 June 2011	**–**	**–**	**–**	**–**	**–**	**–**	**189,657**	**189,657**
At 30 June 2012	**–**	**–**	**–**	**–**	**–**	**–**	**126,209**	**126,209**

* *Details of land are maintained in a register held at the offices of Barberton Mines, which may be inspected by a member or their duly authorised agents. The Group reviews the residual values used for purposes of depreciation calculations annually.*

** *The final impairment of the Segalla Plant held at Barberton Mines, refer to note 35.*

*** *Reclassification of Phoenix exploration expenditures from exploration and evaluation assets to property, plant and equipment as per IFRS6 ('Exploration for and evaluation of mineral resources') due to technical feasibility and commercial viability of the project being demonstrated (refer to note 17).*

**** *The direct mining depreciation, excluding other depreciation, totals £3,259,010 (2011: £2,885,243) as reflected and disclosed in Statement of Comprehensive Income. The other depreciation which is not mining related of £57,617 (2011: £25,416) is now reflected in Other (expenses)/income in note 8.*

***** *Capital under construction refers to capital spent on the Phoenix and the Barberton treatment plants.*

17. OTHER INTANGIBLE ASSETS

		Group **£** **30 June 2012**
Exploration and evaluation assets		
Balance at 30 June 2010		**13,087,880**
Exploration expenditure		**800,619**
Transfer to property, plant and equipment and mineral rights	note 16	**(1,061,675)**
Foreign currency translation reserve		**1,387,602**
Balance at 30 June 2011		**14,214,426**
Exploration expenditure		**505,273**
Transfer to property, plant and equipment and mineral rights	note 16	**(120,885)**
Foreign currency translation reserve		**(1,711,403)**
Transfer to assets held for sale*	note 35	**(12,887,411)**
Balance at 30 June 2012		**–**

* *The exploration and evaluation assets transferred to non-current assets held for sale relate to the Manica Project in Mozambique.*

	Group		Company	
	£ **30 June 2012**	£ 30 June 2011	**£** **30 June 2012**	£ 30 June 2011

18. GOODWILL

Goodwill acquired in a business combination is allocated at acquisition to the cash generating units that are expected to benefit from that business combination.

Goodwill	**21,000,714**	21,000,714	**–**	–

The Group tests the goodwill carrying amount annually for impairment or more frequently if there are indications that goodwill may be impaired. The goodwill carrying amount is not considered to be impaired and the review was performed in accordance with the Group's accounting policies.

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates the discount rate using post-tax rate of 11.88% (2011: 12.10%) for Barberton Mines which reflects current market assessments of the time value of money and the risks specific to the CGUs to the extent not already reflected in the cash flows being discounted, an average gold price of US$1,492 and an exchange rate of ZAR8.34 to the Dollar over the life of projects. The life of project was estimated at 17 years for Barberton Mine. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

19. INVESTMENTS

	Company **£** **30 June 2012**	£ 30 June 2011
Investments	**50,101,244**	53,259,921

At 30 June 2012 the Company held the following shares in subsidiary undertakings:

Name of undertaking	Country of incorporation	Principal activity	Proportion of capital effectively held by Company	Carrying amount 2012	Carrying amount 2011
Barberton Mines (Pty) Limited	South Africa	Gold Mining	100%	**45,770,663**	45,770,663
Explorator Limitada*	Mozambique	Exploration	100%	**–**	88,972
Mistral Resource Development Corporation*	British Virgin Isles	Exploration	100%	**–**	584,705
Brampton Capital Overseas Limited*	British Virgin Isles	Exploration	100%	**–**	2,485,000
Phoenix Platinum Mining (Pty) Limited	South Africa	Platinum Mining	100%	**4,330,581**	4,330,581
Emerald Panther Investments 91 (Pty) Limited**	South Africa	Shelf Company	100%	**–**	–
				50,101,244	53,259,921

* *Transferred to non-current assets held for sale during the financial year under review.*

** *Emerald Panther Investments 91 (Pty) Limited is a shelf company acquired to facilitate the acquisition of Evander Gold Mines Limited from Harmony (refer to note 36).*

	Group		Company	
	£	£	**£**	£
	30 June 2012	30 June 2011	**30 June 2012**	30 June 2011
20. REHABILITATION TRUST FUND				
Funds held in trust fund (refer to note 26)	**2,662,934**	3,013,385	**–**	–
21. INVENTORIES				
Consumable stores	**1,964,622**	1,555,693	**–**	–
Mineral stocks	**9,116**	–	**–**	–
Provision for obsolete stock	**(105,003)**	(98,491)	**–**	–
	1,868,735	1,457,202	**–**	–
22. TRADE AND OTHER RECEIVABLES				
Trade receivables	**4,176,485**	1,880,730	**17,977**	49,400
Other receivables and prepayments	**249,253**	624,948	**54,463**	71,600
VAT receivable	**853,530**	1,748,723	**–**	–
Deposit*	**1,548,779**	–	**1,548,779**	–
	6,828,047	4,254,401	**1,621,219**	121,000

* *The deposit relates to a non-refundable amount paid to Harmony as a 'break fee' with regards to the Evander Gold Mines (Pty) Limited acquisition (refer to note 36). This payment will be deducted off the purchase price payable on completion as per the acquisition agreement.*

The average credit period is:				
Number of days	**15**	9		

The ageing of trade receivables is current and is consistent with that of the prior year. No balances are past due or impaired.

No interest is charged on trade receivables.

Before accepting any new customers, the Group uses a credit bureau or performs a credit assessment to assess the potential customer's credit limit and credit quality. The Group only transacts with credit worthy customers and large institutions within South Africa.

The fair value of trade receivables is not materially different from the carrying value presented. No receivables have been pledged as security.

23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

	Group		Company	
	£	£	**£**	£
	30 June 2012	30 June 2011	**30 June 2012**	30 June 2011
Cash and cash equivalents	**19,782,179**	10,123,822	**17,812,893**	11,546,466
Credit facilities				
The Group has the following credit facilities at 30 June 2012:				
Nedbank Limited revolving credit facility*	**11,615,841**	13,712,029	**–**	–
Absa Bank Limited overdraft facility	**1,587,498**	1,828,271	**77,439**	–
Guarantee**	**1,143,979**	619,112	**–**	–
Credit card	**38,719**	9,141	**–**	–
US$ trading facility***	**7,356,700**	–	**–**	–
	21,742,737	16,168,553	**77,439**	–

* *The Group has secured a three-year revolving credit facility with Nedbank Limited. The facility carries an interest rate of JIBAR plus 3% and is secured against a portion of Barberton Mines' fixed assets and guaranteed by Pan African Resources and Phoenix Platinum. The overdraft facility and asset finance facilities are unsecured. The overdraft facility attracts interest at prime in South Africa. The Group has not yet utilised the facilities as it has sufficient cash on hand.*

** *The guarantees relate to £298,345 for Eskom, and £226,122 for the DMR.*

*** *The US$ trading facility relates to facilities held by Barberton Mines for the purposes of trading US$ on US$ gold sales.*

24. SHARE CAPITAL

Authorised

2,000,000,000 (2010: 2,000,000,000) ordinary shares of £0.01 each	**20,000,000**	20,000,000	**20,000,000**	20,000,000
Issued and fully paid up 1,448,262,361 (2011: 1,444,040,711) ordinary shares of £0.01 each	**14,482,623**	14,440,406	**14,482,623**	14,440,406

During the period under review the Company announced the issue and allotment of 4,221,650 new ordinary shares in respect of share options exercised:

- On 28 October 2011 200,000 shares issued to F Chadwick at 7 pence per share.
- On 24 November 2011 723,650 shares issued to D Negri at 6 pence per share.
- On 3 April 2012 500,000 shares issued to N Spruijt at 7 pence per share.
- On 27 April 2012 450,000 shares issued to C Strydom at 7 pence per share.
- On 27 April 2012 850,000 shares issued to C Strydom at 5 pence per share.
- On 27 April 2012 288,000 shares issued to P Human at 7 pence per share.
- On 27 April 2012 850,000 shares issued to P Human at 5 pence per share.
- On 27 April 2012 360,000 shares issued to R Le Roux at 7 pence per share.
- Current number of share options outstanding at 30 June 2012 is 14,282,100 (2011: 18,503,750).

	Group		Company	
	£	£	**£**	£
	30 June 2012	30 June 2011	**30 June 2012**	30 June 2011
25. TRADE AND OTHER PAYABLES				
Trade and other payables	**3,140,458**	6,264,168	**166,869**	273,730
Accruals	**4,532,185**	1,868,026	**681,689**	233,061
VAT payable	**37,086**	61,556	**38,011**	61,556
Total trade and other payables	**7,709,729**	8,193,750	**886,569**	568,347
The average credit period is:				
Number of days	**25**	50		
The fair value of trade payables is not materially different from the carrying value presented.				

26. PROVISIONS

	Group		Company	
	Decomissioning and rehabilitation £	Total £	Decomissioning and rehabilitation £	Total £
Balance at 30 June 2010	**3,222,780**	**3,222,780**	**–**	**–**
Provided during the year	–	–	–	–
Utilised during the year	(11,214)	(11,214)	–	–
Foreign currency translation	175,025	175,025	–	–
Balance at 30 June 2011	**3,386,591**	**3,386,591**	**–**	**–**
Provided during the year	115,970	115,970	–	–
Utilised during the year	–	–	–	–
Foreign currency translation	(458,607)	(458,607)	–	–
Balance at 30 June 2012	**3,043,954**	**3,043,954**	**–**	**–**
Balance at 30 June 2011				
Long-term provisions	3,386,591	3,386,591	–	–
	3,386,591	3,386,591	–	–
Balance at 30 June 2012				
Long-term provisions	3,043,954	3,043,954	–	–
	3,043,954	**3,043,954**	**–**	**–**

Rehabilitation provision

The provision includes the estimate of the costs of decommissioning and the cost of environmental and other remedial work such as reclamation costs, close down and restoration and pollution control are made on an annual basis, based on the estimated life of the mine, following which payments are made to a rehabilitation trust set up as required by South African Laws and Regulations. The provision represents the net present value of the best estimate of the expenditure required to settle the obligation to decommission and rehabilitate environmental disturbances caused by mining operations. These costs are expected to be incurred over the 17-year Life of Mine.

	Group		Company	
	£	£	**£**	£
	30 June 2012	30 June 2011	**30 June 2012**	30 June 2011
27. LONG-TERM LIABILITIES				
Cash settled share appreciation arrangement*				
Opening balance	**69,456**	–	**27,329**	–
Expense for the year	**775,049**	68,414	**425,430**	26,919
Foreign currency translation	**(46,992)**	1,042	**(23,194)**	410
Closing balance	**797,513**	69,456	**429,565**	27,329
Post-retirement benefits				
Opening balance	**111,829**	115,418	**–**	–
Utilised for the year	**(24,586)**	(9,710)	**–**	–
Foreign currency translation	**(15,875)**	6,121	**–**	–
Closing balance	**71,368**	111,829	**–**	–
Total	**868,881**	181,285	**429,565**	27,329

* *On 9 May 2011, PAR established a cash settled share appreciation programme entitling selected executives and employees of the PAR Group, as approved by the Board of Directors of PAR, to be allocated notional shares in PAR. These notional shares will confer the conditional right on the participant to be paid a cash settlement equal to the appreciation in the PAR share price from the date of allocation to the date of surrender or deemed surrender of notional shares. Participation in the share appreciation programme is subject to the agreement of a selected participant and acceptance by said participant of the rules and regulations governing the share appreciation programme.*

The share appreciation settlement will be determined no later than the sixth anniversary of the date that the notional shares were allocated. However, the participant can elect, subject to approval by the PAR Remuneration Committee ("Remco"), to surrender his/her notional shares and receive the share appreciation settlement at a date prior to the sixth anniversary date.

The share appreciation settlement will be regarded as remuneration for income tax purposes and thus will be subject to the deduction of PAYE and all other taxes and contributions via the payroll of the relevant PAR Group Company, which are for the account of the participant.

No share appreciation settlement shall be made until after the period, calculated from the date the notional shares were allocated, of:

- two years has elapsed, in which event not more than 25% of the total number of notional shares allocated;
- three years has elapsed, in which event not more than 50% of the total number of notional shares allocated;
- four years has elapsed, in which event all of the notional shares allocated; or
- any lesser amount of notional shares, may be surrendered. Notional shares which a participant is entitled to surrender are referred to as "surrenderable notional shares".

Remuneration Committee may, by resolution, cause any of these dates to be anticipated or, with the consent of the participant concerned, postponed to such extent as it may determine.

The participant is entitled, within a period of 60 days after the date of resignation, to surrender all his/her surrenderable notional shares and request the payment of the share appreciation bonus in respect thereof. If the participant is subject to retirement (including early retirement approved by the Company after the age of 55 in terms of Company policy), retrenchment, death or permanent disability, the participant or the participant's estate is entitled, within a period of six months after the termination date, to surrender all his/her surrenderable notional shares and request the payment of the share appreciation settlement in respect thereof.

Details of the notional shares outstanding during the year, in relation to this scheme, are as follows:

PAR cash settled share appreciation arrangements

	30 June 2012		30 June 2011	
	Weighted average exercise price (Rands)	**Number of options**	Weighted average exercise price (Rands)	Number of options
Outstanding at the beginning of the year	**1.15**	**33,669,103**	–	–
Granted during the year	**–**	**–**	1.15	33,669,103
Exercised during the year	**–**	**–**	–	–
Forfeited in the year	**1.15**	**(1,806,000)**	–	–
Outstanding and exercisable at the end of the year	**1.15**	**31,863,103**	1.15	33,669,103

Cash settled share appreciation arrangements have to be valued annually at fair value.

These fair values were calculated using the Binomial pricing model. The inputs in the model were as follows:

	30 June 2012	30 June 2011
Weighted average share price	**R1.96**	R1.12
Weighted average exercise/strike price	**R1.15**	R1.15
Expected volatility	**50.00%**	70.33%
Expected life	**3 – 4 years**	4 – 5 years
Risk-free rate	**5.83 – 6.14%**	7.56 – 7.84%
Expected dividend yield	**4.00%**	4.00%

The Group recognised total expenses of £775,049 (2010: £68,414) relating to cash-settled share appreciation arrangement payment transactions during the reporting period.

Vesting Schedule

Description	**Grant date**	**Vesting period (years)**	**Vesting period (days)**	**Vesting date**	**Valuation (Rand)**	**Options granted**	**Options expected to vest**
Tranche 1	9 May 2011	2	731	9 May 2013	0.97	7,965,776	7,189,113
Tranche 2	9 May 2011	3	1,096	9 May 2014	0.99	7,965,776	6,829,657
Tranche 3	9 May 2011	4	1,461	9 May 2015	1.01	15,931,551	12,976,348
Total						**31,863,103**	**26,995,118**

Participation in share-based and other long-term incentive schemes is restricted to employees and Directors.

	Notes	Group £ 30 June 2012	Group £ 30 June 2011	Company £ 30 June 2012	Company £ 30 June 2011
28. DEFERRED TAXATION					
Deferred tax liabilities					
Property, plant and equipment		**10,841,728**	10,469,324	**–**	–
Provisions		**(673,643)**	(623,950)	**–**	–
Other		**(79,555)**	(3,679)	**–**	–
Net deferred tax liabilities		**10,088,530**	9,841,695	**–**	–
Reconciliation of deferred tax liabilities:					
Net deferred liabilities at the beginning of the year		**9,841,695**	8,092,332	**–**	–
Deferred tax charge for the year	13	**1,849,665**	1,086,788	**–**	–
Translation difference		**(1,602,830)**	662,575	**–**	–
Net deferred liabilities at the end of the year		**10,088,530**	9,841,695	**–**	–

Deferred tax assets not recognised for PAR Company amounted to £169,980 (2011: £234,620).

Assessed loss carried forward for PAR Company amounted to £607,071 (2011: £837,929).

29. FINANCIAL INSTRUMENTS

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from the prior year.

	Group £ 30 June 2012	Group £ 30 June 2011	Company £ 30 June 2012	Company £ 30 June 2011
Components of capital:				
Cash and cash equivalents	**(19,782,179)**	(10,123,822)	**(17,812,893)**	(11,546,466)
Net interest-bearing assets	**(19,782,179)**	(10,123,822)	**(17,812,893)**	(11,546,466)
Equity	**102,625,655**	90,746,110	**99,707,934**	91,668,252
Net debt to equity ratio (%)	**(19.28)**	(11.00)	**(17.87)**	(13.00)
Categories of financial instruments:				
Financial assets:				
Cash and cash equivalents	**19,782,179**	10,123,822	**17,812,893**	11,546,466
Receivables	**4,176,485**	1,880,730	**17,977**	49,400
Financial liabilities:				
Trade and other payables	**7,672,643**	8,132,194	**849,483**	506,791

Financial risk management objectives

The Group seeks to minimise the effects of financial risks by using derivative financial instruments to hedge risk exposures where appropriate. The use of financial derivatives is governed by the Group's policies, approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with the policies and exposure limits is reviewed on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative use.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Statement of Financial Position are net of allowances for doubtful receivables of £16,763 (2011: £4,879) relating to other receivables, estimated by the Group's management based on the current economic environment. The credit risk on liquid funds is limited because the counterparties are dealt with in accordance with the Group's credit policy.

The Group has one major customer that represents more than 5% of the trade receivables balance for the individual companies.

	30 June 2012	30 June 2011
Customers above 5%	**2,570,181**	1,831,330

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and the gold price. Where appropriate, the Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk and the commodity price risk. Market risk exposures are measured using sensitivity analysis.

Foreign currency risk

The Group undertakes certain transactions in foreign currencies. Hence, exposures to exchange rate fluctuation arise. Exchange rate exposures are managed within approved policy parameters.

Commodity price risk

The Group may enter into forward contracts to hedge their exposure to fluctuations in gold prices and exchange rates on specific transactions. The contracts are matched with anticipated future cash flows from gold sales.

Interest rate and liquidity risk

Fluctuations in the interest rates impact on short-term investment and financing activities, giving rise to interest rate risk. In the ordinary course of business, the Group receives cash proceeds from its operations and is required to fund working capital and capital expenditure requirements. Cash is managed to ensure that surplus funds are invested to maximise returns, whilst ensuring that capital is safeguarded to the maximum extent by only investing with reputable financial institutions. Contractual arrangements for committed borrowing facilities are maintained to meet the Group's normal and contingent funding needs.

Currency and commodity price risk

Currency and gold price	Closing rate at 30 June 2012	Average rate for the year ended 30 June 2012
Pound Sterling/Rand	**12.91**	**12.27**
Gold price	**$1,599**	**$1,694**

	Impact of 10% currency or gold price movement on profit
Foreign currency/gold price sensitivity	**£**
2012	**6,411,352**
2011	**5,341,923**

The Pound Sterling carrying amount of the Group's foreign currency denominated monetary assets and liabilities at Statement of Financial Position date is as follows:

	South African Rands	Impact of 10% currency movement on translation reserve
2012		
Assets	**28,478,961**	**25,889,965**
Liabilities	**11,062,459**	**10,056,781**
2011		
Assets	15,835,425	14,395,841
Liabilities	8,193,750	7,448,864

Commodity hedges

The Group did not undertake any hedging in the current or prior year.

Interest rate risk

The Group is exposed to interest rate risk as entities within the Group borrow and invest funds at both fixed and floating interest rates.

Interest rate sensitivity

Based on the low level of interest-bearing balances on the Statement of Financial Position, an interest rate sensitivity is not performed as the interest rate exposure to the Group is minimal.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors which has built an appropriate liquidity risk management framework for the management of the Group's short-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowings facilities by continually monitoring forecasts and actual cash flows and matching maturity profiles of financial assets and liabilities.

The Group has access to financing facilities at its mining operations, of which the total unutilised portion is currently £11,615,841 (2011: £13,998,153). The Group expects to meets its other obligations from operating cash flows and proceeds of maturing financial assets.

The following table indicates the Group's remaining contractual maturity from its financial liabilities on an undiscounted basis:

	Weighted average interest rate	Less than 12 months	1 – 5 years	Total
Group				**£**
2012				
Trade and other payables	**0%**	**7,672,643**	**–**	**7,672,643**
2011				
Trade and other payables	0%	8,132,194	–	8,132,194
Company				
2012				
Trade and other payables	**0%**	**849,483**	**–**	**849,483**
2011				
Trade and other payables	0%	506,791	–	506,791

Fair value of financial instruments

The Directors consider that the carrying amounts of financial assets and liabilities recorded approximate their fair values.

30. POST-RETIREMENT BENEFIT INFORMATION

All employees are required to be members of either the Barberton Retirement Fund, Sentinel Retirement Fund, Mineworkers Provident Fund or the Shanduka Group Provident Fund. These are defined contribution funds and are registered under and governed by the South African Pension Act, 1956 as amended. The assets of the scheme are held separately from those of the Group in funds and they are in the control of the trustees. The total costs charged to the Statement of Comprehensive Income of £1,476,831 (2011: £1,463,689) represent employer contributions payable to the schemes by the Group at rates specified in the rules of the scheme. The calculation of the provision for post-retirement medical benefits is performed internally by management using the South African Revenue Service's life expectancy tables as the benefits payable are a fixed amount per pensioner.

31. COMMITMENTS, CONTINGENT LIABILITIES AND GUARANTEES

Group

Commitments

The Group had outstanding open orders contracted for at year end of £12,305,025 (2011: £3,671,395).

Authorised commitments for the new financial year not yet contracted for totalled £30,197,687 (2011: £9,641,460).

Contingent liabilities

The Group had no contingent liability in the current financial year or prior year.

Guarantees

The Group had guarantees of £11,615,841 in favour of Nedbank Limited (2011: 13,712,029) and £298,345 (2011: £352,185) in favour of Eskom, and £226,122 (2011: £266,927) in favour of the Department of Mineral Resources at year-end.

Company

There were no commitments, contingent liabilities and guarantees for the Company for the year ended 30 June 2012 (2011: £nil).

32. DIRECTORS' EMOLUMENTS

The key management personnel for which remuneration has been disclosed are the Directors:

	30 June 2012	30 June 2011
	£	£
Executive Directors		
Emoluments	**363,638**	311,592
Share options exercised	**–**	372,993
Total	**363,638**	684,585
Non-Executive Directors		
Emoluments	**205,120**	156,328
Total	**205,120**	156,328
Total remuneration	**568,758**	840,913

Individual	**Share options exercised** **£**	**Cost to Company** **£**	**Bonuses** **£**	**Total 2012** **£**	Total 2011 £
Executive					
Mr JP Nelson	–	216,767	45,988	**262,755**	597,468
Mr JAJ Loots*^	–	39,091	–	**39,091**	87,117
Miss YB Sitole#	–	61,792	–	**61,792**	–
Total	–	317,650	45,988	**363,638**	684,585

Individual	Share options exercised £	Directors' fees £	Bonuses £	**Total 2012** **£**	Total 2011 £
Non-Executive					
Mr RG Still	–	46,102	–	**46,102**	38,235
Ms P Mahanyele*	–	36,545	–	**36,545**	–
Mr KC Spencer	–	76,041	–	**76,041**	43,559
Mr RM Smith*^^	–	–	–	**–**	26,135
Mr MC Ramaphosa*~	–	21,243	–	**21,243**	48,399
Mr JAJ Loots*^	–	19,448	–	**19,448**	–
Mrs HH Hickey**	–	5,741	–	**5,741**	–
Total	–	205,120	–	**205,120**	156,328

	30 June 2012 £	30 June 2011 £
Three highest paid Non-Directors (Cost to Company)		
R Holding	**235,972**	158,014
C Strydom	**219,540**	220,843
A van den Bergh	**158,356**	147,987

** Directors' fees accruing to these Directors are paid by the Company to Shanduka Group (Pty) Limited.*

^ Director resigned as Executive Director and was appointed as Non-Executive Director on 1 December 2011.

 # Director was appointed on 1 December 2011.

*** Director was appointed on 12 April 2012.*

^^ Director resigned on 20 July 2011.

~ Director resigned as the Non-Executive Chairman on 14 December 2011.

Non-Executive Directors

During the year under review, the Non-Executive Directors were Mr RG Still, Mr KC Spencer, Mr RM Smith, Mr MC Ramaphosa, Ms P Mahanyele, Mr JAJ Loots and Mrs HH Hickey.

No retirement fund contributions are currently made by the Company on behalf of Directors.

Non-Executive Directors are entitled to the following fees as approved annually by the Remuneration Committee for services rendered, based on their appointment to the respective Board sub-committees:

	30 June 2012 Chairperson £	30 June 2012 Member £	30 June 2011 Chairperson £	30 June 2011 Member £
Board of Directors' Chairperson	**39,834**	**–**	41,139	–
Board of Directors' Deputy Chairperson	**23,432**	**–**	24,199	–
Board of Directors	**–**	**18,277**	–	18,875
Remuneration Committee	**7,030**	**4,686**	7,260	4,840
Audit Committee	**7,030**	**4,686**	9,680	7,260
SHEC Committee	**7,030**	**4,686**	–	7,260
Nominations Committee	**7,030**	**4,686**	7,260	4,840

Equity-settled options

	Total options outstanding 1 July 2011	Grant date	Strike price (pence)	Options granted/ (exercised) during the period	Grant/ (exercise) date	Grant/ (exercise) price (pence)	Trans-ferred out	Total options 30 June 2012
Mr KC Spencer	3,000,000	21 July 2008	5.2	–		–	–	**3,000,000**
Mr J Hopwood*	1,000,000	21 July 2008	5.2	–		–	(1,000,000)	**–**
Total	4,000,000		5.2				(1,000,000)	**3,000,000**
Mr JP Nelson	6,000,000	21 July 2005	2.0	(6,000,000)	6 October 2010	(2.0)	–	**–**
Mr RG Still	4,000,000	9 August 2004	2.5	(4,000,000)	4 November 2010	(2.5)	–	**–**
Mr KC Spencer	3,000,000	21 July 2008	5.2	–		–	–	**3,000,000**
Mr J Hopwood*	1,000,000	21 July 2008	5.2	–		–	–	**1,000,000**
Total	14,000,000		–	(10,000,000)		–	–	**4,000,000**

** Mr J Hopwood was a Non-Executive Director who passed away on 18 March 2010. The Board of Directors approved that his share options be transferred to his spouse.*

Directors' interest in shares

As at 30 June 2012 the interests of Directors in the issued share capital of the Company were as follows:

Mr JP Nelson: 1,122,442 ordinary shares (2011: 1,122,422).

Mr JAJ Loots: 65,000 ordinary shares (2011: 65,000).

Mr RG Still: 2,000,000 ordinary shares (2011: 2,000,000). In addition, as a Director of Pangea Exploration (Pty) Limited ('Pangea') and a trustee of a family trust 'The Alexandra Trust' which owns 33.33% of Pangea, Mr RG Still is deemed to have an indirect, non-beneficial interest in the 1,793,796 ordinary shares (2011: 41,824,408) held by Pangea and the 12,430,900 ordinary shares (2011: Nil) held by the Alexandra Trust.

No trading was undertaken by any of the Directors between financial year end and the date of approval of the annual financial statements.

Cash settled options

	Total options outstanding 1 July 2011	Grant date	Strike price (pence)	Options granted/ (exercised) during the period	Grant/ (exercise) date	Grant/ (exercise) price (pence)	**Total options 30 June 2012**
Mr JP Nelson*	5,805,000	9 May 2011	0.11	–		–	**5,805,000**
Mr RA Holding**	5,127,134	9 May 2011	0.11	–		–	**5,127,134**
Mr C Strydom**	4,650,000	9 May 2011	0.11	–		–	**4,650,000**
Mr A van den Bergh**	3,625,177	9 May 2011	0.11	–		–	**3,625,177**
	19,207,311		0.11				**19,207,311**

* *Executive Director*

** *Highest paid Non-Directors*

33 EQUITY-SETTLED SHARE OPTIONS

On 1 September 2005, the Company established a share option programme relating to equity-settled share options entitling specific employees, officers, Directors and qualifying consultants, as approved by the Board of Directors of the Company and its subsidiaries, to purchase shares in the Company. The share option exercise price is determined using the closing price at which shares are traded on the JSE or AIM (as determined by the Board of Directors), on the trading date immediately preceding the date upon which the Board authorised the grant of the opportunity to acquire the relevant share options, as the case may be, to a participant. Pursuant to resolutions of the Board passed in accordance with the rules of the share option programme, share options may be released from the share option programme to participants, share options may be exercised by participants and allocation shares may be delivered to participants as follows for allocations prior to 21 July 2008:

(i) 33.33% of the total number of shares allocated after one year has elapsed from the grant date by the participant of the grant;

(ii) up to 66.67% of the total number of shares allocated after two years have elapsed from the grant date by the participant of the grant;

(iii) the balance of the shares allocated after three years have elapsed from the grant date by the participant of the grant;

and for allocations subsequent to 21 July 2008 as follows:

(i) 25% of the total number of shares allocated after one year has elapsed from the grant date by the participant of the grant;

(ii) up to 50% of the total number of shares allocated after two years have elapsed from the grant date by the participant of the grant;

(iii) up to 75% of the total number of shares allocated after three years have elapsed from the grant date by the participant of the grant; and

(iv) the balance of the shares after four years have elapsed from the grant date by the participant of the grant, provided that the Board may, at its discretion, anticipate or postpone such dates.

An option holder may not exercise a share option under the share option programme by later than the end of the year preceding the 10th anniversary of the grant date. Upon death of an option holder, the estate would be entitled to exercise the options vested to date within 12 months of the date of death, if the options are not exercised the total available share options would lapse. The Directors have the discretion to approve the vesting of the deceased total number of unvested share options.

The number of vested share options to which an option holder is entitled to expires after a period of six months due to retirement, redundancy or disability of the option holder.

The exercise price of the share options is converted to £ at a £:ZAR closing exchange rate of 12.91. The number and weighted average exercise price of share options are as follows:

	30 June 2012		30 June 2011	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
Outstanding at 1 July	**5.2p**	**18,503,750**	4.8p	55,145,000
Granted during the year	**–**	**–**	–	–
Exercised during the year	**6.3p**	**(4,221,650)**	4.5p	(34,500,000)
Forfeited during the year	**–**	**–**	6.2p	(2,141,250)
Outstanding 30 June 2012	**6.4p**	**14,282,100**	5.2p	18,503,750
	30 June 2012		30 June 2011	
	Vested	**Unvested**	Vested	Unvested
Total number share options at year end	**10,112,100**	**4,170,000**	11,013,750	7,490,000

The fair value of services received for share options granted is based on the fair value of share options granted, measured using for all issues prior to 20 March 2010 a Black Scholes model and a variant of the Binomial model for issues on 20 March 2010, with the following inputs:

	30 June 2010
Share price	R0.68
Exercise price	R0.68
Expected volatility	58.61%
Expected life	3 – 6 years
Risk-free interest rate	8.15%

A Company dividend rate has not yet been determined and therefore is not taken into account in option fair value calculations. 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 annualised standard deviations of daily continuously compounded returns on the Company's stock, calculated over one to four 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 Group recognised total expenses of £43,452 (2011: £107,056) related to equity-settled share-based payment transactions during the reporting period.

Participation in share-based and other long-term incentive schemes is restricted to employees and Directors.

34. RELATED PARTY TRANSACTIONS

The Group entered into the following transactions and held year end balances with related parties:

	Statement of comprehensive income		Statement of financial position	
	£	£	**£**	£
	30 June 2012	30 June 2011	**30 June 2012**	30 June 2011
Dividends received*	**24,500,396**	21,650,960	**–**	–
Fee received from Barberton Mines*	**(1,241,823)**	(1,306,054)	**–**	–
Admin fee received from Phoenix Platinum*	**(244,453)**	(211,078)	**–**	–
Fee paid to Metorex	**–**	–	**–**	–
Fee paid to Shanduka	**(77,887)**	(81,761)	**–**	–
Directors' fees paid to Shanduka	**(116,328)**	(161,651)	**–**	–
	22,819,905	19,890,416	**–**	–
Loans to subsidiaries				
Explorator Limitada*^	**–**	–	**–**	11,224,272
Phoenix Platinum*	**–**	–	**19,505,668**	15,922,612
Mistral Resources*^	**–**	–	**–**	–
	–	–	**19,505,668**	27,146,884
Payable to another Group Company				
Barberton Mines*	**–**	–	**1,298,235**	–
	–	–	**1,298,235**	–
Payable to other related parties				
Fee payable to Shanduka**	**–**	–	**28,058**	93,543
	–	–	**28,058**	93,543

* *These related party transactions related to Pan African and eliminate on consolidation.*

^ *Transferred to non-current assets held for sale (refer to note 35).*

** *Included in trade and other payables.*

All of the related party transactions are at arm's length.

35. NON-CURRENT ASSETS HELD FOR SALE

The carrying value of non-current assets held for sale previously classified under other intangible assets (Group) or investments (Company) on 30 June 2012 are as follows:

Asset name	Country of incorporation	Principal activity	Proportion of capital effectively held by Company	Group (£) 30 June 2012	Company (£) 30 June 2012	Group (£) 30 June 2011	Company (£) 30 June 2011
Explorator Limitada*	Mozambique	Exploration	100%	**12,887,411**	**9,996,393**	–	–
– Transferred from Intangibles*	Mozambique	Exploration	100%	**12,887,411**	**–**	–	–
– Transferred from inter-company loan account*	Mozambique	Exploration	100%	**–**	**9,996,393**	–	–
Explorator Limitada – transferred from investments*	Mozambique	Exploration	100%	**–**	**88,972**	–	–
Mistral Resource Development Corporation – transferred from investments*	British Virgin Isles	Exploration	100%	**–**	**584,705**	–	–
Brampton Capital Overseas Limited – transferred from investments*	British Virgin Isles	Exploration	100%	**–**	**2,485,000**	–	–
Barberton Mines – Segalla Plant **	South Africa	Processing	100%	**247,804**	**–**	–	–
				13,135,215	**13,155,070**	–	–

* *As outlined in note 36, Pan African has agreed to sell, free of encumbrances, its wholly-owned subsidiary, Mistral's shareholdings to Auroch for a AU$2,000,000 cash consideration and 25,000,000 consideration shares in Terranova, with an option to receive additional Deferred Cash Consideration (if payable) and Deferred Consideration Shares (if to be issued), the details of which are set out below. The disposal of our Manica exploration project (which is accounted for within the corporate and growth segment) allows us to remain focused on our strategy of the development and growth of our South African based operating assets.*

Should at any time during the period of four years, from the date of the completion of the transaction, any of the deferred consideration milestones be achieved, then Auroch will pay Pan African the following deferred cash consideration payments upon achievement of each of the milestones as set out below:

- AU$1,000,000 upon achievement of the 400 koz Milestone 1;
- AU$1,000,000 upon achievement of the 1,000 koz Milestone 2;
- AU$1,000,000 upon achievement of a Bankable Feasibility Study Milestone; and
- AU$1,000,000 upon achievement of a Capacity Milestone;

collectively, the Deferred Cash Consideration.

In addition, Auroch will issue to Pan African the deferred consideration shares upon the achievement of certain milestones as set out below:

- 20,066,667 shares to be issued upon achievement of the 400 koz Milestone 1;
- 20,066,667 shares to be issued upon achievement of the 1,000 koz Milestone 2;
- 24,366,667 shares to be issued upon achievement of the Bankable Feasibility Study Milestone or at Auroch's election, payment of AU$7,310,000 in cash; and
- 7,166,667 shares to be issued upon achievement of the Capacity Milestone or at Auroch's election, payment of AU$2,150,000 in cash collectively the Deferred Consideration Shares.

Milestone 1 – 400 koz Milestone means delineation of at least 400,000 oz of JORC Inferred Gold Resource of oxide ore with a cut-off grade of 1.25 g/t being defined on the northern and/or southern shear zones of the Mining Concession (including the existing 90,000 oz of JORC Inferred Gold Resource of oxide ore at a cut-off grade of 1.25 g/t that has already been delineated on the Mining Concession).

Milestone 2 – 1,000 koz Milestone means delineation of at least 1,000,000 oz of a Joint Ore Reserves Committee Code ("JORC") Inferred Gold Resource of oxide ore with a cut-off grade of 1.25 g/t being defined on the northern and/or southern shear zones of the Mining Concession (including the existing 90,000 oz of JORC Inferred Gold Resource of oxide ore at a cut-off grade of 1.25 g/t that has already been delineated on the Mining Concession and any ounces of JORC Inferred Gold Resource of oxide ore that satisfied the 400 koz Milestone).

*** Segalla Plant.*

The decision was taken to sell the Segalla Plant which forms part of the Barberton Mines' segment, during the financial year under review. An offer of £247,805 was received for the plant. The sale is expected to be completed within 12 months.

	30 June 2012 (£)
Cost	**742,089**
Accumulated depreciation	**(446,047)**
Impairment	**(48,238)**
Net book value	**247,804**

36. EVENTS AFTER THE REPORTING PERIOD

Acquisition of Evander Gold Mines Limited from Harmony

Readers are referred to the detailed description of the transaction in the CEO's report.

On 17 August 2012 Pan African issued an update on the Evander Gold Mines acquisition status. Pan African announced that 57% of the shareholders had committed to vote in favour of the transaction and that it had secured £54.2 million (ZAR700 million) through rights offer commitments.

Pan African has made a further payment of £2.5 million (ZAR30 million) to Harmony in respect of the second tranche of the Break Fee in terms of the Agreement. Therefore the full Break Fee, being an amount of £4.1 million (ZAR50 million), has been paid by Pan African to Harmony. Pan African and Harmony have furthermore agreed that the Break Fee shall be set off against the £77.5 million (ZAR1 billion) deposit. The balance of the deposit (if it becomes payable, at Harmony's election) shall therefore constitute a total amount of £73.6 million (ZAR950 million).

The secured capital, in addition to Pan African's existing cash funds available and, to the extent necessary, draw-downs by Pan African from existing debt funding facilities, will be sufficient to allow Pan African to make payment of the deposit. Pan African intends to fund the balance of the purchase consideration through a combination of, *inter alia,* third party debt financing and funds generated from Pan African's existing operations.

The Group is in the process of finalising the debt component of £46.5 million (ZAR600 million) required for part of the financing of the Evander Gold Mines transaction.

Disposal of Manica Gold Project

Readers are referred to the detailed description of the transaction in the 'Events after the reporting period' section of the Directors' report. On 29 August 2012 Pan African announced that it entered into an agreement to dispose of 100% of its Manica Gold Project to Auroch Minerals Mozambique (Pty) Limited, a wholly-owned subsidiary of Terranova Minerals NL, for a total potential purchase consideration of AUD6 million (£4.0 million/ZAR52.4 million), payable in cash and 96,666,668 shares in Terranova, subject to certain terms and conditions more fully described in note 35 and the Directors' report.

37. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED BY/(USED IN) OPERATIONS

	Group		Company	
	£	£	**£**	£
	30 June 2012	30 June 2011	**30 June 2012**	30 June 2011
Profit before taxation	**42,226,145**	26,416,974	**22,195,866**	21,244,832
Adjusted for:	**7,516,314**	4,692,474	**(24,564,577)**	(22,333,516)
Dividends received	**–**	–	**(24,500,396)**	(21,650,960)
Impairment	**48,238**	–	**–**	–
Equity and cash settled share options costs	**818,501**	175,470	**439,988**	64,985
Net finance income	**(515,502)**	(761,894)	**(551,154)**	(772,957)
Royalty costs	**3,848,450**	2,368,239	**–**	–
Non-mining depreciation	**57,617**	25,416	**46,985**	25,416
Depreciation – Mining	**3,259,010**	2,885,243	**–**	–
Operating cash flows before working capital changes	**49,742,459**	31,109,448	**(2,368,711)**	(1,088,684)
Working capital changes	**(650,582)**	858,377	**841,583**	11,389
Increase in inventories	**(411,533)**	(330,828)	**–**	–
(Increase)/decrease in trade and other receivables	**(1,024,867)**	(459,742)	**48,560**	41,337
(Decrease)/increase in trade and other payables, long-term liabilities and provisions	**(139,062)**	1,916,375	**720,458**	(7,491)
Non-cash items	**924,880**	(267,428)	**72,565**	(22,457)
Cash generated by/(utilised in) operations	**49,091,877**	31,967,825	**(1,527,128)**	(1,077,295)
Income taxes paid	**(8,364,216)**	(8,310,193)	**–**	–
Royalties paid	**(3,251,717)**	(2,433,072)	**–**	–
Net finance income	**515,502**	761,894	**551,154**	772,957
Dividends paid	**(7,416,176)**	(5,376,165)	**(7,416,176)**	(5,376,165)
Net cash from/(used in) operating activities	**30,575,270**	16,610,289	**(8,392,150)**	(5,680,503)
Taxation paid during the year:	**£**	£		
Taxation charge per the statement of comprehensive income	**12,984,511**	9,248,309		
Less: Deferred taxation	**(1,849,665)**	(1,086,788)		
	11,134,846	8,161,521		
Taxation unpaid at the beginning of the year	**689,543**	528,566		
Taxation unpaid at the end of the year	**(2,878,642)**	(689,543)		
Foreign currency translation	**(581,531)**	309,649		
Taxation paid during the year	**8,364,216**	8,310,193		
Royalty paid during the year:	**£**	£		
Royalty costs unpaid at the beginning of the year	**76,991**	48,419		
Royalty costs unpaid at the end of the year	**(474,087)**	(76,991)		
Royalty costs charge for the year	**3,848,450**	2,368,239		
Foreign currency translation	**(199,637)**	93,405		
Royalty paid	**3,251,717**	2,433,072		

38. SHAREHOLDER ANALYSIS

Register date: 29 June 2012

Issued share capital: 1,448,262,361 shares

Shareholder spread	Number of shareholders	Percentage	Number of shares	Percentage
1 – 1,000 shares	457	7.20	282,233	0.02
1,001 – 10,000 shares	2,707	42.66	14,802,638	1.02
10,001 – 100,000 shares	2,452	38.64	87,273,383	6.03
100,001 – 1,000,000 shares	576	9.08	171,501,057	11.84
1,000,001 shares and over	154	2.43	1,174,403,050	81.09
Total	6,346	100	1,448,262,361	100
Distribution of shareholders				
Banks	3	0.05	261,200	0.02
Brokers	18	0.28	13,258,749	0.92
Close corporations	97	1.53	7,452,298	0.51
Endowment funds	9	0.14	1,517,891	0.10
Individuals	5,067	79.85	154,968,746	10.70
Insurance companies	20	0.32	14,283,914	0.99
Investment companies	9	0.14	33,974,018	2.35
Medical aid schemes	8	0.13	1,927,855	0.13
Mutual funds	92	1.45	259,399,586	17.91
Nominees and trusts	733	11.55	472,315,246	32.61
Other corporations	68	1.07	1,742,767	0.12
Pension funds	116	1.83	96,203,433	6.64
Private companies	91	1.43	386,641,219	26.70
Public companies	15	0.24	4,315,439	0.30
Total	6,346	100	1,448,262,361	100
Public/non-public shareholder				
Non-public shareholders	5	0.08	542,152,178	37.43
Director	3	0.05	17,412,138	1.20
Strategic Holder (more than 10%)	2	0.03	524,740,040	36.23
Public Shareholders	6,341	99.92	906,110,183	62.57
Total	6,346	100	1,448,262,361	100
Beneficial holding of 3% or more				
Shanduka Gold (Pty) Limited			366,168,585	25.28
Coronation Fund Managers			158,571,455	10.95
Allan Gray Investment Council			114,466,244	7.90
Investec Asset Management (SA)			92,067,989	6.36
Investec Asset Management (UK)			51,516,434	3.56

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2011.

Principal Activities

The Group's principal activity during the year was of gold mining and exploration activities. A full review of the activities of the business and of future prospects are contained in the Chief Executive Officer's Report which accompanies these financial statements, with financial and non-financial key performance indicators shown below.

Key performance indicators

The Group produces management reports on a monthly basis that highlight several Key Performance Indicators ('KPIs') from a corporate, operational and management perspective to assess the financial position of the Group. These are highlighted on page 108.

Results and Dividends

The results for the year are disclosed in the Consolidated Statement of Comprehensive Income on page 114 of the Pan African annual report. The salient features of these results can be found on page 2.

The Board of Directors proposes a final dividend for the year ended 30 June 2011 of £7.4 million (2010: 5.4 million) which, calculated on 1,444,040,711 issued shares currently outstanding, equates to 0.5135 pence per share (2010: Final dividend of 0.3723 pence declared), and is to be approved by shareholders at the forthcoming annual general meeting of the Company.

Policy for payment of creditors

It is the Group's policy to settle all agreed transactions within the terms established with suppliers. The Group's credit days are a maximum of 60 days.

Risk Management

The key business risks to which the Group is exposed have been considered and addressed on page 80 of the Pan African annual report.

A separate risk committee is not considered necessary as this role is fulfilled by the board, its sub-committees as well as that of executive management. The identification and management of critical risks is a strategic focus area for executive management, reviewed on a monthly basis, and together with action plans, reported regularly to the Board. Executive management has the ability to call for emergency board meetings, should the need arise. Risk registers for each business segment is in place. The Board has reviewed the current risks to the business, and at the time of reporting, believes that the current business risks do not exceed the risk appetite of the Group.

Residual risks include the Rand gold price, government and regulatory frameworks, as well as unforeseen natural disasters.

The Board believes that the current processes of identifying and dealing with risks is effective.

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 misstatement or loss.

Internal financial control procedures undertaken by the board include:

- review of monthly financial reports and monitoring performance.
- review of internal audit reports and follow-up action of weaknesses identified by these reports.
- review of competency and experience of senior management staff.

- prior approval of all significant expenditure including all major investment decisions.
- review and debate of treasury and other policies.

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

Events after the reporting period

Mr Rowan Smith resigned as Non-Executive Director on 20 July 2011, and Ms Phuti Malabie was appointed on the same date. The Group announced on 19 August 2011 that it was considering listing the Manica project as a stand-alone entity on an international exchange.

Directors

The following were directors during the year under review:

Mr C M Ramaphosa (*Chairman*)
Mr K C Spencer*
Mr JP Nelson
Mr JA J Loots
Mr RG Still*
Mr RM Smith

* Independent

Auditors

Deloitte LLP have been appointed as auditors until the conclusion of the next Annual General Meeting.

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant information of which the Group's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with S4I8 of the UK Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board

Jan Nelson
Chief Executive Officer

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors are required by the International Accounting Standard ("IAS") Regulation to prepare the Group financial statements under International Financial Reporting Standards ("IFRSs") as adopted by the European Union and have also elected to prepare the parent company financial statements in accordance with IFRSs as adopted by the European Union. The financial statements are also required by law to be properly prepared in accordance with the Companies Act 2006.

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

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

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

By order of the Board

Jan Nelson
Chief Executive Officer

Jacobus Loots
Financial Director

INDEPENDENT AUDITOR'S REPORT – SOUTH AFRICA

To the members of Pan African Resources PLC

We have audited the Group annual financial statements and annual financial statements of Pan African Resources PLC, which comprise the consolidated and separate statements of financial position as at 30 June 2011, the consolidated and separate statements of comprehensive income, changes in equity and consolidated and separate statements of cash flows for the financial year then ended, a summary of significant accounting policies and other explanatory notes 1 to 36.

Directors' responsibility for the financial statements

The Group's directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated and separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall consolidated and separate financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Group annual financial statements and annual financial statements present, in all material respects, the consolidated and separate financial position of Pan African Resources PLC as at 30 June 2011, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

Per: IT Marshall
Partner
12 September 2011

Deloitte – Registered Auditors
Building 1 and 2, Deloitte Place
The Woodlands, 20 Woodlands Drive, Woodmead, Sandton, 2196
Johannesburg, South Africa

National executive: GG Gelink Chief Executive AE Swiegers Chief Operating Officer GM Pinnock Audit DL Kennedy Risk Advisory NB Kader Tax & Legal Services L Geeringh Consulting L Bam Corporate Finance JK Mazzocco Human Resources CR Beukman Finance TJ Brown Clients NT Mtoba Chairman of the Board MJ Comber Deputy Chairman of the Board. A full list of partners and directors is available on request.

INDEPENDENT AUDITOR'S REPORT – UNITED KINGDOM

To the members of Pan African Resources PLC

We have audited the financial statements of Pan African Resources PLC for the year ended 30 June 2011 which comprise Group and Parent Company Statement of Comprehensive Income, the Group and Parent Company Statement of Financial Position, the Group and Parent Company Cash Flow Statement, the Group and Parent Company Statement of Changes in Equity and the related notes 1 to 36. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Group's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Group'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 Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2011 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 1 to the Group financial statements, the Group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the Group financial statements comply with IFRSs as issued by the IASB.

Opinion on other matter prescribed by the Companies Act, 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act, 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Deborah Thomas Senior
Statutory auditor for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK
12 September 2011

CERTIFICATE OF THE COMPANY SECRETARY

I hereby certify that Pan African has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act 2006. All such returns are true, correct and up to date.

St James's Corporate Services
12 September 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2011

	Notes	Group		Company	
		30 June 2011 (Audited) £	30 June 2010 (Audited) £	**30 June 2011 (Audited) £**	30 June 2010 (Audited) £
Revenue					
Gold sales	4	**79,208,399**	68,506,394	**–**	–
Realisation costs		**(157,763)**	(162,791)	**–**	–
On-mine revenue		**79,050,636**	68,343,603	**–**	–
Cost of production	5	**(45,345,417)**	(40,553,886)	**–**	–
Depreciation	16	**(2,885,243)**	(3,125,093)	**–**	–
Mining profit		**30,819,976**	24,664,624	**–**	–
Other (expenses)/income	8	**(2,796,657)**	(1,929,787)	**20,471,875**	8,165,247
Impairment		**–**	(335,401)	**–**	(335,401)
Royalty costs		**(2,368,239)**	(837,378)	**–**	–
Net income before finance income and finance costs		**25,655,080**	21,562,058	**20,471,875**	7,829,846
Finance income	4 & 9	**802,022**	661,645	**772,957**	468,490
Finance costs	9	**(40,128)**	(67,915)	**–**	(79)
Profit before taxation	10	**26,416,974**	22,155,788	**21,244,832**	8,298,257
Taxation	13	**(9,248,309)**	(7,655,913)	**–**	–
Profit after taxation		**17,168,665**	14,499,875	**21,244,832**	8,298,257
Other comprehensive income					
Foreign currency translation differences		**3,814,677**	2,379,762	**1,855,200**	–
Total comprehensive income for the year		**20,983,342**	16,879,637	**23,100,032**	8,298,257
Profit attributable to:					
Owners of the parent		**17,168,665**	14,277,232	**21,244,832**	8,298,257
Non-controlling interest		**–**	222,643	**–**	–
		17,168,665	14,499,875	**21,244,832**	8,298,257
Total comprehensive income attributable to:					
Owners of the parent		**20,983,342**	16,809,093	**23,100,032**	8,298,257
Non-controlling interest		**–**	70,544	**–**	–
		20,983,342	16,879,637	**23,100,032**	8,298,257
From continuing operations:					
Basic earnings per share (pence)	14	**1.20**	1.04	**–**	–
Diluted earnings per share (pence)	14	**1.19**	1.03	**–**	–

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 June 2011

	Notes	Group		Company	
		30 June 2011 (Audited) £	30 June 2010 (Audited) £	**30 June 2011 (Audited) £**	30 June 2010 (Audited) £
ASSETS					
Non-current assets					
Property, plant and equipment and mineral rights	16	**59,052,015**	37,495,010	**189,657**	27,642
Other intangible assets	17	**14,214,426**	13,087,880	**–**	–
Goodwill	18	**21,000,714**	21,000,714	**–**	–
Investments	19	**–**	–	**53,259,921**	53,259,921
Rehabilitation trust fund	20	**3,013,385**	2,740,546	**–**	–
		97,280,540	74,324,150	**53,449,578**	53,287,563
Current assets					
Inventories	21	**1,457,202**	1,126,374	**–**	–
Receivables from subsidiaries	34	**–**	–	**27,146,884**	10,984,384
Trade and other receivables	22	**4,254,401**	3,794,659	**121,000**	162,337
Cash and cash equivalents	23	**10,123,822**	12,756,262	**11,546,466**	14,240,891
		15,835,425	17,677,295	**38,814,350**	25,387,612
Total assets		**113,115,965**	92,001,445	**92,263,928**	78,675,175
EQUITY AND LIABILITIES					
Capital and reserves	24				
Share capital		**14,440,406**	14,095,406	**14,440,406**	14,095,406
Share premium		**50,932,830**	49,732,830	**50,932,830**	49,732,830
Translation reserve		**8,310,542**	4,495,865	**1,855,200**	–
Share option reserve		**861,450**	754,394	**777,585**	739,519
Retained income		**37,607,283**	25,814,783	**22,102,231**	6,233,564
Realisation of equity reserve		**(10,701,093)**	(10,701,093)	**–**	–
Merger reserve		**(10,705,308)**	(10,705,308)	**1,560,000**	1,560,000
Equity attributable to owners of the parent		**90,746,110**	73,486,877	**91,668,252**	72,361,319
Total equity		**90,746,110**	73,486,877	**91,668,252**	72,361,319
Non-current liabilities					
Long-term provisions**	26	**3,386,591**	3,222,780	**–**	–
Long-term liabilities**	27	**181,285**	115,418	**27,329**	–
Deferred taxation	28	**9,841,695**	8,092,332	**–**	–
		13,409,571	11,430,530	**27,329**	–

	Notes	Group		Company	
		30 June 2011 (Audited) £	30 June 2010 (Audited) £	**30 June 2011 (Audited) £**	30 June 2010 (Audited) £
Current liabilities					
Trade and other payables*	25	**8,193,750**	6,507,053	**568,347**	575,838,
Payable to other group companies		**–**	–	**–**	5,738,018
Shareholders for dividend		**–**	–	**–**	–
Current tax liability		**766,534**	576,985	**–**	–
		8,960,284	7,084,038	**568,347**	6,313,856
Total equity and liabilities		**113,115,965**	92,001,445	**92,263,928**	78,675,175

** Trade and other payables includes an amount of £1,465,299 (£41,411 for the Company) relating to the leave pay accrual which was classified as a short-term provision in the prior year. This is in accordance with IAS:19 Employee Benefits. The leave pay accrual balance as at 30 June 2009 was £1,151,895.*

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

The financial statements of Pan African Resources PLC, registered number 3937466 were approved by the Board of directors on 7 September 2011 and signed on its behalf by:

Jan Nelson
Chief Executive Officer

Jacobus Loots
Financial Director

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS

for the year ended 30 June 2011

		Group		Company	
	Notes	**30 June 2011 £**	30 June 2010 £	**30 June 2011 £**	30 June 2010 £
Net cash generated from/ (used in) operating activities	36	**16,610,289**	18,325,307	**(5,680,503)**	(128,716)
Investing activities					
Dividends received		**–**	–	**21,650,960**	9,032,496
Additions to property, plant and equipment, mineral rights	16	**(21,033,991)**	(5,935,346)	**(181,183)**	(17,075)
Additions to intangibles	17	**(800,619)**	(976,373)	**–**	–
Loans to subsidiaries		**–**	–	**(14,614,028)**	(642,941)
Funding of rehabilitation trust fund		**122,145**	147,458	**–**	–
Net (cash used in)/generated from investing activities		**(21,712,465)**	(6,764,261)	**6,855,749**	8,372,480
Financing activities					
Borrowings repaid		**–**	(954,759)	**–**	(954,759)
Loans from subsidiaries		**–**	–	**(5,738,018)**	5,738,018
Shares issued	24	**1,545,000**	48,000	**1,545,000**	–
Share issue costs		**–**	(5,866)	**–**	(5,866)
Net cash from/(used in) financing activities		**1,545,000**	(912,625)	**(4,193,018)**	4,777,393
Net (decrease)/increase in cash and cash equivalents		**(3,557,176)**	10,648,421	**(3,017,772)**	13,021,157
Cash and cash equivalents at the beginning of the year		**12,756,262**	2,389,301	**14,240,891**	1,507,134
Effect of foreign exchange rate changes		**924,736**	(281,460)	**323,347**	(287,400)
Cash and cash equivalents at the end of the year	23	**10,123,822**	12,756,262	**11,546,466**	14,240,891

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2011

GROUP	Share capital £	Share premium account £	Translation reserve £	Share option reserve £	Retained earnings £	Realisation of equity reserve £	Merger reserve £	Non-controlling interest £	Total £
Balance at 30 June 2009	11,125,891	37,899,997	1,964,004	549,690	11,537,551	–	(10,705,308)	3,988,577	56,360,402
Issue of shares	2,969,515	11,838,699	–	–	–	(10,701,093)	–	(4,059,121)	48,000
Share issue costs	–	(5,866)	–	–	–	–	–	–	(5,866)
Current year movement	–	–	2,531,861	–	–	–	–	(152,099)	2,379,762
Profit or the year	–	–	–	–	14,277,232	–	–	222,643	14,499,875
Share-based payment – charge for the year	–	–	–	204,704	–	–	–	–	204,704
Balance at 30 June 2010	**14,095,406**	**49,732,830**	**4,495,865**	**754,394**	**25,814,783**	**(10,701,093)**	**(10,705,308)**	**–**	**73,486,877**
Issue of shares	**345,000**	**1,200,000**	**–**	**–**	**–**	**–**	**–**	**–**	**1,545,000**
Current year movement	**–**	**–**	**3,814,677**	**–**	**–**	**–**	**–**	**–**	**3,814,677**
Profit or the year	**–**	**–**	**–**	**–**	**17,168,665**	**–**	**–**	**–**	**17,168,665**
Dividends paid	**–**	**–**	**–**	**–**	**(5,376,165)**	**–**	**–**	**–**	**(5,376,165)**
Share-based payment – charge for the year	**–**	**–**	**–**	**107,056**	**–**	**–**	**–**	**–**	**107,056**
Balance at 30 June 2011	**14,440,406**	**50,932,830**	**8,310,542**	**861,450**	**37,607,283**	**(10,701,093)**	**(10,705,308)**	**–**	**90,746,110**
COMPANY									
Balance at 30 June 2009	11,125,891	37,899,997	–	626,003	(2,064,693)	–	1,560,000	–	49,147,198
Issue of shares	2,969,515	11,838,699	–	–	–	–	–	–	14,808,214
Share issue costs	–	(5,866)	–	–	–	–	–	–	(5,866)
Current year movement	–	–	–	–	–	–	–	–	–
Profit or the year	–	–	–	–	8,298,257	–	–	–	8,298,257
Dividend issue	–	–	–	–	–	–	–	–	–
Charge for the year	–	–	–	113,516	–	–	–	–	113,516

COMPANY	Share capital £	Share premium account £	Translation reserve £	Share option reserve £	Retained earnings £	Realisation of equity reserve £	Merger reserve £	Non-controlling interest £	Total £
Balance at 30 June 2010	**14,095,406**	**49,732,830**	**–**	**739,519**	**6,233,564**	**–**	**1,560,000**	**–**	**72,361,319**
Issue of shares	**345,000**	**1,200,000**	**–**	**–**	**–**	**–**	**–**	**–**	**1,545,000**
Current year movement	**–**	**–**	**1,855,200**	**–**	**–**	**–**	**–**	**–**	**1,855,200**
Profit or the year	**–**	**–**	**–**	**–**	**21,244,832**	**–**	**–**	**–**	**21,244,832**
Dividend expense	**–**	**–**	**–**	**–**	**(5,376,165)**	**–**	**–**	**–**	**(5,376,165)**
Share-based payment – charge for the year	**–**	**–**	**–**	**38,066**	**–**	**–**	**–**	**–**	**38,066**
Balance at 30 June 2011	**14,440,406**	**50,932,830**	**1,855,200**	**777,585**	**22,102,231**	**–**	**1,560,000**	**–**	**91,668,252**

NOTES TO THE FINANCIAL STATEMENTS:
ACCOUNTING POLICIES AND FINANCIAL REPORTING TERMS

1. GENERAL INFORMATION

Pan African is a Company incorporated in England and Wales under the Companies Act 1985. The Group has a dual primary listing on the AIM Market ("AIM") of the London Stock Exchange and the JSE Limited ("JSE"). The nature of the Group's operations and its principal activities relate to gold and PGE mining and exploration activities. The financial statements are presented in Pounds Sterling. Foreign operations are included in accordance with the policies set out below. The individual financial results of each Group Company are maintained in their functional currencies, which are determined by reference to the primary economic environment in which it operates.

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

The financial statements have also been prepared in accordance with the International Financial Reporting Standards ("IFRS") adopted by the European Union and South Africa.

2. ACCOUNTING POLICIES

Basis of preparation and general information

The annual financial statements have been prepared under the historical cost basis, except for certain financial instruments which are stated at fair value. The principal accounting policies are set out below and are consistent in all material respects with those applied in the previous year, except where otherwise indicated.

Historical reverse acquisition

On 31 July 2007 the Company acquired 74% of Barberton Mines in a share-for-share transaction. IFRS 3 "Business Combinations" defines the acquirer in a business combination as the entity that obtains control. Accordingly, the combination was accounted for as a reverse acquisition.

Going concern

The financial position of the Group, its cash flows and liquidity position are described in note 29. In addition, note 29 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposure to credit risk.

Management is not aware of any material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. Based on the current status of the Group's finances, the directors have formed a judgement, at the time of approving the Financial Statements, that there is a reasonable expectation that the Group has, or will have, adequate resources to enable the Group to continue to meet its financial commitments for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

New and revised International Financial Reporting Standards not yet adopted

The Group applies all applicable IFRS in preparation of the financial statements. Consequently, all IFRS statements that were effective at 30 June 2011 and are relevant to its operations have been applied.

At the date of authorisation of these financial statements, the following standards and interpretations, which have been applied in these financial statements, were in issue and effective as at 30 June 2011.

New/Revised International Financial Reporting Standards		Effective date
IFRS 1	First-time Adoption of International Financial Reporting Standards – Amendments relating to oil and gas assets and determining whether an arrangement contains a lease	Annual periods beginning on or after 1 January 2010
IFRS 2	Share-based Payment – Amendments relating to group cash-settled share-based payment transactions	Annual periods beginning on or after 1 January 2010
IFRS 3	Business Combinations – Amendments resulting from May 2010 Annual Improvements to IFRSs	Annual periods beginning on or after 1 July 2010
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations – Amendments resulting from April 2009 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2010
IFRS 8	Operating Segments – Amendments resulting from April 2009 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2010
IAS 1	Presentation of Financial Statements – Amendments resulting from April 2009 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2010
IAS 7	Statement of Cash Flows – Amendments resulting from April 2009 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2010
IAS 17	Leases – Amendments resulting from April 2009 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2010
IAS 27	Consolidated and Separate Financial Statements – Amendments resulting from May 2010 Annual Improvements to IFRSs	Annual periods beginning on or after 1 July 2010
IAS 32	Financial Instruments: Presentation – Amendments relating to classification of rights issue	Annual periods beginning on or after 1 February 2010
IAS 36	Impairment of Assets – Amendments resulting from April 2009 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2010
IFRS 1	First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	Annual periods beginning on or after 1 July 2010
IAS 39	Financial Instruments: Recognition and Measurement – Amendments resulting from April 2009 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2010
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	Annual periods beginning on or after 1 July 2010

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements were in issue but not yet effective:

New/Revised International Financial Reporting Standards		Effective date
IFRS 1	First-time Adoption of International Financial Reporting Standards – Amendments resulting from May 2010 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2011
IFRS 1	First-time Adoption of International Financial Reporting Standards – Replacement of "fixed dates" for certain exceptions with 'the date of transition to IFRSs'	Annual periods beginning on or after 1 July 2011
IFRS 1	First-time Adoption of International Financial Reporting Standards – Additional exemption for entities ceasing to suffer from severe hyperinflation	Annual periods beginning on or after 1 July 2011
IFRS 7	Financial Instruments: Disclosures – Amendments resulting from May 2010 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2011
IFRS 7	Financial Instruments: Disclosures – Amendments enhancing disclosures about transfers of financial asset	Annual periods beginning or after 1 July 2011
IFRS 9	Financial Instruments – Classification and Measurement	Annual periods beginning on or after 1 January 2013
IFRS 10	Consolidated Financial Statements	Annual periods beginning on or after 1 January 2013
IFRS 11	Joint Arrangements	Annual periods beginning on or after 1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	Annual periods beginning on or after 1 January 2013
IFRS 13	Fair Value Measurement	Annual periods beginning on or after 1 January 2013
IAS 1	Presentation of Financial Statements – Amendments resulting from May 2010 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2011
IAS 1	Presentation of Financial Statements – Amendments to revise the way other comprehensive income is presented	Annual periods beginning on or after 1 July 2012
IAS 12	Income Taxes – Limited scope amendment (recovery of underlying assets)	Annual periods beginning on or after 1 January 2012
IAS 19	Employee Benefit – Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects	Annual periods beginning on or after 1 January 2013
IAS 24	Related Party Disclosures – Revised definition of related parties	Annual periods beginning on or after 1 January 2011
IAS 27	Consolidated and Separate Financial Statements – Reissued as IAS 27 Separate Financial Statements (as amended in 2011)	Annual periods beginning on or after 1 January 2013

New/Revised International Financial Reporting Standards		Effective date
IAS 28	Investments in Associates – Reissued as IAS 28 Investments in Associates and Joint Ventures (as amended in 2011)	Annual periods beginning on or after 1 January 2013
IAS 34	Interim Financial Reporting – Amendments resulting from May 2010 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2011
IFRIC 13	Customer Loyalty Programmes – Amendments resulting from May 2010 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2011
IFRIC 14	AS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – November 2009 Amendments with respect to voluntary prepaid contributions	Annual periods beginning on or after 1 January 2011

The impact of the adoption of the these standards and interpretations still needs to be considered, but is not expected to have a material impact on the financial results.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group (its subsidiaries) to 30 June each year. Control is achieved where the Group has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. The results of the subsidiaries acquired or disposed of during the year are included in the consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Inter-company transactions and balances between Group entities are eliminated on consolidation.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of a business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal Groups) that are classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held-for-Sale and Discontinued Operations, which are recognised and measured at fair value less costs-to-sell.

Goodwill arising on acquisition is recognised as an asset, and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss. The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of net fair value of the assets, liabilities and contingent liabilities recognised.

Change in ownership interest

In terms of IAS 27, changes in a parent's ownership interest in a subsidiary that do not result in a change of control are accounted for as equity transactions.

PROPERTY, PLANT AND EQUIPMENT

Mining assets

Mining assets, including mine development costs and mine plant facilities, are recorded at cost less provision for impairment and accumulated depreciation.

Expenditure incurred after feasibility stage to develop new ore bodies, to define mineralisation in existing ore bodies, to establish or expand productive capacity and expenditure designed to maintain productive capacities, is capitalised until commercial levels of production are achieved.

Mineral and surface rights

Mineral and surface rights are recorded at cost less provision for impairment and accumulated depreciation.

Land

Land is shown at cost and is not depreciated.

Gain or loss on disposal or retirement of assets

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation

Mining assets, mineral and surface rights mining assets, mine development costs, mineral and surface rights and plant mine facilities are depreciated over the estimated LoM to their residual values using the units-of-production method based, on estimated proved and probable ore reserves.

Other mining plant and equipment is depreciated on the straight-line basis over the shorter of the LoM or their estimated useful lives.

Depreciation of non-mining assets

Buildings and other non-mining assets are recorded at cost and depreciated on the straight-line basis over their expected useful lives, which vary between three to 10 years.

Research, development, mineral exploration and evaluation costs

Research, development, mineral exploration and evaluation costs are expensed in the year in which they are incurred until they result in projects that the group:

- evaluate as being technically or commercially feasible;
- has sufficient resources to complete development; and
- can demonstrate will generate future economic benefits.

Once these criteria are met, all directly attributable development costs and ongoing mineral exploration and evaluation costs are capitalised within other intangible assets. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

Capitalised pre-production expenditure is assessed for impairment in accordance with the Group accounting policy stated below.

Impairment (except for goodwill)

At each Statement of Financial Position date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, both the value in use and the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Impairment losses are immediately recognised as an expense. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly-controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's Cash Generating Units ("CGU") expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the CGU may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the CGU, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the CGU, *pro rata* on the basis of the carrying amount of each asset in the CGU. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, associate or jointly-controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Taxation

The charge for current tax is based on the results for the year as adjusted for items which are non-deductible or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction, which affects neither tax nor accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is charged or credited to the Statement of Comprehensive Income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also recorded within equity, or where they arise from the initial accounting for a business combination. In a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

The carrying amount of deferred tax assets are reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or parts of the assets to be recovered.

Revenues, expenses and assets are recognised net of the amount of associated VAT, unless VAT incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation resulting from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Statement of Financial Position date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Lease assets

The Group leases certain property, plant and equipment. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the Group. Other leases are classified as operating leases.

Finance lease assets are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability.

Foreign currencies

Transactions in currencies other than the functional currency of the relevant subsidiary are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in such other currencies are translated at the rates ruling at the Statement of Financial Position date. Profits and losses arising on exchange are recorded in the Statement of Comprehensive Income. In order to hedge its exposure to foreign exchange risks, the Group may enter into forward contracts. On consolidation, the assets and liabilities of the Group's foreign operations are translated into Pounds Sterling at exchange rates ruling at the Statement of Financial Position date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising from the translation of foreign operations are classified as equity and are recognised as income or expenses in the period in which the operation is disposed. Translation differences on foreign loans to subsidiaries which are classified as equity loans are also accounted for as equity.

Consumable stores and product inventories

Consumable stores are valued at the lower of cost, determined on a weighted average basis, and estimated net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Obsolete and slow-moving consumable stores are identified and are written down to their economic or realisable values. Product inventories are valued at the lower of cost, determined on a weighted average basis, and net realisable value. Costs include direct mining costs and mine overheads.

Retirement and pension benefits

Payments to defined-contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed schemes are dealt with as defined-contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined-contribution retirement benefit plan and are charged as an expense as they fall due.

Post-retirement benefits other than pension

Historically Barberton Mines provided retirement benefits by way of medical aid scheme contributions for certain employees. The practice has been discontinued for some years. The net present value of estimated future costs of company contributions towards medical aid schemes for these retirees is recorded as a provision on the Group Statement of Financial Position. The provision is reviewed annually with movements in the provision recorded in the Statement of Comprehensive Income.

Equity participation plan

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each Statement of Financial Position date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Statement of Comprehensive Income such that the cumulative expense reflects the revised estimate, with corresponding adjustments to the equity-settled employee benefits reserve.

Cash participation plan

Cash-settled share-based payments to employees are measured at the fair value of the cash instruments at the grant date. The fair value determined at the grant date of the cash-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of cash instruments that will eventually vest. At each Statement of Financial Position date, the Group revises its estimate of the number of cash instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Statement of Comprehensive Income such that the cumulative expense reflects the revised estimate, with corresponding adjustments to the cash-settled employee benefits liability.

Provision for environmental rehabilitation costs

Long-term environmental obligations are based on Barberton Mines and Phoenix Platinum's environmental plans, in compliance with current environmental and regulatory requirements. The provision is based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the Statement of Financial Position date. Increases due to additional environmental disturbances

are capitalised and amortised over the remaining lives of the mines. The estimated cost of rehabilitation is reviewed annually and adjusted as appropriate for changes in legislation or technology. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant cleanup at closure.

Contributions to rehabilitation trust

Contributions are made to a dedicated environmental rehabilitation trust to fund the estimated cost of rehabilitation during and at the end of the life of the group's mines. The trust's assets are recognised separately on the balance sheet as non-current assets at fair value. Interest earned on funds invested in the environmental rehabilitation trust is accrued on a time proportion basis and credited to the provision for environmental rehabilitation costs.

Provision for closure costs

The Group provides for closure costs other than rehabilitation costs, if any, when the directors have prepared a detailed plan for closure of the particular operation, the remaining life of which is such that significant changes to the plan are unlikely, and the directors have raised a valid expectation in those affected that it will carry out the closure by starting to implement that plan or announcing its main features to those affected by it.

Revenue recognition

Sales represents the value of minerals sold, excluding value-added tax, and is recognised when goods are delivered and risk and reward has passed, and is measured at the fair value of the consideration received or receivable. Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rates applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established. Revenue is recognised when the buyer takes title, provided that:

- it is probable that delivery will be made;
- the item is on hand, identified and ready for delivery to the buyer at the time the sale is recognised;
- the buyer specifically acknowledges the deferred delivery instructions; and
- the usual payment terms apply.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments and that are not quoted in an active market are classed as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less impairment if necessary. Interest income is recognised by applying the effective interest rate, except for short-term receivables, when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at Fair Value Through Profit and Loss ("FVTPL"), are assessed for indicators of impairment at each Statement of Financial Position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been negatively impacted.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownerships of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS ISSUED BY THE GROUP

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities FVTPL or "other financial liabilities".

Financial liabilities at FVTPL Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. The Group has no financial liabilities classified as FVTPL.

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts the estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities only when the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

In the ordinary course of its operations, the Group may enter into a variety of derivative financial instruments to manage its exposure to commodity prices, volatility of interest rates and foreign exchange rate risk.

Derivatives are initially recognised at cost at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each Statement of Financial Position date. The resulting gain or loss is recognised in Statement of Comprehensive Income immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in Statement of Comprehensive Income depends on the nature of the hedge relationship. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group may designate certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk or firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is effective in offsetting changes in fair values or cash flows of the hedged item.

Fair value hedge

Changes in the fair value of any derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the Statement of Comprehensive Income relating to the hedged item. Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedge

The effective portion of changes in the fair value of any derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "other gains and losses" line of the Statement of Comprehensive Income. Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the Statement of Comprehensive Income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Hedge accounting is discontinued when the Group revokes the hedging relationships, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash-on-hand and demand deposits, and other short-term highly-liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Pan African Resources executive committee. Management has determined the operating segments of the Group based on the reports reviewed by the executive committee that are used to make strategic decisions. The executive committee considers the business principally according to the nature of the products and service provided, with the segment representing a strategic business unit. The reportable operating segments derive their revenue primarily from mining, extraction, production and selling of gold and PGM's.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the annual financial statements in terms of IFRS, the Group's management is required to make certain judgements, estimates and assumptions that may materially affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reported year and the related disclosures. The estimates and judgements are based on historical experience, current and expected future economic conditions and other factors. Actual results may differ from these estimates.

Critical accounting estimates and judgements made by management

The following judgements, that have the most significant effect on the amounts recognised in the financial statements, have been made by management in the process of applying the Group's accounting policies:

- estimates made in determining the present obligation of environmental provisions including decommissioning and rehabilitation;
- estimates made in determining the recoverable amount of assets, this includes the estimation of cash flows and the discount rates used;
- estimates made in determining the life of the mines:
  - the Life of Mine is determined from development plans based on mine management's estimates and includes total mineral reserve and a portion of the mineral resource. These plans are updated from time to time and take into consideration the actual current cost of extraction, as well as certain forward projections. These projections are reviewed by the board. During the 2011 financial year, the LoM was increased from 10 to 17 years;
  - estimates made of legal or constructive obligations resulting in the raising of provisions, and the expected date of probable outflow of economic benefits to assess whether the provision should be discounted; and
  - estimates of mineral resources and ore reserves in accordance with the SAMREC code (2000) for South African properties. Such estimates relate to the category for the resource (measured, indicated or inferred), the quantum and the grade;
- estimates of the carrying value of goodwill and intangible assets;
- estimates of the fair value of assets at acquisition are made in accordance with IFRS and take into account the replacement value of assets; and
- estimates involved in feasibility studies related to exploration and growth projects.

		Group		Company	
		30 June 2011 £	30 June 2010 £	**30 June 2011 £**	30 June 2010 £
4.	**REVENUE**				
	Gold sales	**79,208,399**	68,506,394	**–**	–
	Finance income	**802,022**	661,645	**772,957**	468,490
		80,010,421	69,168,039	**772,957**	468,490
5.	**COST OF PRODUCTION**				
	Salaries and wages	**(20,926,658)**	(18,064,485)	**–**	–
	Mining	**(6,364,329)**	(5,494,006)	**–**	–
	Processing*	**(4,757,202)**	(3,939,696)	**–**	–
	Engineering and technical services*	**(3,702,615)**	(4,404,500)	**–**	–
	Electricity	**(4,445,681)**	(3,528,059)	**–**	–
	Security	**(3,034,428)**	(2,714,009)	**–**	–
	Administration and other	**(2,114,504)**	(2,409,131)	**–**	–
		(45,345,417)	(40,553,886)	**–**	–

** In the current year the Load Haul Dump truck costs were reallocated from Processing to Engineering and technical services.*

6. SEGMENTAL ANALYSIS

A segment is a distinguishable component of the Group that is engaged in providing products or services in a particular business sector (business segment), which is subject to risk and rewards that are different to those of other segments. The Group's business activities were conducted through three business segments, firstly in Barberton Mines located in Barberton South Africa, the Group's corporate and exploration activities and Phoenix Platinum Mining. The Chief Executive Officer views the operations in accordance with the disclosures presented below.

	30 June 2011				30 June 2010			
	Barberton Mines £	**Phoenix Platinum* £**	**Corporate and Growth Projects £**	**Group £**	Barberton Mines £	Phoenix Platinum* £	Corporate and Growth Projects £	Group £
Revenue								
Gold sales	**79,208,399**	**–**	**–**	**79,208,399**	68,506,394	–	–	68,506,394
Realisation costs	**(157,763)**	**–**	**–**	**(157,763)**	(162,791)	–	–	(162,791)
On-mine revenue	**79,050,636**	**–**	**–**	**79,050,636**	68,343,603	–	–	68,343,603
Cost of production	**(45,345,417)**	**–**	**–**	**(45,345,417)**	(40,553,886)	–	–	(40,553,886)
Depreciation	**(2,885,243)**	**–**	**–**	**(2,885,243)**	(3,125,093)	–	–	(3,125,093)
Mining profit	**30,819,976**	**–**	**–**	**30,819,976**	24,664,624	–	–	24,664,624
Other expenses**	**(288,930)**	**(12,943)**	**(2,494,784)**	**(2,796,657)**	(173,988)	–	(1,755,799)	(1,929,787)
Impairment costs	**–**	**–**	**–**	**–**	–	–	(335,401)	(335,401)
Royalty costs	**(2,368,239)**	**–**	**–**	**(2,368,239)**	(837,378)	–	–	(837,378)
Net income/(loss) before finance income and finance costs	**28,162,807**	**(12,943)**	**(2,494,784)**	**25,655,080**	23,653,258	–	(2,091,200)	21,562,058
Finance income	**29,065**	**–**	**772,957**	**802,022**	193,155	–	468,490	661,645
Finance costs	**(40,128)**	**–**	**–**	**(40,128)**	(67,836)	–	(79)	(67,915)
Profit/(loss) before taxation	**28,151,744**	**(12,943)**	**(1,721,827)**	**26,416,974**	23,778,577	–	(1,622,789)	22,155,788
Taxation	**(9,251,933)**	**3,624**	**–**	**(9,248,309)**	(7,655,913)	–	–	(7,655,913)
Profit/(loss) after taxation	**18,899,811**	**(9,319)**	**(1,721,827)**	**17,168,665**	16,122,664	–	(1,622,789)	14,499,875
Other comprehensive income								
Foreign currency translation differences	**1,737,540**	**269,848**	**1,807,289**	**3,814,677**	1,936,738	443,024	–	2,379,762
Total comprehensive income/(loss) for the year	**20,637,351**	**260,529**	**85,462**	**20,983,342**	18,059,402	443,024	(1,622,789)	16,879,637

	30 June 2011				30 June 2010			
	Barberton Mines £	**Phoenix Platinum* £**	**Corporate and Growth Projects £**	**Group £**	Barberton Mines £	Phoenix Platinum* £	Corporate and Growth Projects £	Group £
Segmental assets	**43,333,140**	**16,990,521**	**31,791,590**	**92,115,251**	43,420,283	4,858,063	22,722,385	71,000,731
Segmental liabilities	**20,212,973**	**1,556,006**	**600,876**	**22,369,855**	18,049,443	85,206	379,919	18,514,568
Goodwill	**–**	**–**	**–**	**21,000,714**	–	–	–	21,000,714
Net assets (excluding goodwill)	**23,120,167**	**15,434,515**	**31,190,714**	**69,745,396**	25,370,840	4,772,857	22,342,466	52,486,163
Capital expenditure	**6,773,729**	**14,079,722**	**180,540**	**21,033,991**	5,918,271	–	17,075	5,935,346

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

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

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

	Group		Company	
	30 June 2011 £	30 June 2010 £	**30 June 2011 £**	30 June 2010 £
7. OPERATING LEASES				
At the financial year-end, the Group and Company had outstanding commitments under non-cancellable operating leases mainly in respect of office equipment security cameras, building rentals and compressors, which fall due as follows:				
Not later than one year	**194,641**	204,240	**108,451**	41,407
Later than one year and no later than five years	**381,925**	121,350	**344,077**	19,865
	576,566	325,590	**452,528**	61,272
Minimum lease payments under operating leases recognised as an expense in the year	**226,374**	182,762	**48,532**	23,237
Leases are negotiated for an average term of three to five years.				
8. OTHER (EXPENSES)/INCOME				
Dividends received – subsidiaries	**–**	–	**21,650,960**	9,032,496
Management fees	**–**	–	**1,306,054**	885,163
Foreign exchange (loss)/gain	**(40,366)**	101,369	**(40,366)**	101,369
Operating leases	**(226,374)**	(182,762)	**(48,532)**	(23,237)
Company depreciation	**(25,416)**	(9,980)	**(25,416)**	(9,980)
Directors' fees	**(243,445)**	(216,785)	**(243,445)**	(216,785)
Auditors' fees	**(119,549)**	(120,352)	**(72,999)**	(79,472)
Salaries head office	**(764,356)**	(708,060)	**(764,356)**	(708,060)
Investor and public relations	**(218,886)**	(153,861)	**(218,886)**	(153,861)
New business	**(266,969)**	(49,079)	**(266,969)**	(49,079)
Legal fees	**(186,074)**	(63,087)	**(60,368)**	(63,087)
Sundry other expense	**(705,222)**	(527,190)	**(743,802)**	(550,220)
	(2,796,657)	(1,929,787)	**20,471,875**	8,165,247
9. FINANCE INCOME/(COSTS)				
Interest received – Bank	**802,022**	661,645	**772,957**	468,490
Interest paid – Bank	**(40,128)**	(67,915)	**–**	(79)
	761,894	593,730	**772,957**	468,411

10. PROFIT BEFORE TAXATION

	Group		Company	
	30 June 2011 £	30 June 2010 £	**30 June 2011 £**	30 June 2010 £
Profit for the year has been arrived at after charging:				
Management fee expense/(income)				
– Metorex	**–**	335,289	**–**	–
– Shanduka	**81,761**	76,688	**–**	–
– Barberton Mines	**–**	–	**(1,306,054)**	(885,163)
Equity settled share option expense (refer to note 33)	**107,056**	204,704	**38,066**	113,516
Cash settled share options expense (refer to note 27)	**68,414**	–	**26,919**	–
Depreciation	**2,885,243**	3,125,093	**25,416**	9,980
Impairment costs	**–**	335,401	**–**	335,401
Staff costs	**21,691,014**	18,772,545	**764,356**	708,060
Royalty costs*	**2,368,239**	837,378	**–**	–
Operating leases	**226,374**	182,762	**48,532**	23,237

** Royalty costs increased by 182.82% due to Barberton Mines commencing payment of the new South African mining royalty tax upon its implementation in March 2010 which resulted in the 2010 financial ear only incurring four months royalty expense. Therefore in the current year, full year's revenue was subject to the South African mining royalty tax.*

11. AUDITOR'S REMUNERATION

	Group		Company	
	30 June 2011 £	30 June 2010 £	**30 June 2011 £**	30 June 2010 £
Fees payable to the Company's auditors for the audit of the Company's annual accounts	**10,500**	10,000	**10,500**	10,000
Audit of the consolidated financial statements	**68,965**	48,180	**68,965**	48,180
Audit of the Company's subsidiaries pursuant to legislation	**46,551**	40,880	**–**	–
(Over)/Under provision of audit fee in the prior year	**(7,817)**	19,280	**(7,817)**	19,280
Total audit fees	**118,199**	118,340	**71,648**	77,460
Other services rendered by the auditors	**1,351**	2,012	**1,351**	2,012
Total non-audit fees	**1,351**	2,012	**1,351**	2,012

All fees are paid within South Africa with the exception of £28,624 (2010: £25,500) which is paid to the UK.

12. STAFF COSTS

	Group		Company	
	30 June 2011 £	30 June 2010 £	**30 June 2011 £**	30 June 2010 £
The average number of employees were:				
Corporate and Growth Projects	**11**	12	**10**	10
Mining	**1,757**	1,783	**–**	–
	1,768	1,795	**10**	10
Their aggregate remuneration comprised:				
Salary and wages	**20,227,325**	17,503,662	**737,120**	682,278
Other retirement costs (refer to note 30)	**1,463,689**	1,268,883	**27,236**	25,782
	21,691,014	18,772,545	**764,356**	708,060

13. TAXATION

Income tax expense				
South African normal taxation				
– current year	**8,151,100**	7,283,602	**–**	–
– prior year	**10,421**	(356,490)	**–**	–
Deferred taxation				
– current year	**1,086,788**	728,801	**–**	–
Total taxation charge	**9,248,309**	7,655,913	**–**	–
Profit before taxation	**26,416,974**	22,155,788	**21,244,832**	8,298,257
Taxation at the domestic taxation rate of 28%	**7,396,753**	6,203,621	**5,948,553**	2,323,512
Non-deductible expenses/ (exempt income)	**29,976**	151,229	**(5,917,782)**	(2,503,143)
Taxation rate differential	**1,821,580**	1,301,063	**–**	–
Tax effect of utilisation of tax losses	**–**	–	**(30,771)**	179,631
Taxation expense for the year	**9,248,309**	7,655,913	**–**	–
Effective taxation rates	**%**	%	**%**	%
Statutory rate	**28.00**	28.00	**28.00**	28.00
Taxation rate differential	**6.90**	5.87		
Non-deductible expenses/ (exempt income)	**0.11**	0.68	**(27.86)**	(30.16)
Tax effect of utilisation of tax losses	**–**	–	**(0.14)**	2.16
Effective taxation rate	**35.01**	34.55	**–**	–

There are no significant unrecognised temporary differences associated with undistributed profits of overseas subsidiaries. South African mining tax on mining income is determined according to a formula which takes into account the profit and revenue from mining operations. South African mining taxable income is determined after the deduction of all mining capital expenditure, with the proviso that this cannot result in an assessed loss. Capital expenditure amounts not deducted are carried forward as unredeemed capital expenditure to be deducted from future mining income. The Group has no unredeemed capital carried forward deductible against future profits.

14. EARNINGS PER SHARE

	30 June 2011			30 June 2010		
	Net profit	**Weighted average number of shares**	**Earnings per share (Pence)**	Net profit	Weighted average number of shares	Earnings per share (Pence)
Basic and diluted earnings per share						
Basic and diluted earnings per share are based on the Group's profit for the year attributable to owners of the parent, divided by the weighted average number of shares in issue during the year.						
Basic EPS	**17,168,665**	**1,432,666,738**	**1.20**	14,277,232	1,366,268,709	1.04
Share options	**–**	**6,157,835**	**(0.01)**	–	13,611,714	(0.01)
Diluted EPS	**17,168,665**	**1,438,824,573**	**1.19**	14,277,232	1,379,880,423	1.03
Headline earnings per share						
Headline earnings per share is based on the Group's headline earnings divided by the weighted average number of shares in issue during the year.						
Reconciliation between earnings and headline earnings from continuing operations:						
Earnings as reported	**17,168,665**	**1,432,666,738**	**1.20**	14,277,232	1,366,268,709	1.04
Adjustments:						
Impairment costs	**–**	**1,432,666,738**	**–**	335,401	1,366,268,709	0.03
Headline earnings per share*	**17,168,665**	**1,432,666,738**	**1.20**	14,612,633	1,366,268,709	1.07
Share options	**–**	**6,157,835**	**(0.01)**	–	13,611,714	(0.01)
Diluted headline earnings per share	**17,168,665**	**1,438,824,573**	**1.19**	14,612,633	1,379,880,423	1.06

** Headline earnings per share is required to be disclosed in terms of the Listings Requirements of the JSE Limited.*

	Group	
	30 June 2011 (Pence)	30 June 2010 (Pence)
Net asset value per share	**6.28**	5.21
Tangible net asset value per share	**3.85**	2.80

15. DIVIDENDS

The Board of Directors recommend a final dividend for the year ended 30 June 2011 of 0.5135 pence per share (2010: Final dividend of 0.3723 pence paid), to be approved by shareholders at the forthcoming annual general meeting of the Company.

16. PROPERTY, PLANT AND EQUIPMENT AND MINERAL RIGHTS

Group	Land* £	Mineral rights and mining property £	Building and infrastructure £	Plant and machinery £	Capital under construction £	Shafts and exploration £	Other £	Total £
Cost								
Balance at 30 June 2009	27,636	10,856,214	1,589,448	11,466,433	–	20,196,910	326,062	44,462,703
Additions	–	–	24,760	1,811,948	–	4,081,563	17,075	5,935,346
Impairment**	–	–	–	–	–	–	(294,916)	(294,916)
Foreign currency translation reserve	2,706	1,062,711	156,442	1,184,752	–	2,117,419	120	4,524,150
Balance at 30 June 2010	30,342	11,918,925	1,770,650	14,463,133	–	26,395,892	48,341	54,627,283
Transfer from other intangible assets***	–	1,061,675	–	–	–	–	–	1,061,675
Additions	–	8,019,557	124,366	2,317,359	6,056,098	4,332,003	184,608	21,033,991
Disposal	–	–	–	–	–	–	–	–
Foreign currency translation reserve	1,648	826,948	98,054	820,725	92,121	1,499,424	9,028	3,347,948
Balance at 30 June 2011	**31,990**	**21,827,105**	**1,993,070**	**17,601,217**	**6,148,219**	**32,227,319**	**241,977**	**80,070,897**
Accumulated depreciation								
Balance at 30 June 2009	–	(2,266,469)	(637,028)	(3,604,411)	–	(6,145,041)	(8,519)	(12,661,468)
Charge for the year	–	(358,353)	(112,550)	(961,664)	–	(1,682,546)	(9,980)	(3,125,093)
Foreign currency translation reserve	–	(234,186)	(66,229)	(385,903)	–	(659,394)	–	(1,345,712)
Balance at 30 June 2010	–	(2,859,008)	(815,807)	(4,951,978)	–	(8,486,981)	(18,499)	(17,132,273)
Charge for the year****	–	(203,797)	(65,287)	(1,373,257)	–	(1,242,902)	(25,416)	(2,910,659)
Foreign currency translation reserve	–	(158,369)	(45,299)	(289,825)	–	(479,823)	(2,634)	(975,950)
Balance at 30 June 2011	**–**	**(3,221,174)**	**(926,393)**	**(6,615,060)**	**–**	**(10,209,706)**	**(46,549)**	**(21,018,882)**

Group	Land* £	Mineral rights and mining property £	Building and infrastructure £	Plant and machinery £	Capital under construction £	Shafts and exploration £	Other £	Total £
Carrying amount								
At 30 June 2010	30,342	9,059,917	954,843	9,511,155	–	17,908,911	29,842	37,495,010
At 30 June 2011	**31,990**	**18,605,931**	**1,066,677**	**10,986,157**	**6,148,219**	**22,017,613**	**195,428**	**59,052,015**
Company								
Cost								
Balance at 30 June 2009	–	–	–	–		–	29,066	29,066
Additions	–	–	–	–		–	17,075	17,075
Balance at 30 June 2010	–	–	–	–		–	46,141	46,141
Additions	–	–	–	–		–	181,183	181,183
Foreign currency translation reserve							8,882	8,882
Balance at 30 June 2011	**–**	**–**	**–**	**–**		**–**	**236,206**	**236,206**
Accumulated depreciation								
Balance at 30 June 2009	–	–	–	–		–	(8,519)	(8,519)
Charge for the year	–	–	–	–		–	(9,980)	(9,980)
Balance at 30 June 2010	–	–	–	–		–	(18,499)	(18,499)
Charge for the year	–	–	–	–		–	(25,416)	(25,416)
Foreign currency translation reserve							(2,634)	(2,634)
Balance at 30 June 2011	**–**	**–**	**–**	**–**		**–**	**(46,549)**	**(46,549)**
Carrying amount								
At 30 June 2010	–	–	–	–	–	–	27,642	27,642
At 30 June 2011	**–**	**–**	**–**	**–**	**–**	**–**	**189,657**	**189,657**

** Details of land are maintained in a register held at the offices of Barberton Mines, which may be inspected by a member or their duly authorised agents. The Group reviews the residual values used for purposes of depreciation calculations annually.*

*** The final impairment of the exploration machinery in the Central African Republic which was finally written off in the closure and deregistration of the company.*

**** Reclassification of Phoenix exploration expenditures from exploration and evaluation assets to property, plant and equipment as per IFRS 6 ("Exploration for and evaluation of mineral resources") due to technical feasibility and commercial viability of the project being demonstrated.*

***** The direct mining depreciation excluding other depreciation totals £2,885,243 as reflected as disclosed in Statement of Comprehensive Income. The other depreciation which is not mining related of £25,416 is now reflected in Other (expenses)/ income in note 8.*

17. OTHER INTANGIBLE ASSETS

	Note	Group 30 June 2011 £
Exploration and evaluation assets		
Balance at 30 June 2009		12,038,616
Exploration expenditure		976,373
Foreign currency translation reserve		72,891
Balance at 30 June 2010		13,087,880
Transfer to property, plant and equipment and mineral rights	16	(1,061,675)
Exploration expenditure		800,619
Foreign currency translation reserve		1,387,602
Balance at 30 June 2011		**14,214,426**

The exploration and evaluation assets relate to the Manica project in Mozambique.

18. GOODWILL

	Group		Company	
	30 June 2011 £	30 June 2010 £	**30 June 2011 £**	30 June 2010 £
Goodwill acquired in a business combination is allocated at acquisition to the CGUs that are expected to benefit from that business combination.				
Opening and closing balance	**21,000,714**	21,000,714	**–**	–

The Group tests the goodwill carrying amount annually for impairment, or more frequently if there are indications that goodwill may be impaired. The goodwill carrying amount is not considered to be impaired and the review was performed in accordance with the Group's accounting policies.

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates of 12.10% (2010: 12%) for Barberton Mines and 12.6% (2010: 12%) for Manica Gold Project, which reflect current market assessments of the time value of money and the risks specific to the CGUs to the extent not already reflected in the cash flows being discounted, an average gold price of US$1,372 and exchange rate of ZAR7.50 to the dollar over the life of projects. The life of projects were estimated at 17 years for Barberton Mines, and 10 years for the Manica gold project. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

19. INVESTMENTS

	Company	
	30 June 2011 £	30 June 2010 £
Investments	**53,259,921**	53,259,921

At 30 June 2011 the Company held the following shares in subsidiary undertakings:

Name of undertaking	Country of incorporation	Principal activity	Proportion of capital effectively held by Company	Carrying amount 2011	Carrying amount 2010
Barberton Mines	South Africa	Mining	100%	**45,770,663**	45,770,663
Explorator Limitada	Mozambique	Exploration	100%	**88,972**	88,972
Mistral Resource Development Corporation	British Virgin Isles	Exploration	100%	**584,705**	584,705
Brampton Capital Overseas Limited	British Virgin Isles	Exploration	100%	**2,485,000**	2,485,000
Phoenix Platinum	South Africa	Mining	100%	**4,330,581**	4,330,581
				53,259,921	53,259,921

	Group		Company	
	30 June 2011 £	30 June 2010 £	**30 June 2011 £**	30 June 2010 £
20. REHABILITATION TRUST FUND				
Funds held in trust fund	**3,013,385**	2,740,546	**–**	–
21. INVENTORIES				
Consumable stores	**1,555,693**	1,222,381	**–**	–
Provision for obsolete stock	**(98,491)**	(96,007)	**–**	–
	1,457,202	1,126,374	**–**	–
22. TRADE AND OTHER RECEIVABLES				
Trade receivables	**1,880,730**	2,905,338	**49,400**	48,589
Other receivables and prepayments	**624,948**	347,054	**71,600**	86,483
VAT receivable	**1,748,723**	542,267	**–**	27,265
	4,254,401	3,794,659	**121,000**	162,337
The average credit period is:				
Number of days	**9**	15		

The ageing of trade receivables is current and is consistent with that of prior year. No interest is charged on trade receivables. Before accepting any new customers, the Group uses a credit bureau or performs a credit assessment to assess the potential customer's credit limit and credit quality. The Group only transacts with credit worthy customers and large institutions within South Africa. The fair value of trade receivables is not materially different from the carrying value presented. No receivables have been pledged as security.

	Group		Company	
	30 June 2011 £	30 June 2010 £	**30 June 2011 £**	30 June 2010 £
23. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.				
Cash and cash equivalents	**10,123,822**	12,756,262	**11,546,466**	14,240,891
Credit facilities				
The Group has the following credit facilities at 30 June 2011:				
Nedbank Limited				
Revolving credit facility	**13,712,029**	–	**–**	–
Absa Bank Limited overdraft facility	**1,828,271**	1,647,389	**–**	–
Guarantee	**619,112**	587,222	**–**	–
Credit card	**9,141**	8,670	**–**	
	16,168,553	2,243,281	**–**	–
The Group has secured a three-year revolving credit facility with Nedbank Limited. The facility carries an interest rate of JIBAR plus 3% and is secured against a portion of Barberton Mines' fixed assets and guaranteed by Pan African Resources and Phoenix Platinum. The overdraft facility and asset finance facilities are unsecured. The overdraft facility attracts interest at prime in South Africa. The Group has not yet utilised the facilities as it has sufficient cash on hand.				
24. SHARE CAPITAL				
Authorised				
2,000,000,000 (2010: 2,000,000,000) ordinary shares of £0.01 each	**20,000,000**	20,000,000	**20,000,000**	20,000,000
Issued and fully paid up				
1,444,040,711 (2010: 1,409,540,711) ordinary shares of £0.01 each	**14,440,406**	14,095,406	**14,440,406**	14,095,406

The following cash issue of shares were made during the year.

During the period under review the Company announced the issue and allotment of:

- 34,500,000 new ordinary shares in respect of share options exercised:
- on 25 August 2010 4,000,000 shares issued to N Steinberg at 4 pence per share;
- on 6 October 2010 6,000,000 shares issued to J Nelson at 2 pence per share;
- on 4 November 2010 4,000,000 shares issued to R Still at 4 pence per share;
- on 4 November 2010 7,500,000 shares issued to Pangea Exploration (Pty) Ltd ("Pangea") at 4 pence per share;
- on 10 November 2010 3,000,000 shares issued to J Yates at 5.5 pence per share;
- on 25 November 2010 4,000,000 shares issued to M Bevelander at 7 pence per share;
- on 25 November 2010 4,000,000 shares issued to E Victor at 5.5 pence per share; and
- on 25 November 2010 2,000,000 shares issued to E Victor at 7 pence per share.

Current number of share options outstanding at 30 June 2011 is 18,503,750 (2010: 55,145,000). Participation is the share-based and other long-term incentive schemes is restricted to employees and directors.

Rob Still exercised all outstanding share options on 4 November 2010 and his shareholding equates to less than 5% of the Group's total number of shares in issue.

	Group		Company	
	30 June 2011 £	30 June 2010 £	**30 June 2011 £**	30 June 2010 £
25. TRADE AND OTHER PAYABLES				
Trade and other payables	**6,264,168**	4,064,830	**273,730**	200,338
Accruals*	**1,868,026**	2,442,223	**233,061**	375,500
VAT payable	**61,556**	–	**61,556**	–
Total trade and other payables	**8,193,750**	6,507,053	**568,347**	575,838
The average credit period is:				
Number of days	**50**	37		

* *Accruals include an amount of £1,465,299 (£41,411 for the company) relating to the leave and bonus pay accrual which was classified as a shot-term provision in the prior year. This is in accordance with IAS 19: Employee Benefits.*

The fair value of trade payables is not materially different from the carrying value presented.

26. PROVISIONS

	Rehabilitation	**Total**	Rehabilitation	Total
Balance at 30 June 2009	2,796,503	2,796,503	–	–
Provided during the year	147,458	147,458	–	–
Utilised during the year	–	–	–	–
Foreign currency translation	278,819	278,819	–	–
Balance at 30 June 2010	3,222,780	3,222,780	–	–
Utilised during the year	(11,214)	(11,214)	–	–
Foreign currency translation	175,025	175,025	–	–
Balance at 30 June 2011	**3,386,591**	**3,386,591**	**–**	**–**

Rehabilitation trust fund

The Group is exposed to environmental liabilities relating to its mining operations. Estimates of the cost of environmental and other remedial work such as reclamation costs, close down and restoration and pollution control are made on an annual basis, based on the estimated life of the mine, following which payments are made to a rehabilitation trust set up as required by South African Laws and Regulations. The provision represents the net present value of the best estimate of the expenditure required to settle the obligation to rehabilitate environmental disturbances caused by mining operations. These costs are expected to be incurred over the life of mine.

	Group		Company	
	30 June 2011 £	30 June 2010 £	**30 June 2011 £**	30 June 2010 £
27. LONG-TERM LIABILITIES				
Cash-settled share options*				
Opening balance	**–**	–	**–**	–
Expense for the year	**68,414**	–	**26,919**	–
Foreign currency translation	**1,042**	–	**410**	–
Closing balance	**69,456**	**–**	**27,329**	**–**
Post-retirement benefits				
Opening balance	**115,418**	136,602	**–**	–
Utilised for the year	**(9,710)**	(33,407)	**–**	–
Foreign currency translation	**6,121**	12,223	**–**	–
Closing balance	**111,829**	115,418	**–**	–
Total	**181,285**	115,418	**27,329**	**–**

** On 9 May 2011, Pan African established a cash settled share appreciation programme entitling selected executives and employees of the Pan African Group, as approved by the board of Directors of Pan African, to be allocated notional shares in Pan African. These notional shares will confer the conditional right on the participant to be paid a cash settlement equal to the appreciation in the Pan African share price from the date of allocation to the date of surrender or deemed surrender of notional shares. Participation in the share appreciation program is subject to the agreement of a selected participant and acceptance by said participant of the rules and regulations governing the share appreciation programme.*

The share appreciation settlement will be determined no later than the sixth anniversary of the date that the notional shares were allocated. However, the participant can elect, subject to approval by PAR Remuneration Committee ("Remco"), to surrender his/her notional shares and receive the share appreciation settlement at a date prior to the sixth anniversary date.

The share appreciation settlement will be regarded as remuneration for income tax purposes and thus will be subject to the deduction of PAYE and all other taxes and contributions via the payroll of the relevant Pan African Group Company, which are for the account of the participant.

No share appreciation settlement shall be made until after the period, calculated from the date the notional shares were allocated, of:

- two years has elapsed, in which event not more than 25% of the total number of notional shares allocated;
- three years has elapsed, in which event not more than 50% of the total number of notional shares allocated;
- four years has elapsed, in which event all of the notional shares allocated; and
- or any lesser amount of notional shares, may be surrendered. Notional shares which a participant is entitled to surrender are referred to as "surrenderable notional shares".

Remco may, by resolution, cause any of these dates to be anticipated or, with the consent of the participant concerned, postponed to such extent as it may determine.

The participant is entitled, within a period of 60 days after the date of resignation, to surrender all his/her surrendable notional shares and request the payment of the share appreciation bonus in respect thereof. If the participant is subject to retirement (including early retirement approved by the company after the age of 55 in terms of company policy), retrenchment, death or permanent disability, the participant or the participants estate is entitled, within a period of six months after the termination date, to surrender all his/her surrenderable notional shares and request the payment of the share appreciation settlement in respect thereof.

Participation in share-based and other long-term incentive schemes is restricted to employees and directors.

Details of the share options outstanding during the year, in relation to this scheme, are as follows:

Pan African cash-settled share options

	30 June 2011		30 June 2010	
	Weighted average exercise price (Rands)	**Number of options**	Weighted average exercise price (Rands)	Number of options
Outstanding at 1 July	**–**	**–**	–	–
Granted during the year	**1.15**	**33,669,103**	–	–
Exercised during the year	**–**	**–**	–	–
Forfeited in the year	**–**	**–**	–	–
Outstanding and exercisable at 30 June	**1.15**	**33,669,103**	–	–

These fair values were calculated using the Binomial pricing model. The inputs in the model were as follows:

	30 June 2011	
	Weighted average exercise price (Rands)	**Number of options**
Weighted average share price	1.12	–
Weighted average exercise price	1.15	–
Expected volatility	70.33%	–
Expected life	4 – 5 years	–
Risk-free rate	7.56 – 7.84%	–
Expected dividend yield	4.00%	–

The Group recognised total expenses of £68,414 (2010: £Nil) relating to cash-settled share-based payments transactions during the reporting period.

Vesting schedule

Description	**Grant date**	**Vesting period (years)**	**Vesting period (days)**	**Vesting date**	**Valuation (Rand)**	**Options granted**	**Options expected to vest**
Tranche 1	9 May 2011	2	731	9 May 2011	0.54	8,417,276	7,596,592
Tranche 2	9 May 2011	3	1,096	9 May 2011	0.56	8,417,276	7,216,762
Tranche 3	9 May 2011	4	1,461	9 May 2011	0.58	16,834,551	13,711,847
Total						**33,669,103**	**28,525,201**

	Note	Group 30 June 2011 £	Group 30 June 2010 £	Company 30 June 2011 £	Company 30 June 2010 £
28. DEFERRED TAXATION					
Deferred tax liabilities					
Property, plant and equipment		**10,469,324**	8,881,636	**–**	–
Provisions		**(623,950)**	(789,304)	**–**	–
Other		**(3,679)**	–	**–**	–
Net deferred tax liabilities		**9,841,695**	8,092,332	**–**	–
Reconciliation of deferred tax liabilities:					
Net deferred liabilities at the beginning of the year		**8,092,332**	6,752,432	**–**	–
Deferred tax charge for the year	13	**1,086,788**	728,801	**–**	–
Translation difference		**662,575**	611,099	**–**	–
Net deferred liabilities at the end of the year		**9,841,695**	8,092,332	**–**	–

Deferred tax assets not recognised for PAR company amounted to £2,385,719 (2010: £2,157,007).

29. FINANCIAL INSTRUMENTS

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from the prior year.

	Group 30 June 2011 £	Group 30 June 2010 £	Company 30 June 2011 £	Company 30 June 2010 £
Components of capital:				
Cash and cash equivalents	**(10,123,822)**	(12,756,262)	**(11,546,466)**	(14,240,891)
Net interest-bearing assets	**(10,123,822)**	(12,756,262)	**(11,546,466)**	(14,240,891)
Equity	**90,746,110**	73,486,877	**91,668,252**	72,361,319
Net debt to equity ratio (%)	**(0.11)**	(0.17)	**(0.13)**	(0.20)
Categories of financial instruments				
Financial assets				
Cash and cash equivalents	**10,123,822**	12,756,262	**11,546,466**	14,240,891
Receivables	**1,880,730**	3,794,659	**49,400**	162,337
Financial liabilities				
Trade and other payables	**8,132,194**	5,041,754	**506,791**	575,838

Financial risk management objectives

The Group seeks to minimise the effects of financial risks by using derivative financial instruments to hedge risk exposures where appropriate. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with the policies and exposure limits is reviewed on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments for speculative use.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Statement of Financial Position are net of allowances for doubtful receivables of £4,879 (2010: £11,916) relating to other receivables, estimated by the Group's management based on the current economic environment. The credit risk on liquid funds is limited because the counterparties are dealt with in accordance with the Group's credit policy. The Group has one major customer that represents more than 5% of the trade receivables balance for the individual companies.

	30 June 2011	30 June 2010
Customers above 5%	**1,831,330**	2,856,749

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and the gold price. Where appropriate, the Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk and the commodity price risk. Market risk exposures are measured using sensitivity analysis.

Foreign currency risk

The Group undertakes certain transactions in foreign currencies. Hence, exposures to exchange rate fluctuationarise. Exchange rate exposures are managed within approved policy parameters.

Commodity price risk

The Group may enter into forward contracts to hedge their exposure to fluctuations gold prices and exchange rates on specific transactions. The contracts are matched with anticipated future cash flows from gold sales.

Interest rate and liquidity risk

Fluctuations in the interest rates impact on short-term investment and financing activities, giving rise to interest rate risk. In the ordinary course of business, the Group receives cash proceeds from its operations and is required to fund working capital and capital expenditure requirements. Cash is managed to ensure that surplus funds are invested to maximise returns whilst ensuring that capital is safeguarded to the maximum extent by only investing with reputable financial institutions. Contractual arrangements for committed borrowing facilities are maintained to meet the Group's normal and contingent funding needs.

Currency and commodity price risk

Currency and gold price	**Closing rate at 30 June 2011**	**Average rate for the year ended 30 June 2011**
Pound Sterling/Rand	10.94	11.11
Gold price	$1,509	$1,366

	Impact of 10% currency or gold price movement on profit
Foreign currency/gold price sensitivity	
2011	**5,341,923**
2010	4,485,530

The Pound Sterling carrying amount of the Group's foreign currency denominated monetary assets and liabilities at statement of financial position date is as follows:

	South African Rands	£	Total
2011			
Assets	15,835,425	–	15,835,425
Liabilities	8,193,750	–	8,193,750
2010			
Assets	3,273,465	14,403,830	17,677,295
Liabilities	4,507,327	534,427	5,041,754

Commodity hedges

The Group did not undertake any hedging in the current or prior year.

Interest rate risk

The Group is exposed to interest rate risk as entities within the Group borrow and invest funds at both fixed and floating interest rates.

Interest rate sensitivity

Based on the low level of interest-bearing balances on the statement of financial position, an interest rate sensitivity is not performed as the interest rate exposure to the Group is minimal.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowings facilities, by continually monitoring forecasts and actual cash flows and matching maturity profiles of financial assets and liabilities.

The Group has access to financing facilities at its mining operations, of which the total unutilised portion is currently £13,998,153 (2010: £133,720). The Group expects to meets its other obligations from operating cash flows and proceeds of maturing financial assets.

Liquidity risk analysis

The following table indicates the Group's remaining contractual maturity from its financial liabilities:

Group	Weighted average interest rate	Less than 12 months	1 – 5 years	Total
2011				
Trade and other payables	**–**	**8,132,194**	**–**	**8,132,194**
Long-term liabilities	**–**	**–**	**181,285**	**181,285**
Other short-term liabilities	**–**	**–**	**–**	**–**
2010				
Trade and other payables	–	4,064,830	–	4,064,830
Long-term liabilities	–	–	–	–
Other short-term liabilities	–	–	–	–

Company	Weighted average interest rate	Less than 12 months	1 – 5 years	Total
2011				
Trade and other payables	**–**	**506,791**	**–**	**506,791**
Long-term liabilities	**–**	**–**	**27,329**	**27,329**
Other short-term liabilities	**–**	**–**	**–**	**–**
2010				
Trade and other payables	–	200,338	–	200,338
Long-term liabilities	–	–	–	–
Other short-term liabilities	–	–	–	–

Fair value of financial instruments

The directors consider that the carrying amounts of financial assets and liabilities recorded approximate their fair values.

30. POST-RETIREMENT BENEFIT INFORMATION

All employees are required to be members of either the Barberton Retirement Fund, Sentinel Retirement Fund, Mine Workers Provident Fund or the Shanduka Group Provident Fund. These are defined-contribution funds and are registered under and governed by the South African Pension Act, 1956 as amended. The assets of the scheme are held separately from those of the Group in funds and they are in the control of the trustees. The total costs charged to the Statement of Comprehensive Income of £1,463,689 (2010: £1,268,883) represent employer contributions payable to the schemes by the Group at rates specified in the rules of the scheme. The calculation of the provision for post-retirement medical benefits is performed internally by management using the South African Revenue Services life expectancy tables as the benefits payable are a fixed amount per pensioner.

31. COMMITMENTS, CONTINGENT LIABILITIES AND GUARANTEES

Group

Commitments

The Group had outstanding open orders contracted for at year-end of £3,671,395 (2010: £111,905). Authorised commitments for the new financial year not yet contracted for totalled £9,641,450.

Contingent liabilities

The Group had no contingent liability in the current financial year or prior year.

Guarantees

The Group had guarantees of £13,712,029 in favour of Nedbank Limited (2010: Nil) and £352,185 (2010: £334,044) in favour of Eskom, and £266,927 (2010: £253,178) in favour of the Department of Mineral Resources at year-end.

Company

There were no commitments, contingent liabilities and guarantees for the Company for the year ended 30 June 2011 (2010: £nil).

32. DIRECTORS' EMOLUMENTS

The key management personnel for which remuneration has been disclosed are the directors:

	30 June 2011 £	30 June 2010 £
Executive directors		
Emoluments	**311,592**	260,278
Share options exercised	**372,993**	–
Total	**684,585**	260,278
Non-executive directors		
Emoluments	**156,328**	153,918
Total	**156,328**	153,918
Total remuneration	**840,913**	414,196

Individual	**Share options exercised £**	**Cost to Company £**	**Bonuses £**	**Total 2011 £**	**Total 2010 £**
Executive					
Mr J Nelson	372,993	194,741	29,734	**597,468**	197,411
Mr JAJ Loots*	–	87,117	–	**87,117**	62,867
Total	372,993	281,858	29,734	**684,585**	260,278
Individual					
Non-executive					
Mr RG Still	–	38,235	–	**38,235**	26,823
Mr J Hopwood	–	–	–	**–**	24,832
Mr KC Spencer	–	43,559	–	**43,559**	37,720
Mr RM Smith*	–	26,135	–	**26,135**	22,632
Mr CM Ramaphosa*	–	48,399	–	**48,399**	41,911
Total	–	156,328	–	**156,328**	153,918

** Directors' fees accruing to these directors are paid by the Company to Shanduka Group (Pty) Limited. In terms of the cash-settled share appreciation scheme, 5,805,006 share options were granted to Mr J Nelson (refer to note 27).*

Non-executive directors

During the year under review, the non-executive directors were Mr RG Still, Mr K Spencer, Mr CM Ramaphosa and Mr RM Smith.

No retirement fund contributions are currently made by the Company on behalf of directors.

Non-executive directors are entitled to the following fees approved annually by the Remuneration Committee for services rendered, based on their appointment to the respective board sub-committees.

	30 June 2011		30 June 2010	
	Chairperson £	**Member £**	Chairperson £	Member £
Board of Directors – Chairman	41,139	–	35,624	–
Board of Directors – Deputy Chairman	24,199	–	20,956	–
Board of Directors	–	18,875	–	16,345
Remuneration Committee	7,260	4,840	6,287	4,191
Audit Committee	9,680	7,260	8,382	6,287
SHEC Committee	–	7,260	–	6,287
Nominations Committee	7,260	4,840	6,287	4,191

	Total options outstanding 1 July 2010	**Average option price (pence)**	**Total options 30 June 2011**
Mr KC Spencer	3,000,000	6.2	**3,000,000**
Mr J Hopwood*	1,000,000	6.2	**1,000,000**
Total	**4,000,000**	**6.2**	**4,000,000**

	Total options outstanding 1 July 2009	**Average option price (pence)**	**Total options outstanding 30 June 2010**
Mr KC Spencer	3,000,000	6.2	3,000,000
Mr J Nelson	6,000,000	2.0	6,000,000
Mr RG Still	4,000,000	2.5	4,000,000
Mr J Hopwood	1,000,000	6.2	1,000,000
Total	**14,000,000**	**–**	**14,000,000**

** Mr J Hopwood share options have fully vested and his estate has not yet exercised these options.*

Directors' interest in shares

As at 30 June 2011 the CEO, Mr JP Nelson held 1,122,442 shares in Pan African Resources.

As at 30 June 2011 the Financial Director, Mr JAJ Loots held 65,000 shares.

As at 30 June 2011 the non-executive director, Mr RG Still held 2,000,000 shares. Mr RG Still is a director of Pangea Exploration (Proprietary) Limited ("Pangea") and a trustee of a family trust which owns 33.33% of Pangea. Mr RG Still, a non-executive director of Pan African, is therefore deemed to have an indirect, non-beneficial interest in Pangea's holding in the Company. Pangea holds 2.90% of the current issued share capital of Pan African.

Substantial shareholdings

As at 24 June 2011 the substantial shareholdings of which the Company is aware are as follows:

Shares in issue:

Name	**Number of shares**	**Percentage held**
Shanduka Gold (Pty) Limited	366,168,585	25.36
Coronation Fund Managers	217,335,477	15.05
Investec Asset Management (South Africa)	149,619,143	10.36
Allan Gray Investment Council	111,214,383	7.70

33. EQUITY SETTLED SHARE OPTIONS

On 1 September 2005, the Company established a share option programme relating to equity-settled share options entitling specific employees, officers, directors and qualifying consultants as approved by the Board of Directors of the Company and its subsidiaries to purchase shares in the Company. The share option exercise price is determined using the closing price at which shares are traded on the JSE or AIM (as determined by the Board of Directors), on the trading date immediately preceding the date upon which the board authorised the grant of the opportunity to acquire the relevant share options, as the case may be to a participant. Pursuant to resolutions of the board passed in accordance with the rules of the share option programme, shares options may be released from the share option programme to participants, share options may be exercised by participants and allocation shares may be delivered to participants as follows for allocations prior to 21 July 2008:

(i) 33.33% of the total number of shares allocated after one year has elapsed from the grant date by the participant of the grant;

(ii) up to 66.67% of the total number of shares allocated after two years have elapsed from the grant date by the participant of the grant;

(iii) the balance of the shares allocated after three years have elapsed from the grant date by the participant of the grant,

and for allocations subsequent to 21 July 2008 as follows:

(i) 25% of the total number of shares allocated after one year has elapsed from the grant date by the participant of the grant;

(ii) up to 50% of the total number of shares allocated after two years have elapsed from the grant date by the participant of the grant;

(iii) up to 75% of the total number of shares allocated after three years have elapsed from the grant date by the participant of the grant; and

(iv) the balance of the shares after four years have elapsed from the grant date by the participant of the grant, provided that the board may, at its discretion, anticipate or postpone such dates.

An option holder may not exercise a share option under the share option programme by later than the end of the year preceding the tenth anniversary of the grant date. Upon death of an option holder the estate would be entitled to exercise the options vested to date within 12 months of the date of death, if the options are not exercised the total available share options would lapse. The directors have the discretion to approve the vesting of the deceased total number of unvested share options. Participation in share-based and other long-term incentive schemes is restricted to employees and directors.

The number of vested share options to which an option holder is entitled to expires after of period of six months due to retirement, redundancy or disability of the option holder.

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

	30 June 2011		30 June 2010	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
Outstanding at 1 July	**4.8p**	**55,145,000**	4.7p	52,945,000
Granted during the year	**–**	**–**	6.1p	3,400,000
Exercised during the year	**4.5p**	**(34,500,000)**	4.0p	(1,200,000)
Forfeited during year	**6.2p**	**(2,141,250)**	–	–
Outstanding at 30 June 2011	**5.2p**	**18,503,750**	4.8p	55,145,000
	Vested	**Unvested**	Vested	Unvested
Total number share options at year-end	**11,013,750**	**7,490,000**	40,019,583	15,125,417

The fair value of services received for share options granted is based on the fair value of share options granted, measured using for all issues prior to 20 March 2010 a Black Scholes model and a variant of the Binomial model for issues on 20 March 2010, with the following inputs:

	30 June 2010
Share price	R0.68
Exercise price	R0.68
Expected volatility	58.61%
Expected life	3 – 6 years
Risk-free interest rate	8.15%

A Company dividend rate has not yet been determined and therefore is not taken into account in option fair value calculations. 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 annualised standard deviations of daily continuously compounded returns on the Company's stock, calculated over one to four 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 Group recognised total expenses of £107,056 (2010: £204,704) related to equity-settled share-based payment transactions during the reporting period.

34. RELATED PARTY TRANSACTIONS

The Group entered into the following transactions and held year-end balances with related parties:

	Statement of comprehensive income 30 June 2011 £	Statement of comprehensive income 30 June 2010 £	**Statement of financial position 30 June 2011 £**	Statement of financial position 30 June 2010 £
* Dividends received	**21,650,960**	9,032,496	**–**	–
* Fee received from Barberton Mines	**(1,306,054)**	(885,163)	**–**	–
* Administration fee received from Phoenix Platinum	**(211,078)**	(181,707)	**–**	–
Fee paid to Metorex	**–**	(335,289)	**–**	–
Fee paid to Shanduka	**(81,761)**	(76,688)	**–**	–
	20,052,067	7,553,649	**–**	–
Loans to subsidiaries				
* Explorator Limitada	**–**	–	**11,224,272**	8,982,300
* Phoenix Platinum	**–**	–	**15,922,612**	2,002,084
	–	–	**27,146,884**	10,984,384
* Barberton Mines	**–**	–	**–**	(5,738,018)

** These related party transactions related to Pan African and eliminate on consolidation. As at 30 June 2011 the foreign currency translation reserve related to these transactions amounted to £1,548,471.*

35. EVENTS AFTER THE REPORTING PERIOD

Listing of Manica as a separate entity to unlock optimal shareholder value.

On 22 June 2011, Pan African announced that it was exploring optimal ways to bring its Manica gold project located in Mozambique ("Manica Project") to account. On 19 August 2011 the Company advised that a process to list its Manica Project as a separate entity on an appropriate international exchange ("Separate Listing"), has now commenced.

The Company announced the appointment of Ms Phuti Malabie as a non-executive director effective from 20 July 2011. Ms Malabie's appointment follows the resignation of Mr Rowan Smith as a non-executive director of Pan African with effect from 20 July 2011.

	Group		Company	
	30 June 2011 £	30 June 2010 £	**30 June 2011 £**	30 June 2010 £
36. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED BY/ (USED IN) OPERATIONS				
Profit before taxation	**26,416,974**	22,155,788	**21,244,832**	8,298,257
Adjusted for:	**4,692,474**	3,908,846	**(22,333,516)**	(9,042,010)
Dividends received	**–**	–	**(21,650,960)**	(9,032,496)
Impairment	**–**	335,401	**–**	335,401
Equity-settled share options costs	**175,470**	204,704	**64,985**	113,516
Net finance income	**(761,894)**	(593,730)	**(772,957)**	(468,411)
Royalty costs	**2,368,239**	837,378	**–**	–
Company depreciation	**25,416**	–	**25,416**	9,980
Depreciation – Mining	**2,885,243**	3,125,093	**–**	–
Operating cash flows before working capital changes	**31,109,448**	26,064,634	**(1,088,684)**	(743,753)
Working capital changes	**858,377**	(857,137)	**11,389**	146,626
Increase in inventories	**(330,828)**	(768,011)	**–**	–
(Increase)/decrease in trade and other receivables	**(459,742)**	(1,593,446)	**41,337**	(139,051)
Increase/(decrease) in trade and other payables and provisions	**1,916,375**	2,019,795	**(7,491)**	285,677
Non-cash items	**(267,428)**	(515,475)	**(22,457)**	–
Cash generated by/(utilised in) operations	**31,967,825**	25,207,497	**(1,077,295)**	(597,127)
Income taxes paid	**(8,310,193)**	(6,685,351)	**–**	–
Royalties paid	**(2,433,072)**	(790,569)	**–**	–
Net finance income	**761,894**	593,730	**772,957**	468,411
Dividends paid	**(5,376,165)**	–	**(5,376,165)**	–
Net cash from/(used in) operating activities	**16,610,289**	18,325,307	**(5,680,503)**	(128,716)

Taxation paid during the year:	Group £	Group £
Taxation charge per the statement of comprehensive income	9,248,309	7,655,913
Less: Deferred taxation	(1,086,788)	(728,801)
	8,161,521	6,927,112
Taxation unpaid at beginning of year	528,566	253,659
Taxation unpaid at end of year	(689,543)	(528,566)
Foreign currency translation	309,649	33,146
Taxation paid during year	8,310,193	6,685,351
Royalty paid during the year		
Royalty costs unpaid at beginning of year	48,419	–
Royalty costs unpaid at end of year	(76,991)	(48,419)
Royalty costs charge for the year	2,368,239	837,378
Foreign currency translation	93,405	1,610
Royalty paid	2,433,072	790,569

37. SHAREHOLDER ANALYSIS

Register date: 24 June 2011

Issued share capital: 1,444,040,711 shares

Shareholder spread	Number of shareholders	Percentage	Number of shares	Percentage
1 – 1,000 shares	322	6.51	208,237	0.01
1,001 – 10,000 shares	1,928	38.95	11,102,019	0.77
10,001 – 100,000 shares	2,105	42.53	77,250,073	5.35
100,001 – 1,000,000 shares	452	9.13	135,003,470	9.35
1,000,001 shares and over	143	2.89	1,220,476,912	84.52
Total	4,950	100	1,444,040,711	100.00
Distribution of shareholders				
Banks	26	0.53	192,396,683	13.32
Brokers	11	0.22	4,202,539	0.29
Close corporations	69	1.39	5,682,361	0.39
Endowment funds	9	0.18	2,385,003	0.17
Individuals	3,986	80.53	130,309,443	9.02
Insurance companies	4	0.08	11,972,616	0.83
Investment companies	13	0.26	35,923,236	2.49
Mutual funds	44	0.89	254,527,694	17.63
Nominees and trusts	572	11.56	270,319,952	18.72
Other corporations	65	1.31	1,901,846	0.13
Pension funds	69	1.39	99,916,585	6.92
Private companies	67	1.35	427,262,733	29.59
Public companies	15	0.30	7,240,020	0.50
Total	4,950	100.00	1,444,040,711	100.00

Public/Non-public shareholder	Number of shareholders	Percentage	Number of shares	Percentage
Non-public shareholders	7	0.001	778,135,055	53.89
Directors including Pangea Exploration (Pty) Limited	4	0.001	45,011 850	3.12
Strategic holder (more than 10%)	3	0.001	733,123,205	50.77
Public shareholders	4,943	0.999	665,905,656	46.11
Total	4,950	100.00	1,444,040,711	100.00

Beneficial holding of 3% or more	Number of shareholders	Percentage
Shanduka Gold (Pty) Limited	366,168,585	25.36
Coronation Fund Managers	217,335,477	15.05
Investec Asset Management (South Africa)	149,619,143	10.36
Allan Gray Investment Council	111,214,383	7.70

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2010.

Principal Activities

The Group's principal activity during the year was gold mining and exploration activities. A full review of the activities of the business and of future prospects is contained in the Chief Executive Officer's Report which accompanies these financial statements, with financial and non-financial key performance indicators ("KPIs") shown below.

Key performance indicators

The Group produces management reports on a monthly basis that highlight several KPIs from a corporate, operational and management perspective to assess the financial position and performance of the Group. These are highlighted on page 58 of the Pan African annual report.

Results and Dividends

The results for the year are disclosed in the Consolidated Statement of Comprehensive Income on page 64 of the Pan African annual report. The salient features of these results can be found on page 4 of the Pan African annual report.

The board of directors recommends a final dividend for the year ended 30 June 2010 of 0.3723p per share (2009: dividend paid of 0.2555p per share), to be approved by shareholders at the forthcoming annual general meeting of the Company.

Policy for payment of creditors

It is the Company's policy to settle all agreed transactions within the terms established with suppliers. The Company's credit days are a maximum of 60 days.

Risk Management

The key business risks to which the company is exposed have been considered and addressed on pages 54 and 55.

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 misstatement or loss.

Internal financial control procedures undertaken by the board include:

- review of monthly financial reports and monitoring performance;
- review of internal audit reports and follow-up action of weaknesses identified by these reports;
- review of competency and experience of senior management staff;
- prior approval of all significant expenditure including all major investment decisions; and
- review and debate of treasury and other policies.

The board has reviewed the operation and effectiveness of the Company's system of internal control for the financial year 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 at least the next 12 months and has found them to be adequate.

The Group is debt free and has a profit margin of approximately 27% after capital expenditure and depreciation at Barberton Mines. Should the need arise the Group can cease most exploration and capital activities and in doing so conserve cash.

Events after the reporting period

Subsequent to the year end, an additional 4,000,000 ordinary shares were issued for cash at 4.0p per share on 23 August 2010, in relation to share options exercised.

Directors

The following were directors during the year under review:

Mr K C Spencer*	
Mr J P Nelson	
Mr R G Still*	
Mr C M Ramaphosa	(appointed 17 September 2009)
Mr R M Smith	(appointed 17 September 2009)
Mr J A J Loots	(appointed 26 August 2009)
Mr M Smith	(resigned 26 August 2009)
Mr J G Hopwood*	(deceased 19 March 2010)

* Independent

Auditors

Deloitte LLP have been appointed as Group auditors until the conclusion of the next Annual General Meeting.

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant information of which the Company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with S418 of the UK Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board

Jan Nelson
Chief Executive Officer

30 August 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors are required by the International Accounting Standard ("IAS") Regulation to prepare the Group financial statements under International Financial Reporting Standards ("IFRSs") as adopted by the European Union and have also elected to prepare the parent company financial statements in accordance with IFRSs as adopted by the European Union. The financial statements are also required by law to be properly prepared in accordance with the Companies Act 2006.

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

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

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

By order of the Board

Jan Nelson
Chief Executive Officer

Jacobus Loots
Financial Director

UK INDEPENDENT AUDITORS' REPORT

To the members of Pan African

We have audited the financial statements of Pan African for the year ended 30 June 2010 which comprise the Group and Parent Company Statement of Comprehensive Income, the Group and Parent Company Statement of Financial Position, the Group and Parent Company Cash Flow Statement, the Group and Parent Company Statement of Changes in Equity and the related notes 1 to 36. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the UK Companies Act 2006. 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 auditors' 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

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's ("APB's") Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 June 2010 and of the Group's and the parent company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the UK Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 1 to the financial statements, the Group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board ("IASB").

In our opinion the Group financial statements comply with IFRSs as issued by the IASB.

Opinion on other matters prescribed by the UK Companies Act, 2006

In our opinion:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the UK Companies Act, 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Deborah Thomas
(Senior Statutory Auditor)

for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, UK

30 August 2010

INDEPENDENT AUDITORS' REPORT

To the members of Pan African Resources PLC

We have audited the Group annual financial statements and annual financial statements of Pan African Resources PLC, which comprise the consolidated and separate statements of financial position as at 30 June 2010, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the financial year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 190 to 226.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Pan African Resources PLC as at 30 June 2010, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year ended in accordance with International Financial Reporting Standards.

Deloitte & Touche
Per IT Marshall
Partner

30 August 2010

Deloitte – Registered Auditors
Buildings 1 and 2, Deloitte Place
The Woodlands, 20 Woodlands Drive, Woodmead, Sandton, 2196
Johannesburg, South Africa

National executive: GG Gelink Chief Executive AE Swiegers Chief Operating Officer GM Pinnock Audit DL Kennedy Tax & Legal and Risk Advisory L Geeringh Consulting L Bam Corporate Finance CR Beukman Finance TJ Brown Clients & Markets NT Mtoba Chairman of the Board MJ Comber Deputy Chairman of the Board

A full list of partners and directors is available on request.

CERTIFICATE OF THE COMPANY SECRETARY

I hereby certify that Pan African has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act 2006. All such returns are true, correct and up to date.

St James's Corporate Services Limited

30 August 2010

CONSOLIDATED AND COMPANY STATEMENT OF COMPREHENSIVE INCOME

for year ended 30 June 2010

		Group		Company	
	Notes	**30 June 2010 £**	30 June 2009 £	**30 June 2010 £**	30 June 2009 £
Revenue					
Gold sales	4	**68,506,394**	53,000,352	**–**	–
Realisation costs		**(162,791)**	(140,546)	**–**	–
On-mine revenue		**68,343,603**	52,859,806	**–**	–
Cost of production	5	**(40,553,886)**	(28,504,686)	**–**	–
Depreciation	16	**(3,125,093)**	(2,360,431)	**–**	–
Mining profit		**24,664,624**	21,994,689	**–**	–
Other (expenses)/income		**(1,929,787)**	(1,465,336)	**8,165,247**	9,764,359
Impairment costs		**(335,401)**	(5,025,463)	**(335,401)**	(5,056,290)
Royalty costs		**(837,378)**	–	**–**	–
Net income before finance income and finance costs		**21,562,058**	15,503,890	**7,829,846**	4,708,069
Finance income	4, 9	**661,645**	816,754	**468,490**	113,205
Finance costs	9	**(67,915)**	(9,933)	**(79)**	(689)
Profit before taxation	10	**22,155,788**	16,310,711	**8,298,257**	4,820,585
Taxation	13	**(7,655,913)**	(8,219,425)	**–**	–
Profit after taxation		**14,499,875**	8,091,286	**8,298,257**	4,820,585
Other comprehensive income					
Foreign currency translation differences		**2,379,762**	3,649,901	**–**	–
Total comprehensive income for the year		**16,879,637**	11,741,187	**8,298,257**	4,820,585
Profit attributable to:					
Owners of the parent		**14,277,232**	4,403,535	**8,298,257**	4,820,585
Non-controlling interest		**222,643**	3,687,751	**–**	–
		14,499,875	8,091,286	**8,298,257**	4,820,585
Total comprehensive income attributable to:					
Owners of the parent	14	**16,809,093**	7,485,801	**8,298,257**	4,820,585
Non-controlling interest	14	**70,544**	4,255,386	**–**	–
		16,879,637	11,741,187	**8,298,257**	4,820,585
From continuing operations:					
Basic earnings per share (pence)		**1.04**	0.40	**–**	–
Diluted earnings per share (pence)		**1.03**	0.40	**–**	–

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION
at 30 June 2010

	Notes	Group		Company	
		30 June 2010 £	30 June 2009 £	**30 June 2010 £**	30 June 2009 £
ASSETS					
Non-current assets					
Property, plant and equipment and mineral rights	16	**37,495,010**	31,801,235	**27,642**	20,547
Other intangible assets	17	**13,087,880**	12,038,616	**–**	–
Goodwil	18	**21,000,714**	21,000,714	**–**	–
Investments	19	**–**	–	**53,259,921**	38,499,708
Rehabilitation trust fund	20	**2,740,546**	2,357,266	**–**	–
		74,324,150	67,197,831	**53,287,563**	38,520,255
Current assets					
Inventories	21	**1,126,374**	358,363	**–**	–
Receivables from subsidiaries	34	**–**	–	**10,984,384**	10,341,443
Trade and other receivables	22	**3,794,659**	2,201,213	**162,337**	23,286
Cash and cash equivalents	23	**12,756,262**	2,389,301	**14,240,891**	1,507,134
		17,677,295	4,948,877	**25,387,612**	11,871,863
Total assets		**92,001,445**	72,146,708	**78,675,175**	50,392,118
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	25	**14,095,406**	11,125,891	**14,095,406**	11,125,891
Share premium		**49,732,830**	37,899,997	**49,732,830**	37,899,997
Translation reserve		**4,495,865**	1,964,004	**–**	–
Share option reserve		**754,394**	549,690	**739,519**	626,003
Retained income		**25,814,783**	11,537,551	**6,233,564**	(2,064,693)
Realisation of equity reserve		**(10,701,093)**	–	**–**	–
Merger reserve		**(10,705,308)**	(10,705,308)	**1,560,000**	1,560,000
Equity attributable to owners of the parent		**73,486,877**	52,371,825	**72,361,319**	49,147,198
Non-controlling interest		**–**	3,988,577	**–**	–
Total equity		**73,486,877**	56,360,402	**72,361,319**	49,147,198
Non-current liabilities					
Long-term provisions	27	**3,338,198**	2,933,105	**–**	–
Deferred taxation	28	**8,092,332**	6,752,432	**–**	–
		11,430,530	9,685,537	**–**	–
Current liabilities					
Trade and other payables	26	**5,041,754**	3,719,787	**534,427**	253,101
Short-term liabilities – interest-bearing	26	**–**	20,669	**–**	–
Short-term provisions	27	**1,465,299**	1,151,895	**41,411**	37,060
Payable to other group companies	34	**–**	954,759	**5,738,018**	954,759
Current tax liability		**576,985**	253,659	**–**	–
		7,084,038	6,100,769	**6,313,856**	1,244,920
Total equity and liabilities		**92,001,445**	72,146,708	**78,675,175**	50,392,118

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

for the year ended 30 June 2010

	Notes	Group		Company	
		30 June 2010 £	30 June 2009 £	**30 June 2010 £**	30 June 2009 £
Net cash from/(used in) operating activities	36	**18,325,307**	8,567,361	**(128,716)**	(3,527,515)
Investing activities					
Dividends received		**–**	–	**9,032,496**	11,275,545
Additions to property, plant and equipment, mineral rights		**(5,935,346)**	(4,318,425)	**(17,075)**	(7,396)
Additions to intangibles		**(976,373)**	(1,580,349)	**–**	–
Loans to subsidiaries		**–**	–	**(642,941)**	(4,316,065)
Funding of rehabilitation trust fund		**147,458**	193,347	**–**	–
Cash outflow on acquisition of subsidiary		**–**	(4,205,144)	**–**	(4,205,144)
Net (cash used in)/from investing activities		**(6,764,261)**	(9,910,571)	**8,372,480**	2,746,940
Financing activities					
Borrowings raised		**–**	1,145,710	**–**	1,145,710
Borrowings repaid		**(954,759)**	(190,952)	**(954,759)**	(190,952)
Loans from subsidiaries		**–**	–	**5,738,018**	–
Shares issued	25	**48,000**	–	**–**	–
Share issue costs		**(5,866)**	–	**(5,866)**	–
Net cash from financing activities		**(912,625)**	954,758	**4,777,393**	954,758
Net increase/(decrease) in cash and cash equivalents		**10,648,421**	(388,452)	**13,021,157**	174,183
Cash and cash equivalents at the beginning of the year		**2,389,301**	5,419,489	**1,507,134**	1,455,587
Effect of foreign exchange rate changes		**(281,460)**	(2,641,736)	**(287,400)**	(122,636)
Cash and cash equivalents at the end of the year	23	**12,756,262**	2,389,301	**14,240,891**	1,507,134

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2010

GROUP	Share capital £	Share premium account £	Translation reserve £	Share option reserve £	Retained earnings £	Realisation of equity reserve £	Merger reserve £	Non-controlling interest £	Total £
Balance at 30 June 2008	10,998,664	37,267,475	(1,118,262)	285,312	9,946,021	–	(10,705,308)	3,694,869	50,368,771
Issue of shares	127,227	632,522	–	–	–	–	–	–	759,749
Current year movement	–	–	3,082,266	–	–	–	–	567,635	3,649,901
Profit for the year	–	–	–	–	4,403,535	–	–	3,687,751	8,091,286
Dividend issue	–	–	–	–	(2,812,005)	–	–	(3,961,678)	(6,773,683)
Share-based payment – charge for the year	–	–	–	264,378	–	–	–	–	264,378
Balance at 30 June 2009	11,125,891	37,899,997	1,964,004	549,690	11,537,551	–	(10,705,308)	3,988,577	56,360,402
Issue of shares	2,969,515	11,838,699	–	–	–	(10,701,093)	–	(4,059,121)	48,000
Share issue costs	–	(5,866)	–	–	–	–	–	–	(5,866)
Current year movement	–	–	2,531,861	–	–	–	–	(152,099)	2,379,762
Profit for the year	–	–	–	–	14,277,232	–	–	222,643	14,499,875
Share-based payment – charge for the year	–	–	–	204,704	–	–	–	–	204,704
Balance at 30 June 2010	**14,095,406**	**49,732,830**	**4,495,865**	**754,394**	**25,814,783**	**(10,701,093)**	**(10,705,308)**	**–**	**73,486,877**
COMPANY									
Balance at 30 June 2008	10,998,664	37,267,475	–	491,320	(4,073,273)	–	1,560,000	–	46,244,186
Issue of shares	127,227	632,522	–	–	–	–	–	–	759,749
Profit for the year	–	–	–	–	4,820,585	–	–	–	4,820,585
Dividend issue	–	–	–	–	(2,812,005)	–	–	–	(2,812,005)
Charge for the year	–	–	–	134,683	–	–	–	–	134,683
Balance at 30 June 2009	11,125,891	37,899,997	–	626,003	(2,064,693)	–	1,560,000	–	49,147,198
Issue of shares	2,969,515	11,838,699	–	–	–	–	–	–	14,808,214
Share issue costs	–	(5,866)	–	–	–	–	–	–	(5,866)
Current year movement	–	–	–	–	–	–	–	–	–
Profit for the year	–	–	–	–	8,298,257	–	–	–	8,298,257
Dividend issue	–	–	–	–	–	–	–	–	–
Charge for the year	–	–	–	113,516	–	–	–	–	113,516
Balance at 30 June 2010	**14,095,406**	**49,732,830**	**–**	**739,519**	**6,233,564**	**–**	**1,560,000**	**–**	**72,361,319**

1. GENERAL INFORMATION

Pan African is a company incorporated in England and Wales under the Companies Act 1985. The Company has a dual primary listing on the AIM Market ("AIM") of the London Stock Exchange and the JSE Limited ("JSE"). The move to the JSE main board occurred on 1 December 2009, resulting in the Company's dual primary listing. The Company previously had a secondary listing on AltX, a division of the JSE. The nature of the Group's operations and its principal activities was of gold mining and exploration activities. The financial statements are presented in Pounds Sterling. Foreign operations are included in accordance with the policies set out below. The individual financial statements of each Group Company are maintained in their functional currencies, which is determined by reference to the primary economic environment in which it operates. For the purpose of the consolidated financial statements, the results and financial position of each Group Company is expressed in Pounds Sterling. The financial statements have been prepared on the going concern basis.

The financial statements have also been prepared in accordance with the International Financial Reporting Standards ("IFRS") adopted by the European Union and the Republic of South Africa.

2. ACCOUNTING POLICIES

Basis of preparation and general information

The annual financial statements have been prepared under the historical cost basis, except for certain financial instruments which are stated at fair value. The principal accounting policies are set out below and are consistent in all material respects with those applied in the previous year, except where otherwise indicated.

Historical reverse acquisition

On 31 July 2007 the Company acquired 74% of Barberton Mines (Pty) Limited ("Barberton") in a share-for-share transaction. IFRS 3 Business Combinations defines the acquirer in a business combination as the entity that obtains control. Accordingly, the combination was accounted for as a reverse acquisition.

Going concern

The financial position of the Group, its cash flows and liquidity position are described in note 29. Financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to credit risk.

The Group has, during the current and previous financial years, benefited from high gold prices and increased underground mining production. The Group is largely debt free and currently generates sufficient cash through its operations to fund future capital on its operations. Future growth projects will be funded by internally generated cash flows, third party funding, or by a combination of both. The directors ensure that funding requirements for future growth projects do not compromise the ability of the Group to continue as a going concern. The Group is currently forecasting positive cash flows for the foreseeable future.

Management is not aware of any material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. Based on the current status of the Group's finances, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has, or will have, adequate resources to enable the Group to continue to meet its financial commitments for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

New and revised International Financial Reporting Standards, not yet adopted

The Group applies all applicable IFRS in preparation of the financial statements. Consequently, all IFRS statements that were effective at 30 June 2010 and are relevant to its operations have been applied.

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

Standard/ Interpretation	Description	Effective for annual periods beginning on or after
New standards:		
IFRS 9	Financial Instruments: Classification and Measurement of Financial Assets	1 January 2013
Amendments to existing standards:		
IFRS 2	Share-based Payments:	1 January 2010
	Group Cash-settled Share-based Payment Transactions	
IFRS 3	Business Combinations: Revisions to certain key areas of the standard	1 July 2009
IAS 24	Related Party Disclosures	1 January 2011
IAS 32	Financial Instruments: Presentation – Classification of Rights Issue	1 February 2010
IAS 39	Financial Instruments: Recognition and Measurement: Amendments to IAS 39 for eligible hedged items:	
	Inflation in a financial hedged item	1 July 2009
	A one-side risk in hedge item	1 July 2009
Improvements to IFRS – May 2008:		
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations:	1 July 2009
	Classification of non-current assets (or disposal groups) classified as held for sale or discontinued operations	
Improvements to IFRS – April 2009:		
IFRS 2	Share-based Payments: Consequential Amendment Relating to Business Combinations	1 July 2009
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations: Disclosures	1 January 2010
	Required in Respect of Non-current Assets (or Disposal Groups) Classified as Held for Sale or Discontinued Operations	
IFRS 8	Operating Segments: Disclosure Information about Segment Assets	1 January 2010
IAS 1	Presentation of Financial Statements: Current/Non-current Classification of Convertible Instruments	1 January 2010
IAS 7	Statement of Cash Flows: Classification of Expenditures on Unrecognised Assets	1 January 2010
IAS 17	Leases: Classification of leases on land and buildings	1 January 2010
IAS 18	Revenue: Determining whether an Entity is Acting as a Principal or as an Agent	1 January 2010
IAS 36	Impairment of Assets: Allocation of Goodwill to Cash Generating Units	1 January 2010
IAS 38	Intangible Assets: Acquisition of Intangible Assets in a Business Combination	1 July 2009
IAS 39	Financial Instruments: Recognition and Measurement:	
	Scope Exemption of Business Combination Contracts	1 January 2010
	Cash Flow Hedge Accounting	1 January 2010
IFRIC 9	Reassessment of Embedded Derivatives: Scope of IFRIC 9	1 July 2009

Standard/ Interpretation	Description	Effective for annual periods beginning on or after
Improvements to IFRS – May 2010:		
IFRS 1	First-time Adoption of IFRS:	
	Accounting Policy Changes in the year of adoption	1 January 2011
	Use of Deemed Cost for Rate Regulated Activities	1 January 2011
IFRS 3	Business Combinations:	
	Measurement of Non-controlling Interest	1 July 2010
	Un-replaced and Voluntarily Replaced Share-based Payment Awards	1 July 2010
	Transitional Provisions for Contingent Consideration from a Business	
	Combination that occurred before the Effective Date of the Revised IFRS	1 July 2010
Improvements to IFRS – May 2010:		
IFRS 7	Financial Instruments: Disclosures Clarification of Disclosures	1 January 2011
IAS 1	Presentation of Financial Statements: Clarification of Presentation of Statement of Changes in Equity	1 January 2011
IAS 27	Consolidated and Separate Financial Statements: Transitional Provisions	1 July 2010
IAS 34	Interim Financial Reporting: Significant Events and Transactions	1 January 2011
IFRIC 13	Customer Loyalty Programmes: Fair Value of Award Credits	1 January 2011
New Interpretation:		
IFRIC 17	Distributions of Non-cash Assets to Owners	1 July 2009
IFRIC 18	Transfer of Assets from Customers	1 July 2009
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Amendments to existing interpretations:		
IFRIC 14	Prepayments of a Minimum Funding Requirement	1 January 2011

The impact of the adoption of the above standards and interpretations still needs to be considered, but is not expected to have a material impact on the financial results.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) to 30 June each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. The results of the subsidiaries acquired or disposed of during the year are included in the consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Inter-company transactions and balances between Group entities are eliminated on consolidation.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of a business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs-to-sell.

Goodwill arising on acquisitions is recognised as an asset, and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss. The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of net fair value of the assets, liabilities and contingent liabilities recognised.

Change in ownership interest

In terms of IAS 27, changes in a parent's ownership interest in a subsidiary that do not result in a change of control are accounted for as equity transactions.

PROPERTY, PLANT AND EQUIPMENT

Mining assets

Mining assets, including mine development costs and mine plant facilities, are recorded at cost less provision for impairment and accumulated depreciation.

Expenditure incurred to develop new ore bodies, to define mineralisation in existing ore bodies, to establish or expand productive capacity and expenditure designed to maintain productive capacities, is capitalised until commercial levels of production are achieved.

Mineral and surface rights

Mineral and surface rights are recorded at cost less provision for impairment and accumulated depreciation.

Land

Land is shown at cost and is not depreciated.

Gain or loss on disposal or retirement of assets

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation

Mining assets, mineral and surface rights mining assets, mine development costs, mineral and surface rights and plant mine facilities are depreciated over the estimated LoM to their residual values using the units-of-production method based on estimated proven and probable ore reserves.

Other mining plant and equipment is depreciated on the straight-line basis over the shorter of the LoM or their estimated useful lives.

Depreciation of non-mining assets

Buildings and other non-mining assets are recorded at cost and depreciated on the straight-line basis over their expected useful lives, which vary between three to 10 years.

Mining exploration – change in accounting policy on Greenfield prospects

Previously expenditure on exploration activities on Greenfield prospects was capitalised until the viability of the mining venture was proven. If the mining venture was subsequently considered non-viable, the expenditure was charged against income when that fact became known.

Exploration expenditure on Greenfield prospects is now expensed in the year in which it is incurred. When a decision is taken by the directors that a mining property/project is potentially commercially viable (normally when the project has reached the pre-feasibility stage, once it is considered probable that future economic benefits will be realised and that development may be commissioned) all further directly attributable pre-production expenditure is capitalised. Capitalisation of the pre-production expenditure ceases when commercial levels of production are achieved, at which stage the respective assets are depreciated.

The change in accounting policy will not impact current-year or prior-year financial results.

Impairment (except for goodwill)

At each Statement of Financial Position date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment

loss. If any such indication exists both the value in use and the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment losses are immediately recognised as an expense. A reversal of an impairment loss is recognised immediately in the Statement of Comprehensive Income.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly-controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the CGU may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the CGU, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the CGU *pro rata* on the basis of the carrying amount of each asset in the CGU. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, associate or jointly-controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Taxation

The charge for current tax is based on the results for the year as adjusted for items which are non-deductible or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction, which affects neither tax nor accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date. The measurement of deferred tax liabilities and asset reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also recorded within equity, or where they arise from the initial accounting for a business combination. In a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

The carrying amount of deferred tax assets are reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or parts of the assets to be recovered.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation resulting from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Statement of Financial Position date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Lease assets

The Group leases certain property plant and equipment. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the Group. Other leases are classified as operating leases.

Finance lease assets are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Operation leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability.

Foreign currencies

Transactions in currencies other than the functional currency of the relevant subsidiary are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in such other currencies are retranslated at the rates ruling at the Statement of Financial Position date. Profits and losses arising on exchange are dealt with in the Statement of Comprehensive Income. In order to hedge its exposure to foreign exchange risks, the Group may enter into forward contracts. On consolidation, the assets and liabilities of the Group's foreign operations are translated into Pounds Sterling at exchange rates ruling at the Statement of Financial Position date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising from the translation of foreign operations are classified as equity and are recognised as income or expenses in the period in which the operation is disposed of. Translation differences on foreign loans to subsidiaries which are classified as equity loans are also accounted for as equity.

Consumable stores and product inventories

Consumable stores are valued at the lower of cost, determined on a weighted average basis, and estimated net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Obsolete and slow-moving consumable stores are identified and are written down to their economic or realisable values. Product inventories are valued at the lower of cost, determined on a weighted-average basis, and net realisable value. Costs include direct mining costs and mine overheads.

Retirement and pension benefits

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed schemes are dealt with as defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

Post-retirement benefits other than pension

Historically Barberton Mines provided retirement benefits by way of medical-aid scheme contributions for certain employees. The practice has been discontinued for some years. The net present value of estimated future costs of company contributions towards medical aid schemes for these retirees is recorded as a provision on the Group Statement of Financial Position. The provision is reviewed annually with movements in the provision recorded in the Statement of Comprehensive Income.

Equity participation plan

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 33. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each Statement of Financial Position date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Statement of Comprehensive Income such that the cumulative expense reflects the revised estimate, with corresponding adjustments to the equity-settled employee benefits reserve.

Provision for environmental rehabilitation costs

Long-term environmental obligations are based on Barberton Mines environmental plans, in compliance with current environmental and regulatory requirements. Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the Statement of Financial Position date. Increases due to additional environmental disturbances are capitalised and amortised over the remaining lives of the mines. The estimated cost of rehabilitation is reviewed annually and adjusted as appropriate for changes in legislation or technology. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean-up at closure.

Provision for closure costs

The Group provides for closure costs other than rehabilitation costs, if any, when the directors have prepared a detailed plan for closure of the particular operation, the remaining life of which is such that significant changes to the plan are unlikely, and the directors have raised a valid expectation in those affected that it will carry out the closure by starting to implement that plan or announcing its main features to those affected by it.

Revenue recognition

Sales represents the value of minerals sold, excluding value-added tax, and is recognised when goods are delivered and risk and reward has passed, and is measured at the fair value of the consideration received or receivable. Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rates applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established. Revenue is recognised when the buyer takes title, provided that:

(a) It is probable that delivery will be made;

(b) The item is on hand, identified and ready for delivery to the buyer at the time the sale is recognised;

(c) The buyer specifically acknowledges the deferred delivery instructions; and

(d) The usual payment terms apply.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments and that are not quoted in an active market are classed as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less impairment if necessary. Interest income is recognised by applying the effective interest rate, except for short-term receivables, when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at Fair Value Through Profit and Loss ("FVTPL"), are assessed for indicators of impairment at each Statement of Financial Position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been negatively impacted.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS ISSUED BY THE GROUP

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities FVTPL or "other financial liabilities".

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. The Group has no financial liabilities classified as FVTPL.

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts the estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities only when the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

In the ordinary course of its operations, the Group may enter into a variety of derivative financial instruments to manage its exposure to commodity prices, volatility of interest rates and foreign exchange rate risk.

Derivatives are initially recognised at cost at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each Statement of Financial Position date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group may designate certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk or firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is effective in offsetting changes in fair values or cash flows of the hedged item.

Fair value hedge

Changes in the fair value of any derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the Statement of Comprehensive Income relating to the hedged item. Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedge

The effective portion of changes in the fair value of any derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "other gains and losses" line of the Statement of Comprehensive Income. Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the Statement of Comprehensive Income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Hedge accounting is discontinued when the Group revokes the hedging relationships, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash-on-hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3. CRITICAL ACCOUNTING ESTIMATE AND JUDGEMENTS

In preparing the annual financial statements in terms of IFRS, the Group's management is required to make certain judgements, estimates and assumptions that may materially affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reported year and the related disclosures. The estimates and judgements are based on historical experience, current and expected future economic conditions and other factors. Actual results may differ from these estimates.

Critical accounting estimates and judgements made by management

The following judgements, that have the most significant effect on the amounts recognised in the financial statements, have been made by management in the process of applying the Group's accounting policies:

- estimates made in determining the present obligation of environmental provisions including decommissioning and rehabilitation;
- estimates made in determining the recoverable amount of assets where there is an indication that an asset may be impaired, this includes the estimation of cash flows and the discount rates used;

- estimates made in determining the life of the mines. The Life of Mine is determined from development plans based on mine management's estimates and includes total mineral reserve and a portion of the mineral resource. These plans are updated from time to time and take into consideration the actual current cost of extraction, as well as certain forward projections. These projections are reviewed by the board;
- estimates made of legal or constructive obligations resulting in the raising of provisions, and the expected date of probable outflow of economic benefits to assess whether the provision should be discounted;
- estimates of mineral resources and ore reserves in accordance with the SAMREC code (2000) for South African properties; such estimates relate to the category for the resource (measured, indicated or inferred), the quantum and the grade;
- estimates of the carrying value of goodwill and intangible assets;
- estimates of the fair value of assets at acquisition are made in accordance with IFRS and take into account the replacement value of assets; and
- estimates of feasibility studies related to exploration and growth projects.

		Group		Company	
		30 June 2010 £	30 June 2009 £	**30 June 2010 £**	30 June 2009 £
4.	**REVENUE**				
	Gold sales	**68,506,394**	53,000,352	**–**	–
	Finance income	**661,645**	816,754	**468,490**	113,205
		69,168,039	53,817,106	**468,490**	113,205
5.	**COST OF PRODUCTION**				
	Salaries and wages	**(18,064,485)**	(12,652,511)	**–**	–
	Mining	**(5,494,006)**	(4,444,537)	**–**	–
	Processing	**(5,424,230)**	(4,581,547)	**–**	–
	Engineering and technical services	**(2,919,966)**	(2,562,747)	**–**	–
	Electricity	**(3,528,059)**	(2,044,367)	**–**	–
	Security	**(2,714,009)**	(813,041)	**–**	–
	Administration and other	**(2,409,131)**	(1,405,936)	**–**	–
		(40,553,886)	(28,504,686)	**–**	–

6. SEGMENTAL ANALYSIS

A segment is a distinguishable component of the Group that is engaged in providing products or services in a particular business sector (business segment), which is subject to risk and rewards that are different to those of other segments. The Group's business activities were conducted through three business segments, firstly in Barberton Mines located in Barberton South Africa, the Group's corporate and exploration activities and Phoenix Platinum Mining. The Chief Executive Officer reviews the operations in accordance with the disclosures presented below.

	30 June 2010				30 June 2009			
	Barberton Mines £	***Phoenix Platinum £**	**Corporate and Growth Projects £**	**Group £**	Barberton Mines £	*Phoenix Platinum £	Corporate and Growth Projects £	Group £
Revenue								
Gold sales	**68,506,394**	**–**	**–**	**68,506,394**	53,000,352	–	–	53,000,352
Realisation costs	**(162,791)**	**–**	**–**	**(162,791)**	(140,546)	–	–	(140,546)
On-mine revenue	**68,343,603**	**–**	**–**	**68,343,603**	52,859,806	–	–	52,859,806
Cost of production	**(40,553,886)**	**–**	**–**	**(40,553,886)**	(28,504,686)	–	–	(28,504,686)
Depreciation	**(3,125,093)**	**–**	**–**	**(3,125,093)**	(2,360,431)	–	–	(2,360,431)
Mining profit	**24,664,624**	**–**	**–**	**24,664,624**	21,994,689	–	–	21,994,689
Other (expenses)/income	**(173,988)**	**–**	**(1,755,799)**	**(1,929,787)**	(100,324)	–	(1,365,012)	(1,465,336)
Impairment costs	**–**	**–**	**(335,401)**	**(335,401)**	–	–	(5,025,463)	(5,025,463)
Royalty costs	**(837,378)**	**–**	**–**	**(837,378)**	–	–	–	–
Net income before finance income and finance costs	**23,653,258**	**–**	**(2,091,200)**	**21,562,058**	21,894,365	–	(6,390,475)	15,503,890
Finance income	**193,155**	**–**	**468,490**	**661,645**	703,549	–	113,205	816,754
Finance costs	**(67,836)**	**–**	**(79)**	**(67,915)**	(9,244)	–	(689)	(9,933)
Profit before taxation	**23,778,577**	**–**	**(1,622,789)**	**22,155,788**	22,588,670	–	(6,277,959)	16,310,711
Taxation	**(7,655,913)**	**–**	**–**	**(7,655,913)**	(8,219,425)	–	–	(8,219,425)
Profit after taxation	**16,122,664**	**–**	**(1,622,789)**	**14,499,875**	14,369,245	–	(6,277,959)	8,091,286
Other comprehensive income:								
Foreign currency translation differences	**1,936,738**	**443,024**	**–**	**2,379,762**	3,301,475	348,426	–	3,649,901
Total comprehensive income for the year	**18,059,402**	**443,024**	**(1,622,789)**	**16,879,637**	17,670,720	348,426	(6,277,959)	11,741,187

** Costs directly attributable to Phoenix Platinum, along with attributable overheads, are capitalised to intangible assets.*

		30 June 2010				30 June 2009			
		Barberton Mines £	***Phoenix Platinum £**	**Corporate and Growth Projects £**	**Group £**	Barberton Mines £	*Phoenix Platinum £	Corporate and Growth Projects £	Group £
6.	**SEGMENTAL ANALYSIS**								
	Segmental assets	**43,420,283**	**4,858,063**	**22,722,385**	**71,000,731**	31,965,438	4,447,159	14,733,397	51,145,994
	Segmental liabilities	**18,049,443**	**85,206**	**379,919**	**18,514,568**	14,619,687	31,585	1,135,034	15,786,306
	Goodwill	**–**	**–**	**–**	**21,000,714**	**–**	**–**	**–**	21,000,714
	Net assets (excluding goodwill)	**25,370,840**	**4,772,857**	**22,342,466**	**52,486,163**	17,345,751	4,415,574	13,598,363	35,359,688
	Capital expenditure	**5,918,271**	**–**	**17,075**	**5,935,346**	4,052,655	4,831,606	265,770	9,150,031

** Costs directly attributable to Phoenix Platinum, along with overheads are capitalised to intangibles.*

7. OPERATING LEASES

At the financial year-end, the Group and Company had outstanding commitments under non-cancellable operating leases mainly in respect of office equipment, security cameras, building rentals and compressors, which fall due as follows:

	Group		Company	
	30 June 2010 £	30 June 2009 £	**30 June 2010 £**	30 June 2009 £
Within one year	**204,240**	176,651	**41,407**	33,890
Years two to five	**121,350**	298,331	**19,865**	57,581
	325,590	474,982	**61,272**	91,471
Minimum lease payments under operating leases recognised as an expense in the year	**182,762**	164,760	**23,237**	29,348

Leases are negotiated for an average term of three to five years.

8. OTHER (EXPENSES)/INCOME

Dividends received – subsidiaries	**–**	–	**9,032,496**	11,275,545
Foreign exchange gain	**101,369**	86,484	**101,369**	86,484
Operating leases	**(182,762)**	(164,760)	**(23,237)**	(29,348)
Company depreciation	**–**	–	**(9,980)**	(8,519)
Sundry other	**(1,848,394)**	(1,387,060)	**(935,401)**	(1,559,803)
	(1,929,787)	(1,465,336)	**8,165,247**	9,764,359

9. FINANCE INCOME/(COST)

Interest received – Bank	**661,645**	816,754	**468,490**	113,205
Interest paid – Bank	**(67,915)**	(9,933)	**(79)**	(689)
	593,730	806,821	**468,411**	112,516

10. PROFIT BEFORE TAXATION

Profit for the year has been arrived at after charging:

Management fee expense/(income)				
– Metorex	**335,289**	388,685	**–**	–
– Shanduka	**76,688**	51,854	**–**	–
Share option expense	**204,704**	264,378	**113,516**	134,683
Depreciation	**3,125,093**	2,360,431	**9,980**	8,519
Impairment costs	**335,401**	5,025,463	**335,401**	5,056,290
Staff costs	**18,772,545**	12,993,897	**708,060**	147,280
Operating leases	**182,762**	164,760	**23,237**	29,348

The Company impairment relates to the final impairment of the inter-company loan to Cenrtal African Republic exploration project.

	Group		Company	
	30 June 2010 £	30 June 2009 £	**30 June 2010 £**	30 June 2009 £
11. AUDITOR'S REMUNERATION				
Fees payable to the Company's auditors for the audit of the Company's annual accounts	**10,000**	10,000	**10,000**	10,000
Audit of the consolidated financial statements	**48,180**	32,000	**48,180**	32,000
Audit of the Company's subsidiaries pursuant to legislation	**40,880**	22,577	**–**	–
Under provision of audit fee in the prior year	**19,280**	88,447	**19,280**	88,447
Total audit fees	**118,340**	153,024	**77,460**	130,447
Other services rendered by the auditors	**2,012**	–	**2,012**	–
Total non-audit fees	**2,012**	–	**2,012**	–

12. STAFF COSTS

	Number	Number	**Number**	Number
The average number of employees were:				
Corporate and Growth Projects	**12**	7	**10**	7
Mining	**1,783**	1,708	**–**	–
	1,795	1,715	**10**	7
Their aggregate remuneration comprised:	**£**	£	**£**	Number
Salary and wages	**17,503,662**	12,108,815	**682,278**	146,523
Other pension costs	**1,268,883**	885,082	**25,782**	757
	18,772,545	12,993,897	**708,060**	147,280

	Group		Company	
	30 June 2010 £	30 June 2009 £	**30 June 2010 £**	30 June 2009 £
13. TAXATION				
Income tax expense				
South African normal taxation				
– current year	**7,283,602**	7,804,762	**–**	–
– prior year	**(356,490)**	–	**–**	–
Deferred taxation				
– current year	**728,801**	414,663	**–**	–
Total taxation charge	**7,655,913**	8,219,425	**–**	–
Profit before taxation	**22,155,788**	16,310,711	**8,298,257**	4,820,586
Taxation at the domestic taxation rate of 28%	**6,203,621**	4,566,999	**2,323,512**	1,349,764
Non-deductible expenses/(exempt income)	**151,229**	1,466,315	**(2,503,143)**	(1,690,838)
Taxation rate differential	**1,301,063**	2,186,111	**–**	–
Tax effect of utilisation of tax losses	**–**	–	**179,631**	341,074
Taxation expense for the year	**7,655,913**	8,219,425	**–**	–
Effective taxation rates	**%**	%	**%**	%
Statutory rate	**28.00**	28.00	**28.00**	28.00
Taxation rate differential	**5.87**	13.40	**–**	–
Non-deductible expenses/(exempt income)	**0.68**	8.99	**(30.16)**	(35.08)
Tax effect of utilisation of tax losses	**–**	–	**2.16**	7.08
Effective taxation rate	**34.55**	50.39	**0.00**	0.00

There are no significant unrecognised temporary differences associated with undistributed profits of overseas subsidiaries. South African mining tax on mining income is determined according to a formula which takes into account the profit and revenue from mining operations. South African mining taxable income is determined after the deduction of all mining capital expenditure, with the proviso that this cannot result in an assessed loss. Capital expenditure amounts not deducted are carried forward as unredeemed capital expenditure to be deducted from future mining income. The Group has no unredeemed capital carried forward deductible against future profits.

14. EARNINGS PER SHARE

Basic and diluted earnings per share

Basic and diluted earnings per share are based on the Group's profit for the year attributable to owners of the parent, divided by the weighted average number of shares in issue during the year.

	30 June 2010			30 June 2009		
	Net profit £	**Weighted average number of shares**	**Earnings per share Pence**	Net profit £	Weighted average number of shares	Earnings per share Pence
From continuing operations						
Basic EPS	**14,277,232**	**1,366,268,709**	**1.04**	4,403,535	1,104,367,219	0.40
Share options		**13,611,714**	–	–	2,881,444	–
Diluted EPS	**14,277,232**	**1,379,880,423**	**1.03**	4,403,535	1,107,248,663	0.40

Headlines earnings per share

Headline earnings per share is based on the Group's headline earnings divided by the weighted average number of shares in issue during the year.

Reconciliation between earnings and headline earnings from continuing operations:

	30 June 2010			30 June 2009		
	Net profit £	**Weighted average number of shares**	**Earnings per share Pence**	Net profit £	Weighted average number of shares	Earnings per share Pence
Earnings as reported	**14,277,232**	**1,366,268,709**	**1.04**	4,403,535	1,104,367,219	0.40
Adjustments:						
Impairment costs	**335,401**	**1,366,268,709**	**0.03**	5,025,463	1,104,367,219	0.45
Headline earnings per share*	**14,612,633**	**1,366,268,709**	**1.07**	9,428,998	1,104,367,219	0.85
Share options		**13,611,714**	**–**	–	2,881,444	
Diluted headline earnings per share	**14,612,633**	**1,379,880,423**	**1.06**	9,428,998	1,107,248,663	0.85

* *Headline earnings per share is required to be disclosed in terms of the Listings Requirements of JSE Limited.*

15. DIVIDENDS

The board of directors recommend a final dividend for the year ended 30 June 2010 of 0.3723 pence per share (2009: dividend paid of 0.2555 pence per share), to be approved by shareholders at the forthcoming annual general meeting of the Company.

16. PROPERTY, PLANT AND EQUIPMENT AND MINERAL RIGHTS

Group	Land* £	Mineral rights and mining property £	Building and infrastructure £	Plant and machinery £	Shafts £	Exploration £	Other £	Total £
Cost								
Balance at 30 June 2008	6,775	4,591,927	1,293,458	7,890,030	13,860,305	269,488	279,924	28,191,907
Additions	–	–	–	1,558,610	2,032,679	461,366	265,770	4,318,425
Acquisition of subsidiary	17,830	4,813,776	–	–	–	–	–	4,831,606
Impairment	–	–	–	–	–	–	(242,730)	(242,730)
Disposal	–	–	–	–	–	–	(5,082)	(5,082)
Foreign currency translation reserve	3,031	1,450,511	295,990	2,017,793	3,448,567	124,505	28,180	7,368,577
Balance at 30 June 2009	27,636	10,856,214	1,589,448	11,466,433	19,341,551	855,359	326,062	44,462,703
Additions	–	–	24,760	1,811,948	3,774,572	306,991	17,075	5,935,346
** Impairment	–	–	–	–	–	–	(294,916)	(294,916)
Foreign currency translation reserve	2,706	1,062,711	156,442	1,184,752	2,023,133	94,286	120	4,524,150
Balance at 30 June 2010	**30,342**	**11,918,925**	**1,770,650**	**14,463,133**	**25,139,256**	**1,256,636**	**48,341**	**54,627,283**
Accumulated depreciation								
Balance at 30 June 2008	–	(1,539,122)	(432,282)	(2,268,323)	(3,882,366)	–	–	(8,122,093)
Charge for the year		(330,172)	(93,139)	(719,080)	(1,209,521)	–	(8,519)	(2,360,431)
Foreign currency translation reserve	–	(397,175)	(111,607)	(617,008)	(1,053,154)	–	–	(2,178,944)
Balance at 30 June 2009	–	(2,266,469)	(637,028)	(3,604,411)	(6,145,041)	–	(8,519)	(12,661,468)
Charge for the year	–	(358,353)	(112,550)	(961,664)	(1,574,982)	(107,564)	(9,980)	(3,125,093)
Foreign currency translation reserve	–	(234,186)	(66,229)	(385,903)	(655,695)	(3,699)	–	(1,345,712)
Balance at 30 June 2010	**–**	**(2,859,008)**	**(815,807)**	**(4,951,978)**	**(8,375,718)**	**(111,263)**	**(18,499)**	**17,132,273)**
Carrying amount								
At 30 June 2009	27,636	8,589,745	952,420	7,862,022	13,196,510	855,359	317,543	31,801,235
At 30 June 2010	**30,342**	**9,059,917**	**954,843**	**9,511,155**	**16,763,538**	**1,145,373**	**29,842**	**37,495,010**

** Details of land are maintained in a register held at the offices of Barberton Mines, which may be inspected by a member or their duly authorised agents. The Group reviews the residual values used for purposes of depreciation calculations annually.*

*** The final impairment of the exploration machinery in the Central African Republic which was finally written off during the closure and deregistration of the company.*

Company	Land* £	Mineral rights and mining property £	Building and infrastructure £	Plant and machinery £	Shafts £	Exploration £	Other £	Total £
Cost								
Balance at 30 June 2008	–	–	–	–	–	–	21,670	21,670
Additions	–	–	–	–	–	–	7,396	7,396
Balance at 30 June 2009	–	–	–	–	–	–	29,066	29,066
Additions	**–**	**–**	**–**	**–**	**–**	**–**	**17,075**	**17,075**
Balance at 30 June 2010	**–**	**–**	**–**	**–**	**–**	**–**	**46,141**	**46,141**
Accumulated depreciation								
Balance at 30 June 2008	–	–	–	–	–	–	–	–
Charge for the year	–	–	–	–	–	–	(8,519)	(8,519)
Balance at 30 June 2009	–	–	–	–	–	–	(8,519)	(8,519)
Charge for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(9,980)**	**(9,980)**
Balance at 30 June 2010	**–**	**–**	**–**	**–**	**–**	**–**	**(18,499)**	**(18,499)**
Carrying amount								
At 30 June 2009	**–**	**–**	**–**	**–**	**–**	**–**	20,547	20,547
At 30 June 2010	**–**	**–**	**–**	**–**	**–**	**–**	**27,642**	**27,642**

** Details of land are maintained in a register held at the offices of Barberton Mines, which may be inspected by a member or their duly authorised agents. The Group reviews the residual values used for purposes of depreciation calculations annually.*

*** The final impairment of the exploration machinery in the Central African Republic which was finally written off during the closure and deregistration of the company.*

17. OTHER INTANGIBLE ASSET

	Group £
Exploration and evaluation assets	
Balance at 30 June 2008	12,837,045
Purchase of Ghana Exploration Licence	720,000
Purchase of Central African Republic Mining Licence	39,749
Purchase of subsidiary	239,997
Exploration expenditure	1,580,349
Impairment	(4,651,335)
Foreign currency translation reserve	1,272,811
Balance at 30 June 2009	12,038,616
Exploration expenditure	**976,373**
Foreign currency translation reserve	**72,891**
Balance at 30 June 2010	**13,087,880**

The impairment of the intangible assets in the prior year was based on the cash-generating units in relation to the exploration and evaluation of assets based in Ghana and the Central African Republic. The intangible assets that were considered non-recoverable were impaired in full due to the mining venture being considered by the directors as non-viable.

18. GOODWILL

Goodwill acquired in a business combination is allocated at acquisition to the CGUs that are expected to benefit from that business combination.

	Group		**Company**	
	30 June 2010 £	30 June 2009 £	**30 June 2010 £**	30 June 2009 £
Opening and closing balance	**21,000,714**	21,000,714	**–**	**–**

The Group tests the goodwill carrying amount annually for impairment, or more frequently if there are indications that goodwill might be impaired. The goodwill carrying amount is not considered impaired and the review was performed in accordance with the Group's accounting policies.

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates of 12%, which reflect current market assessments of the time value of money and the risks specific to the CGUs to the extent not already reflected in the cash flows being discounted, an average gold price between US$900 – US$1,150 and exchange rate of ZAR7.80 – ZAR10.00 to the dollar over the life of projects. The life of projects were estimated at 10 years for Barberton Mines, and 10 years for the Manica gold project. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash-flow forecasts derived from the most recent financial budgets approved by management.

19. INVESTMENTS

	Company	
	30 June 2010 £	30 June 2009 £
Investments	**53,259,921**	38,499,708

At 30 June 2010 the Company held the following shares in subsidiary undertakings:

Name of undertaking	Country of incorporation	Principal activity	Proportion of capital effectively held by Company	**Carrying amount 2010 £**	Carrying amount 2009 £
Barberton Mines	South Africa	Mining	100%	**45,770,663**	31,010,450
Explorator Limitada	Mozambique	Exploration	100%	**88,972**	88,972
Mistral Resource Development Corporation	British Virgin Isles	Exploration	100%	**584,705**	584,705
Brampton Capital Overseas Limited	British Virgin Isles	Exploration	100%	**2,485,000**	2,485,000
Phoenix Platinum	South Africa	Mining	100%	**4,330,581**	4,330,581
				53,259,921	38,499,708

20. REHABILITATION TRUST FUND

	Group		Company	
	30 June 2010 £	30 June 2009 £	**30 June 2010 £**	30 June 2009 £
Funds held in trust fund (refer to note 27)	**2,740,546**	2,357,266	–	–

21. INVENTORIES

Consumable stores	**1,222,381**	410,995	–	–
Provision for obsolete stock	**(96,007)**	(52,632)	–	–
	1,126,374	358,363	–	–

22. TRADE AND OTHER RECEIVABLES

Trade receivables	**2,905,338**	1,476,643	**48,589**	23,286
Other receivable and prepayments	**347,054**	218,573	**86,483**	–
VAT receivables	**542,267**	505,997	**27,265**	–
	3,794,659	2,201,213	**162,337**	23,286

There are no material amounts owing that are past due and/or requiring impairment.

The average credit period is:

	Group	
	30 June 2010	30 June 2009
Number of days	**15**	10

No interest is charged on trade receivables.

Before accepting any new customers, the Group uses a credit bureau or performs a credit assessment to assess the potential customer's credit limit and credit quality. The Group only transacts with credit worthy customers and large institutions within South Africa.

The fair value of trade receivables is not materially different from the carrying value presented. No receivables have been pledged as security.

23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

	Group		Company	
	30 June 2010 £	30 June 2009 £	**30 June 2010 £**	30 June 2009 £
Cash and cash equivalents	**12,756,262**	2,389,301	**14,240,891**	1,507,134
Credit facilities				
The Group has the following credit facilities at 30 June 2010:				
Overdraft facility	**1,647,389**	1,579,479	**–**	–
Asset finance facility	**–**	45,015	**–**	–
Guarantee	**587,222**	236,922	**–**	–
Credit card	**8,670**	10,661	**–**	–
	2,243,281	1,872,077	_	–

The overdraft facility and asset finance facilities are unsecured. The overdraft facility attracts interest at prime in South Africa.

24. ACQUISITION OF ADDITIONAL SHARES IN SUBSIDIARY

Acquiring additional shares in the subsidiary after control was obtained is accounted for as an equity transaction with owners.

On 19 June 2009 the Company announced that it had concluded an agreement with Shanduka and Shanduka's holding company, Shanduka Resources (Proprietary) Limited, whereby Pan African would acquire Shanduka's 26% shareholding in Barberton Mines, in exchange for the issue of new ordinary shares in Pan African to Shanduka. On 21 August 2009 Pan African announced that the transaction had become unconditional and that the shares had been issued and allotted to Shanduka. Barberton Mines became a wholly-owned subsidiary of Pan African from this date. The new shares issued to Shanduka (295,751,549 ordinary shares) represent 21% of the enlarged issued share capital of Pan African following implementation of this transaction. Shanduka acquired a further 5% of the issued ordinary share capital of Pan African via the Metorex book build, thereby increasing its shareholding to 26%.

For accounting purposes the Group consolidated 100% of profits from Barberton Mines from 21 August 2009.

The accounting treatment for the Shanduka and Pan African transaction was in accordance with IAS 27 (revised). Changes in a parent's ownership interest in a subsidiary that do not result in a change of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). Therefore the additional investment of £14,760,214 through the Pan African share issue to Shanduka and non-controlling interest of £4,059,121 as at 21 August 2009 were eliminated on consolidation, and the Group's realisation of equity reserve increased by £10,701,093.

25. SHARE CAPITAL

	Group		Company	
	30 June 2010 £	30 June 2009 £	**30 June 2010 £**	30 June 2009 £
Authorised				
2,000,000,000 (2009: 2,000,000,000) ordinary shares of £0.01 each	**20,000,000**	20,000,000	**20,000,000**	20,000,000
Issued and fully paid up				
1,409,540,711 (2009: 1,112,589,162) ordinary shares of £0.01 each	**14,095,406**	11,125,891	**14,095,406**	11,125,891

The following non-cash issue of shares was made during the year:

On 21 August 2009, 295,751,549 ordinary shares were issued in terms of the Share Exchange Agreement between Pan African Resources and Shanduka at 65 cents per share.

The following cash issue of shares was made during the year:

On 10 June 2010; 1,200,000 ordinary shares were issued to Mr N Steinberg at 4.0 pence per share for cash in relation to share options exercised.

Subsequent to the year-end the following cash issues of shares has been made:

On 23 August 2010; 4,000,000 ordinary shares were issued to Mr N Steinberg at 4.0 pence per share for cash in relation to share options exercised.

Current number of share options outstanding at 30 June 2010 is 52,145,000 (2009: 49,945,000).

26. BORROWINGS

	Group		Company	
	30 June 2010 £	30 June 2009 £	**30 June 2010 £**	30 June 2009 £
Trade and other payables	**4,064,830**	3,719,877	**200,338**	253,101
Accruals	**976,924**	–	**334,089**	–
Total trade and other payables	**5,041,754**	3,719,877	**534,427**	253,101
Short-term liabilities – interest-bearing				
Amount due within 12 months	**–**	20,669	**–**	–
Amount due for settlement after 12 months	**–**	–	**–**	–
Total borrowings	**–**	20,669	**–**	–

Borrowings in the prior year represented instalment finance loans and were secured by plant and equipment with a net book value of £249,786. These borrowings bore interest at South African prime less 1.5% and were paid in full in the current year.

The Group has no finance leases at 30 June 2010.

27. PROVISIONS

GROUP	Post-retirement benefits £	Rehabilitation £	Leave pay and bonuses £	Total £
Balance at 30 June 2008	122,990	2,096,964	711,085	2,931,039
Provided during the year	–	193,347	1,104,397	1,297,744
Utilised during the year	(12,790)	–	(842,253)	(855,043)
Foreign currency translation	26,402	506,192	178,666	711,260
Balance at 30 June 2009	136,602	2,796,503	1,151,895	4,085,000
Provided/(utilised) during the year	(18,470)	147,458	1,488,831	1,617,819
Utilised during the year	(14,937)	–	(1,291,205)	(1,306,142)
Foreign currency translation	12,223	278,819	115,778	406,820
Balance at 30 June 2010	**115,418**	**3,222,780**	**1,465,299**	**4,803,497**
Balance at 30 June 2009				
Long-term provisions	136,602	2,796,503	–	2,933,105
Current provisions	–	–	1,151,895	1,151,895
	136,602	2,796,503	1,151,895	4,085,000
Balance at 30 June 2010				
Long-term provisions	**115,418**	**3,222,780**	**–**	**3,338,198**
Current provisions	**–**	**–**	**1,465,299**	**1,465,299**
	115,418	**3,222,780**	**1,465,299**	**4,803,497**
COMPANY				
Balance at 30 June 2008	–	–	–	–
Provided during the year	–	–	37,060	37,060
Utilised during the year	–	–	–	–
Balance at 30 June 2009	–	–	37,060	37,060
Provided during the year	–	–	76,410	76,410
Utilised during the year	–	–	(72,059)	(72,059)
Balance at 30 June 2010	**–**	**–**	**41,411**	**41,411**
Balance at 30 June 2009				
Long-term provisions	–	–	–	–
Current provisions	–	–	37,060	37,060
	–	–	37,060	37,060
Balance at 30 June 2010				
Long-term provisions	**–**	**–**	**–**	**–**
Current provisions	**–**	**–**	**41,411**	**41,411**
	–	**–**	**41,411**	**41,411**

Rehabilitation trust fund

The Group is exposed to environmental liabilities relating to its mining operations. Estimates of the cost of environmental and other remedial work such as reclamation costs, close down and restoration and pollution control are made on an annual basis, based on the estimated life of the mine, following which payments are made to a rehabilitation trust set up as required by South African Laws and Regulations. The provision represents the net present value of the best estimate of the expenditure required to settle the obligation to rehabilitate environmental disturbances caused by mining operations. These costs are expected to be incurred over the life of mine and after final closure of the operations.

Leave pay

The provision for leave pay is provided for, based on the total cost of employment of employees and the amount of leave days owing to them.

28. DEFERRED TAXATION

	Note	Group		Company	
		30 June 2010 £	30 June 2009 £	**30 June 2010 £**	30 June 2009 £
Deferred tax liabilities					
Property, plant and equipment		**8,881,636**	7,240,069	**–**	–
Provisions		**(789,304)**	(487,637)	**–**	–
Net deferred tax liabilities		**8,092,332**	6,752,432	**–**	–
Reconciliation of deferred tax liabilities:					
Net deferred liabilities at the beginning of the year		**6,752,432**	5,201,245	**–**	–
Deferred tax asset acquired		–	(110,179)	**–**	–
Deferred tax charge for the year	13	**728,801**	414,663	**–**	–
Translation difference		**611,099**	1,246,703	**–**	–
Net deferred liabilities at the end of the year		**8,092,332**	6,752,432	**–**	–

29. FINANCIAL INSTRUMENTS

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from the prior year.

	Group		Company	
	30 June 2010 £	30 June 2009 £	**30 June 2010 £**	30 June 2009 £
Components of capital				
Interest-bearing debt	–	20,669	–	–
Cash and cash equivalents	**(12,756,262)**	(2,389,301)	**(14,240,891)**	(1,507,134)
Net interest-bearing assets	**(12,756,262)**	(2,368,632)	**(14,240,891)**	(1,507,134)
Equity	**73,486,877**	56,360,402	**72,361,319**	49,147,198
Net debt to equity ratio (%)	**(0.17)**	(0.04)	**(0.20)**	(0.03)
Categories of financial instruments				
Financial assets				
Cash and cash equivalents	**12,756,262**	2,389,301	**14,240,891**	1,507,134
Receivables	**3,794,659**	2,201,213	**162,337**	23,286
Financial liabilities				
Amortised cost	**5,041,754**	4,695,215	**575,838**	1,207,860

Financial risk management objectives

The Group seeks to minimise the effects of financial risks by using derivative financial instruments to hedge risk exposures where appropriate. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with the policies and exposure limits is reviewed on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative use.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Statement of Financial Position are net of allowances for doubtful receivables of £11,916 (2009: £16,771), estimated by the Group's management based on the current economic environment. The credit risk on liquid funds is limited because the counterparties are dealt with in accordance with the Group's credit policy. The Group has one major customer that represents more than 5% of the trade receivables balance for the individual companies.

	Group	
	30 June 2010 £	30 June 2009 £
Customers above 5%	**2,856,749**	1,480,138

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and the gold price. Where appropriate, the Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk and the commodity price risk. Market risk exposures are measured using sensitivity analysis.

Foreign currency risk

The Group undertakes certain transactions in foreign currencies. Hence, exposures to exchange rate fluctuation arise. Exchange rate exposures are managed within approved policy parameters.

Commodity price risk

The Group may enter into forward contracts to hedge their exposure to fluctuations in gold prices and exchange rates on specific transactions. The contracts are matched with anticipated future cash flows from gold sales.

Interest rate and liquidity risk

Fluctuations in the interest rates impact on short-term investment and financing activities, giving rise to interest rate risk. In the ordinary course of business, the Group receives cash proceeds from its operations and is required to fund working capital and capital expenditure requirements. Cash is managed to ensure that surplus funds are invested to maximise returns whilst ensuring that capital is safeguarded to the maximum extent by only investing with reputable financial institutions. Contractual arrangements for committed borrowing facilities are maintained to meet the Group's normal and contingent funding needs.

Currency and commodity price risk

Currency and gold price	Closing rate at 30 June 2010	Average rate for the year ended 30 June 2010
Pound Sterling/Rand	**11.53**	**11.93**
Gold price	**$1,241**	**$1,098**

Foreign currency/gold price sensitivity	Impact of 10% currency or gold price movement on profit/ (loss)
2010	**4,485,530**
2009	3,355,982

The Pound Sterling carrying amount of the Group's foreign currency denominated monetary assets and liabilities at Statement of Financial Position date is as follows:

	South African Rands	£	Total
2010			
Assets	**3,273,465**	**14,403,830**	**17,677,295**
Liabilities	**4,507,327**	**534,427**	**5,041,754**
2009			
Assets	3,378,274	1,212,240	4,590,514
Liabilities	3,466,390	253,397	3,719,787

Commodity hedges

The Group did not undertake any hedging in the current or prior year.

Interest rate risk

The Group is exposed to interest rate risk as entities within the Group borrow and invest funds at both fixed and floating interest rates.

Interest rate sensitivity

Based on the low level of interest-bearing balances on the Statement of Financial Position, an interest rate sensitivity is not performed as the interest rate exposure to the Group is minimal.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowings facilities, by continually monitoring forecasts and actual cash flows and matching maturity profiles of financial assets and liabilities.

The Group has access to financing facilities at its mining operations, of which the total unutilised portion is currently £133,720 (2009: £1,900,000). The Group expects to meets its other obligations from operating cash flows and proceeds of maturing financial assets.

Liquidity risk analysis

The following table indicates the Group's remaining contractual maturity from its financial liabilities:

	Weighted average interest rate	Less than 12 months £	1 – 5 years	Total
Group				
2010				
Trade payables	0%	4,064,830	–	4,064,830
Long-term liabilities	0%	–	–	
Other short-term liabilities	0%	–	–	
Group				
2009				
Trade payables	0%	3,719,787	–	3,719,787
Long-term liabilities	0%	–	–	–
Other short-term liabilities	0%	975,428	–	975,428
Company				
2010				
Trade payables	0%	200,338	–	200,338
2009				
Trade payables	0%	1,207,860	–	1,207,860

Fair value of financial instruments

The directors consider that the carrying amounts of financial assets and liabilities recorded approximate their fair values.

30. POST-RETIREMENT BENEFIT INFORMATION

All employees are required to be members of either the Barberton Retirement Fund, Sentinel Retirement Fund or Mine Workers Provident Fund or the Shanduka Group Provident Fund. These are defined-contribution funds and are registered under and governed by the South African Pension Act, 1956 as amended. The assets of the scheme are held separately from those of the Group in funds and they are in the control of the trustees. The total costs charged to the Statement of Comprehensive Income of £1,268,883 (2009: £885,082) represent employer contributions payable to the schemes by the Group at rates specified in the rules of the scheme. The calculation of the provision for post retirement medical benefits is performed internally by management using the South African Revenue Services life expectancy tables as the benefits payable are a fixed amount per pensioner

31. COMMITMENTS, CONTINGENT LIABILITIES AND GUARANTEES

Group

Commitments

The Group had outstanding open orders contracted for at year-end of £111,905 (2009: £62,231).

Contingent liabilities

The Group had no contingent liability in the current financial year, in the prior year £48,976 was in relation to a pending legal case in which a settlement was reached in the current financial year.

Guarantees

The Group had guarantees of £334,044 (2009: £225,285) in favour of Eskom, and £253,178 (2009: £1,579) in favour of the DMR at year-end.

Company

There were no commitments, contingent liabilities and guarantees for the Company for the year ended 30 June 2010 (2009: £nil).

32. DIRECTORS' EMOLUMENTS

The key management personnel for which remuneration has been disclosed are the directors:

	30 June 2010 £	30 June 2009 £
Executive directors		
Emoluments	**260,278**	92,168
Share options	**–**	–
Total	**260,278**	92,168
Non-executive directors		
Emoluments	**153,918**	42,500
Over-provision in the prior year	**–**	(30,000)
Total	**153,918**	12,500
Total remuneration	**414,196**	104,668

Individual	**Share options exercised and sold £**	**Cost to Company £**	**Bonuses £**	**Total 2010 £**	Total 2009 £
Executive					
Mr J Nelson	–	138,647	58,764	**197,411**	92,168
Mr JAJ Loots	–	62,867	–	**62,867**	–
Total	–	201,514	58,764	**260,278**	92,168

Individual	**Share options exercised and sold £**	**Directors' fees £**	**Bonuses £**	**Total 30 June 2010 £**	Total 30 June 2009 £
Non-executive					
Mr RG Still	–	26,823	–	**26,823**	15,000
Mr J Hopwood	–	24,832	–	**24,832**	17,500
Mr KC Spencer	–	37,720	–	**37,720**	10,000
Mr RM Smith	–	22,632	–	**22,632**	–
Mr CM Ramaphosa	–	41,911	–	**41,911**	–
Total	–	153,918	–	**153,918**	42,500

Non-executive directors

During the year under review, the non-executive directors were Mr RG Still, Mr J Hopwood, Mr K Spencer, Mr CM Ramaphosa and Mr RM Smith.

Non-executive directors are entitled to the following fees as approved annually by the Remuneration Committee for services rendered, based on their appointment to the respective board sub-committees:

	Chairperson £	Member £
Board of directors Chairman	35,624	
Board of directors Deputy Chairman	20,956	–
Board of directors		16,345
Remuneration Committee	6,287	4,191
Audit Committee	8,382	6,287
SHEC Committee		6,287
Nominations Committee	6,287	4,191

In the prior year the non-executive directors were entitled to an annual fee of £15,000.

	Total options 1 July 2009	**Average option price (Pence)**	**Total options 30 June 2010**
2010 share options			
Mr KC Spencer	**3,000,000**	**6.2**	**3,000,000**
Mr J Nelson	**6,000,000**	**2.0**	**6,000,000**
Mr RG Still	**4,000,000**	**2.5**	**4,000,000**
Mr J Hopwood	**1,000,000**	**6.2**	**1,000,000**
Total	**14,000,000**	**–**	**14,000,000**

	Total options 1 July 2008	Average option price (Pence)	Total options 30 June 2009
2009 share options			
Mr KC Spencer	3,000,000	6.2	3,000,000
Mr J Nelson	6,000,000	2.0	6,000,000
Mr RG Still	4,000,000	2.5	4,000,000
Mr J Hopwood	1,000,000	6.2	1,000,000
Total	14,000,000	–	14,000,000

Directors' interest in shares

As at 30 June 2010 the CEO, Mr JP Nelson, held 122,442 shares in Pan African Resources, including a purchase of 75,134 shares at 95 cents per share on 16 October 2009.

As at 30 June 2010 the Financial Director, Mr JAJ Loots, held 130,000 shares, purchased at 76 cents per share on 24 February 2010.

Mr RG Still is a director of Pangea Exploration (Proprietary) Limited (Pangea) and a trustee of a family trust which owns 33.33% of Pangea. Mr RG Still, a non-executive director of Pan African, is therefore deemed to have an indirect, non-beneficial interest in Pangea's holding in the Company. Pangea holds 2.67% of the current issued share capital of Pan African.

Substantial shareholdings

As at 25 June 2010 the substantial shareholdings of which the Company is aware are as follows:

Shares in issue: 1,409,540,711

Name	Number of shares	Percentage held (%)
Shanduka Gold	366,168,585	25.98
Coronation Fund Managers	221,821,092	15.74
Investec Asset Management	149,898,928	10.63
Allan Gray Investment Council	76,294,036	5.41
J P Morgan Asset Management	58,955,000	4.18

33. SHARE OPTIONS

On 1 September 2005, the Company established a share option programme relating to equity-settled share options entitling specific employees, officers, directors and qualifying consultants as approved by the board of directors of the Company and its subsidiaries to purchase shares in the Company. The share option exercise price is determined using the closing price at which shares are traded on the JSE or AIM (as determined by the board of directors), on the trading date immediately preceding the date upon which the board authorised the grant of the opportunity to acquire the relevant share options, as the case may be to a participant. Pursuant to resolutions of the board passed in accordance with the rules of the share option programme, share options may be released from the share option programme to participants, share options may be exercised by participants and allocation shares may be delivered to participants as follows for allocations prior to 21 July 2008:

(i) 33.33% of the total number of shares allocated after one year has elapsed from the grant date by the participant of the grant;

(ii) up to 66.67% of the total number of shares allocated after two years have elapsed from the grant date by the participant of the grant;

(iii) the balance of the shares allocated after three years have elapsed from the grant date by the participant of the grant;

and for allocations subsequent to 21 July 2008 as follows:

(i) 25% of the total number of shares allocated after one year has elapsed from the grant date by the participant of the grant;

(ii) up to 50% of the total number of shares allocated after two years have elapsed from the grant date by the participant of the grant;

(iii) up to 75% of the total number of shares allocated after three years have elapsed from the grant date by the participant of the grant; and

(iv) the balance of the shares after four years have elapsed from the grant date by the participant of the grant; provided that the board may at its discretion, anticipate or postpone such dates.

An option holder may not exercise a share option under the share option programme by later than the end of the year preceding the tenth anniversary of the grant date. Upon death of an option holder the estate would be entitled to exercise the options vested to date within 12 months of the date of death, if the options are not exercised the total available share options would lapse. The directors have the discretion to approve the vesting of the deceased total number of unvested share options.

The number of vested share options to which an option holder is entitled expires after a period of six months due to retirement, redundancy or disability of the option holder.

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

	30 June 2010		30 June 2009	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
Outstanding at 1 July	**4.7p**	**49,945,000**	4.7p	49,945,000
Granted during the year	**6.1p**	**3,400,000**	–	–
Exercised during the year	**4.0p**	**(1,200,000)**	–	–
Lapsed in the year	**–**	**–**	–	–
Outstanding and exercisable at 30 June	**4.8p**	**52,145,000**	4.7p	49,945,000

	30 June 2010		30 June 2009	
	Vested	**Unvested**	Vested	Unvested
Total number of share options at year-end	**37,019,583**	**15,125,417**	29,533,333	20,411,667

The fair value of services received for share options granted is based on the fair value of share options granted, measured using for all issues prior to 20 March 2010 a Black Scholes model and a variant of the Binomial model for issues on 20 March 2010, with the following inputs:

	30 June 2010	30 June 2009
Share price	**68c**	6.2p
Exercise price	**68c**	7.0p
Expected volatility	**58.61%**	72.39%
Expected life	**3 – 6 years**	1 – 3 years
Risk-free interest rate	**8.145%**	5.31%

A Company dividend rate has not yet been determined and therefore is not taken into account in option fair value calculations. 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 annualised standard deviations of daily continuously compounded returns on the Company's stock, calculated over one to four 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 Group recognised total expenses of £204,704 (2009: £264,378) related to equity-settled share-based payment transactions during the reporting period.

34. RELATED PARTY TRANSACTIONS

The Group entered into the following transactions and held year-end balances with related parties:

	Statement of comprehensive income 30 June 2010 £	Statement of comprehensive income 30 June 2009 £	**Statement of financial position 30 June 2010 £**	Statement of financial position 30 June 2009 £
* Dividends received	**(9,032,496)**	(11,275,545)	**–**	–
* Fee received from Barberton Mines	**885,163**	194,107	**–**	–
* Admin fee received from Ghana	**–**	4,600	**–**	–
* Admin fee received from Central African Republic	**–**	5,050	**–**	–
* Admin fee received from Metorex	**–**	3,291	**–**	–
* Admin fee received from Phoenix Platinum	**181,707**	27,246	**–**	–
Fee paid to Metorex	**335,289**	388,685	**–**	–
Fee paid to Shanduka	**76,688**	51,854	**–**	–
	(7,553,649)	(10,600,712)	**–**	–
Loans to/(from) subsidiaries				
* Barberton Mines	**–**	–	**–**	207,842
* Mistral Resources	**–**	–	**8,982,300**	8,802,157
* Or Oubangui	**–**	–	**–**	3,150,247
* Phoenix Platinum	**–**	–	**2,002,084**	1,067,883
	–	–	**10,984,384**	13,228,129
Payable to another Group Company				
** Metorex	**–**	–	**–**	(954,759)
* Barberton Mines	**–**	–	**(5,738,018)**	–
	–	–	**(5,738,018)**	(954,759)
Purchase of subsidiary				
Purchase of Phoenix Platinum from Metorex	**–**	–	**–**	4,209,606

** These related party transactions related to Pan African and eliminate on consolidation.*

*** Metorex was the holding company of Pan African up to 1 July 2010, therefore was a related party to the Group in the prior year.*

The loan from Metorex was the balance owing in relation to the outstanding purchase consideration for Phoenix Platinum. The loan incurred no interest and was paid on 30 September 2009 in full.

35. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the year-end, an additional 4,000,000 ordinary shares were issued for cash at 4.0 pence per share on 23 August 2010 for cash at 2.0 pence per share in relation to share options exercised.

36. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED BY/(UTILISED IN) OPERATIONS

	Group		Company	
	30 June 2010 £	30 June 2009 £	**30 June 2010 £**	30 June 2009 £
Profit before taxation	**22,155,788**	16,310,711	**8,298,257**	4,820,585
Adjusted for:	**3,908,846**	6,843,451	**(9,042,010)**	(6,188,569)
Dividends received	**–**	–	**(9,032,496)**	(11,275,545)
Impairment	**335,401**	5,025,463	**335,401**	5,056,290
Share option costs	**204,704**	264,378	**113,516**	134,683
Net finance income	**(593,730)**	(806,821)	**(468,411)**	(112,516)
Royalty costs	**837,378**	–	**–**	–
Depreciation	**3,125,093**	2,360,431	**9,980**	8,519
Operating cash flows before working capital changes	**26,064,634**	23,154,162	**(743,753)**	(1,367,984)
Working capital changes	**(857,137)**	2,266,079	**146,626**	539,958
(Increase)/decrease in inventories	**(768,011)**	19,611	**–**	–
(Increase)/decrease in trade and other receivables	**(1,593,446)**	771,563	**(139,051)**	286,907
Increase in trade and other payables and provisions	**2,019,795**	2,033,531	**285,677**	253,051
Non-cash items	**(515,475)**	(558,626)	**–**	–
Cash generated by/(utilised in) operations	**25,207,497**	25,420,241	**(597,127)**	(828,026)
Income taxes paid	**(6,685,351)**	(10,886,018)	_	–
Royalties paid	**(790,569)**	–	**–**	–
Net finance income	**593,730**	806,821	**468,411**	112,516
Dividends paid	**–**	(2,812,005)	**–**	(2,812,005)
Dividends paid to minorities	**–**	(3,961,678)	**–**	–
Net cash from/(used in) operating activities	**18,325,307**	8,567,361	**(128,716)**	(3,527,515)
Taxation paid during the year:				
Taxation charge per the statement of comprehensive income	**7,655,913**	8,219,425		
Less: Deferred taxation	**(728,801)**	(414,663)		
	6,927,112	7,804,762		
Taxation unpaid at beginning of year	**253,659**	3,055,393		
Taxation unpaid at end of year	**(528,566)**	(253,659)		
Foreign currency translation	**33,146**	279,522		
Taxation paid during year	**6,685,351**	10,886,018		

	Group	
	30 June 2010 £	30 June 2009 £
Royalty paid during the year:		
Royalty costs unpaid at beginning of year	**–**	–
Royalty costs unpaid at end of year	**(48,419)**	–
Royalty costs	**837,378**	–
Foreign currency translation	**1,610**	–
Royalty paid	**790,569**	–

37. SPECIAL RESOLUTIONS

Special resolutions of members passed in accordance with the company's articles of association at the Annual General Meeting held on 14 December 2009.

It was resolved

That the Company be generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 to make market purchases (as defined in section 693 of that Act) of ordinary shares of the Company on such terms and in such manner as the Directors of the Company shall determine provided that:

(a) the maximum aggregate number of ordinary shares which may be purchased is 140,834,071 (representing approximately 10% of the issued share capital of the Company at 10 November 2009);

(b) the minimum price (excluding expenses) which may be paid for each ordinary share is 1 pence;

(c) the maximum price (excluding expenses) which may be paid for any ordinary share does not exceed 5%, above the average closing price of such shares for the five business days on the London Stock Exchange prior to the date of purchase;

(d) this authority shall expire at the conclusion of the next annual general meeting of the Company or on 31 December 2010, whichever is the earlier, unless such authority is renewed prior to that time (except in relation to the purchase of ordinary shares the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry); and

(e) any market purchases by the Company of ordinary shares in the Company as contemplated in this resolution shall comply, to the extent required, with the provisions of the Listings Requirements of the JSE Limited pertaining to the general authority to repurchase securities for cash.

That, the draft regulations in the form produced to the meeting be adopted as the articles of association of the Company in substitution for and to the exclusion of the existing articles of association.

38. SHAREHOLDER ANALYSIS

Register date: 25 June 2010

Issued share capital: 1,409,540,711 shares

Shareholder spread	Number of shareholders	Percentage	Number of shares	Percentage
1 – 1,000 shares	198	5.85	131,466	0.01
1,001 – 10,000 shares	1,259	37.23	7,008,787	0.50
10,001 – 100,000 shares	1,468	43.41	52,334,255	3.71
100,001 – 1,000,000 shares	327	9.67	104,563,720	7.42
1,000,001 shares and over	130	3.84	1,245,502,483	88.36
Total	3,382	100.00	1,409,540,711	100.00

Distribution of shareholders	Number of shareholders	Percentage	Number of shares	Percentage
Banks	20	0.59	227,835,843	16.16
Brokers	8	0.24	3,815,457	0.27
Close corporations	37	1.09	1,780,484	0.13
Endowment funds	6	0.19	2,329,196	0.17
Individuals	2,725	80.57	92,707,763	6.58
Insurance companies	4	0.12	11,834,200	0.84
Investment companies	12	0.35	49,363,413	3.50
Mutual funds	34	1.01	242,725,414	17.22
Nominees and trusts	392	11.59	243,094,143	17.25
Other corporations	24	0.71	552,698	0.04
Pension funds	61	1.80	102,346,422	7.26
Private companies	42	1.24	419,114,537	29.73
Public companies	17	0.50	12,041,141	0.85
Total	**3,382**	**100.00**	**1,409,540,711**	**100.00**

Public/Non-public shareholder	Number of shareholders	Percentage	Number of shares	Percentage
Director non-public shareholders	2	0.06	252,442	0.02
Strategic Holdings (more than 10%) non-public	3	0.03	737,888,605	52.35
Public shareholders	3,377	99.91	671,399,664	47.63
Total	**3,382**	**100.00**	**1,409,540,711**	**100.00**

Beneficial holding of 3% or more	Number of shareholders	Percentage
Shanduka Gold	366,168,585	25.98
Coronation Fund Managers	221,821,092	15.74
Investec Asset Management	149,898,928	10.63
Allan Gray Investment Council	76,294,036	5.41
JP Morgan Asset Management	58,955,000	4.18

PART 8 – HISTORICAL FINANCIAL INFORMATION ON EVANDER

INTRODUCTION

This Part 8 (*Historical financial information of Evander*), is a reproduction of the statutory financial statements of Evander for the three years ended 30 June 2012, 2011 and 2010.

The group's external auditors, PricewaterhouseCoopers Incorporated, have audited the group annual financial statements and their report is presented on page 276. The preparation of the financial statements was supervised by the financial director, Frank Abbott.

The company secretary has, in terms of section 88(2)(e) of the Companies Act, 2008, certified that: "All such returns and notices as are required of a public company in terms of the Act have been made and appear to be true, correct and up to date."

DIRECTORS' REPORT

Business activities and operations

Evander Gold Mines Limited (the company) and its subsidiaries (collectively Evander or the group) is engaged in gold mining and related activities, including exploration, extraction and processing. The principal product is gold bullion.

The company is a public company and a subsidiary of Harmony Gold Mining Company Limited (Harmony). The company is incorporated and domiciled in South Africa. The registered office is Randfontein Office Park, Corner Main Reef Road and Ward Avenue, Randfontein, 1759.

The group financial statements were authorised for issue by the board of directors on 12 October 2012.

Financial statements and results

The group financial statements for the year ended 30 June 2012 are hereby presented. They are set out on pages 277 – 326, following this report. The directors are responsible for the preparation, integrity and fair presentation of the group financial statements. These group financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act of South Africa, Act No. 71 of 2008.

The accounts include amounts based on judgements and estimates made by management. The directors consider that, in preparing the financial statements, they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and complying with all aspects of IFRS.

The directors are responsible for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the group and company to enable directors to ensure the financial statements comply with relevant legislation.

Going concern

The directors believe that the group and company has sufficient resources and expected cash flows to continue operating as a going concern.

Capital

No shares were issued in the year ended 30 June 2012, and the authorised share capital is unchanged from the previous year.

Dividends

Dividends amounting to R324 million were paid for the year ended 30 June 2012.

Directorate

Messrs GP Briggs and A Pretorius remained the directors of the company for the year ended 30 June 2012. On 3 February 2012, Mr HO Meyer resigned as director and Mr F Abbott was appointed in his stead. Refer to note 32 for details of director's remunerations.

Shareholders

The company is a wholly-owned subsidiary of Harmony.

Contingencies

None of Evander group's properties is the subject of pending material legal proceedings. We have received a number of claims and are involved in legal and arbitration proceedings that are incidental to the normal conduct of our business. The directors do not, however, believe liabilities related to such claims and proceedings are likely to be material, individually or in aggregate, to the group's financial position. Refer to note 31 for further discussions.

Borrowings

(i) Movement in borrowings and loans: refer to note 17.

(ii) Borrowing powers: The level of the company's borrowing powers, as determined by its articles of association, is not to exceed the total share capital, other reserves and retained earnings/ accumulated loss.

Related party transactions

None of the directors of Evander, or to the knowledge of the company, their families had an interest, direct or indirectly, in any transaction during the year or in any proposed transaction that has affected or will materially affect the company.

Material arrangements in effect

(a) As a result of the 1996 disaster at the Kinross Mine, a trust was established to distribute monies to the beneficiaries of the people killed in the disaster. This trust, known as the Kinross Mine Families Trust, was terminated in December 2011 in terms of the trust deed and is in the process of being wound up. Accumulated funds on deregistration are to be distributed to mining-related non-profit organisations.

(b) On 29 February 2008, Evander entered into an agreement with Taung Gold Limited (Taung), whereby Taung could earn a 52% interest in the Evander 6 and Twistdraai projects/properties. This agreement came into effect on 9 April 2008. Subsequently, Taung and Evander entered into a sales agreement for these properties on 10 September 2010. In terms of the sale agreement a prepayment of R100 million was received in April 2011. All conditions precedent of the sales agreement were met on 28 May 2012. As a result the original contract was terminated. Refer to note 13 and 26 for further detail.

Subsequent events

Details on subsequent events are disclosed in note 33.

The directors' report and group financial statements which appear on pages 274 – 275 and 277 – 326 were approved by the board of directors on 12 October 2012 and are signed on its behalf by:

GP Briggs **F Abbott**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EVANDER GOLD MINES LIMITED

We have audited the consolidated financial statements of Evander Gold Mines Limited set out on pages 276 – 326, which comprise the group balance sheets as at 30 June 2012, and the group statements of comprehensive income, group statements of changes in shareholders' equity and group cash flow statements for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Evander Gold Mines Limited as at 30 June 2012, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated financial statements for the year ended 30 June 2012, we have read the Directors' Report, for the purpose of identifying whether there are material inconsistencies between this report and the audited consolidated financial statements. This report is the responsibility of the respective preparers. Based on reading this report we have not identified material inconsistencies between this report and the audited consolidated financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

PricewaterhouseCoopers Inc.
Director: FJ Lombard
Registered Auditor

Johannesburg
12 October 2012

GROUP STATEMENTS OF COMPREHENSIVE INCOME
for the years ended 30 June 2012, 2011 and 2010

Figures in thousand (SA Rand)	Notes	2012	2011	2010
Revenue		**1,404,400**	**848,723**	**1,049,686**
Cost of sales	5	(917,573)	(915,899)	(1,180,341)
Gross profit/(loss)		**486,827**	**(67,176)**	**(130,655)**
Corporate, administration and other expenditure		(23,089)	(33,535)	(45,849)
Exploration expenditure		(1,008)	(28,315)	(18,453)
Profit on sale of property, plant and equipment	13	232,003	2,250	496
Other income – net	6	12,758	243	1,734
Operating profit/(loss)	7	**707,491**	**(126,533)**	**(192,727)**
Net gain on financial instruments	8	7,517	11,163	2,863
Investment income	9	8,288	6,106	7,292
Finance costs	10	(20,886)	(19,956)	(12,261)
Profit/(Loss) before taxation		**702,410**	**(129,220)**	**(194,833)**
Taxation	11	(157,116)	94,654	(107,494)
Net profit/(loss)		**545,294**	**(34,566)**	**(302,327)**
Attributable to:				
Owners of the parent		545,294	(34,566)	(302,327)
Non-controlling interest		–	–	–
Other comprehensive loss for the year, net of income tax	23	(31)	(5)	(10)
Total comprehensive profit/(loss) for the year		**545,263**	**(34,571)**	**(302,337)**
Attributable to:				
Owners of the parent		545,263	(34,571)	(302,337)
Non-controlling interest		–	–	–
Basic and diluted earnings/(loss) per share (cents)	12	1,389	(88)	(770)

The accompanying notes are an integral part of these consolidated financial statements.

GROUP BALANCE SHEETS
as at 30 June 2012, 2011 and 2010

Figures in thousand (SA Rand)	Notes	2012	2011	2010
ASSETS				
Non-current assets				
Property, plant and equipment	14	1,073,057	1,023,560	994,326
Restricted investments	15	195,349	158,150	158,238
Loan to holding company	16	–	224,736	203,406
Loans to group companies	17	–	5,493	2,642
Investments in financial assets	18	257	200	193
Inventories	19	16,438	10,815	47,349
Trade and other receivables	20	1,085	2,494	3,801
Total non-current assets		1,286,186	1,425,448	1,409,955
Current assets				
Inventories	19	50,239	60,382	61,911
Loan to holding company	16	335,653	–	–
Loans to group companies	17	13,212	–	–
Trade and other receivables	20	22,967	31,595	45,316
Income and mining tax		11,529	9,541	8,328
Cash and cash equivalents	21	563	695	427
		434,163	102,213	115,982
Assets classified as held for sale	13	–	12,860	–
Total current assets		434,163	115,073	115,982
Total assets		**1,720,349**	**1,540,521**	**1,525,937**
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital	22	869,616	869,616	869,616
Other reserves	23	65,942	57,647	47,129
Retained earnings		296,723	75,429	109,995
Total equity		1,232,281	1,002,692	1,026,740
Non-current liabilities				
Deferred tax	11	130,856	73,676	163,798
Provision for environmental rehabilitation	24	170,173	163,493	135,715
Retirement benefit obligation	25	875	912	951
Total non-current liabilities		301,904	238,081	300,464
Current liabilities				
Loans from group companies	17	113,432	112,965	109,301
Income and mining tax		–	760	56
Trade and other payables	26	72,732	170,403	89,376
		186,164	284,128	198,733
Liabilities classified as held for sale	13	–	15,620	–
Total current liabilities		186,164	299,748	198,733
Total equity and liabilities		**1,720,349**	**1,540,521**	**1,525,937**

The accompanying notes are an integral part of these consolidated financial statements.

GROUP STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

for the years ended 30 June 2012, 2011 and 2010

Figures in thousand (SA Rand)

	Number of ordinary shares issued	Share capital	Share premium	Retained earnings	Other reserves	Total
Notes	*22*	*22*			*23*	
Balance – 30 June 2009	**39,272**	**39,272**	**830,344**	**412,322**	**31,502**	**1,313,440**
Share-based payments		–	–	–	15,637	15,637
Net loss for the year		–	–	(302,327)	–	(302,327)
Other comprehensive loss for the year		–	–	–	(10)	(10)
Balance – 30 June 2010	**39,272**	**39,272**	**830,344**	**109,995**	**47,129**	**1,026,740**
Share-based payments		–	–	–	10,523	10,523
Net loss for the year		–	–	(34,566)	–	(34,566)
Other comprehensive loss for the year		–	–	–	(5)	(5)
Balance – 30 June 2011	**39,272**	**39,272**	**830,344**	**75,429**	**57,647**	**1,002,692**
Share-based payments		–	–	–	8,326	8,326
Net profit for the year		–	–	545,294	–	545,294
Other comprehensive loss for the year		–	–	–	(31)	(31)
Dividends paid		–	–	(324,000)	–	(324,000)
Balance – 30 June 2012	**39,272**	**39,272**	**830,344**	**296,723**	**65,942**	**1,232,281**

The accompanying notes are an integral part of these consolidated financial statements.

GROUP CASH FLOW STATEMENTS

for the years ended 30 June 2012, 2011 and 2010

		SA Rand		
Figures in thousand	Notes	**2012**	**2011**	**2010**
Cash flow from operating activities				
Cash generated/(utilised) by operations	27	622,304	109,296	(30,598)
Interest received		8,288	6,106	7,291
Interest paid		(8,235)	(3,016)	(2,606)
Income and mining taxes (paid)/received		(115,002)	1,483	(19,243)
Cash generated/(utilised) by operating activities		**507,355**	**113,869**	**(45,156)**
Cash flow from investing activities				
Increase in amounts invested in environmental trusts		(27,942)	–	–
Proceeds on disposal of property, plant and equipment		7,004	2,250	678
Proceeds on Taung Evander 6/Twistdraai sale agreement		125,000	100,000	–
Additions to property, plant and equipment		(174,984)	(195,335)	(173,309)
Cash utilised by investing activities		**(70,922)**	**(93,085)**	**(172,631)**
Cash flow from financing activities				
(Increase)/Decrease in amounts due from holding company		(106,652)	(21,464)	184,276
Loans to group companies		(6,151)	(2,819)	(3,147)
Loans from group companies		238	3,767	36,441
Dividends paid		(324,000)	–	–
Cash (utilised)/generated by financing activities		**(436,565)**	**(20,516)**	**217,570**
Net (decrease)/increase in cash and cash equivalents		(132)	268	(217)
Cash and cash equivalents – beginning of period		695	427	644
Cash and cash equivalents – end of period	21	**563**	**695**	**427**

The accompanying notes are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

The group is engaged in gold mining and related activities, including exploration, extraction and processing. The principal product is gold bullion.

There were no material changes in the nature of Evander's business and that of its subsidiaries during the periods under review and no material fact or circumstance has occurred between the latest financial year, being 30 June 2012 and the signing date, other than reported in note 33. There has also been no material change in the nature of property, plant and equipment or any change in policy regarding the use thereof during periods under review. No shares or convertible securities were issued by Evander during the period under review.

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied in all years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the group have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IFRS), IFRIC Interpretations and the Companies Act of South Africa applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the group and company financial statements are disclosed in note 3.

New standards, amendments to standards and interpretations of existing standards adopted by the group:

The effective dates below are for financial periods beginning on or after the given date.

The following standards or amendments to standards have become effective but had no impact on the results of the group:

- IFRS 7 (Amendment) – Financial instruments: Disclosures – Transfer of Financial Assets (effective for financial periods beginning on/after 1 July 2011).
- IAS 24 (Revised) – Related Party Disclosures (effective periods beginning on/after 1 January 2011).
- Amendments arising from the Annual Improvements issued in April 2010:
  - IAS 1 (Amendment) – Presentation of Financial Statements (effective 1 January 2011).
  - IAS 27 (Amendment) – Consolidated and Separate Financial Statements (effective 1 January 2011).
  - IAS 34 (Amendment) – Interim Financial Reporting (effective 1 January 2011).

The following standards or amendments to standards have become effective but were not relevant to the group:

- IFRS 1 (Amendment) – First-time Adoption of International Financial Reporting Standards: Removal of Fixed Dates for First-time Adopters (effective for financial periods beginning on/after 1 July 2011).
- IFRS 1 (Amendment) – First-time Adoption of International Financial Reporting Standards: Guidance on Severe Hyperinflation (effective for financial periods beginning on/after 1 July 2011).
- IFRIC 14 (Amendment) – The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Prepayments of Minimum Funding Requirements (effective for financial periods beginning on/after 1 January 2011).

- Amendments arising from the Annual Improvements issued in April 2010:
  - IFRS 7 (Amendment) – Financial Instrument Disclosures (effective 1 January 2011).
  - IFRS 3 (Amendment) – Business Combinations (effective 1 January 2011).

New standards, amendments to standards and interpretations to existing standards that are not yet effective and have not been early adopted:

At the date of authorisation of these financial statements, the standards, amendments to standards and interpretations listed below were in issue but not yet effective. These standards and interpretations have not been early adopted by the group and the group plans on adopting these standards, amendments to standards and interpretations on the dates when they become effective.

The following standards or amendments to standards are not expected to be relevant to the group:

- IFRS 1 (Amended) – First-time Adoption of International Financial Reporting Standards: Guidance on Government Loans (effective for financial periods beginning on/after 1 January 2013).
- IAS 1 (Amendment) – Presentation of Financial Statements (effective for financial periods beginning on/after 1 July 2012).
- IAS 12 (Revised) – Income Taxes: Deferred Tax Recovery of Underlying Assets (effective for financial periods beginning on/after 1 January 2012).
- IAS 19 (Amendment) – Employee Benefits: Recognition and Measurement of Defined Benefit Pension Expense (effective for periods beginning on/after 1 January 2013).
- Improvements to IFRS 2011 (effective for periods beginning on/after 1 January 2013).
- IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine (effective for financial periods beginning on/after 1 January 2013.

The following standards, amendments to standards and interpretations to existing standards may possibly have an impact on the group but have not yet been assessed by management:

- IAS 27 (Revised) – Separate Financial Statements (effective for periods beginning on/after 1 January 2013). This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in IFRS 10.
- IAS 28 (Revised) – Investments in Associates and Joint Ventures (effective for financial periods beginning on/after 1 January 2013). This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.
- IAS 32 (Amended) – Offsetting of Financial Assets and Financial Liabilities (effective for financial periods beginning on/after 1 January 2014) – The application guidance of IAS 32 has been amended to clarify some of the requirements of offsetting financial assets and financial liabilities on the statement of financial position. The amendments do not change the current offsetting model in IAS 32, but clarify that the right set-off must be available today – that is, it is not contingent on a future event. It also must be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy.
- IFRS 7 (Amendment) – Financial Instruments: Disclosures – IFRS 9 Transitional Disclosures (effective for financial periods beginning on/after 1 January 2015) – The amendment requires additional disclosure on the transition from IAS 39 to IFRS 9.
- IFRS 7 (Amendment) – Financial Instruments: Disclosures – Offsetting of Financial Assets and Financial Liabilities (effective for financial periods beginning on/after 1 January 2013). The amended disclosures will require more extensive disclosures than are currently required under IFRS.
- IFRS 9 (Amendment) – Financial Instruments (effective for financial periods beginning on/after 1 January 2015). This IFRS is part of the IASB's project to replace IAS 39. The standard addresses classification and measurement of financial assets and replace the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The statement also includes guidance on accounting for and the presentation of financial liabilities and derecognising financial liabilities which have been relocated from IAS 39 without change, except for financial liabilities that are designated at fair value through profit or loss.

- IFRS 10 – Consolidated Financial Statements (effective for periods beginning on/after 1 January 2013). This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included in the consolidated financial statements.
- IFRS 11 – Joint Arrangements (effective for financial periods beginning on/after 1 January 2013). The standard provides a more realistic reflection of joint arrangements by focussing on the rights and obligations of the arrangement, rather than its legal form. Proportional consolidation of joint ventures is no longer allowed under this standard.
- IFRS 12 – Disclosure of Interest in Other Entities (effective for periods beginning on/after 1 January 2013). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special-purpose vehicles and other off-balance sheet vehicles.
- IFRS 13 – Fair Value Measurement (effective for periods beginning on/after 1 January 2013). The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value and disclosure requirements across all IFRS.

2.2 Consolidation

The consolidated financial information includes the financial statements of the company and its subsidiaries.

(i) **Subsidiaries** are all entities (including special-purpose entities) over which the group has power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group and are deconsolidated when that control ceases. The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration arrangements. Cost also includes direct attributable costs of investment.

The excess of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the company.

2.3 Foreign currency transactions

(i) **Functional and presentation currency:** Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the company operates (the functional currency). The consolidated financial statements are presented in the group's functional currency, being South African Rand.

(ii) **Transactions and balances:** Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation to year-end exchange rates of monetary assets and liabilities denominated in foreign currencies

are recognised in the income statement, except where deferred in equity as qualifying cash flow hedges and qualifying investment hedges. Gains and losses recognised in the income statement are included in the determination of "other expenses – net".

Changes in the fair value of monetary securities denominated in a foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences related to the changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in other comprehensive income.

2.4 Property, plant and equipment

(i) **Mining assets** including mine development costs and mine plant facilities, are initially recorded at cost, after which they are measured at cost less accumulated depreciation and impairment. Costs include expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

At the group's underground mines, all costs incurred to develop the property, including costs to access specific ore blocks or other areas of the underground mine, are capitalised to the extent that such costs will provide future economic benefits. These costs include the cost of shaft sinking and access, the cost of building access ways, lateral development, ramps, box cuts and other infrastructure development.

Borrowing costs are capitalised to the extent that they are directly attributable to the acquisition and construction of qualifying assets. Qualifying assets are assets that take a substantial time to get ready for their intended use. These costs are capitalised until the asset moves into the production phase. Other borrowing costs are expensed.

The net assets of operations placed on care and maintenance are impaired to their recoverable amount. Expenditure on the care and maintenance of these operations is charged against income, as incurred.

Where a depreciable asset is used in the construction or extension of a mine, the depreciation is capitalised against the mine's cost.

(ii) **Non-mining assets:** Land is shown at cost and not depreciated. Other non-mining fixed assets are shown at cost less accumulated depreciation and accumulated impairment losses.

(iii) **Undeveloped properties** are initially valued at the fair value of resources obtained through acquisitions. The carrying value of these properties are annually tested for impairment. Once development commences, these properties are transferred to mining properties and accounted for in accordance with the related accounting policy.

(iv) **Mineral and surface use rights** represent mineral and surface use rights for parcels of land both owned and not owned by the group. Mineral and surface rights include acquired mineral use rights in production, development and exploration phase properties. The amount capitalised related to a mineral and surface right represents its fair value at the time it was acquired, either as an individual asset purchase or as part of a business combination, and is recorded at cost of acquisition.

The group's mineral use rights are enforceable regardless of whether proved or probable reserves have been established. In certain limited situations, the nature of a use changes from an exploration right to a mining right upon the establishment of proved and probable reserves. The group has the ability and intent to renew mineral use rights where the existing term is not sufficient to recover all identified and valued proved and probable reserves and/or undeveloped mineral interests.

(v) **Leased assets:** Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. The assets are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Finance lease payments are allocated using the rate implicit in the lease, which is included in finance costs, and the capital repayment, which reduces the liability to the lessor. The corresponding rental obligations, net of finance charges, are included in non-current borrowings, with the current portion included under current liabilities.

Capitalised lease assets are depreciated over the shorter of their estimated useful lives and the lease terms.

(vi) **Investment property:** Freehold land is regarded as investment property and is held to earn rental income. It is stated at cost as per IAS 40's cost model. The investment property is land and is shown at cost and not depreciated.

(vi) **Depreciation and amortisation** of mineral property interests, mineral and surface rights, mine development costs and mine plant facilities are computed principally by the units of production method over the life of mine, based on estimated quantities of economically recoverable proved and probable reserves, which can be recovered in future from known mineral deposits.

In most instances, proved and probable reserves provide the best indication of the useful life of the group's mines (and related assets). However, in some instances, proved and probable reserves may not provide a realistic indication of the useful life of mine (and related assets). This may be the case, for example, where management is confident that further resources will be converted into reserves and are approaching economic decisions affecting the mine on this basis, but has chosen to delay the work required to designate them formally as reserves. Management's confidence in the economical recovery of such resources may be based on historical experience and available geological information. In instances where management is able to demonstrate the economic recovery of such resources with a high level of confidence, such additional resources, as well as the associated future development costs of accessing those resources, are included in the calculation of depreciation and amortisation.

(vii) **Depreciation and amortisation of non-mining fixed assets:** Other non-mining fixed assets are depreciated on a straight line basis over their estimated useful lives as follows:

- Vehicles at 20% per year;
- Computer equipment at 33.3% per year; and
- Commercial, off-the-shelf software at 50% per year; and
- Furniture and equipment at 16.67% per year.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the income statement.

(viii) **Depreciation and amortisation of mineral and surface use rights:** Mineral rights associated with production phase mineral interests are amortised over the life of mine using the units-of-production method in order to match the amortisation with the expected underlying future cash flows. Mineral interests associated with development and exploration phase mineral interests are not amortised until such time as the underlying property is converted to the production stage.

For details on the group's accounting policy on impairments, refer to note 2.6.

2.5 Exploration costs

The group expenses all exploration and evaluation expenditures until the directors conclude that a future economic benefit is more likely to be realised than not, i.e. 'probable'. The information that the directors use to make that determination depends on the level of exploration as well as the degree of confidence in the orebody.

Exploration and evaluation expenditure on greenfield sites, being those where the group does not have any mineral deposits which are already being mined or developed, is expensed as incurred until a final feasibility study has been completed, after which the expenditure is capitalised within development costs if the final feasibility study demonstrates that future economic benefits are probable. Capitalisation of pre-production cost ceases when commercial levels of production are reached. Commercial levels of production are discussed under 'production start date' in note 3.10.

Exploration and evaluation expenditure on brownfield sites, being those adjacent to mineral deposits which are already being mined or developed, is expensed as incurred until the directors are able to demonstrate that future economic benefits are probable through the completion of a feasibility study, after which the expenditure is capitalised as a mine development cost. A 'feasibility study' consists of a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating economic factors and the evaluation of other relevant factors. The feasibility study, when combined with existing knowledge of the mineral property that is adjacent to mineral deposits that are already being mined or developed, allows the group to conclude that it is more likely than not that it will obtain future economic benefit from the expenditures.

Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, is capitalised as a mine development cost following the completion of an economic evaluation equivalent to a feasibility study. This economic evaluation is distinguished from a feasibility study in that some of the information that would normally be determined in a feasibility study is instead obtained from the existing mine or development. This information when combined with existing knowledge of the mineral property already being mined or developed allow the directors to conclude that more likely than not the group will obtain future economic benefit from the expenditures.

Exploration properties acquired are recognised in the balance sheet within development cost and are shown at cost less provisions for impairment determined in accordance with the group's accounting policy on impairment of non-financial assets (note 2.6).

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

Assets that are subject to amortisation are reviewed annually on 30 June for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Each operating shaft, along with allocated common assets such as plants and administrative offices, is considered to be a cash generating unit as each shaft is largely independent from the cash flows of other shafts and assets belonging to the group.

Fair value less cost to sell is generally determined by using discounted estimated after-tax future cash flows. Future cash flows are estimated based on quantities of recoverable minerals, expected gold prices (considering current and historical prices, price trends and related factors), production levels and cash costs of production, all based on life-of-mine plans. Future cash flows are discounted to their present value using a post tax discount rate that reflect current market assessments of the time value of money and risk specific to the asset. Refer to note 3.1 for detail.

The term "recoverable minerals" refers to the estimated amount of gold that will be obtained from proven and probable reserves and all related exploration stage mineral interests (except for other mine-related exploration potential and greenfields exploration potential discussed separately below) after taking into account losses during ore processing and treatment. Estimates of recoverable minerals from such related exploration stage mineral interests will be risk adjusted based on management's relative confidence in such materials. In estimating future cash flows, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of

cash flows from other asset groups. With the exception of other mine-related exploration potential and greenfields exploration potential, estimates of future undiscounted cash flows are included on an area of interest basis, which generally represents an individual operating mine, even if the mines are included in a larger mine complex.

In the case of mineral interests associated with other mine-related exploration potential and greenfields exploration potential, cash flows and fair values are individually evaluated based primarily on recent exploration results and recent transactions involving sales of similar properties, if any. Assumptions underlying future cash flow estimates are subject to significant risks and uncertainties.

Non-financial assets other than goodwill that suffered an impairment are reviewed annually for possible reversal of the impairment at 30 June. Reversal of impairments is also considered when there is objective evidence to indicate that the asset is no longer impaired. Where an impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but not higher than the carrying value that would have been determined had no impairment been recognised in prior years.

2.7 Financial instruments

Financial instruments are initially measured at fair value when the group becomes a party to their contractual arrangements. Transaction costs are included in the initial measurement of financial instruments, with the exception of financial instruments classified as at fair value through profit or loss. The subsequent measurement of financial instruments is discussed below.

A financial asset is derecognised when the right to receive cash flows from the asset has expired or the group has transferred its rights to receive cash and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the assets.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss recognised in equity is recognised in profit and loss.

On derecognition of a financial liability, the difference between the carrying amount of the liability extinguished or transferred to another party and the amount paid is recognised in profit and loss.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Financial assets

The group classifies its financial assets in the following categories: loans and receivables, available-for-sale, held-to-maturity and at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset.

(i) **Loans and receivables** are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables are subsequently measured at amortised cost using the effective interest method. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables include trade and other receivables (excluding VAT and prepayments), restricted cash and cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, deposits held at call with banks and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents exclude restricted cash.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. A provision for impairment of receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of a provision for impairment (allowance account) and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

(ii) **Available-for-sale financial assets** are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the balance sheet date.

Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of monetary securities denominated in a foreign currency are accounted for as described in note 2.3 (ii).

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are reclassified in the income statement as profit or loss from investment securities.

The fair values of quoted investments are based on current bid prices. If the value for a financial instrument cannot be obtained from an active market, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. The valuation techniques make maximum use of market inputs and rely as little as possible on entity-specific inputs.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If considered impaired, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from other reserves and recognised in the income statement. Subsequent increases in the fair value are recognised in equity – impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(iii) **Held-to-maturity investments** are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

A portion of restricted investments held by the trust funds (refer to note 15) are classified as held-to-maturity investments.

The group assesses at the end of each reporting period whether there is objective evidence that a held-to-maturity investment is impaired as a result of an event. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the held-to-maturity investments' original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in the income statement. If a held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of previously recognised impairment loss is recognised in the income statement.

(iv) Financial assets at fair value through profit or loss have two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management in terms of specified criteria. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date. These assets are subsequently measured at fair value with gains or losses arising from changes in fair value recognised in the income statement in the period in which they arise.

Financial liabilities

(i) Borrowings are initially recognised at fair value net of transaction costs incurred and subsequently measured at amortised cost, comprising original debt less principal payments and amortisation, using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest rate method.

Fees paid on the establishment of loan facilities are capitalised as a pre-payment and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(ii) Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Payables are classified as current liabilities if payment is due within a year or less. If not, they are presented as non-current liabilities.

2.8 Inventories

Inventories which include bullion on hand, gold in process, gold in lock-up and consumables, are measured at the lower of cost and net realisable value after appropriate allowances for redundant and slow moving items. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to perform the sale.

Cost of bullion, gold in process and gold in lock-up is determined by reference to production cost, including amortisation and depreciation at the relevant stage of production. Ore stockpiles are valued at average production cost. Stockpiles and gold in lock-up are classified as a non-current asset where the stockpile exceeds current processing capacity and where a portion of static gold in lock-up is expected to be recovered more than 12 months after balance sheet date.

Gold in process inventories represent materials that are currently in the process of being converted to a saleable product. Conversion processes vary depending on the nature of the ore and the specific mining operation, but include mill in-circuit, leach in-circuit, flotation and column cells, and carbon in-pulp inventories. In-process material is measured based on assays of the material fed to process and the projected recoveries at the respective plants. In-process inventories are valued at the average cost of the material fed to process attributable to the source material coming from the mine, stockpile or leach pad plus the in-process conversion costs, including the applicable depreciation relating to the process facility, incurred to that point in the process. Gold in process includes gold in lock-up which is generally measured from the plants onwards. Gold in lock-up is estimated as described under the section dealing with critical accounting estimates and judgements (refer to note 3.7). It is expected to be extracted when plants are demolished at the end of its useful lives, which is largely dependant on the estimated useful life of the operations feeding the plants.

Consumables are valued at weighted average cost.

2.9 Non-current assets or disposal group held for sale and discontinued operations

A non-current asset or disposal group (a business grouping of assets and their related liabilities) is designated as held for sale and stated at lower of carrying value and fair value less cost to sell, when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The classification as held for sale of a non-current asset or disposal group occurs when it is available for immediate sale in its present condition and the sale is highly probable. A sale is considered highly probable if management is committed to a plan to sell the non-current asset or disposal group, an active divestiture programme has been initiated, the non-current assets or disposal group is marketed at a price reasonable to its fair value and the disposal is expected to be completed within one year from classification.

Upon classification of a non-current asset or disposal group as held for sale, it is reviewed for impairment. The impairment charged to the income statement is the excess of the carrying value of the non-current asset or disposal group over its expected net selling price (fair value less costs to sell). At each subsequent reporting date, the carrying values are remeasured for possible impairment. A reversal of impairment is recognised for any subsequent increase in net selling price but not in excess of the cumulative impairment loss already recognised.

No depreciation is provided on non-current assets from the date they are classified as held for sale. Where an investment in associate is classified as held for sale, the group will no longer equity account for the investment.

When a disposal group is classified as held for sale it is also necessary to assess whether or not the criteria for discontinued operations are met. If the criteria are met, the results of the disposal group are classified as discontinued operations in the income statement and the comparative amounts restated for all periods presented. No restatement of balance sheet comparative amounts are done.

If a non-current asset or disposal group is classified as held for sale but the criteria for classification as held for sale are no longer met, the disclosure of such non-current asset or disposal group as held for sale is ceased.

On ceasing such classification, the non-current assets are reflected at the lower of:

- the carrying amount before classification as held for sale adjusted for any depreciation or amortisation that would have been recognised had the assets not been classified as held for sale; or
- the recoverable amount at the date the classification as held for sale ceases. The recoverable amount is the amount at which the asset would have been recognised after the allocation of any impairment loss arising on the cash generating unit as determined in accordance with the group's policy on impairment of non-financial assets.

Any adjustment required to be made on reclassification is charged to the income statement on reclassification, and included in income from continuing operations.

Where the disposal group was also classified as a discontinued operation, the subsequent classification from held for sale also requires that the discontinued operation be included in continuing operations. Comparative information in the income statement and cash flow note disclosures relating to the classification as a discontinued operation is re-presented accordingly. Comparative information in the balance sheet is not re-presented for this change.

2.10 Environmental obligations

Estimated long-term environmental obligations, comprising pollution control, rehabilitation and mine closure, are based on the group's environmental management plans in compliance with current technological, environmental and regulatory requirements.

Based on disturbances to date, the net present value of expected rehabilitation cost estimates are recognised and provided for in full in the financial statements. The estimates are reviewed annually and are discounted using a pre-tax risk-free rate that is adjusted to reflect the current market assessments of the time value of money and the risks specific to the obligation.

Annual changes in the provision consist of finance costs relating to the change in the present value of the provision and inflationary increases in the provision estimate, as well as changes in estimates. The present value of environmental disturbances created are capitalised to mining assets

against an increase in the rehabilitation provision. If a decrease in liability exceeds the carrying amount of the asset, the excess is recognised immediately in the income statement. If the asset value is increased and there is an indication that the revised carrying value is not recoverable, an impairment test is performed in accordance with the accounting policy dealing with impairments of non-financial assets. Rehabilitation projects undertaken, included in the estimates are charged to the provision as incurred. The cost of ongoing current programmes to prevent and control pollution is charged against income as incurred. Over time, the liability is increased to reflect an interest element, and the capitalised cost is depreciated over the life of the related asset.

2.11 Environmental trust funds

Contributions are made to the group's trust funds, created in accordance with statutory requirements, to fund the estimated cost of pollution control, rehabilitation and mine closure at the end of the life of the group's mines. The trusts are consolidated into the group as the group exercises full control of the trust. The measurement of the investments held by the trust funds is dependent on their classification under financial assets and income received and fair value movements are treated in accordance with these classifications.

2.12 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the present value of the best estimate of the expenditure required to settle the present obligation at balance sheet date using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. This estimate takes into account the associated risks and uncertainties. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed.

2.13 Current and deferred taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The group follows the comprehensive liability method of accounting for deferred tax using the balance sheet approach. Under this method deferred income taxes are recognised for the tax consequences of temporary differences by applying expected tax rates to the differences between the tax base of all assets or liabilities and the balance sheet carrying amount, except to the extent that deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and does not affect the accounting or taxable profit or loss at the time of the transaction. Deferred tax is charged to profit and loss, except where the tax relates to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity. The effect on deferred tax of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

The principal temporary differences arise from amortisation and depreciation on property, plant and equipment, provisions, post retirement benefits, unutilised tax losses and unutilised capital allowances carried forward. Deferred tax assets relating to the carry forward of unutilised tax losses and unutilised capital allowances are recognised to the extent that it is probable that future taxable profit will be available against which the unutilised tax losses and unutilised capital allowances can be utilised.

Deferred income tax is provided on temporary differences arising from investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Interest received from and paid to the tax authorities are classified as interest income and expense.

2.14 Employee benefits

(i) **Pension and provident plans** are funded through annual contributions. The group pays fixed contributions to the defined contribution pension and provident plans which are charged to the income statement in the year to which they relate. The group's liability is limited to its annually determined contributions and has no further liability, either legal or constructive, if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

(ii) **Medical plans:** The group provides medical cover to current employees and certain retirees through certain funds. The medical accounting costs for the defined benefit plan are assessed using the projected unit credit method. The health care obligation is measured as the present value of the estimated future cash outflows using high quality government bond interest rates consistent with the term and risks of the obligation less the fair value of plan assets together with adjustments for unrecognised past service cost. Actuarial gains and losses as a result of these valuations are recognised in the income statement at revaluation date. The future liability for current and retired employees and their dependents is accrued in full based on actuarial valuations obtained annually.

(iii) **Equity compensation benefits:** The Harmony group, of which the group is a member, operates an equity-settled, share-based payments plan, where share options in Harmony Gold Mining Company Limited are granted to certain employees in exchange for services received. Equity share-based payments are measured at fair value that includes market performance conditions but excludes the impact of any service and non-market performance conditions of the equity instruments at the date of the grant. The share-based payments are expensed over the vesting period, based on the group's estimate of the shares that are expected to eventually vest. The group used an appropriate option pricing model in determining the fair value of the options granted. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the estimates of the number of options that are expected to become exercisable are revised. The impact of the revision of original estimates, if any, are recognised in the income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(iv) **Termination benefits** are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(v) **Leave pay:** The group accrues for the cost of the leave days granted to employees during the period in which the leave days accumulate.

2.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Leases

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

For the group's policy on finance leases, refer to note 2.4 (v).

2.17 Revenue recognition

(i) **Revenue** arising from gold sales is recognised when the price is determinable, the product has been delivered in accordance with the terms of the contract, the significant risks and rewards of ownership have been transferred to the customer and collection of the sales price is reasonably assured. These criteria are typically met when the gold arrives at the refinery.

Revenue further excludes value-added tax. Revenues from silver and other by-products sales are credited to production costs as a by-product credit.

(ii) **Interest income:** Interest is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the group.

(iii) **Dividend income** is recognised when the shareholder's right to receive payment is established. This is recognised at the last date of registration.

2.18 Dividends declared

Dividends declared are recognised in the period in which they are approved by the shareholders. Dividends are payable in South African Rand.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with IFRS requires the group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates may differ from actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

3.1 Impairment of mining assets

The recoverable amount of mining assets is generally determined utilising discounted future cash flows. Management also considers such factors as the quality of the individual orebody, market risk, asset specific risks and country risk in determining the fair value.

Key assumptions for the life-of-mine calculations of the mining assets' recoverable amounts are the gold price, exchange rates, marketable discount rates (cost-to-sell) and the annual life of mine plans. In determining the gold price to be used, management assess the long-term views of several reputable institutions on the gold price and based on this, derive the gold price. The life-of-mine plans are based on the proved and probable reserves as included in the Reserve Declaration, which are determined in terms of SAMREC, as well as resources where management has high confidence in the orebody and economical recovery of gold, based on historic and similar geological experience.

During the year under review, the group calculated the recoverable amounts (generally fair value less costs to sell) based on updated life of mine plans, a gold price of R370,000 per kilogram and a post-tax real discount rate of 8.59% (2011: R310,000 per kilogram and a 7.09% discount rate; 2010: R275,000 per kilogram and a 6.52% discount rate). Cash flows used in the impairment calculation are based on a life-of-mine plan which exceeds five years. Refer to note 5 for details of impairments recorded.

Should management's estimate of the future not reflect actual events, further impairments may be identified. Factors affecting the estimates include:

- changes to proved and probable ore reserves;
- economical recovery of resources;
- the grade of the ore reserves which may vary significantly from time to time;
- review of strategy;
- differences between actual commodity prices and commodity price assumptions;
- unforeseen operational issues at the mines;
- changes in the discount rates and foreign exchange rates; and
- changes in capital, operating mining, processing and reclamation costs.

Sensitivity analysis

One of the most significant assumptions influencing life-of-mine plans and therefore impairments, is the expected gold price. A 10% decrease in the gold price at the reporting date would not triggered an additional impairment. This analysis assumes that all other variables remain constant.

3.2 Valuation of available-for-sale financial assets

If the value of financial instruments cannot be obtained from an active market, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models refined to reflect the issuer's specific circumstances. When considering indications of an impairment, management considers a prolonged decline to be longer than 12 months. The significance of the decline is assessed for each security individually.

3.3 Estimate of exposure and liabilities with regard to rehabilitation costs

Estimated long-term environmental obligations, comprising pollution control, rehabilitation and mine closure, are based on the group's environmental management plans in compliance with current technological, environmental and regulatory requirements.

Significant judgement is applied in estimating ultimate rehabilitation cost that will be required in future to rehabilitate the group's mines. Ultimate cost may significantly differ from current estimates.

Management used an inflation rate of 6.3% (2011: 6.6%; 2010: 6.23%) and the expected life of the mines according to the life-of-mine plans in the calculation of the estimated net present value of the rehabilitation liability. The discount rates used for the calculation are dependant on the shaft's life of mine and are as follows: for 12 months – 5.50% (2011: 5.75%; 2010: 6.75%); for one to five years – 5.75% (2011: 7.25%; 2010: 8%); for six to nine years – 7.75% (2011: 8.5%; 2010: 8.5%) and for 10 years or more – 8.25% (2011: 8.75%; 2010: 9%). These estimates were based on recent yields determined on government bonds.

3.4 Estimate of employee benefit liabilities

An updated actuarial valuation is carried out at the end of each financial year. Assumptions used to determine the liability included a discount rate of 9.60%, no increases in employer subsidies (in terms of the agreement) and mortality rates according to the SA 1956/62 mortality table (SA "a mf" tables) (60 years) and a medical inflation rate of 7.45% (2011: discount rate of 9.8%, 60 years and 7.65% inflation rate; 2010: discount rate of 10.3%, 60 years and 8.14% inflation rate).

Management determined the discount rate by assessing financial instruments with similar terms to the liability. The decreases to the discount rate and medical inflation rate are similar to changes in interest and inflation rates in South Africa.

3.5 Estimate of taxation

The group is subject to income tax in a single jurisdiction. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters are different from the amounts that were

initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Management has to exercise judgement with regards to deferred tax assets. Where the possibility exists that no future taxable income may flow against which these assets can be offset, the deferred tax assets are not raised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using average tax rates that are expected to apply to the taxable profit (tax loss) of the period in which the temporary differences are expected to reverse, such average tax rates are directly impacted by the profitability of the relevant mine. The deferred tax rate is therefore based on the current estimate of the future profitability of an operation when temporary differences will reverse, based on tax rates and tax laws that have been enacted at the balance sheet date. Refer to note 11 for further details.

The future profitability of each mine, in turn, is determined by reference to the life-of-mine plan for that operation. The life-of mine plan is influenced by factors as disclosed in note 3.1, which may differ from one year to the next and ultimately result in the deferred tax rate changing from one year to the next.

3.6 Fair value of share-based payments

The fair value of options granted is determined using either a binominal, Black-Scholes or a Monte Carlo valuation model. The significant inputs into the model are: vesting period, risk free interest rate, volatility, price on date of grant and dividend yield. (Refer to note 30 for detail on each of the share option schemes).

3.7 Gold in lock-up

Gold in lock-up is carried at the lower of cost and net realisable value. The net realisable value is estimated based on the expected volumes treated and calculated plant call factor. Plant call factor is the efficiency measurement of the percentage of gold extracted from the ore. Management needs to exercise judgement with regards to lock-up volumes, life-of-mine plans, gold prices, exchange rates and post tax real discount rates. Net realisable value tests are performed at least annually.

3.8 Assessment of contingencies

Contingencies will only realise when one or more future events occur or fail to occur. The exercise of significant judgement and estimates of the outcome of future events are required during the assessment of the impact of such contingencies.

3.9 Gold mineral reserves and resources

Gold mineral reserves and resources are estimates of the amount of ounces that can be economically and legally extracted from the group's properties. In order to calculate the gold mineral reserves and resources, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, commodity prices and exchange rates.

Estimating the quantities and/or grade of the reserves and resources requires the size, shape and depth of the orebodies to be determined by analysing geological data such as the logging and assaying of drill samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

Because the economic assumptions used to estimate the gold mineral reserves and resources change from year-to-year, and because additional geological data is generated during the course of operations, estimates of the mineral reserves and resources may change from year-to-year. Changes in the reserves and resources may affect the group's financial results and financial position in a number of ways, including:

- asset carrying values may be affected due to changes in estimated cash flows;
- depreciation and amortisation charged in the income statement may change as they are calculated on the units-of-production method; and

- environmental provisions may change as the timing and/or cost of these activities may be affected by the change in mineral reserves.

At the end of each financial year, the estimate of proven and probable gold mineral reserves is updated. Depreciation of mining assets is prospectively adjusted, based on these changes.

3.10 Production start date

Various relevant criteria are considered in order to assess when the mine is substantially complete and ready for its intended use and moves into the production phase. Some of the criteria would include but are not limited to the following:

- the level of capital expenditure compared to the total project cost estimates;
- the ability to produce gold in a saleable form (where more than an insignificant amount of gold has been produced); and
- the ability to sustain the ongoing production of gold.

4. FINANCIAL RISK MANAGEMENT

The group's financial instruments expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and other price risk), credit risk and liquidity risk. The group may use derivative financial instruments to hedge certain risk exposures.

The group's financial instruments are set out below:

Figures in thousand (SA Rand)	Loans and receivables	Available-for-sale financial assets	Held-to-maturity investments	Fair value through profit or loss	Financial liabilities at amortised cost
At 30 June 2012:					
Restricted investments	–	–	41,022	154,327	–
Loans to group companies	13,212	–	–	–	–
Loan to holding company	335,653	–	–	–	–
Investment in financial assets	–	257	–	–	–
Trade and other receivables	12,530	–	–	–	–
Cash and cash equivalents	563	–	–	–	–
Loans from group companies	–	–	–	–	113,432
Trade and other payables	–	–	–	–	22,573
	361,958	**257**	**41,022**	**154,327**	**136,005**
At 30 June 2011:					
Restricted investments	–	–	35,404	135,606	–
Loans to group companies	5,493	–	–	–	–
Loan to holding company	224,736	–	–	–	–
Investment in financial assets	–	200	–	–	–
Trade and other receivables	11,874	–	–	–	–
Cash and cash equivalents	695	–	–	–	–
Loans from group companies	–	–	–	–	112,965
Trade and other payables	–	–	–	–	122,022
	242,798	**200**	**35,404**	**135,606**	**234,987**

Figures in thousand (SA Rand)	Loans and receivables	Available-for-sale financial assets	Held-to-maturity investments	Fair value through profit or loss	Financial liabilities at amortised cost
At 30 June 2010:					
Restricted investments	–	–	36,149	122,089	–
Loans to group companies	2,642	–	–	–	–
Loan to holding company	203,406	–	–	–	–
Investment in financial assets	–	193	–	–	–
Trade and other receivables	16,584	–	–	–	–
Cash and cash equivalents	427	–	–	–	–
Loans from group companies	–	–	–	–	109,301
Trade and other payables	–	–	–	–	34,687
	223,059	**193**	**36,149**	**122,089**	**143,988**

Risk management is carried out by Harmony's central treasury department (group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges selected financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and the investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar (US$). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The group's revenues are sensitive to the ZAR/US$ exchange rate as all revenues are generated by gold sales denominated in US$. The group generally does not enter into forward sales, derivatives or other hedging arrangements to establish a ZAR/US$ exchange rate in advance for the sale of its future gold production.

Sensitivity analysis

The group has assessed its exposure to foreign exchange risk on financial assets and liabilities and as at 30 June 2010, 2011 and 2012 the exposure was not significant.

(ii) Other price risk

The group is exposed to the risk of fluctuations in the fair value of the available-for-sale financial assets and assets held at fair value through profit or loss as a result of changes in market prices (other than changes in interest rates and foreign currencies). The group generally does not use any derivative instruments to manage this risk.

Sensitivity analysis

A 1% change in the share price of available-for-sale financial assets at the reporting date, with all other variables held constant, would not have had a material impact on other comprehensive income for 2010, 2011 and 2012.

A 1% increase in the SWIX 40 index on the JSE at the reporting date, with all other variables held constant, would have increased profit or loss by R0.4 million (2011: R1 million; 2010: R1 million); an equal change in the opposite direction would have decreased profit or loss by R0.4 million (2011: R1 million; 2010: R1 million). The analysis is performed on the same basis for 2010 and 2011.

The financial assets to which these sensitivities have been performed are disclosed in notes 15 and 18.

Commodity price sensitivity

The profitability of the group's operations, and the cash flows generated by those operations, are affected by changes in the market price of gold. The group generally does not enter into forward sales, derivatives or other hedging arrangements to establish a price in advance for the sale of future gold production.

(iii) Cash flow and fair value Interest rate risk

The group has assessed its exposure to cash flow and fair value interest rate risk and as at 30 June 2010, 2011 and 2012 the exposure was not significant.

(b) Credit risk

Credit risk is the risk that a counterparty may default or not meet its obligations timeously. Financial instruments, which subject the group to concentrations of credit risk, consist predominantly of restricted investments, trade and other receivables (excluding non-financial instruments) and cash and cash equivalents. Loans to the shareholder and group companies have been excluded as risk is deemed low due to Harmony being a JSE listed company with adequate cash resources.

Exposure to credit risk on trade and other receivables is monitored on a regular basis. The credit risk arising from cash and cash equivalents and restricted investments is managed by ensuring amounts are only invested with financial institutions of good credit quality. The group has policies that limit the amount of credit exposure to any one financial institution.

Cash and cash equivalents

Financial institutions' credit rating by exposure:

Figures in thousand (SA Rand)	2012	2011	2010
Credit rating			
AA	563	695	427

It is the policy of the group to renegotiate credit terms with long-standing customers who have a good credit history with the group. These customers are monitored on an ongoing basis to ensure that the customer remains within the renegotiated terms. Refer to note 20 for the ageing of trade and other receivables.

The group's maximum exposure to credit risk is represented by the carrying amount of all financial assets determined to be exposed to credit risk, amounting to R208.4 million as at 30 June 2012 (2011: R183.50 million; 2010: R175.4 million). R196.4 million of this amount are held with Nedbank Limited, which has a AA- rating.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

In the ordinary course of business, the group receives cash from its operations and is required to fund working cost and capital expenditure requirements. The cash is managed to ensure that surplus funds are invested in a manner to achieve market-related returns and to provide sufficient liquidity at the minimum risk. The group is able to actively source financing, through group treasury, at competitive rates.

The following are the contractual maturities of financial liabilities (including principal and interest payments):

Figures in thousand (SA Rand)	Current	More than 1 year
At 30 June 2012:		
Trade and other payables (excluding non-financial instruments)	22,573	–
Loans from group companies	113,432	–
	136,005	–

Figures in thousand (SA Rand)	Current	More than 1 year
At 30 June 2011:		
Trade and other payables (excluding non-financial instruments)	122,022	–
Loans from group companies	112,965	–
	234,987	–
At 30 June 2010:		
Trade and other payables (excluding non-financial instruments)	34,687	–
Loans from group companies	109,301	–
	143,988	–

(d) Capital risk management

The primary objective of managing the group's capital is to ensure that there is sufficient capital available to support the funding requirements of the group, in a way that optimises the cost of capital and matches the current strategic business plan.

The group manages and makes adjustments to the capital structure which consists of debt and equity as and when borrowings mature or when funding is required. The group may adjust the amount of dividends paid, sell assets to reduce debt or schedule projects to manage the capital structure.

There were no changes to the group's approach to capital management during the year.

(e) Fair value determination

The carrying values (less any impairment allowance) of short-term financial instruments are assumed to approximate their fair values.

The fair value of the available-for-sale financial assets are determined by reference to quoted market prices, where applicable, and by using valuation techniques. The fair value of other non-current financial instruments are determined using a discounted cash flow model with market observable inputs, such as market interest rates.

The following table presents the group's assets that are measured at fair value by level at 30 June 2012. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(1) Quoted prices (unadjusted) in active markets for identical assets (level 1).

(2) Inputs other than quoted prices included within level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

(3) Inputs for the asset that are not based on observable market data (that is, unobservable inputs) (level 3).

Figures in thousand (SA Rand)	Level 1	Level 2	Level 3
Assets			
Available-for-sale financial assets	–	–	257
Fair value through profit or loss (a)	–	154,327	–

The following table represents the group's assets and liabilities that are measured at fair value at 30 June 2011.

Figures in thousand (SA Rand)	Level 1	Level 2	Level 3
Assets			
Available-for-sale financial assets	–	–	200
Fair value through profit or loss (a)	–	135,606	–

(a) Level 2 fair values are indirectly derived from the Shareholder Weighted Top 40 Index (SWIX 40) on the JSE and is discounted at market interest rates.

The following table represents the group's assets and liabilities that are measured at fair value at 30 June 2010.

Figures in thousand (SA Rand)	Level 1	Level 2	Level 3
Assets			
Available-for-sale financial assets	–	–	193
Fair value through profit or loss (a)	–	122,089	–

(a) Level 2 fair values are indirectly derived from the Shareholder Weighted Top 40 Index (SWIX 40) on the JSE and is discounted at market interest rates.

5. COST OF SALES

Figures in thousand (SA Rand)	2012	2011	2010
Production costs (a)	766,512	665,854	831,263
Amortisation and depreciation of mining properties, mine development costs and mine plant facilities	121,789	166,101	118,775
Rehabilitation expenditure (b)	(225)	31,799	24,408
Care and maintenance cost of restructured shafts	10,229	7,496	4,471
Employment termination and restructuring costs (c)	–	21,880	115,943
Share-based payments (d)	8,326	10,523	15,637
Impairment of assets (e)	–	–	70,079
Gold in lock-up change in estimate	11,060	12,375	–
Reversal of provision for post-retirement benefits	(118)	(129)	(235)
Total cost of sales	**917,573**	**915,899**	**1,180,341**

(a) Production costs include mine production, transport and refinery costs, applicable general and administrative costs, movement in inventories and ore stockpiles and ongoing environmental rehabilitation costs. Ongoing employee termination costs are included, however employee termination costs associated with major restructuring and shaft closures are excluded. Production costs, analysed by nature, consist of the following:

Figures in thousand (SA Rand)	2012	2011	2010
Labour costs, including contractors	478,566	456,506	653,648
Consumables and materials	136,807	115,237	169,381
Water and electricity	135,805	116,840	130,674
Changes in inventory	(6,720)	8,417	(68,152)
Capitalisation of mine development costs	(51,755)	(57,132)	(84,486)
By-products sales	(9,965)	(9,129)	(6,117)
Royalty expense	48,798	4,289	3,883
Other	34,976	30,826	32,432
Total production cost	**766,512**	**665,854**	**831,263**

(b) For the assumptions used to calculate the rehabilitation costs, refer to note 3.3.

(c) During the 2010 financial year, Evander 2, 5 and 7 shafts were closed and placed on care and maintenance. These closures were due to mining no longer being economically viable as a result of the current economic situation. Harmony group also engaged in a voluntary retrenchment process during the year resulting in retrenchment costs for the group.

(d) Refer to note 30 for details on the share-based payments schemes operated by the group, of which the company is a member.

(e) During the 2010 financial year, impairments to the value of R67 million were recognised mainly as a result of the shaft closure as discussed under note 5(c) above. The remaining balance in 2010 resulted from revised business (life-of-mine) plans, which are completed in June of each year, and increases in electricity and labour costs. Impairment tests were performed as required by IAS 36, *Impairment of Assets,* and as a result these impairments were recorded. For assumptions used to calculate the recoverable amount, refer to note 3.1.

6. OTHER INCOME – NET

Figures in thousand (SA Rand)	2012	2011	2010
Rent received	846	1,561	755
Royalties paid	(2)	–	(51)
Bad debts provision credit/(expense)	722	(388)	2,050
Bad debts written off	(804)	–	(1,015)
Tax penalty	–	–	(3)
SARS refund (a)	12,172	–	–
Other (expenses)/income – net	(176)	(930)	(2)
Total other income – net	**12,758**	**243**	**1,734**

(a) This relates to PAYE, where over-payments to SARS made prior to 2009 were refunded to the company.

7. OPERATING PROFIT/(LOSS)

Figures in thousand (SA Rand)	2012	2011	2010
The following have been included in operating profit/(loss):			
Auditor's remuneration	2,477	2,882	3,057
External			
Fees – current year	1,623	1,879	2,126
Fees – prior year under provision	–	–	–
Fees – other services	51	161	266
Internal			
Fees – current year	803	842	665

8. NET GAIN ON FINANCIAL INSTRUMENTS

Figures in thousand (SA Rand)	2012	2011	2010
Fair value through profit or loss financial assets			
Fair value gain on environmental trust funds	7,517	11,163	2,863

Refer to note 15 for details on the investments that have been designated as fair value through profit and loss.

9. INVESTMENT INCOME

Figures in thousand (SA Rand)	2012	2011	2010
Interest received			
Loans and other receivables	5,908	4,496	169
Held-to-maturity investments	1,127	1,609	6,811
South African Revenue Services	1,216	–	312
Other	37	1	–
Total investment income	**8,288**	**6,106**	**7,292**

10. FINANCE COSTS

Figures in thousand (SA Rand)	2012	2011	2010
Financial liabilities			
Shareholder loan (a)	2,630	3,016	289
Interest paid to Taung (b)	5,605	–	–
Total finance cost from financial liabilities	**8,235**	**3,016**	**289**
Non-financial liabilities			
Post-retirement benefit	81	89	99
Time value of money and inflation component of rehabilitation costs	12,570	11,599	9,553
South African Revenue Service (SARS)	–	5,252	2,320
Total finance cost from non-financial liabilities	12,651	16,940	11,972
Total finance costs	**20,886**	**19,956**	**12,261**

(a) The finance cost on the shareholder loan relates to interest on group borrowings, which Harmony re-charges to its subsidiaries for working capital requirements and acquisitions, where applicable. Interest accrues on a day to day basis over the term of the loan at a variable interest rate equal to three-month JIBAR plus 3.5% and re-charged to subsidiaries at cost plus a 0.5% mark-up.

(b) The amount relates to the prepayment made by Taung for the Evander 6 transaction. Refer to notes 13 and 26 for further detail.

11. TAXATION

Figures in thousand (SA Rand)	2012	2011	2010
SA taxation			
Mining tax (a)			
– current year	(99,909)	–	–
– prior year[1]	3,634	12,714	(2,056)
Non-mining tax (b)			
– current year	(4,437)	(76)	(180)
– prior year[1]	776	(8,106)	(898)
Deferred tax (c)			
– Deferred tax	(57,180)	90,122	(104,360)
Total taxation (expense)/credit	**(157,116)**	**94,654**	**(107,494)**

1. The adjustments are as a result of the conclusion of the assessment process by SARS.

(a) Mining tax on gold mining income in South Africa is determined according to a formula, based on the taxable income, net of any qualifying capital expenditure from mining operations. 5% of total mining revenue is exempt from taxation while the remainder is taxable at a higher rate than non-mining income as a result of applying the gold mine formula. All qualifying mining capital expenditure is deducted from taxable mining income to the extent that it does not result in an assessed loss. Accounting depreciation is eliminated when calculating the South African mining tax income. Excess capital expenditure is carried forward as unredeemed capital to be claimed from future mining taxable income.

(b) Non-mining income is taxed at 28% (2011: 35%; 2010: 35%).

(c) The deferred tax rate used to calculate deferred tax is based on the current estimate of future profitability when temporary differences will reverse, based on tax rates and tax laws that have been enacted at balance sheet date. Depending on the profitability of the operations, the deferred tax rate can consequently be significantly different from year-to-year. The deferred tax rate was 13.9% (2011: 11.5%; 2010: 22.9%). This was due to the annual review of the life-of-mine of the operation as well as the change in the mining tax rate.

Income and mining tax rates

During March 2012, the National Treasury of South Africa repealed the higher gold mining tax formula due to the introduction of Dividend Tax. As a result, the rates that are applicable for the 2012 year are 34% for mining income and 28% for non-mining income.

Major items causing the income tax provision to differ from the maximum mining statutory tax rate of 34% (2011: 43%; 2010: 43%) were:

Figures in thousand (SA Rand)	**2012**	**2011**	**2010**
Tax on net profit/(loss) at the maximum mining statutory tax rate	238,818	(55,909)	(83,740)
Non-allowable deductions	13,478	14,279	10,628
Difference between non-mining tax rate and statutory mining rate on non-mining income	–	(30)	(121)
Effect on temporary differences due to changes in effective tax rates	(70,689)	(58,095)	167,200
Previously unrecognised temporary differences	(317)	(65)	–
Prior year adjustment – mining and non-mining tax	(4,410)	(4,519)	2,978
Capital allowances and other rate differences	(19,764)	9,685	10,549
Income and mining taxation	**157,116**	**(94,654)**	**107,494**
Effective income and mining tax rate	22.4%	(73.3%)	55.2%

Figures in thousand (SA Rand)	**2012**	**2011**	**2010**
Deferred tax			
Deferred tax liabilities and assets on the balance sheet as at 30 June 2012, 30 June 2011 and 30 June 2010 relate to the following:			
Gross deferred tax liability	134,404	104,027	199,937
Amortisation and depreciation	134,118	103,712	197,093
Other	286	315	2,844
Gross deferred tax assets	(3,548)	(30,351)	(36,139)
Unredeemed capital expenditure	(597)	(19,811)	(15,513)
Provisions, including non-current provisions	(2,951)	(2,972)	(4,270)
Tax losses	–	(7,568)	(16,356)
Net deferred tax liability	**130,856**	**73,676**	**163,798**

Figures in thousand (SA Rand)	**2012**	**2011**	**2010**
Movement in the net deferred tax liability recognised in the balance sheet is as follows:			
Balance at beginning of year	73,676	163,798	59,437
Total charge per income statement	57,180	(90,122)	104,361
Balance at end of year	**130,856**	**73,676**	**163,798**

Figures in thousand (SA Rand)	**2012**	**2011**	**2010**
The following amounts that are expected to realise or be recovered in the next 12 months have been included in the deferred tax liabilities and assets:			
Deferred tax liabilities	286	656	2,844
Deferred tax assets	(2,951)	(2,162)	(4,270)
	(2,665)	**(1,506)**	**(1,426)**

As at 30 June 2012, the Group has unredeemed capital expenditure of R4 million (2011: R172 million; 2010: R68 million) and no tax losses (2011: R66 million; 2010: R71 million) available for utilisation against future mining taxable income. These future deductions are utilisable against mining taxable income generated only from the Group's current mining operations and do not expire unless the Group ceases to trade for a period longer than one year.

As at 30 June 2012, 2011 and 2010, the Group has recognised all deferred tax assets in the determination of the net deferred tax liability.

During the year ended 30 June 2012, 2011 and 2010, there was no tax charged directly to equity.

12. BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE

Basic and diluted earnings/(loss) per share

Basic and diluted earnings/(loss) per share is calculated by dividing the net income attributable to shareholders by the weighted number of shares in issue during the year.

Figures in thousand (SA Rand)	2012	2011	2010
Weighted average number of ordinary shares in issue ('000)	39,272	39,272	39,272
Net profit/(loss) attributable to shareholders	545,294	(34,566)	(302,327)
Basic and diluted earnings/(loss) per share (cents)	**1,389**	**(88)**	**(770)**

Headline and diluted headline earnings/(loss) per share

The calculation of headline and diluted headline earnings, net of tax, per share is based on the basic earnings per share calculation adjusted for the following items:

Figures in thousand (SA Rand)	2012	2011	2010
Net profit/(loss)	545,294	(34,566)	(302,327)
Adjusted for:			
Profit on sale of property, plant and equipment	(232,003)	(2,250)	(496)
Taxation effect on profit of sale of property, plant and equipment	70,689	259	114
Impairment of assets	–	(1)	(70,079)
Taxation effect on impairment of assets	–	–	16,048
Headline earnings/(loss)	383,980	(36,558)	(356,740)
Headline and diluted headline earnings/(loss) per share (cents)	**978**	**(93)**	**(908)**
Dividend			
Dividend declared	324,000	–	–
Dividends per share (cents)	**825**	**–**	**–**
Net asset value per share			
Net asset value	1,232,281	1,002,692	1,026,740
Net asset value per share (cents)	**3,138**	**2,553**	**2,614**

13. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

On 10 September 2010, Evander concluded a sale of assets agreement with Taung, in which Taung acquired the Evander 6 Shaft, the related infrastructure and surface rights permits as well as a mining right over the Evander 6 and Twistdraai areas. When the criteria for IFRS 5 were met, the assets and liabilities were classified as held for sale. The operation did not meet the criteria to be classified as a discontinued operation. The Evander 6 operation is on care and maintenance with a carrying value of Rnil. The total purchase consideration of R225 million was settled in cash, with an initial payment of R100 million received on 29 April 2011. Interest of R5.6 million was paid by the group to Taung on the R100 million prepayment.

On 28 May 2012 all remaining conditions precedent to the transaction were fulfilled and on 30 May 2012 the group received an amount of R156.5 million of which R20 million had been held in escrow. The group realised a profit of R230 million.

Figures in thousand (SA Rand)	2012	2011	2010
Balance sheet			
Assets classified as held for sale			
Restricted investments	–	12,860	–
Total assets as held for sale	**–**	**12,860**	**–**
Liabilities classified as held for sale			
Provision for environmental rehabilitation	–	15,620	–
Total liabilities classified as held for sale	**–**	**15,620**	**–**

14. PROPERTY, PLANT AND EQUIPMENT

Figures in thousand (SA Rand)	2012	2011	2010
Mining properties, mine development costs and mine plant facilities	876,591	912,198	975,693
Mining assets under construction	177,833	92,729	–
Other non-mining assets	18,424	18,424	18,424
Investment properties	209	209	209
Total property, plant and equipment	**1,073,057**	**1,023,560**	**994,326**
Mining properties, mine development costs and mine plant facilities			
Cost			
Balance at beginning of year	3,543,920	3,441,314	3,268,005
Additions	89,880	102,606	173,309
Adjustment to rehabilitation asset	(3,698)	–	–
Balance at end of year	**3,630,102**	**3,543,920**	**3,441,314**
Accumulated depreciation and impairments			
Balance at beginning of year	2,631,722	2,465,621	2,276,767
Depreciation	121,789	166,101	118,775
Impairment of assets	–	–	70,079
Balance at end of year	**2,753,511**	**2,631,722**	**2,465,621**
Net book value	**876,591**	**912,198**	**975,693**
Mining assets under construction			
Cost			
Balance at beginning of year	92,729	–	–
Additions	85,104	92,729	–
Balance at end of year	**177,833**	**92,729**	**–**
Other non-mining assets			
Cost			
Balance at beginning of year	18,498	18,498	18,680
Disposals	–	–	(182)
Balance at end of year	**18,498**	**18,498**	**18,498**
Accumulated depreciation			
Balance at beginning and end of year	74	74	74
Depreciation	–	–	–
Balance at end of year	**74**	**74**	**74**
Net book value	**18,424**	**18,424**	**18,424**
Investment property			
Cost			
Balance at beginning of year	209	209	209
Balance at end of year	**209**	**209**	**209**
Total net book value	**1,073,057**	**1,023,560**	**994,326**

A register containing details of the investment property is available for inspection at the registered office of the company. At 30 June 2012 the investment property's fair value was approximately R8 million, which was based on R5,000 per hectare (150.4998ha), a valuation rate used for farm land in the Goven Mbeki Municipality area. The valuation was performed internally by the directors and is similar to the municipal valuation of the property.

15. RESTRICTED INVESTMENTS

Figures in thousand (SA Rand)	2012	2011	2010
Investments held by environmental trust fund	195,349	158,150	158,238
Total restricted investments	**195,349**	**158,150**	**158,238**
Environmental Trust Fund consists of:			
– Held-to-maturity financial assets	41,022	35,404	36,149
– Fair value through profit or loss financial assets	154,327	135,606	122,089
	195,349	171,010	158,238
– Net reclassification to held for sale	–	(12,860)	–
Total Environmental Trust Fund	**195,349**	**158,150**	**158,238**

The environmental trust fund is an irrevocable trust under the company's control. Contributions to the trust are invested in interest-bearing short-term investments or medium-term equity-linked notes issued by commercial banks that provide guaranteed interest and additional interest or growth linked to the growth of the Shareholder Weighted Top 40 index (SWIX 40) of the JSE. The equity-linked notes are designated fair value through profit or loss investments and recorded at fair value whilst the interest-bearing short-term investments are classified as held-to-maturity and recorded at amortised cost. These investments provide for the estimated cost of rehabilitation at the end of the life of the company's mines. Income earned on the investments is retained in the funds and reinvested.

Figures in thousand (SA Rand)	2012	2011	2010
Reconciliation of the movement in investments held by the Environmental Trust Fund:			
Balance at beginning of year	171,010	158,238	148,569
Interest income	1,127	1,609	6,811
Fair value gain	7,517	11,163	2,863
Increase in investments	27,942	–	–
Net disposals	(12,247)	–	–
Costs incurred	–	–	(5)
Balance at end of year	**195,349**	**171,010**	**158,238**

16. LOAN TO HOLDING COMPANY

Figures in thousand (SA Rand)	2012	2011	2010
Harmony Gold Mining Company Limited	**335,653**	**224,736**	**203,406**

The loan is unsecured with no fixed terms for repayment. Due to Harmony entering into a shares and claim agreement with Pan African Resources PLC for Harmony's investment in Evander, the loan has been classified as current and is payable on demand. Interest was charged by the holding company on a fixed portion of R91.6 million of the loan for the 2011 and 2012 financial years. The interest relates to the Nedbank Limited loan facility, recharged by the holding company to its subsidiaries. The facility was utilised to fund group acquisitions as well as working capital requirements. Refer to note 10 for further details. As of February 2012, no interest was charged.

17. GROUP COMPANIES LOANS

Figures in thousand (SA Rand)	2012	2011	2010
Loans to group companies:			
ARMGold/Harmony Joint Investment Company (Proprietary) Limited	–	1,227	–
Harmony Pharmacies (Proprietary) Limited	–	569	585
ARMGold/Harmony Freegold Joint Venture (Proprietary) Limited	11,641	2,126	2,057
Harmony Gold Exploration (Proprietary) Limited	1,571	1,571	–
	13,212	**5,493**	**2,642**
Loans from group companies:			
La Riviera (Proprietary) Limited	–	1	1
Avgold Limited	15,341	15,398	15,398
Randfontein Estates Limited	94,517	90,549	89,548
African Rainbow Minerals Gold Limited	657	657	657
Kalahari Goldridge Mining Company Limited	2,840	2,901	143
Rand Uranium (Proprietary) Limited	–	–	95
Kinross Family Trust	77	3,459	3,459
	113,432	**112,965**	**109,301**

All loans are unsecured, interest-free and there is no arrangement for repayment. Due to Harmony entering into a shares and claim agreement with Pan African Resources PLC for Harmony's investment in Evander, the loans have been classified as current and are payable on demand. Refer to note 33 for post year-end developments.

18. INVESTMENTS IN FINANCIAL ASSETS

Figures in thousand (SA Rand)	2012	2011	2010
Balance at beginning of year	200	193	179
Additions	88	12	27
Disposals	–	–	(3)
Fair value movement	(31)	(5)	(10)
Balance at end of year	**257**	**200**	**193**
The carrying amount consists of the following:			
Available-for-sale financial assets			
Investments in unlisted shares	257	200	193

These investments are valued by the directors by performing independent valuations on an annual basis to ensure that no significant prolonged decline in the value of the investments has occurred. The directors' valuation is consistent with the value stated above. During the financial year under review, the company did not receive any income from these investments (2011: Nil, 2010: Nil).

19. INVENTORIES

Figures in thousand (SA Rand)	2012	2011	2010
Gold in lock-up	24,449	35,509	64,683
Gold in-process and bullion on hand	20,351	13,631	22,048
Consumables and materials at weighted average cost	21,877	22,057	22,529
Total inventories	**66,677**	**71,197**	**109,260**
Non-current portion of gold in lock-up	(16,438)	(10,815)	(47,349)
Total current portion of inventories	**50,239**	**60,382**	**61,911**
Included in the balance above is:			
Inventory valued at net realisable value	24,449	35,509	64,683

During the financial year, R3.4 million slow moving stock provision was reversed. The provision was R0.8 million in 2011 and R4.0 million 2010. The total provision at 30 June 2012 was R2.4 million (2011: R5.8 million; 2010: R5.0 million).

20. TRADE AND OTHER RECEIVABLES

Figures in thousand (SA Rand)	2012	2011	2010
Current			
Financial assets:			
Trade receivables (metals)	6,080	7,123	3,775
Other trade receivables	6,089	3,773	3,777
Provision for impairment	(873)	(1,577)	(1,227)
Trade receivables – net	11,296	9,319	6,325
Interest and other receivables (a)	149	61	6,458
Non-financial assets:			
Prepayments	1,946	2,749	12,421
Value added tax	9,576	19,466	20,112
Total current trade and other receivables	**22,967**	**31,595**	**45,316**
Non-current			
Financial assets:			
Other loans receivable (b)	1,085	2,494	3,801
Total non-current trade and other receivables	**1,085**	**2,494**	**3,801**

(a) No impairment allowance is necessary in respect of any balances included in interest and other receivables as all amounts are classified as fully performing.

(b) The balance comprise of a loan of R1.1 million (2011: R2.5 million; 2010: R3.8 million) due from Brendan Village CC (Brendan Village). The loan was granted on 3 May 2003 as per the sale agreement between the company and Brendan Village. The loan bears interest at 12% and is paid in monthly instalments, with the last instalment payable in May 2013. The Brendan Village property is held as a collateral for the loan due to the company.

The movement in the provision for impairment of trade receivables during the year was as follows:

Figures in thousand (SA Rand)	2012	2011	2010
Balance at beginning of year	1,577	1,227	3,277
Provision for impairment of receivables	537	706	–
Reversal of provision for impairment of receivables	(1,241)	(356)	(2,050)
Balance at end of year	**873**	**1,577**	**1,227**

The ageing of trade receivables at the reporting date was:

Figures in thousand (SA Rand)	Gross	Impairment
30 June 2012		
Fully performing	10,330	–
Past due by 1 to 30 days	396	–
Past due by 31 to 60 days	201	–
Past due by 61 to 90 days	246	–
Past due by more than 90 days	581	509
Past due by more than 361 days	415	364
	12,169	**873**

Figures in thousand (SA Rand)	Gross	Impairment
30 June 2011		
Fully performing	7,787	–
Past due by 1 to 30 days	812	–
Past due by 31 to 60 days	444	–
Past due by 61 to 90 days	56	–
Past due by more than 90 days	430	378
Past due by more than 361 days	1,367	1 199
	10,896	**1,577**
30 June 2010		
Fully performing	4,705	–
Past due by 1 to 30 days	782	–
Past due by 31 to 60 days	555	–
Past due by 61 to 90 days	111	–
Past due by more than 90 days	338	297
Past due by more than 361 days	1,061	930
	7,552	**1,227**

The ageing of loans receivable at the reporting date was:

30 June 2012		
Fully performing	1,085	–
Past due by 1 to 30 days	–	–
Past due by 31 to 60 days	–	–
Past due by 61 to 90 days	–	–
Past due by more than 90 days	–	–
Past due by more than 361 days	–	–
	1,085	**–**
30 June 2011		
Fully performing	2,494	–
Past due by 1 to 30 days	–	–
Past due by 31 to 60 days	–	–
Past due by 61 to 90 days	–	–
Past due by more than 90 days	–	–
Past due by more than 361 days	–	–
	2,494	**–**
30 June 2010		
Fully performing	3,801	–
Past due by 1 to 30 days	–	–
Past due by 31 to 60 days	–	–
Past due by 61 to 90 days	–	–
Past due by more than 90 days	–	–
Past due by more than 361 days	–	–
	3,801	**–**

Based on past experience, the company believes that no impairment allowance is necessary in respect of fully performing receivables as the amount relates to customers that have a good track record with the Company. Similarly, the loans and receivables noted above, other than those provided for, are fully performing and considered to be a low credit risk.

The company does not hold any collateral, except for the one mentioned above, in respect of non-current trade and other receivables.

During the years 2012, 2011 and 2010, there were no renegotiation of the terms of any receivable.

21. CASH AND CASH EQUIVALENTS

Figures in thousand (SA Rand)	2012	2011	2010
Cash at bank and short-term deposits	563	695	427
Total cash and cash equivalents	**563**	**695**	**427**

22. SHARE CAPITAL

Authorised

60,000,000 (2011: 60,000,000; 2010: 60,000,000) ordinary shares of R1 each.

Issued

39,271,599 (2011: 39,271,599; 2010: 39,271,599) ordinary shares of R1 each. All issued shares are fully paid.

10% of the authorised but unissued shares are under the control of the directors until the forthcoming annual general meeting.

23. OTHER RESERVES

Figures in thousand (SA Rand)	2012	2011	2010
Other reserves comprises of:			
Share-based payments (a)	65,988	57,662	47,139
Fair value movement of available-for-sale financial assets	(46)	(15)	(10)
Total other reserves	**65,942**	**57,647**	**47,129**
Share-based payments			
Balance at beginning of year	57,662	47,139	31,502
Share-based payments expensed	8,326	10,523	15,637
Balance at end of year	**65,988**	**57,662**	**47,139**
Fair value movement of available-for-sale financial assets			
Balance at beginning of year	(15)	(10)	–
Fair value movement	(31)	(5)	(10)
Balance at end of year	**(46)**	**(15)**	**(10)**

(a) The Harmony group, of which the company is a member, issues equity-settled instruments to certain qualifying employees under an Employee Share Option Scheme to purchase shares in the Harmony Gold Mining Company Limited's authorised but unissued ordinary shares. Equity share-based payments are measured at the fair value of the equity instruments at the date of the grant. Share-based payments are expensed over the vesting period, based on the group's estimate of the shares that are expected to eventually vest. During the 2012 financial year, a share-based payment expense of R8.3 million (2011: R10.5 million; 2010: R15.6 million) was charged to the income statement. (Refer to note 30 for more details).

24. PROVISION FOR ENVIRONMENTAL REHABILITATION

The group's mining and exploration activities are subject to extensive environmental laws and regulations. These laws and regulations are continually changing and are generally becoming more restrictive. The group has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. Estimated future reclamation costs are based principally on legal and regulatory requirements. The following is a reconciliation of the total liability for environmental rehabilitation:

Figures in thousand (SA Rand)	2012	2011	2010
Provision raised for future rehabilitation			
Balance at beginning of year	179,113	135,715	101,753
Change in estimate – Balance sheet	(3,698)	–	–
Change in estimate – Income statement	(225)	31,799	24,409
Time value of money and inflation component of rehabilitation cost	12,570	11,599	9,553
Disposals	(17,587)	–	–
	170,173	179,113	135,715
Reclassification to held for sale	–	(15,620)	–
Balance at end of year	**170,173**	**163,493**	**135,715**

While the ultimate amount of rehabilitation costs to be incurred in the future is uncertain, the group has estimated that, based on current environmental and regulatory requirements, the total cost for the mines, in current monetary terms, is approximately R236.5 million (2011: R239.4 million; 2010: R183.5 million). Refer to note 3.3 for estimations and judgements used in the calculation.

Included in the charge to the income statement is an amount of R0.9 million (2011: R0.6 million; 2010: R1.7 million) relating to the time value of money.

Figures in thousand (SA Rand)	2012	2011	2010
Future net obligations			
Ultimate estimated rehabilitation cost	236,524	239,419	183,508
Amounts invested in environmental trust funds (Refer to note 15)	(195,349)	(171,010)	(158,238)
Total future net obligations	**41,175**	**68,409**	**25,270**

The group intends to finance the ultimate rehabilitation costs from the money invested in environmental trust funds, ongoing contributions, as well as the proceeds on sale of assets and gold from plant clean-up at the time of mine closure. The group has guarantees in place relating to the environmental liabilities. Refer to notes 15 and 31.

25. RETIREMENT BENEFIT OBLIGATIONS

Figures in thousand (SA Rand)	2012	2011	2010
Non-current			
Retirement benefit obligation	875	912	951

26. TRADE AND OTHER PAYABLES

Figures in thousand (SA Rand)	2012	2011	2010
Financial liabilities			
Trade payables	15,725	20,532	33,515
Other liabilities (a)	6,848	101,490	1,172
Non-financial liabilities			
Payroll accruals	13,692	12,049	12,295
Leave liabilities (b)	18,972	16,312	16,470
Shaft related accruals	17,495	20,020	25,904
Other accruals	–	–	20
Total trade and other payables	**72,732**	**170,403**	**89,376**

(a) Included in the 2011 balance is an amount of R100 million relating to the sale of assets agreement with Taung. Refer to the directors' report and note 13 for more detail.

(b) **Leave liability**

Employee entitlements to annual leave are recognised on an ongoing basis. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. The movement in the liability recognised in the balance sheet is as follows:

Figures in thousand (SA Rand)	2012	2011	2010
Balance at beginning of year	16,312	16,470	23,282
Benefits paid	(18,694)	(19,331)	(26,954)
Total expense per income statement	21,354	19,173	20,142
Balance at end of year	**18,972**	**16,312**	**16,470**

27. CASH GENERATED/(UTILISED) BY OPERATIONS

Figures in thousand (SA Rand)	2012	2011	2010
Reconciliation of profit/(loss) before taxation to cash generated/ (utilised) by operations:			
Profit/(Loss) before taxation	702,410	(129,220)	(194,833)
Adjustments for:			
Amortisation and depreciation	121,789	166,101	118,775
Impairment of assets	–	–	70,079
Profit on sale of mining assets	(232,003)	(2,250)	(496)
Net (decrease)/increase in provision for environmental rehabilitation	(225)	31,799	24,408
Net decrease in provision for post retirement benefits	(118)	(129)	(235)
Share-based payments	8,326	10,523	15,637
Net gain on financial instruments	(7,517)	(11,163)	(2,863)
Interest received	(8,288)	(6,106)	(7,292)
Finance costs	20,886	19,956	12,261
Inventory adjustments	6,720	38,702	(61,682)
Other non-cash transactions	(5,438)	(3,944)	(15,547)
Effect of changes in operating working capital items:			
Receivables	10,120	14,640	10,451
Inventories	3,314	(640)	8,092
Accounts payable and accrued liabilities	(2,328)	(18,973)	(7,353)
Cash generated/(utilised) by operations	**617,648**	**109,296**	**(30,598)**

Additional cash flow information

The income and mining taxes paid in the statements of cash flow represents actual cash paid less refunds received.

28. RETIREMENT BENEFIT OBLIGATIONS

(a) ***Pension and provident funds:*** The group contributes to several pension and provident funds governed by the Pension Funds Act, 1956 for its employees. The pension funds are multi-employer industry plans. The group's liability is limited to its annually determined contributions.

The provident funds are funded on the ''money accumulative basis'' with the member's and employer's contributions having been fixed in the constitution of the funds.

Substantially all the group's employees are covered by the above mentioned retirement benefit plans. Funds contributed by the group for the 2012 financial year amounted to R31.7 million (2011: R30.9 million; 2010: R47.9 million).

(b) ***Post-retirement benefits other than pensions:*** Evander inherited a post-retirement medical benefit obligation, which existed at the time of the Freegold acquisition in 2002 for employees transferred from the Freegold operation. The group's obligation in this regard, is to pay a subsidy of 2% for every completed year of employment up to a maximum of 50% of total medical aid contributions, commencing on date of retirement.

The liability is unfunded and will be settled out of cash and cash equivalents when it becomes due. The liability is based on an actuarial valuation conducted during the year ended 30 June 2012, using the projected unit credit method. The next actuarial valuation will be performed on 30 June 2013.

The principal actuarial assumptions used to determine the present value of unfunded obligations are discussed in note 3.4. In addition the following was also considered:

- It is assumed that all Continuation and Widow Members (CAWMs) will remain on the current benefit option and income band. For employed members, post-employment contributions were assumed to be equal to the average payable for the current CAWMs membership.
- It is assumed that not all employed members will remain employed until retirement therefore estimated resignation and ill-health retirement rates are also taken into account.
- It is assumed that 90% of employed members will be married at retirement or earlier death and that wives are four years younger than their husbands. It is assumed that the only dependants will be spouses.

Figures in thousand (SA Rand)	2012	2011	2010
Present value of unfunded obligations	875	912	951
Movement in the liability recognised in the balance sheet:			
Balance at beginning of year	912	951	1,087
Contributions paid	(167)	(172)	(189)
Interest cost	81	89	99
Net actuarial loss/(gains) recognised during the year (a)	49	44	(46)
Balance at end of year	**875**	**912**	**951**

(a) Net actuarial gains and losses are included in cost of sales in the income statement. The net actuarial gain recognised during the 2009 year was R0.72 million, for the 2008 year was R0.113 million and in the 2007 year a loss of R0.041 million.

Figures in thousand (SA Rand)	2012	2011	2010
The net liability of the defined benefit plan is as follows:			
Present value of defined benefit obligation	875	912	951
Fair value of plan assets	–	–	–
Net liability	**875**	**912**	**951**

The present value of defined benefit obligation was R1.1 million in 2009 and R1.1 million in 2008.

The effect of a one percentage point increase and decrease in the assumed medical cost trend rates is as follows:

Figures in thousand (SA Rand)	2012	2011	2010
	1% Increase	**1% Increase**	**1% Increase**
Effect on:			
Aggregate of service cost and interest cost	13	15	17
Defined benefit obligation	133	144	153
	1% Decrease	**1% Decrease**	**1% Decrease**
Effect on:			
Aggregate of service cost and interest cost	11	12	14
Defined benefit obligation	110	118	125

The group expects to contribute approximately R0.182 million to its benefit plan in 2013.

29. EMPLOYEE BENEFITS

Number of permanent employees as at 30 June:	2,521	2,547	2,908
Figures in thousand (SA Rand)	**2012**	**2011**	**2010**
Aggregate earnings:			
The aggregate earnings of employees including directors were:			
Salaries and wages and other benefits	397,947	369,568	576,057
Retirement benefit costs	31,674	30,926	47,921
Medical aid contributions	9,929	6,915	9,903
Total aggregate earnings	**439,550**	**407,409**	**633,881**

These amounts have been included in production cost, corporate expenditure and capital expenditure.

30. SHARE OPTION SCHEME

Harmony Group, of which the group is a member, currently has the 2001 and 2003 schemes and the 2006 share plan that are active. The objective of these schemes is to recognise the contributions of senior staff to the group's financial position and performance and to retain key employees.

The options granted under the 2001 and 2003 schemes

A fifth of the options granted under the 2001 and 2003 schemes are exercisable annually from the grant date with an expiry date of 10 years from the grant date. The offer price of these options equalled the closing market price of the underlying shares on the trading date immediately preceding the granting of the options.

On resignation and retirement, share options which have not yet vested will lapse and share options which have vested may be taken up at the employee's election before the last day of service. Payment of shares forfeited will therefore not be required. On death, all options vest immediately and the deceased estate has a period of 12 months to exercise these options.

	Option allocation	
	10 August 2004	**26 April 2005**
The share-based cost is calculated using the binominal valuation model based on the following assumptions at grant date:		
Price at date of grant (SA Rand per share)	66.15	39.00
Risk-free interest rate:	9.9%	8.4%
Expected volatility:	40.0%	35.0%
Expected dividend yield:	0.0%	0.0%
Vesting period:	5 years	5 years

Share-based payments are measured at the fair value of the equity instruments at the date of the grant. The cost is expensed over the vesting period, based on the group's estimate of the options that are expected to eventually vest.

The only vesting conditions for the 2001 and 2003 schemes were that the employees should be in the employment of the group, on vesting date.

The volatility measured at the standard deviation of expected share price returns were based on statistical analysis of daily share prices over the last three years before grant date.

Following the introduction of the 2006 share plan, no further options were granted in the 2010, 2011 and 2012 year for the 2001 and 2003 option schemes, and all options are vested.

Number of share options relating to the 2001 and 2003 option schemes	**2012**	**2011**	**2010**
Share options granted	1,019,481	1,019,481	1,019,481
Exercised	838,885	834,463	804,976
Vested but not exercised	7,332	11,754	41,241
Forfeited and lapsed	173,264	173,264	173,264

Activity on share options granted but not yet exercised	Shares	Weighted average option price (SA Rand)
For the year ended 30 June 2012		
Balance at beginning of year	11,754	44.08
Options exercised	(4,422)	42.68
Balance at end of year	**7,332**	**44.92**
For the year ended 30 June 2011		
Balance at beginning of year	41,241	43.96
Options exercised	(29,487)	43.92
Balance at end of year	**11,754**	**44.08**
For the year ended 30 June 2010		
Balance at beginning of year	117,750	42.60
Options exercised	(73,580)	41.98
Options forfeited and lapsed	(2,929)	39.00
Balance at end of year	**41,241**	**43.96**

List of options granted but not yet exercised (listed by grant date)	At 30 June 2012	Option plan (SA Rand)	Remaining life (years)
10 August 2004	1,600	66.15	3.1
26 April 2005	5,732	39.00	3.8
Total options granted but not yet exercised	**7,332**		

Figures in thousands (SA Rand)	2012	2011	2010
Average market value of options traded during the year	5,036	2,499	5,730
Gain realised by participants on options traded during the year	3,146	1,110	7,613
Share-based cost recognised	–	–	311

Options granted under the 2006 share plan

The 2006 share plan consist of share appreciation rights ("SARs"), performance shares ("PS") and restricted shares ("RS"). The SARs will vest in equal thirds in year 3, 4 and 5 after grant date, subject to the performance conditions having been satisfied. The SARs have an expiry date of six years from the grant date and the offer price equals the closing market price of the underlying shares on the trading date immediately preceding the grant. The PS will vest after three years from the grant date, if and to the extent that the performance conditions have been satisfied. The RS will vest after three years from grant date if the participant is still employed within the group. The Share plan is equity settled.

The aggregate number of shares which may be allocated to the share plan on any day, when added to the total number of unexercised SARs, unvested performance shares, and restricted shares which have been allocated for PS, SAR's and RS, and any other employee share scheme operated by the group, shall not exceed 14% of the number of issued ordinary shares of the Harmony group from time to time. On 30 June 2012, 287,495 PS, 667,764 SARs and 11,529 RS (2011: 246,522 PS, 623,759 SARs and 7,529 RS; 2010: 207,976 PS and 578,929 SARs) had been allocated to participating employees.

Termination of employees participating in the share plan is based on "No Fault" and "Fault" definitions.

In the case of SARs, if employment is terminated for No Fault reasons, then the value of the appreciation in all unvested and unexercised SARs is settled in shares or cash at the option of the employer as at the date of termination of employment, after the deduction of any tax payable. The employer has no past practice of settling in cash.

In the case of performance shares, if employment is terminated for No Fault reasons, then:

- first the maximum number conditionally awarded is pro-rated for the time period until the termination date;
- then this adjusted number is reduced to a third on the assumption that the group's performance was a median one with one third vesting, after taking into account any portion of shares that have been banked already (applicable from the 2009 issue onwards); and
- then settled in shares sold on the market for cash, and paid to the participant after the deduction of any tax payable.

In the case of RS, if employment is terminated for No Fault reasons, then accelerated vesting occurs and all unvested and unexercised RS and all unvested matching PS are settled.

In all three cases, if employment is terminated for Fault reasons, all unvested and unexercised SARs and all PS and RS not yet vested are lapsed and cancelled.

For the year ended 30 June	SARs			PS			RS		
Number of share options relating to	**2012**	**2011**	**2010**	**2012**	**2011**	**2010**	**2012**	**2011**	**2010**
Share options granted	**667,764**	**623,759**	**578,929**	**280,018**	**246,522**	**207,976**	**11,529**	**7,529**	**–**
Exercised	33,973	2,855	–	30,966	10,297	–	–	–	–
Vested but not exercised	42,718	25,494	17,840	–	–	–	–	–	–
Unvested	229,375	238,039	326,929	77,005	95,852	120,956	11,529	7,529	–
Forfeited and lapsed	361,698	357,371	234,160	172,047	140,373	87,020	–	–	–
Vesting periods of unvested shares									
Within one year	65,933	47,678	31,485	8,769	51,687	28,143	–	–	–
One to two years	64,393	67,621	63,677	33,108	8,769	84,044	7,529	–	–
Two to three years	56,194	65,835	102,130	35,128	35,396	8,769	4,000	7,529	–
Three to four years	28,187	42,968	80,915	–	–	–	–	–	–
Four to five years	14,668	13,937	48,722	–	–	–	–	–	–
Total number of unvested shares	**229,375**	**238,039**	**326,929**	**77,005**	**95,852**	**120,956**	**11,529**	**7,529**	**–**

For the year ended 30 June	2012		2011		2010	
	Shares	Weighted average option price (SA Rand)	Shares	Weighted average option price (SA Rand)	Shares	Weighted average option price (SA Rand)
Balance at beginning of year	**366,914**		**465,725**		**488,188**	
Performance shares	95,852	n/a	120,956	n/a	178,247	n/a
Share appreciation rights	263,533	80.25	344,769	78.35	309,941	81.23
Restricted shares	7,529	n/a	–	n/a	–	–
Options granted	**81,501**		**90,905**		**218,914**	
Performance shares	33,496	n/a	38,546	n/a	8,769	n/a
Share appreciation rights	44,005	104.79	44,830	84.81	210,145	77.28
Restricted shares	4,000	n/a	7,529	n/a	–	n/a
Options exercised	**(51,787)**		**(13,152)**		**–**	
Performance shares	(20,669)	n/a	(10,297)	n/a	–	n/a
Share appreciation rights	(31,118)	81.04	(2,855)	70.54	–	112.64
Restricted shares	–	n/a	–	n/a	–	–
Options lapsed	**(36,001)**		**(176,564)**		**(241,377)**	
Performance shares	(31,674)	n/a	(53,353)	n/a	(66,060)	n/a
Share appreciation rights	(4,327)	79.47	(123,211)	79.55	(175,317)	81.81
Intercompany transfers of employees	–	–	–			
Performance shares	–	–	–	–	–	–
Share appreciation rights	–	–	–	–	–	–
Balance at end of year	**360,627**		**366,914**		**465,725**	
Performance shares	77,005	n/a	95,852	n/a	120,956	n/a
Share appreciation rights	272,093	84.15	263,533	80.25	344,769	78.35
Restricted shares	11,529	n/a	7,529	n/a	–	n/a

List of shares granted but not yet exercised (listed by grant date)	At 30 June 2012	Strike price (SA Rand)	Remaining life (years)
Performance shares			
16 November 2009	8,769	n/a	0.40
15 November 2010	33,108	n/a	1.40
15 November 2011	35,128	n/a	2.40
Share appreciation rights			
15 November 2006	15,389	112.64	0.40
15 November 2007	32,854	70.54	1.40
5 December 2008	55,268	77.81	2.40
16 November 2009	84,022	77.28	3.40
15 November 2010	40,555	84.81	4.40
15 November 2011	44,005	104.79	5.40
Restricted shares			
15 November 2010	7,529	n/a	1.40
15 November 2011	4,000	n/a	2.40
Total options granted but not yet exercised	**360,627**		

Figures in thousand (SA Rand)	2012	2011	2010
Average fair value of share options vested during the year	3,865	1,098	2,009
Share-based cost recognised	8,326	10,523	15,326

The share-based cost is calculated using the Monte Carlo simulation on the market-linked PS and Black Scholes on the SARs. From 2009 the PS allocation has been linked to market conditions and non-market internal conditions. The following assumptions were applied at grant date:

	Performance shares	SARs	Restricted shares
Price at date of grant (SA Rand per share)			
– 15 November 2006 share allocation	n/a	112.64	n/a
– 15 November 2007 share allocation (valuation date 21 April 2008)	n/a	92.25	n/a
– 5 December 2008 share allocation (valuation date 16 February 2009)	n/a	116.90	n/a
– 16 November 2009 share allocation (valuation date 27 November 2009)	n/a	81.50	n/a
– 16 November 2009 share allocation (valuation date 3 May 2010)	n/a	72.14	n/a
– 15 November 2010 share allocation (valuation date 15 November 2010)	n/a	83.98	n/a
– 15 November 2011 share allocation (valuation date 15 November 2011)	n/a	113.80	n/a
Risk-free interest rate:			
– 15 November 2006 share allocation	9.58%	8.79%	n/a
– 15 November 2007 share allocation (valuation date 21 April 2008)	11.71%	10.68%	n/a
– 5 December 2008 share allocation (valuation date 16 February 2009)	8.18%	8.30%	n/a
– 16 November 2009 share allocation (valuation date 27 November 2009)	n/a	8.63%	n/a
– 16 November 2009 share allocation (valuation date 3 May 2010)	7.29%	n/a	n/a
– 15 November 2010 share allocation (valuation date 15 November 2010)	6.14%	6.70%	n/a

	Performance shares	SARs	Restricted shares
– 15 November 2011 share allocation (valuation date 15 November 2011)	6.30%	6.89%	n/a
Expected volatility*:			
– 15 November 2006 share allocation	34.71%	26.37%	n/a
– 15 November 2007 share allocation (valuation date 21 April 2008)	49.52%	41.72%	n/a
– 5 December 2008 share allocation (valuation date 16 February 2009)	70.86%	49.03%	n/a
– 16 November 2009 share allocation (valuation date 27 November 2009)	n/a	49.29%	n/a
– 16 November 2009 share allocation (valuation date 3 May 2010)	37.34%	n/a	n/a
– 15 November 2010 share allocation (valuation date 15 November 2010)	31.16%	31.16%	n/a
– 15 November 2011 share allocation (valuation date 15 November 2011)	39.13%	39.13%	n/a
Expected dividend yield:			
– for all allocations	0.00%	0.00%	0.00%
Vesting period (from grant date):			
– for all allocations	3 years	5 years	3 years

* The volatility is measured as an annualised standard deviation of historical share price returns, using an exponentially weighted moving average (EWMA) model, with a lambda of 0.99. The volatility is calculated on the grant date, and takes into account the previous three years historical data.

Share-based payments are measured at the fair value of the equity instruments at the date of the grant as defined in IFRS 2. The grant date is the date at which the entity and counterparty have a shared understanding of the terms and conditions of the share-based payment arrangement. The cost is expensed over the vesting period, based on the group's estimate of the options that are expected to eventually vest, within the rules of IFRS 2.

For 5 December 2008 issue:

The performance criteria imposed by the board and which must be satisfied before the settlement of any PSs under this award are linked to the Harmony group's TSR (total shareholder return) in comparison to the SA Gold Index (50%) and the SA Resource Index (50%);

The allocation performance criteria imposed per the Harmony 2006 share plan which must be satisfied before the settlement of the SARs is that:

- the Harmony group's headline earnings per share have grown since the allocation date by more than the CPI.

For 16 November 2009 issue:

The performance criteria imposed by the board, and which must be satisfied before the settlement of any PSs under this award, are as follows:

- 50% of the number of shares awarded are to be linked to annual gold production by the Harmony group in relation to the targets set annually.
- 50% of the number of shares awarded are linked to the Harmony group's TSR in comparison to the South African Gold Index

The performance criteria imposed per the Harmony 2006 share plan which must be satisfied before the settlement of the SARs allocation is that the Harmony group's headline earnings per share must have grown since the allocation date by more than the CPI.

For options granted on 16 November 2009, the following fair values were used as a basis to recognise share-based payment cost:

- For options measured on 27 November 2009, the value is R44.52 per share for SARs.

- For options measured on 23 December 2009, the value is R39.26 per share for SARs.
- For options measured on 3 May 2010, the value is R38.49 for PS.

For 15 November 2010 issue:

The Performance Criteria imposed by the board, and which must be satisfied before the settlement of any PS under this Award, are as follows:

- 50% (senior management)/70% (management) of the number shares awarded are to be linked to the annual gold production of the Harmony group in relation to the targets set annually.
- 50% (senior management)/30% (management) of the number shares awarded are linked to the Harmony group's TSR in comparison to the South African Gold Index.

The allocation performance criteria imposed per the Harmony 2006 share plan which must be satisfied before the settlement of the SARs is that:

- the Harmony group's headline earnings per share have grown since the allocation date by more than the CPI.

For options granted during the year, the following fair values were used as a basis to recognise share-based payment cost:

- For options measured on 15 November 2010, the value is R32.63 per share for SARs.
- For options measured on 15 November 2010, the value is R22.60 for PS.
- For options measured on 15 November 2010, the value is R83.98 for RS.

For 15 November 2011 issue

The Performance Criteria imposed by the board, and which must be satisfied before the settlement of any PS under this Award, are as follows:

- 50% (senior management)/70% (other management) of the number shares awarded are to be linked to the annual gold production of the Harmony group in relation to the targets set annually.
- 50% (senior management)/30% (other management) of the number shares awarded are linked to the Harmony group's TSR in comparison to the South African Gold Index.

The performance criteria imposed per the Harmony (2006) Share Plan which must be satisfied before the settlement of the SARs allocation is that the Harmony group's headline earnings per share must have grown since the allocation date by more than the CPI.

For options granted during the year, the following fair values were used as a basis to recognise share-based payment cost:

- For options measured on 15 November 2011, the value is R53.92 per share for SARs.
- For options measured on 15 November 2011, the value is R72.71 for PS.
- For options measured on 15 November 2011, the value is R113.80 for RS.

31. COMMITMENTS AND CONTINGENCIES

Figures in thousand (SA Rand)	2012	2011	2010
Capital expenditure commitments			
Contracts for capital expenditure	22,258	15,839	3,735
Authorised by the directors but not contracted for	200,783	225,582	26,267
Total capital commitments	**223,041**	**241,421**	**30,002**
This expenditure will be financed from existing resources and where appropriate, borrowings.			
Contingent liabilities			
Guarantees and suretyships	171	171	171
Environmental guarantees	38,010	38,010	27,662
	38,181	**38,181**	**27,833**

The company is a joint guarantor for Harmony's Nedbank Limited loan facilities as well as the US dollar syndicated revolving credit facility. Management has commenced the process to have the Evander

security released and to have Evander released from all obligations in anticipation of Harmony's disposal of the investment in the group to Pan African Resources PLC. Management expect this to be concluded well before the effective date of the transactions.

In addition, the following contingent liabilities have been identified:

(a) The case of Mr Thembekile Mankayi vs AngloGold Ashanti Limited (AGA) regarding litigation in terms of the Occupational Diseases in Mines and Works Act (ODIMWA) was heard in the High Court of South Africa in June 2008, and an appeal heard in the Supreme Court of Appeals in 2010. In both instances judgement was awarded in favour of AGA. A further appeal that was lodged by Mr Manyaki was heard in the Constitutional Court in 2010. Judgement in the Constitutional Court was handed down on 3 March 2011. The judgement allows Mr Manyaki's executor to proceed with the case in the High Court of South Africa. Should anyone bring similar claims against Harmony in future, those claimants would need to provide that silicosis was contracted while in the employment of the company and that it was contracted due to negligence on the company's part. The link between the cause (negligence by the company while in its employ) and the effect (the silicosis) will be an essential part of any case.

    On 23 August 2012, Harmony and all its subsidiaries have been served with court papers entailing an application by three of its former employees requesting the South Gauteng High Court to certify a class action. In essence, the applicants want the court to declare them as representing a a class of people for purposes of instituting an action for relief and to obtain directions as to what procedure to follow in pursuing the relief required against Harmony. Harmony has subsequently retained legal counsel in this regard and on 5 September 2012, Harmony served and filed its notice of intention to oppose the application as it is of the view that the applicants cannot form part of a class as according to their own averments worked at different operations. At this stage and in the absence of a Court decision on this matter it is uncertain as to whether the company will incur any costs related to silicosis claims in the near future. Due to the limited information available on any claims and potential claims and the uncertainty of the outcome of these claims, no estimation can be made for the possible obligation.

(b) The group may have a potential exposure to rehabilitate groundwater and radiation that may exist where the group has and/or continues to operate. The group has initiated analytical assessments to identify, quantify and mitigate impacts if and when (or as and where) they arise. Numerous scientific, technical and legal studies are underway to assist in determining the magnitude of the contamination and to find sustainable remediation solutions. The group has instituted processes to reduce future potential seepage and it has been demonstrated that Monitored Natural Attenuation (MNA) by the existing environment will contribute to improvement in some instances. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements. Should the group determine that any part of these contingencies require them being recorded and accounted for as liabilities, i.e. where they become quantifiable and probable it could have a material impact on the financial statements of the group.

32. RELATED PARTIES

Harmony Gold Mining Company is the only shareholder and is therefore a related party. Fellow subsidiaries in the Harmony group are also related parties. Refer to notes 16 and 17 for details of loans to and from these related parties.

During the year, Evander declared dividends to its shareholder. Refer to note 12 for details.

No loans were made or securities furnished by Evander or by any of its subsidiaries for the benefit of any director or manager, or any associate of any director during the periods under review.

Directors' and prescribed officers' remuneration

The remuneration disclosed below is in lieu of the contributions the directors make to the group, Messrs Briggs, Meyer and Abbott as executive directors of the Harmony group and Mr Pretorius as Executive: Health and Safety. In addition, the Chief Operating Officer (*COO*) has been identified as a prescribed officer. The remuneration was paid by Harmony.

Figures in thousand (SA Rand)	Salaries and benefits 2012	Retirement contri-butions 2012	Bonuses paid 2012	Total 2012	Total 2011
GP Briggs	5,966	–	1,330	7,296	7,972
F Abbott[1]	1,830	–	110	1,940	–
HO Meyer[2]	1,607	–	340	1,947	3,978
A Pretorius	2,312	248	611	3,171	3,680
J Boshoff[3]	1,797	200	455	2,452	–

1. Appointed on 3 February 2012.
2. Resigned on 3 February 2012.
3. Acting COO for Evander.

The directors and prescribed officers all participate in the Harmony group's share option scheme. Refer to Pages 324 – 326 for details for the year.

33. SUBSEQUENT EVENTS

(a) On 17 August 2012, the board approved a dividend of R131,619,000.

(b) During August 2012, the loans to and from group companies were consolidated with the loan to the holding company.

Directors' and prescribed officers' group share options

	Directors								Prescribed officers				Total	
	GP Briggs		HO Meyer		F Abbott		A Pretorius		J Boshoff		CT Smith			
	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)
Closing balance as at 30 June 2011	711,147		95,933		–		192,251		140,460		342,700		1,482,491	
Share options	91,938	48.55	–	–	–	–	–	–	5,480	66.15	124,138	52.12	221,556	50.99
Performance shares	305,011	n/a	55,800	n/a	–	–	89,084	n/a	64,755	n/a	89,084	n/a	603,734	n/a
Restricted shares	48,485	n/a	24,525	n/a	–	–	22,262	n/a	8,301	n/a	22,262	n/a	125,835	n/a
Share appreciation rights	265,713	78.44	15,608	80.68	–	–	80,905	74.59	61,924	74.69	107,216	73.60	531,366	76.51
Options granted	90,597		37,409		37,657		32,443		23,036		32,443		253,585	
Share options	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Performance shares	63,921	n/a	21,446	n/a	23,072	n/a	19,082	n/a	14,038	n/a	19,082	n/a	160,641	n/a
Restricted shares	15,000	n/a	10,000	n/a	8,000	n/a	8,000	n/a	5,000	n/a	8,000	n/a	54,000	n/a
Share appreciation rights	11,676	104.79	5,963	104.79	6,585	104.79	5,361	104.79	3,998	104.79	5,361	104.79	38,944	104.79
Options exercised	59,221	–	–		–		16,964		18,126		16,964		111,275	
Share options[1]	–	–	–	–	–	–	–	–	5,480	66.15	–	–	5,480	66.15
Performance shares[2]	59,221	n/a	–	n/a	–	n/a	16,964	n/a	12,646	n/a	16,964	n/a	105,795	n/a
Restricted shares	–	n/a	–	n/a	–	n/a	–	n/a	–	n/a	–	n/a	–	n/a
Share appreciation rights	–	–	–	–	–	–	–	–	–	–	–	–	–	–

	Directors								Prescribed officers				Total	
	GP Briggs		HO Meyer		F Abbott		A Pretorius		J Boshoff		CT Smith			
	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)
Options forfeited and lapsed	88,832		133,342		–		25,447		18,969		25,447		292,037	
Share options	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Performance shares	88,832	n/a	77,246	n/a	–	n/a	25,447	n/a	18,969	n/a	25,447	n/a	235,941	n/a
Restricted shares	–	n/a	34,525	n/a	–	n/a	–	n/a	–	n/a	–	n/a	34,525	n/a
Share appreciation rights	–	–	21,571	87.35	–	–	–	–	–	–	–	–	21,571	87.35
Closing balance as at 30 June 2012	653,691		–		37,657		182,283		126,401		332,732		1,332,764	
Share options	91,938	48.55	–	–	–	–	–	–	–	–	124,138	52.12	216,076	20.66
Performance shares	220,879	n/a	–	n/a	23,072	n/a	65,755	n/a	47,178	n/a	65,755	n/a	422,639	n/a
Restricted shares	63,485	n/a	–	n/a	8,000	n/a	30,262	n/a	13,301	n/a	30,262	n/a	145,310	n/a
Share appreciation rights	277,389	78.00	–	–	6,585	104.79	86,266	76.47	65,922	76.52	112,577	75.08	548,739	77.30

1. Average sales price is R96.75.
2. Average sales price is R113.01 per share.

	Directors								Prescribed officers					
	GP Briggs		HO Meyer		F Abbott		A Pretorius		J Boshoff		CT Smith		Total	
	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)
Grant date														
Share options	91,938		–		–		–		–		124,138		216,076	
10 August 2004	32,340	66.15	–	66.15	–	66.15	–	66.15	–	66.15	60,000	66.15	92,340	66.15
26 April 2005	59,598	39.00	–	39.00	–	39.00	–	39.00	–	39.00	64,138	39.00	123,736	39.00
Performance shares	220,879		–		23,072		65,755		47,178		65,755		422,639	
16 November 2009	74,534	n/a	–	n/a	–	n/a	21,351	n/a	15,916	n/a	21,351	n/a	133,152	n/a
15 November 2010	82,424	n/a	–	n/a	–	n/a	25,322	n/a	17,224	n/a	25,322	n/a	150,292	n/a
15 November 2011	63,921	n/a	–	n/a	23,072	n/a	19,082	n/a	14,038	n/a	19,082	n/a	139,195	n/a
Restricted shares	63,485		–		8,000		30,262		13,301		30,262		145,310	
15 November 2010	48,485	n/a	–	n/a	–	n/a	22,262	n/a	8,301	n/a	22,262	n/a	101,310	n/a
15 November 2011	15,000	n/a	–	n/a	8,000	n/a	8,000	n/a	5,000	n/a	8,000	n/a	44,000	n/a
Share appreciation rights	277,389		–		6,585		86,266		65,922		112,577		548,739	
15 November 2006	3,473	112.64	–	112.64	–	112.64	2,328	112.64	2,031	112.64	2,328	112.64	10,160	112.64
15 November 2007	159,484	70.54	–	70.54	–	70.54	52,623	70.54	40,544	70.54	78,934	70.54	331,585	70.54
7 March 2008	46,154	102.00	–	102.00	–	102.00	–	102.00	–	102.00	–	102.00	46,154	102.00
5 December 2008	28,377	77.81	–	77.81	–	77.81	13,006	77.81	9,695	77.81	13,006	77.81	64,084	77.81
16 November 2009	14,286	77.28	–	77.28	–	77.28	6,548	77.28	4,881	77.28	6,548	77.28	32,263	77.28
15 November 2010	13,939	84.81	–	84.81	–	84.81	6,400	84.81	4,773	84.81	6,400	84.81	31,512	84.81
15 November 2011	11,676	104.79	–	104.79	6,585	104.79	5,361	104.79	3,998	104.79	5,361	104.79	32,981	104.79
Closing balance as at 30 June 2012	**653,691**		**–**		**37,657**		**182,283**		**126,401**		**332,732**		**1,332,764**	

PART 9 – UNAUDITED *PRO FORMA* FINANCIAL INFORMATION ON PAN AFRICAN

The definitions and interpretations commencing on page 381 of this Document apply *mutatis mutandis* to this Part 9.

The unaudited *pro forma* statement of net assets in this Part 9 has been based on Pan African's and Evander's audited consolidated financial statements as of and for the year ended 30 June 2012 set out in Part 7 "Historical Financial Information on Pan African" and Part 8 "Historical Financial Information on Evander" of this Document respectively, and prepared in accordance with Annex II of the Prospectus Directive Regulation and on the basis of the notes 1 to 6 set out below. The unaudited *pro forma* statement of net assets has been prepared to illustrate separately the effect on the consolidated net assets of Pan African of: (a) the Rights Offer only; and (b) the Rights Offer and the acquisition of Evander as if they had each been completed on 30 June 2012. As indicated above, the unaudited *pro forma* statement of net assets has been prepared for illustrative purposes only and because of its nature the *pro forma* statement addresses a hypothetical situation and does not, therefore, represent Pan African's actual financial position and results. This unaudited *pro forma* statement does not take into account trading of Pan African subsequent to 30 June 2012.

PART A – BASIS OF PREPARATION OF THE *PRO FORMA* STATEMENT OF NET ASSETS AT 30 JUNE 2012 PREPARED IN ACCORDANCE WITH ANNEX II OF THE PROSPECTUS DIRECTIVE

The *pro forma* statement of net assets set out in Part B of this Part 9, is based on information which has been extracted without material adjustment from Pan African's and Evander's audited balance sheets as of 30 June 2012 as set out in Part 7 and Part 8 of this Document respectively. The *pro forma* statement of net assets set out below has been prepared in a manner consistent with the accounting policies adopted by Pan African for the year ended 30 June 2012. Further adjustments have been made in accordance with Annex II item 6 of the Prospectus Directive as set out in notes 1 to 6 below.

PART B – UNAUDITED *PRO FORMA* STATEMENT OF NET ASSETS AS AT 30 JUNE 2012 PREPARED IN ACCORDANCE WITH ANNEX II OF THE PROSPECTUS DIRECTIVE

Unaudited *pro forma* statement of net assets
as at 30 June 2012

	Pan African Resources PLC Group[1] 30 June 2012[1] Audited £	Adjustment Rights Offer[3] 30 June 2012 Audited £	Pro forma – Rights Offer only[4] 30 June 2012 £	Adjustment Evander[2] 30 June 2012 £	Adjustment Evander acquisition entries[5] 30 June 2012 £	Pro forma – Rights Offer issue and Evander acquisition 30 June 2012 £
ASSETS						
Non-current assets						
Property, plant and equipment (excluding Mineral Rights and Mining Property)	46,834,522	–	46,834,522	69,522,935	–	116,357,457
Mineral Rights and Mining Property	15,577,133	–	15,577,133	13,595,355	–	29,172,488
Other intangible assets	–	–	–	–	–	–
Goodwill	21,000,714	–	21,000,714	–	31,359,968 (b)	52,360,682
Investments	–	–	–	19,917	–	19,917
Rehabilitation trust fund	2,662,934	–	2,662,934	15,131,603	–	17,794,537
Non-current inventory	–	–	–	1,273,274	–	1,273,274
Non-current trade and other receivables	–	–	–	84,012	–	84,012
	86,075,303	**–**	**86,075,303**	**99,627,096**	**31,359,968**	**217,062,367**
Current assets						
Inventories	1,868,735	–	1,868,735	3,891,479	–	5,760,214
Intercompany receivables	–	–	–	27,022,851	(27,022,851) (c)	–
Trade and other receivables	6,828,047	–	6,828,047	1,779,009	(1,549,187) (a)	7,057,869
Cash and cash equivalents	19,782,179	54,464,494	74,246,673	43,610	(69,922,928) (a)	4,367,355
Income and mining taxes	–	–	–	893,029	–	893,029
	28,478,961	**54,464,494**	**82,943,455**	**33,629,978**	**(98,494,966)**	**18,078,467**
Non-current assets held for sale	13,135,215	–	13,135,215	–	–	13,135,215
Total assets	**127,689,479**	**54,464,494**	**182,153,973**	**133,257,074**	**(67,134,998)**	**248,276,049**
LIABILITIES						
Non-current liabilities						
Long-term provisions	3,043,954	–	3,043,954	13,249,264	–	16,293,218
Long-term liabilities	868,881	–	868,881	–	23,237,800 (a)	24,106,681
Deferred taxation	10,088,530	–	10,088,530	10,136,019	–	20,224,549
	14,001,365	**–**	**14,001,365**	**23,385,283**	**23,237,800**	**60,624,448**
Current liabilities						
Trade and other payables	7,709,729	2,711,077	10,420,806	5,633,772	15,491,867 (a)	31,546,445
Short-term liabilities – interest bearing	–	–	–	–	–	–
Short-term provisions	–	–	–	–	–	–
Intercompany payables	–	–	–	8,786,367	(8,786,367) (c)	–
Shareholders for dividend	–	–	–	–	–	–
Current tax liability	3,352,730	–	3,352,730	–	–	3,352,730
	11,062,459	**2,711,077**	**13,773,536**	**14,420,139**	**6,705,500**	**34,899,175**
Total liabilities	**25,063,824**	**2,711,077**	**27,774,901**	**37,805,422**	**29,943,300**	**95,523,623**
Net assets	**102,625,655**	**51,733,417**	**154,399,072**	**95,451,652**	**(97,078,298)**	**152,752,426**

Notes:

1. Financial information in respect of Pan African has been extracted without material adjustment from Pan African's audited balance sheet as of 30 June 2012 as set out in Part 7 of this Document.
2. Financial information in respect of Evander has been extracted without material adjustment from Evander's audited balance sheet as of 30 June 2012 as set out in Part 8 of this Document. The balance sheet was prepared in Rand and converted to Pounds using an exchange rate as at 30 June 2012 of 12.91 ZAR/£.
3. The adjustment of £54,464,494 (ZAR703,136,614 converted at a 30 June 2012 exchange rate of 12.91 ZAR/£) assumes full take up of the Rights Offer. The Company has received Subscription Commitments from the Investors in an amount of ZAR702,093,346. The estimated issue expenses of £2,711,077 (ZAR35,000,000) have been included in trade and other payables.
4. This *pro forma* subtotal is on the basis that the Rights Offer proceeds to completion but the acquisition of Evander does not.
5. The Evander Acquisition entries take into account the following adjustments and related assumptions:
   a. the reduction in the cash balance by £69,922,928. This is reconciled to the consideration payable for Evander as follows:

	£
Total consideration payable for Evander (note 5b)	116,189,001
Less: ZAR20,000,000 break fees paid prior to the year ended 30 June 2012 and included in trade and other receivables. (If the South African Department of Mineral Resources does not grant consent for the acquisition of Evander then these break fees would be repayable)	(1,549,187)
Less: A drawdown of ZAR300,000,000 from Pan African's available bank facilities, as outlined in paragraph 5.7 of Part 12 of this Document.	(23,237,800)
Less: Amount payable to Harmony, to be paid from cash generated after 30 June 2012, included in trade and other payables	(15,491,867)
Less: Evander cash at 31 March 2012 to be received as settlement for intercompany debtors (note 5c)	(7,613,865)
Add: Related transaction costs of ZAR21,000,000	1,626,646
Reduction in cash upon acquisition of Evander	69,922,928

   b. consolidation entries: for the purposes of the *pro forma* statement of net assets, the difference between the consideration paid of £116,189,001 (ZAR1,500,000,000 at 12.91 ZAR/£) and net assets of Evander has been recorded as goodwill of £31,359,968 and is calculated as follows:

		£
Consideration payable for Evander		116,189,001
Less: Audited net assets of Evander	(95,451,651)	
Add: Settlement of net Evander intercompany receivables prior to completion (see note 5c)	18,236,483	
Less: Cash consideration to be received for settlement of Evander net intercompany receivables (see note 5c)	(7,613,865)	
Adjusted Evander net asset value		(84,829,033)
Goodwill		31,359,968

   No account has been taken of any fair value adjustments to the net assets of Evander at acquisition that will be required to be accounted for in Pan African's first set of published financial statements after completion of the acquisition. The transaction costs of £1,626,646 described in note 5a are assumed to be written off to the income statement.

   c. based on the sale and purchase agreement, intercompany receivables and payables due from and to Harmony of £27,022,851 and £8,786,367 respectively will be settled at acquisition for cash consideration of £7,613,865, being the value of cash held in Evander on 31 March 2012 (£7,613,865) and have therefore been eliminated.
6. Rand figured converted to Pounds using the closing exchange rates as at 30 June 2012 of 12.91 ZAR/£.

PART C – REPORT ON *PRO FORMA* FINANCIAL INFORMATION ISSUED IN ACCORDANCE WITH ANNEX II OF THE PROSPECTUS DIRECTIVE

Deloitte LLP
2 New Street Square
London, EC4A 3BZ

The Board of Directors
on behalf of Pan African Resources PLC
Office 101, First Floor, The Firs
Corner Cradock and Biermann Avenues
Rosebank

6 St James's Place
London,
England
SW1A 1NP

Canaccord Genuity Limited
(Registration number 01774003)
88 Wood Street
London
England
EC2V 7QR

30 November 2012

Dear Sirs,

Pan African Resources PLC (the "Company")

We report on the *pro forma* financial information (the "*Pro forma* financial information") set out in Part B of Part 9 of the document dated 30 November (the "Prospectus"), which has been prepared on the basis described for illustrative purposes only, to provide information about how the Rights Offer and the Acquisition of Evander Gold Mines Limited might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 30 June 2012. This report is required by Annex I item 20.2 of Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation") and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the "Directors") to prepare the *Pro forma* financial information in accordance with Annex II items 1 to 6 of the Prospectus Directive Regulation.

It is our responsibility to form an opinion, in accordance with Annex I item 20.2 of the Prospectus Directive Regulation, as to the proper compilation of the *Pro forma* financial information and to report that opinion to you in accordance with Annex II item 7 of the Prospectus Directive Regulation.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the *Pro forma* financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the *Pro forma* financial information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the *Pro forma* financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

Opinion

In our opinion:

(a) the *Pro forma* financial information has been properly compiled on the basis stated; and

(b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex I item 1.2 of the Prospectus Directive Regulation.

Yours faithfully

Deloitte LLP
Chartered Accountants

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Member of Deloitte Touche Tohmatsu Limited

PART 10 – DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE

1. DIRECTORS AND SENIOR MANAGEMENT

1.1 Directors

The following table sets out, for each of the Directors, the person's name, age, nationality, positions within the Company and principal occupation and function.

Name, age and nationality	Time in office up to the Last Practicable Date	Business address	Principal occupation and function
Keith Cousens Spencer (63) *(South African)*	More than five years	121 Armstrong Close, Belvedere Knysna 6571 South Africa	Independent non-executive chairman Chairman of the nominations committee Chairman of the SHEC committee
Phuti Mahanyele (41) *(South African)*	More than one year	18 Acacia Road, Corner of Protea Road Chislehurston Sandton 2196 South Africa	Non-executive deputy chairman Member of the nominations committee Chairman of the remuneration committee
Jan Petrus Nelson (42) *(South African)*	More than seven years	Office 101, First Floor The Firs, Corner of Cradock and Biermann Avenues Rosebank 2196 South Africa	Chief executive officer Member of the SHEC committee
Yvonne Bongekile (Busi) Sitole (36) *(South African)*	Less than one year	Office 101, First Floor The Firs, Corner of Cradock and Biermann Avenues Rosebank 2196 South Africa	Financial director
Jacobus Albertus Johannes Loots (34) *(South African)*	More than three years	18 Acacia Road, Corner of Protea Road Chislehurston Sandton 2196 South Africa	Non-executive director Member of the audit committee
Hester Helena Hickey (58) *(South African)*	Less than one year	8 Gavin Road, Klevehill Park Bryanston 2151 South Africa	Independent non-executive director Chairperson of the audit committee Member of the SHEC committee

Name, age and nationality	Time in office up to the Last Practicable Date	Business address	Principal occupation and function
Robert George Still (57) *(South African)*	More than eight years	Unit C, Central Park Office Suites, Corner Main Street and Orchard Avenue Bordeaux 2194 South Africa	Independent non-executive director Member of the audit committee Member of the nominations committee Member of the remuneration committee

1.2 Experience and qualifications of Directors

KC Spencer, *Independent non-executive chairman*

BSc Eng (Mining)

Keith is a qualified mining engineer with 35 years of practical mining experience. In 1984, Keith was appointed as General Manager of Greenside Colliery and in 1986 he moved to Kloof Gold Mine as the General Manager. In 1989, he was appointed as Consulting Engineer for Gold Fields of South Africa to the following mines: Doornfontein Gold Mine, Driefontein Consolidated Gold Mine, Greenside Colliery and Tsumeb Base Metals Mine. He also 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 2001, within two years of joining Metorex, Keith was appointed as a permanent member of the executive team managing of the Wakefield Coal operations, O'Okiep Copper Company, Barberton Gold Mines, and Metmin Manganese Mine. In the same year, Keith was appointed as Operations Director for the Metorex group. Keith retired from Metorex in March 2009.

Keith was appointed to the Board on 8 October 2007 and as Chairman on 14 December 2011.

P Mahanyele, *Non-executive deputy chairman*

BA (Econ), MBA

Phuti is the Chief Executive Officer of Shanduka Group (Proprietary) Limited. She joined Shanduka in 2004 as the Managing Director of Shanduka Energy (Proprietary) Limited, a subsidiary company of Shanduka Group (Proprietary) Limited, which focuses on electricity, oil and gas in Africa. Prior to joining Shanduka, Phuti was the head of the Project Finance South Africa unit at the Development Bank of Southern Africa

Phuti was appointed to the Board on 20 July 2011.

JP Nelson, *Chief executive officer*

BSc (Hons) Geology

After obtaining his honours degree in Geology, Jan embarked on a career in gold exploration and mining in South Africa, Zimbabwe and Tanzania. He has over 15 years' mining experience and, within this period, he has held positions in mine management and operations with Harmony, Hunter Dickenson and Gold Fields Limited.

Jan was appointed to the Board on 1 September 2005.

YB Sitole, *Financial director*

Chartered Accountant (SA)

Busi joined the Shanduka Group in December 2007 as a transactor responsible for sourcing, executing as well as including capital raising and monitoring the company's investments. Prior to joining the Shanduka Group, she held a Financial Manager at RMB Treasury Agency Businesses, New Treasury Products Marketer at Absa Capital and Finance Manager at Standard Bank Structured Finance where she also completed her three years of articles as a Trainee Accountant.

Busi was appointed to the Board on 14 December 2011.

JAJ Loots, *Non-executive director*

Chartered Accountant (SA), CFA® Charterholder

Cobus worked in Investment Banking with Macquarie Africa prior to holding positions with Shanduka Coal and Sentula Mining. He became a Principal at Shanduka Resources in 2008.

Cobus was appointed to the Board on 17 September 2009.

HH Hickey, *Independent non-executive director*

Chartered Accountant (SA)

After a period as partner of Ironside Greenwood Chartered Accountants, Hester joined BDO Spencer Stewart in 1990 as National Technical and Training Manager. She joined Transnet in 1994 as Acting Head of Internal Audit in order to implement and execute a transformation process and, particularly to transform the internal audit department of Transnet from a traditionally focused unit to a more modern risk-based function. In 1998, after a period with Ernst & Young and Liberty Life, she joined AngloGold Ashanti initially as Group Internal Audit Manager and thereafter as Executive Officer: Head of Risk, a position held until 2007.

Hester was appointed to the Board on 12 April 2012.

RG Still, *Independent non-executive director*

BCom (Honours) CTA

Rob Still has vast 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.

Rob was appointed to the Board on 8 September 2004.

1.3 Experience and qualifications of Senior Management

The following table sets out, for each of Senior Management, the person's name, age, nationality, positions within the Company and principal occupation and function.

Name, age and nationality	Business address	Principal occupation and function
Ron Allan Holding (56) *(South African)*	Office 101, First Floor The Firs, Corner of Cradock and Biermann Avenues Rosebank 2196 South Africa	Executive: Mining Member of the SHEC committee
Pieter Wiese (49) *(South African)*	Office 101, First Floor The Firs, Corner of Cradock and Biermann Avenues Rosebank 2196 South Africa	Executive: New Business
Casper Strydom (54) *(South African)*	Fairview Mine Off Kaapmuiden Road Barberton 1300	General Manager: Barberton Mines

Name, age and nationality	Business address	Principal occupation and function
André van den Bergh (55) *(South African)*	Office 101, First Floor The Firs, Corner of Cradock and Biermann Avenues Rosebank 2196 South Africa	Executive: Human Resource

RA Holding, *Executive: Mining and member of the SHEC committee* NDT Mining Melliferous (Wits), AMM (SA), MDP (UCT)

Ron joined Pan African in July 2006, initially as Operations Manager for Phoenix Platinum. His previous experience includes working for Gencor for 22 years before joining Messina Investments, where he was appointed Chief Operating Officer, OTR Mining and GB Mining, where he was responsible for platinum tailings operations in the Kroondal area.

P Wiese, *Executive: New Business*

BSc (Hons) Geology

A geologist, Pieter has been in the mining industry since 1989, before joining Pan African in 2008 as executive in charge of new business, utilising his skills and experience in mineral resource and mine management in evaluating gold and platinum projects throughout Africa.

C Strydom, *General Manager: Barberton Mines*

National Higher Diploma Metalliferous Mining, Mine Managers Certificate

Casper began his career working for Gold Fields in 1980. He was underground manager and production manager for various mines within the Gold Fields group until he joined Messina Platinum Mine in 2001 where he was mining manager until 2004. In 2004 he joined Metorex and was the mining manager for the Chibuluma Mine and the Barberton Gold Mine. He was appointed as the general manager of the Barberton Mine in 2007.

A van den Bergh, *Executive: Human Resources*

Diploma in HR Management, Diploma in LR Management

André is experienced in the human resources field, especially in the area of labour relations. He has over 20 years of experience in the South African mining industry and joined Pan African in 2011. Prior to that, he was the group human resources manager at Metorex.

2. OTHER DIRECTORSHIPS

The table below sets out the names of the companies (in addition to Pan African) of which the Directors and Senior Management are or have been directors or partners in the five years preceding the Last Practicable Date.

Director	Name of company/partnership	Nature of business	Currently a director
HH Hickey	African Dawn Capital Limited	Micro lender	Yes
	AGRE Insurance Company Limited	Insurance	Yes
	Glenrand MIB Limited	Insurance broking and risk advisory	No
	Metorex	Mining	No
	Omnia Holdings Limited	Chemicals, explosives and fertilisers	Yes

Director	Name of company/partnership	Nature of business	Currently a director
JAJ Loots	Barberton Mines	Mining	No
	Kangra Coal (Proprietary) Limited	Mining	Yes
	Makeda Fund Managers Limited	Advisory	Yes
	Mondi Shanduka Newsprint (Proprietary) Limited	Paper and packaging	Yes
	Graspan Colliery (Proprietary) Limited	Mining	No
	Lexshell 842 Investments (Proprietary) Limited	General	Yes
	Newshelf 1236 (Proprietary) Limited	General	Yes
	Palcoway (Proprietary) Limited	Funding	Yes
	Phoenix Platinum Mining	Mining	Yes
	Shanduka Newsprint (Proprietary) Limited	Paper and packaging	Yes
	Shanduka Coal (Proprietary) Limited	Mining	No
	Shanduka Packaging (Proprietary) Limited	Packaging	Yes
	Shanduka Resources (Proprietary) Limited	Mining	Yes
	Shanduka Resources Services (Proprietary) Limited	Services	Yes
	Side Minerals (Proprietary) Limited	Mining	No
P Mahanyele	Apollo Tyres (Proprietary) Limited	Motor Industry	No
	Black Management Forum	Leadership organisation	No
	Dialstat Trading 110 (Proprietary) Limited	Various trading	Yes
	Dialstat Trading 115 (Proprietary) Limited	Various trading	Yes
	Fevertree Consulting (Proprietary) Limited	Consulting	Yes
	Graspan Colliery (Proprietary) Limited	Mining	Yes
	Kangra Coal (Proprietary) Limited	Mining	Yes
	Leeuwfontein Myne (Eiendoms) Beperk	Mining	Yes
	Lilitha Strategic Investments (Proprietary) Limited	Investment holding	Yes
	Main Street 343 (Proprietary) Limited	Mining	Yes
	Mbokodo Mining (Proprietary) Limited	Mining	Yes
	McDonald's SA (Proprietary) Limited	Food and beverage	Yes
	Mondi Shanduka Newsprint (Proprietary) Limited	Paper and packaging	Yes
	Shanduka Beverages (South Africa) (Proprietary) Limited	Food and beverage	Yes
	Shanduka Coal (Proprietary) Limited	Mining	Yes
	Shanduka Energy (Proprietary) Limited	Energy	Yes
	Shanduka Group (Proprietary) Limited	Investment holding company	Yes
	Shanduka Resources (Proprietary) Limited	Mining	Yes
	Side Minerals (Proprietary) Limited	Mining	Yes

Director	Name of company/partnership	Nature of business	Currently a director
	Umsimbithi Mining (Proprietary) Limited	Mining	Yes
	Vodacom Group Limited	Telecommunications	No
	Wakefield Investments (Proprietary) Limited	Mining	Yes
YB Sitole	Netgroup (Proprietary) Limited	Utilities	No
	Newline Investment (Proprietary) Limited	Property	No
	Wondeston (Proprietary) Limited	Mining	No
	Barberton Mines	Mining	Yes
	Phoenix Platinum	Mining	Yes
	Emerald Panther Investments	Mining	Yes
KC Spencer	Metorex	Diversified mining	No
	Barberton Mines	Mining	No
	Chibuluma Mines PLC	Mining	No
	Consolidated Murchison Mine (Proprietary) Limited	Mining	No
	Wakefield Investments (Proprietary) Limited	Mining	No
	Side Minerals (Proprietary) Limited	Mining	No
	Leeuwfontein Myne (Eiendoms) Beperk	Mining	No
RG Still	29ers Lodge (Proprietary) Limited	Lodge	Yes
	Beankin Investments (Proprietary) Limited	Investment	Yes
	De Rustica Olive Estate	Farming	Yes
	IGE Resources AB	Diversified mining	No
	Kimberley Diamond Company NL	Diamond mining	No
	Metorex	Diversified mining	No
	Pangea Diamondfields PLC and subsidiary companies	Diamond exploration	No
	Pangea Exploration (Proprietary) Limited	Mining and exploration	Yes
	Sekgwa Lodge (Proprietary) Limited	Lodge	Yes
	Zimplats Holdings Limited	Platinum mining	Yes
JP Nelson	Barberton Mines	Mining	Yes
	Phoenix Platinum	Mining	Yes
	Mistral Resources	Mining	Yes
	Emerald Panther Investments	Mining	Yes
RA Holding	Barberton Mines	Mining	Yes
	Phoenix Platinum	Mining	Yes
C Strydom	Barberton Mines	Mining	Yes
A van den Bergh	New Line Investments (Proprietary) Limited	Property	No
	Upper Moodies Estate cc	Property	Yes
	Umjindi Jewellery Project	Non-profit organisation	Yes

3. DECLARATION OF THE DIRECTORS

None of the Directors and none of the Senior Management has:

- while acting in the capacity of director or senior manager of any company, been associated with or ever acted as a director of any company at the time of or within the 12 months preceding any of the following events in relation to such company: business rescue plans and/or resolution proposed by to commence business rescue proceedings, bankruptcies, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors;
- ever acted as a partner of any partnership at the time of or within the 12 months preceding any of the following events in relation to such partnership: compulsory liquidations, administrations or partnership voluntary arrangements;
- ever had a receiver appointed in respect of any of his assets or acted as a partner at the time of or within 12 months preceding the receivership of any asset of a partnership of which the director was a partner;
- ever been the subject of public criticisms, incriminations and/or sanctions by statutory or regulatory authorities, including recognised and/or designated professional bodies;
- ever been disqualified by a court from acting as a director or otherwise as a member of the administrative management or supervisory bodies of a company, or from acting in the management or conduct of affairs of any company;
- ever committed an offence involving dishonesty;
- ever been removed from an office of trust on the grounds of misconduct and involving dishonesty;
- ever been the subject of a court order declaring such person delinquent or placing them under probation or disqualifying them to act as a director;
- ever been convicted of an offence resulting from dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement;
- ever been adjudged bankrupt or been sequestrated in any jurisdiction;
- ever been party to a scheme or arrangement or made any other form of compromise with their creditors;
- ever been found guilty in disciplinary proceedings by an employer or regulatory authority, due to dishonest activities; and
- ever been barred from entry into any profession or occupation.

4. QUALIFICATION, REMUNERATION, BORROWING POWERS AND APPOINTMENT OF DIRECTORS

Extract of the provisions of the Articles relating *inter alia*, to the qualification (article 100), remuneration (articles 103, 104 and 105), borrowing powers (articles 145 to 151) and appointment of Directors (articles 106 and 107) are set out in Part 13 "Extracts from the Articles of Association of Pan African" of this Document.

As at the Last Practicable Date, no party held a right relating to the appointment of any particular director or number of directors.

5. SERVICE AGREEMENTS

5.1 Executive directors – service agreements

Jan Nelson was appointed as chief executive officer of the Company in terms of a written employment agreement dated 21 July 2005 which became effective on 1 September 2005. The agreement may be terminated on three months written notice. The agreement contains certain restrictive covenants upon Mr Nelson during his employment but not after he ceases to be employed by the Company. Mr Nelson's remuneration and benefits are set out in paragraph 7 of Part 10 "Directors, Management and Corporate Governance" of this Document. The employment agreement does not provide for any benefits to accrue to Mr Nelson upon termination of his employment.

Busi Sitole was appointed as financial director of the Company in terms of a written employment agreement dated 14 November 2011 which became effective on 1 December 2011. The agreement may be terminated on 30 days written notice. The agreement contains certain restrictive covenants upon Ms Sitole during her employment but not after she ceases to be employed by the Company. Ms Sitole's remuneration and benefits are set out in paragraph 7 of Part 10 "Directors, Management and Corporate Governance" of this Document. The employment agreement does not provide for any benefits to accrue to Ms Sitole upon termination of her employment.

The employment contracts, which are available for inspection contain, *inter alia*, the following salient terms and conditions:

- the address, location and role of the executive;
- the duties of the executive;
- the remuneration of the executive;
- normal notice period of a minimum of one month;
- the conditions of early termination by Pan African in an event of a director acting against the best interests of the Company;
- the conditions of suspension of employment and due process to be followed in case of a suspension; and
- provision for leave allowances and out-of-pocket expenses.

5.2 Non-executive directors

Each of the non-executive directors were appointed in terms of the provisions of the Articles and there is no written employment agreement between any non-executive director and the Company. There are no agreements in place with any of the non-executive directors in terms of which they would receive any benefits upon their retirement as a non-executive director of the Company.

5.3 Senior Management – service agreements

Senior Management have been appointed in terms of written employment agreements. The terms of these employment agreements are usual for agreements of this nature. The employment agreements do not provide for any benefits to accrue to Senior Management upon termination of their employment.

6. ROTATION OF DIRECTORS

In terms of article 123 of the Articles, at every annual general meeting any Directors who are bound to retire under article 130 (i.e. those Directors who are either filling a casual vacancy or are an addition to the existing Board) and one-third of the other Directors or, if their number is not a multiple of three, then the number nearest to but not less than one-third, shall retire from office and offer themselves up for re-election.

7. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

The Directors' aggregate remuneration in respect of the year ended 30 June 2012 (including any contingent or deferred compensation) and benefits in kind granted by the Company or any of its subsidiaries for services in all capacities to the issuer and its subsidiaries by any person to each of the Directors at that time was as follows:

Name	Cost to Company £	Bonuses £	Total £
Executive Directors			
JP Nelson	216,767	45,988	262,755
YB Sitole [(1)]	61,792	–	61,792
JAJ Loots [(2) & (9)]	39,091	–	39,091
Total	**317,650**	**45,988**	**363,638**

Name	Directors' fees £	Bonuses £	Total £
Non-executive Directors			
KC Spencer	76,041	–	76,041
P Mahanyele[(4) & (9)]	36,545	–	36,545
JAJ Loots[(2) & (9)]	19,448	–	19,448
HH Hickey[(6)]	5,741	–	5,741
RG Still	46,102	–	46,102
RM Smith[(3) & (9)]	–	–	–
CM Ramaphosa[(5) & (9)]	21,243	–	21, 243
Total	**205,120**	**–**	**205,120**

Notes:

1. Appointed as Financial Director with effect from 1 December 2011.
2. Resigned as Financial Director with effect from 1 December 2011 and remained on the Board as a non-executive director.
3. Resigned from the Board with effect from 20 July 2011.
4. Appointed to the Board with effect from 20 July 2011.
5. Resigned from the Board with effect from 14 December 2011.
6. Appointed to the Board with effect from 12 April 2012.
7. None of the Directors have entered into any commission gain or profit sharing arrangements.
8. All emoluments received were paid by Pan African.
9. Directors' fees accruing to these Directors are paid by the Company to Shanduka Group (Proprietary) Limited.
10. No retirement fund contributions are currently made by the Company on behalf of the Directors, and no sums were paid by way of expense allowance or any other material benefits received by the Directors during the period under review.
11. The remuneration receivable by the Directors will not be varied as a consequence of the Rights Offer.

In the financial year ended 30 June 2012 no retirement fund contributions were made by the Company on behalf of the Directors. As at 30 June 2012, no funds were set aside or accrued by the Company to provide pension/retirement benefits to Directors.

The Senior Management's aggregate remuneration in respect of the year ended 30 June 2012 (including any contingent or deferred compensation) and benefits in kind granted by the Company or any of its subsidiaries for services in all capacities to Pan African and its subsidiaries by any person to each of the Senior Management at that time was as follows:

Name	Remuneration £
RA Holding	235,972
P Wiese	125,153
C Strydom	219,540
A van den Bergh	158,356
Total	**739,021**

In the financial year ended 30 June 2012 no contributions were made to a defined contribution pension scheme on behalf of Senior Management. As at 30 June 2012, no funds were set aside or accrued by the Company to provide pension/retirement benefits to Senior Management.

8. CASH-SETTLED SHARE APPRECIATION PROGRAMME

On 8 March 2011, Pan African established a cash-settled share appreciation programme entitling selected executives and employees of the Group, as approved by the Directors, such power having been delegated to the remuneration committee, to be allocated notional shares in Pan African. These notional shares will confer the conditional right on the participant to be paid a cash settlement equal to the appreciation in the Pan African share price from the date of allocation to the date of surrender or deemed surrender of notional shares.

The share appreciation settlement will be determined no later than the sixth anniversary of the date that the notional shares were allocated. However the participant can elect, subject to approval by the Remuneration Committee, to surrender his/her notional shares and receive the share appreciation settlement at a date prior to the sixth anniversary date.

No share appreciation settlement shall be made until after the period, calculated from the date the notional shares were allocated, of:

- two years has elapsed, in which event not more than 25 per cent of the total number of notional shares allocated;
- three years has elapsed, in which event not more than 50 per cent of the total number of notional shares allocated; and
- four years has elapsed, in which event all of the notional shares allocated.

As at the Last Practicable Date, the following share appreciation rights had been granted to Directors and Senior Management:

Name	Number of share appreciation rights	Exercise price (ZAR)
JP Nelson	5,805,000	1.15
RA Holding	5,127,134	1.15
P Wiese	2,605,148	1.15
C Strydom	4,650,000	1.15
A van den Bergh	3,625,177	1.15
Total	**21,812,459**	

9. OTHER AMOUNTS PAID TO DIRECTORS

In the three years preceding the Last Practicable Date, no amounts have been paid or agreed to be paid to any Director or his/her associates:

- to induce him/her to become a Director;
- to qualify him/her as a Director; or
- for any services rendered by him/her in connection with the promotion of the Company.

10. DIRECTORS' INTERESTS IN SHARES AND OPTIONS

As at 30 June 2012, being Pan African's most recent financial year end, the following Directors' (including any person who has resigned as a director of Pan African in the 18 months prior to the Last Practicable Date) and at the Last Practicable Date, (including the interests of their spouses, civil partners and infant children and the interests of any other persons connected with them (within the meaning of section 252 of the UK Companies Act), direct and indirect holdings and outstanding options in Pan African securities were as follows:

Interests in Shares

Name	Direct beneficial	Indirect non-beneficial	Total	Percentage holding[1] (%)
Executive Director				
JP Nelson	1,122,442	–	1,122,442	0.08
Sub total	1,122,442	–	1,122,442	0.08
Non-executive Directors				
JAJ Loots	65,000	–	65,000	–
RG Still	2,000,000	14,224,696[3]	16,224,696	1.12
Sub total	2,065,000	14,224,696	16,289,696	1.12
Total	3,187,442	14,224,696	17,412,138	1.20

Notes:

1. Based on 1,451,262,361 Shares in issue at the Last Practicable Date.
2. There has been no change in the Directors' holding in Shares from 30 June 2012 to the Last Practicable Date.
3. Mr RG Still is a director of Pangea Exploration (Proprietary) Limited ("Pangea") and a trustee of a family trust "The Alexandra Trust" which owns 33.33 per cent of Pangea. Mr RG Still, is therefore deemed to have an indirect, non-beneficial interest in Pangea's holding in the Company and Pangea held 0.12 per cent of the Shares in issue as at the Last Practicable Date. Mr R G Still is also deemed to have an indirect non-beneficial interest in the Alexander Trust's holding in the Company and the trust held 0.86 per cent of the Shares in issue as at the Last Practicable Date.
4. Save as disclosed above, none of the Directors had any direct and indirect holdings in Shares as at the last Practicable Date.

Interests in options

Name	Opening balance 1 July 2011	Grant date	Strike price (pence)	Options granted/ (exercised)/ (transferred) during the period	Closing balance 30 June 2012
Non-executive Directors					
K C Spencer	3,000,000	21 July 2008	5.2	–	3,000,000
J Hopwood[1]	1,000,000	21 July 2008	5.2	(1,000,000)	–
Total	**4,000,000**		**5.2**	**(1,000,000)**	**3,000,000**

Notes:

1. Mr Hopwood was a non-executive director of Pan African who passed away 18 March 2010. The Board approved that his share options be transferred to his spouse.
2. There has been no change in the Directors' holding in options from 30 June 2012 to the Last Practicable Date.

11. DIRECTORS' INTERESTS IN SHARES FOLLOWING THE RIGHTS OFFER

The interests of the Directors (including the interests of their spouses, civil partners and infant children and the interests of any other persons connected with them (within the meaning of section 252 of the UK Companies Act), (all of which are beneficial unless otherwise stated) in the issued Shares capital of the Company as they are expected to be immediately following Admission (assuming full participation by all Directors in the Rights Offer), are as follows:

Name	Direct beneficial	Indirect non-beneficial	Total	Percentage holding (%)
Executive Director				
JP Nelson	1,408,665	–	1,408,665	0.08
Sub total	1,408,665	–	1,408,665	0.08
Non-executive Directors				
JAJ Loots[1]	81,575	–	81,575	–
RG Still	2,510,000	17,851,993	20,361,993	1.12
Sub total	2,591,575	17,851,993	20,443,568	1.12
Total	**4,000,240**	**17,851,993**	**21,852,233**	**1.20**

Notes:

1. Based on 1,821,334,263 Shares in issue after the Rights Offer.
2. Mr RG Still is a director of Pangea Exploration (Proprietary) Limited ("Pangea") and a trustee of a family trust "The Alexandra Trust" which owns 33.33 per cent of Pangea. Mr RG Still, is therefore deemed to have an indirect, non-beneficial interest in Pangea's holding in the Company and Pangea held 0.12 per cent of the Shares in issue as at the Last Practicable Date. Mr RG Still is also deemed to have an indirect non-beneficial interest in the Alexander Trust's holding in the Company and the trust held 0.86 per cent of the Shares in issue as at the Last Practicable Date.

Save as disclosed in paragraph 11 above, none of the Directors, their immediate families, nor any person connected with any Director (within the meaning of section 252 of the UK Companies Act) will at Admission have any interest, whether beneficial or non-beneficial, in any share or loan capital of the Company or any of its Subsidiaries.

12. SENIOR MANAGEMENT'S INTERESTS IN SHARES AND OPTIONS

The interests of the Senior Management (including the interests of their spouses, civil partners and infant children and the interests of any other persons connected with them (within the meaning of section 252 of the UK Companies Act), (all of which are beneficial unless otherwise stated) in Shares and options as at the Last Practicable Date, are as follows:

Interests in Shares

Name	Direct beneficial	Indirect Beneficial	Total	Percentage holding (%)
RA Holding	500,000	–	500,000	0.03
C Strydom	–	24,800	24,800	–
Total	**500 000**	**24 800**	**524,800**	**0.03**

Note:

1. Based on 1,451,262,361 Shares in issue at the Last Practicable Date.

Interests in options

Name	Number of options	Exercise price (ZAR)
P Wiese	3,000,000	0.83
C Strydom	850,000	0.68
C Strydom	150,000	0.83
A van den Bergh	965,000	0.83
Total	**4,965,000**	

13. DIRECTORS, SENIOR MANAGEMENT AND PROMOTER INTERESTS IN TRANSACTIONS

None of the Directors, Senior Management or any promoter have had any beneficial interest, either directly or indirectly, in any transaction effected by Pan African during the current or preceding financial year or during any earlier financial year which remains outstanding or unperformed in any respect.

14. INTEREST OF DIRECTORS AND/OR A PROMOTER IN THE PROMOTION OF THE COMPANY OR MATERIAL ACQUISITIONS OR DISPOSALS

There is no Director or promoter who had a material beneficial interest in the promotion of the Company or material acquisitions or disposals in the three years preceding the Last Practicable Date.

15. TRANSACTIONS WITH DIRECTORS OR SENIOR MANAGEMENT AND CONFLICTS OF INTEREST

None of the Directors or Senior Management has or has had any interest, whether direct or indirect in any transaction or proposed transaction with the Group which remains in any respect outstanding or unperformed; or has any conflict of interest between his duties to the Company and any private interests or other duties.

16. CORPORATE GOVERNANCE

16.1 Introduction

Pan African strives to comply with the King Code of Governance for South Africa 2009 and the Listings Requirements, as far as possible for an organisation of its size.

The Board ensures that the business of the enterprise is conducted with integrity and in accordance with the highest standards of corporate governance practice.

The Board embraces best practice principles based on the understanding that sound governance practices are fundamental to earning the trust of the Company's stakeholders. The Company adopts an "An Integrated Business Approach" where the fundamental belief is that the Company's "well-being" is only sustainable if all stakeholders share and buy into the Company vision and strategy.

The Board recognises that good governance is essential to protect the interests of all stakeholders, as such business is conducted in accordance with the principles of openness, integrity and accountability. The Board is committed to applying and enforcing appropriate corporate governance principles and maintaining oversight and monitoring of performance and ensuring that shareholder

interests are a priority at all times. The Board has determined the gaps and ensuring that the Company implements processes to comply with the requirements of King III. Details of where the Company has not fully complied with King III are disclosed in paragraph 16.11 below.

As the Shares are admitted to trading on AIM, it is not required to comply with the September 2012 UK Corporate Governance Code. Notwithstanding this, for purposes of this Document and in order to comply with the Prospectus Rules, the Company has performed a review of its compliance with the UK Code which is the corporate governance regime relevant to the Company's country of incorporation. The Company complies with the majority of the provisions of the UK Code. Areas of non-compliance identified by the Company are set out in paragraph 16.12 below.

16.2 Stakeholder engagement

The Company believes that communication is a two-way process, and the Company's communication efforts are conducted formally on a daily, monthly and quarterly basis in line with the needs of each stakeholder group.

Pan African supports the development of small to medium black-owned enterprises and is committed to the principles and objectives of Broad-based Black Economic Empowerment (BBBEE). The Company reports on its achievements based on the BBBEE pillars adopted by the Group.

South African labour relations are highly regulated and the Group complies with the Labour Relations Act, the Basic Conditions of Employment Act and the Employment Equity Act. Under these regulations, their activities are monitored by state agents with whom they meet annually.

Pan African conducts a proactive investor relations programme during the year which enables dialogue with all shareholders and analysts to communicate the Company's strategy, rationale for acquisitions and investment case.

Details of the community projects and Corporate Social Investment (CSI) initiatives are outlined below.

16.3 Corporate citizenship

The Group conducts a number of specified CSI projects and also responds to ad hoc requests for support in the communities. Some examples of these initiatives include:

- a Transformation Trust established in 2011 with the aim of improving the quality of life of local communities around the mine through local economic development, job creation and socio-economic development;
- the Sinqobile School Project, which is joint partnership between Pan African's subsidiary, Barberton Mines and Adopt-a-School, handed over to the Department of Education during the current financial year, a primary school which will provide education facilities to 950 learners from the Sinqobile community and surrounding areas; and
- the Umjindi Jewellery Project, which is the first institution in Mpumalanga to provide training in precious metal art and jewellery manufacturing. The purpose of the project is to provide much needed artisan skills to the previously disadvantaged youth in the community.

16.4 Delegation of authority

The Board has formed various committees in order to allow directors to excel in areas where their expertise lies and, in doing so, the Board, as a whole, has delegated authority in certain areas to the relevant sub-committees and directors, who report back to the Board on a regular basis. Despite this delegation of authority the entire board remains responsible for the performance of its duties.

16.5 Board self-assessment

The Board performs a self-assessment on an annual basis to ensure it has the requisite skills and experience to fulfil its duties. Any weaknesses or inadequacies are addressed in a timely manner. In addition to this, each committee is reviewed quarterly. Corrective measures are effected immediately should they be needed from time to time. During the period under review, these quarterly checks culminated in the appointment of an additional Director with skills to supplement those of the current members of the Audit Committee.

16.6 Induction and development

New Board members are evaluated and an induction process is tailored to introduce them to the organisation in an appropriate manner. Existing Board members are available at all times to ensure that there is a smooth induction of new Board members. Where Board members require additional training, the Company makes resources available.

16.7 Board changes and composition

According to the Articles of Association, the Board may consist of not less than four and not more than eight members. At the end of the financial year under review, the Board consisted of seven members.

In accordance with the Company's Articles of Association, a Director appointed since the last annual general meeting is required to be re-elected at the next annual general meeting of the Company. In addition, the Articles require that one-third of the Directors or if their number is not a multiple of three, then the number nearest to but not less than one-third, retired officer. Accordingly, Busi Sitole and Hester Hickey, having been appointed after the 2011 annual general meeting, retired and offered themselves for re-election at the 2012 annual general meeting held on 30 November 2012, and Jan Nelson, Cobus Loots and Rob Still retired by rotation and offered themselves for re-election at the annual general meeting held on 30 November 2012.

The Nominations Committee, which functions as a subcommittee of the Board, is tasked with ensuring succession planning for both executive and non-executive Board positions.

The Group board composition has been considered to ensure that there is a clear balance of power and authority at board level, such that no individual has unfettered powers of decision making.

16.7.1 Chairman and chief executive office roles

The chairman and chief executive officer roles are separate and distinct, and as such are held by two different people. Keith Spencer, an independent non-executive director is the chairman of the Board and Jan Nelson is the appointed chief executive officer.

16.7.2 Executive financial director

Busi Sitole is the full time executive financial director. The audit committee, in terms of its responsibility required by the Listings Requirements, has reviewed her expertise and experience and these are considered appropriate for her position.

16.7.3 Board committees

Audit committee

The audit committee members are Hester Hickey (Chairman), Rob Still and Cobus Loots, who meet four times a year.

The audit committee's responsibilities include:

- overseeing integrated reporting process, and in particular has regard to all factors and risks that may impact on the integrity of the integrated report;
- ensuring that a combined assurance model is applied to provide a coordinated approach to all assurance activities;
- overseeing the internal audit function, and in particular responsible for the appointment, performance assessment and/or dismissal thereof;
- reviewing the expertise, resources and experience of the Group's finance function and the suitability of the expertise and experience of the financial director every year;
- forming an integral component of the risk management process and specifically overseas financial reporting risks; internal financial controls; fraud risks as it relates to financial reporting risks; internal financial controls; fraud risks as it relates to financial reporting; and
- recommending the appointment of the external auditor and oversees the external audit process.

The Remuneration Committee

The remuneration committee members are Phuti Mahanyele (Chairman) and Rob Still who meet three times a year.

The remuneration committee's responsibilities include:

- reviewing the performance of the executive directors, employees and executive management;
- determining remuneration and the basis of the service agreements with due regard to the interests of shareholders; and
- determining the payment of any bonuses to executive directors and the granting of options to employees, including executive directors, under the Company's share option scheme.

The Nominations Committee

The nominations committee members are Keith Spencer (Chairman), Rob Still and Phuti Mahanyele who meet twice a year.

The nominations committee's responsibilities include:

- determining the required capabilities of director nominees for election to the board;
- identifying and recommending candidates to fill vacancies occurring between shareholder meetings;
- reviewing, evaluating and recommending changes to the Company's corporate governance guidelines; and
- reviewing the Company's policies and programmes that relate to matters of corporate citizenship, including public issues of significance to the Company and its stakeholders.

The Safety, Health, Environment and Community ("SHEC") Committee

The SHEC committee members are Keith Spencer (Chairman), Jan Nelson, Ron Holding, Hester Hickey and Thandeka Ncube who meet four times a year.

The SHEC committee's responsibilities include:

- establishing a safety, health, environment and community policy framework for the Company;
- strategically reviewing the safety performance of all operations compared to the policy framework;
- implementing corrective measures when necessary to achieve the objectives of the policy framework; and
- establishing a Social and Ethics Committee as a sub-committee of SHEC that will perform the functions required on behalf of the subsidiary company.

16.8 Internal Audit

The Audit Committee is responsible for overseeing internal audit in the Group. Currently the internal audit function within Pan African is currently outsourced to BDO South Africa. The primary goals of internal audit are to evaluate the Group's risk management, internal control and corporate governance processes and ensure that they are adequate and are functioning correctly.

The Audit Committee ensures that the internal audit function is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value, as well as safeguarding and improving the operations of the Group. The internal auditors report directly to the Chairman of the Audit Committee, and at all times have access to Directors.

An internal audit programme is determined and approved annually by the Audit Committee which defines the reviews to be undertaken during each financial year and focuses on the adequacy and effectiveness of systems of internal control and risk management.

The internal audit coverage plan is considered to be "risk based" as it focuses on those areas of the business that are deemed to present the greatest risk to the business in terms of financial loss, loss of other assets, misstatement or lack/circumvention of internal controls. In line with integrated assurance principles, the internal audit plan also takes into consideration the assurance provided by other activities within the organisation, thereby seeking to eliminate any duplication of assurance efforts.

As a part of the annual reporting of the Internal Audit Function, a written assessment of the effectiveness of the Group's system of internal controls and risk management, including internal financial controls, is provided to the Audit Committee that is based on the areas reviewed. This assessment forms part of the Audit Committee's recommendation to the Board and determines whether adequate and appropriate internal controls are in place over operational and financial processes, that significant business, financial and other risks have been identified and are being suitably managed, and that satisfactory standards of governance, reporting and compliance are in operation, in order for the Board to report thereon.

The internal audit plan is reviewed and updated by the Audit Committee on a regular basis with input from Executive Management and the external auditors.

16.9 Code of Conduct

Pan African is committed to the following Code of Ethics:

"As leaders and employees of Pan African, we hereby commit ourselves to the highest ethical conduct and agree to:

- respect the laws of South Africa and of any other country in which we may operate or visit;
- live the principle of integrity in all our activities and refrain from any behaviour, overt and otherwise, that may damage the organisation's image and/or performance of whatever nature;
- treat our employees and any other person with dignity, respect and in a just manner irrespective of race, religion, gender, disability, age, nationality or any other characteristic;
- be honest in all our dealings and undertake to distance ourselves from any activity that has the potential of being regarded as inconsistent with what is expected of a responsible company and individual;
- avoid any potential conflict of interest and when it may exist, disclose it to affected parties without delay;
- reject any form of bribery and act upon any non-compliance as strongly as possible;
- accept full responsibility and ultimate accountability when we make decisions that may impact on the health and safety of our employees and the communities in which we operate, and take full responsibility for the environment and the wellbeing of the communities; and
- assist in developing our colleagues and teams to become worthy team players and responsible South African citizens."

Furthermore, all Directors are entitled to seek independent professional advice concerning the affairs of the Group, at the Company's expense, should they believe that course of action would be in the best interest of the Group.

16.10 Company Secretary

St James's Corporate Services Limited has been the Company's Company Secretary since 8 July 2008. All Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring compliance procedures and regulations of a statutory nature.

16.11 Areas identified where King III has not been complied with

The following matters have been identified as disclosure and corporate governance deficiencies within the Group, when the principles of King III are applied. The Group has done a lot to address the deficiencies identified in the financial year ended 30 June 2011 and will work hard in further implementing King III requirements in the next year. Work has commenced on the upgrading of the risk management process and the Company is in the process of introducing a formal Information Technology governance process. The list below is not exhaustive, and identifies only the matters currently considered as mandatory by King III.

King III Principle	Current deficiency	Corrective action proposed
Principle 1.3 of King III	The Annual Report 2012 states that the board is focused on corporate governance by focusing on King III compliance. However the Company does not provide information on the assessment or monitoring of internal ethics performance. An internal code of ethics is disclosed in the Annual Report 2012; however, there are no statistics on performance against the Company's internal code of ethics.	To be included in the Annual Report 2013.
Principle 2.22 of King III	A recent evaluation of the board and its committees has not been reported upon and there is no overview of this evaluation.	The board performs a self-assessment on an annual basis, to ensure it has the requisite skills and experience to fulfil its duties. Any weaknesses or inadequacies are addressed in a timely manner. In addition to this, each committee is reviewed quarterly and should corrective measures be needed from time to time, this is affected immediately. This review resulted in a process to appoint a further director with skills to supplement those of the current members of the Audit Committee.
Principle 3.10 of King III	• No final charter has been adopted for the Audit Committee, and terms of reference for the Internal Audit function remains outstanding.	The Company has since the year end approved the audit committee formal terms of reference and are working on the internal audit terms of reference.
	• The audit committee should comprise at least three members who are independent non-executives with the chairman being independent non-executive.	The Company is aware that the committee must comprise at least three independent non-executives. To address the matter, the Company appointed Hester Hickey with effect from 12 April 2012 as an independent non-executive director who is also the Chairperson of the Audit Committee. The Audit committee now comprises of two independent non-executive directors. The Chairman of the Company, who is an independent non-executive director, is frequently invited to attend the Audit committee meetings.
Principle 9.3 of King III	No independent assurance has been performed on sustainability information.	An assurance readiness plan will be developed, whereby the Group will start off by obtaining assurance on key sustainability indicators, and then extend the scope of assurance over time.

King III Principle	Current deficiency	Corrective action proposed
Overall	There is no formal policy detailing the procedures for appointments to the Board.	The Board applies rigorous criteria for the selection of new members. A formal policy will however be adopted in the 2013 financial year.

16.12 Areas identified where the UK Code has not been complied with

The following matters have been identified as disclosure and corporate governance deficiencies within the Group, when the principles of the UK Code are applied.

UK Code	Current deficiency
Code A.1.1	The Annual Report 2012 does not include a high level statement of which types of decisions are to be taken by the Board and which are to be delegated to management.
Code A.1.2 Code A.4.1	The Board has not appointed a senior independent non-executive director to provide a sounding board for the Chairman and to serve as intermediary for the other directors when necessary.
Code A.2.1	Although the roles of the Chairman and chief executive are held by Mr Keith Spencer and Mr Jan Nelson respectively, the division of responsibilities between the Chairman and the chief executive officer have not been set out in writing and agreed by the Board.
Code A.4.2	The non-executive directors, led by the senior independent director, do not meet, without the Chairman present, at least annually to appraise the chairman's performance and on such other occasions as are deemed appropriate.
Code B.3.2	No letters of appointment relating to the non-executive directors are in place.
Code B.4.2	The Chairman does not regularly review and agree with each director their training and development needs.
Code B.6.1	A statement of how a performance evaluation of the Board, its committees and its directors has been conducted has not been included in the Annual Report 2012.
Code D.1.3	Remuneration for non-executive directors should not include share options or other performance-related elements. Mr Keith Spencer currently holds 3,000,000 options that were granted to him on 21 July 2008. The Board is of the view that this does not affect Mr Spencer's independence. Save for this, the remuneration of the remaining non-executive directors does not include share options or other performance-related elements.
Code D.2.1	The Remuneration Committee does not comprise of two independent non-executive directors.
Code E.2.2	Although the Company ensures that the following information is given at a general meeting: • the number of shares in respect of which proxy appointments have been validly made; • the number of votes for the resolution; • the number of votes against the resolution; and • the number of shares in respect of which the vote was directed to be withheld, This information is not made available on the Company's website.
Code E.2.3	Given that the Board members are resident in South Africa, it is not always possible that Chairman of the Audit, Remuneration and Nomination committees are available to answer questions at the Annual General Meeting held in London and for all directors to attend.

PART 11 – TAXATION

PART A – UNITED KINGDOM TAXATION

The following comments are intended as a general guide only and are based on current UK legislation and HMRC practice and rates of tax as at the date of this Document. These comments deal only with the UK tax position of UK Qualifying Shareholders who are resident, or in the case of individuals, resident and ordinarily resident and domiciled, in (and only in) the UK for tax purposes, who are the absolute beneficial owners of their Shares and who hold their Shares as an investment (other than under an individual savings account). They do not deal with the position of certain classes of Shareholders, such as dealers in securities, clearing houses, insurance companies, collective investment schemes, individual Shareholders who are non-UK resident, individual Shareholders who are UK resident but non-UK domiciled or Shareholders who have (or are deemed to have) acquired their Shares by virtue of an office or employment.

Shareholders who are in any doubt as to their tax position or who are resident in or subject to tax in a jurisdiction other than the UK should consult an appropriate professional adviser immediately.

Chargeable gains

Rights Offer

For the purposes of UK tax on chargeable gains, the issue of New Shares up to the amount of his *pro rata* entitlement to a UK Qualifying Shareholder (whether corporate or individual) should be regarded as a reorganisation of the share capital of the Company. As the issue of New Shares under the Rights Offer is treated as a reorganisation, a UK Qualifying Shareholder who subscribes for New Shares up to the amount of his *pro rata* entitlement will not be treated as making any disposal of his Existing Shares. Instead, for the purposes of capital gains taxation, the New Shares and the Existing Shares in respect of which they are issued will be treated as the same asset and the New Shares will be treated as having been acquired at the same time as the Existing Shares were acquired. The amount paid for the New Shares will be added to the base cost of the Existing Shares when computing any gain or loss on any subsequent disposal.

Disposal or lapse of Rights to acquire New Shares

If a UK Qualifying Shareholder disposes of all or some of his or her Rights to acquire New Shares, or if a UK Qualifying Shareholder allows or is deemed to have allowed his or her Rights to lapse and receives a cash payment in respect of them, he or she may, depending on his or her circumstances, incur a liability to tax on any chargeable gain realised. However, if the proceeds resulting from the disposal or lapse of those rights are "small" as compared with the value of the Existing Shares in respect of which the rights arose, the proceeds will instead be deducted from the base cost of the UK Qualifying Shareholder's holding of Existing Shares for the purposes of computing any chargeable gain or allowable loss on a subsequent disposal of Existing Shares to which the Rights related. HMRC will normally treat proceeds as "small" if the amount of the proceeds either does not exceed five per cent of the market value of the Existing Shares held (measured immediately before disposal or lapse) or does not exceed £3,000.

Disposal of New Shares

In the case of UK Qualifying Shareholders who are individuals resident and ordinarily resident and domiciled in the UK, capital gains tax may be payable (or an allowable loss may arise) on the disposal of New Shares, depending on the circumstances and subject to any available exemption or relief. Capital gains tax for individuals is payable (subject to certain reliefs) at 18 per cent to the extent the UK Qualifying Shareholder is a basic rate taxpayer with total taxable income and other capital gains below £34,371 and (subject to certain reliefs) at 28 per cent for UK Qualifying Shareholders with total taxable income and other gains received in a tax year in excess of this threshold or at a combination of 18 per cent and 28 per cent rates in other cases.

For UK Qualifying Shareholders who are individuals, any gain which arises can be reduced by the annual exemption provided that it has not already been used to cover other gains. The annual exemption for the 2012/2013 tax year is £10,600.

A company resident in the UK for corporation tax purposes will be liable for corporation tax in respect of a chargeable gain (or an allowable loss may arise) on the disposal of New Shares, depending on the circumstances and subject to an indexation allowance and any other available exemption or relief. It should be noted for the purposes of calculating an indexation allowance available on a disposal of New Shares that

generally, the expenditure incurred in acquiring the New Shares will be treated as incurred only when the UK Qualifying Shareholder made, or became liable to make, payment and not at the time those shares are otherwise deemed to have been acquired.

Dividends

The Company, although incorporated in the UK, is resident for corporate tax purposes solely in South Africa[1]. On this basis dividends distributed by the Company are considered foreign for UK tax purposes.

Under current UK tax legislation, the Company is not required to withhold UK tax from dividend payments that it makes.

However, it should be noted that, on the basis that Pan African is a tax resident of South Africa, the Company will be required to withhold South African dividends tax on dividends declared to non-South African tax resident Shareholders at a rate of 15 per cent (subject to a reduction of the rate in terms of an applicable Double Taxation Agreement) – refer to Part B for details.

To the extent that HMRC accepts any dividend as being a foreign dividend, such dividend will only qualify for a UK dividend tax credit in certain circumstances. The tax credit will be available with respect to cash dividends distributed by the Company on the basis that the Company is not an offshore fund, it is resident in South Africa which is a qualifying territory and it is not an excluded company.

Foreign tax credit relief for withholding taxes suffered on foreign dividends in a source country is usually available for up to and not exceeding the amount of UK tax. Excess foreign tax credits are not repayable in the UK and cannot be offset against other UK income tax liabilities.

A UK resident individual shareholder will be entitled to a tax credit equal to one ninth of the aggregate of the dividend received and any South African tax deducted at source (the "Gross Dividend"). The individual will be subject to income tax on the aggregate of the Gross Dividend and the related UK dividend tax credit (the "Grossed up Dividend"), which will be regarded as the top slice of the individual's income. The individual will be liable to income tax in respect of the dividend at the basic rate, the higher rate (to the extent the individual has taxable income above £34,370) or the additional rate (to the extent the individual has taxable income above £150,000).

For an individual subject to the basic rate of tax on the Grossed up Dividend the tax credit will be treated as discharging the individual's liability to income tax in respect of that dividend. Where the tax credit exceeds the individual's tax liability the individual is not entitled to claim repayment of the tax credit from HMRC. Basic rate taxpayers will not get any benefit from foreign tax credit relief as a dividend tax credit will discharge the UK tax liability.

An individual subject to the higher rate of tax on a dividend will be liable to income tax on the Grossed up Dividend at the rate of 32.5 per cent to the extent such sum falls above the threshold for the higher rate. After taking into account the dividend tax credit, a higher rate taxpayer will be liable to further income tax of 22.5 per cent of the Grossed up Dividend, equal to 25 per cent of the Gross Dividend, to the extent that the Grossed up Dividend falls above the threshold for the higher rate.

An individual subject to the additional rate of tax on a dividend will be liable to income tax on the Grossed up Dividend at the rate of 42.5 per cent to the extent such sum falls above the threshold for the additional rate. After taking into account the dividend tax credit, an additional rate taxpayer will be liable to further income tax of 32.5 per cent of the Grossed up Dividend, equal to 36.1 per cent of the Gross Dividend, to the extent that the Grossed up Dividend falls above the threshold for the additional rate.

Higher and additional rate taxpayers who have had withholding tax deducted in South Africa can benefit from a foreign credit relief of up to and not exceeding the amount of UK tax.

Subject to certain exceptions, a UK corporate shareholder that receives a dividend in respect of non-redeemable ordinary shares will normally be exempt from UK corporation tax on the receipt of such dividend. The exemption is not comprehensive and is subject to anti-avoidance rules. Corporate shareholders will not be entitled to the repayment of the tax credit relating to that dividend.

[1] The Company is effectively managed in South Africa, such that it is treated as tax resident there under South African domestic tax legislation. Under UK domestic tax legislation, companies incorporated in the UK are, by default, UK tax resident. As such the Company is *prima facie* resident in both jurisdictions. Paragraph 3 of Article 4 of the South Africa-UK double tax treaty deems that a company is solely resident in the state in which its place of effective management is situated. As such, the Company should be treaty resident for corporate tax purposes in South Africa.

Shareholders who are not liable to tax on dividends, including pension funds and charities (to the extent that income is applied for charitable purposes), are not entitled to claim repayment of the tax credit.

Inheritance Tax

The worldwide estate on death of, and broadly, gifts made within seven years of death by, UK domiciled and deemed domiciled individuals are liable to UK Inheritance Tax. Subject to available reliefs and exemptions, on death, tax is due at 40 per cent of the net value of the estate over the available nil rate band (the full nil rate band currently being £325,000).

Stamp Duty and Stamp Duty Reserve Tax (SDRT)

Stamp duty, at the rate of 0.5 per cent (rounded up to the next multiple of £5.00) of the amount or value of the consideration given, is generally payable on an instrument transferring shares.

An exemption from stamp duty is available on an instrument transferring shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000 or that the instrument is otherwise exempt from stamp duty on account of there being no chargeable consideration for stamp duty purposes. A charge to SDRT will also arise on an unconditional agreement to transfer shares (at the rate of 0.5 per cent of the amount or value of the consideration payable rounded up or down to the nearest penny). However, if within six years of the date of the agreement becoming unconditional an instrument of transfer is executed pursuant to the agreement, and stamp duty is duly accounted for on that instrument, any SDRT already paid will be refunded (generally, but not necessarily, with interest) provided that a claim for repayment is made, and any outstanding liability to SDRT will be cancelled. The liability to pay stamp duty or SDRT is generally satisfied by the purchaser or transferee.

Shares held through CREST

Paperless transfers of shares within CREST are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Under the CREST system, no stamp duty or SDRT will arise on a transfer of shares into the system unless such a transfer is made for a consideration in money or money's worth, in which case a liability to SDRT (usually at a rate of 0.5 per cent) will arise.

As the Pan African Shares will be dual listed on AIM in the UK and the JSE in South Africa, any shares which are registered on a South African branch register will not be subject to UK stamp duty or SDRT provided the transfer is executed outside the UK. For these purposes, "South African branch register" means a register of South African resident shareholders which is maintained in South Africa. However, such transfers may be subject to Securities Transfer Tax in South Africa.

Shares held through Clearance Services or Depositary Receipt Schemes

Under current UK law, where shares are transferred:

(a) to, or to a nominee for, a person whose business is or includes the provision of clearance services; or

(b) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts,

stamp duty or SDRT will be payable at the higher rate of 1.5 per cent of the amount or value of the consideration payable or, in certain circumstances, the value of the shares (rounded up to the next multiple of £5.00 in the case of stamp duty and up or down to the nearest penny for SDRT). This liability for stamp duty or SDRT will strictly be accountable by the depositary or clearance service operator or their nominee, as the case may be, but will, in practice, generally be reimbursed by participants in the clearance service or depositary receipt scheme. Where the higher rate of 1.5 per cent has been charged, subsequent transfers of shares within the clearance service or depository receipt scheme will be exempt. However, clearance services may opt, provided certain conditions are satisfied, for the normal rates of stamp duty or SDRT to apply to transfers of shares into, and to transactions within, such services instead of the higher rate of 1.5 per cent generally applied to transfers of shares into the clearance service and instead of the exemption from SDRT on transfers of shares whilst in the service or system.

PART B – SOUTH AFRICAN TAXATION

The statements set out below are intended only as a general and non-exhaustive guide to current South African tax law and practice and apply only to certain categories of persons. The summary does not purport to be a complete analysis or listing of all the potential tax consequences of holding New Shares and Letters of Allocation. Prospective acquirers of New Shares are advised to consult their own professional tax advisers concerning the consequences of the acquisition, ownership and disposition of New Shares and Letters of Allocation. This summary is based upon current South African law and South African Revenue Service published practice, as at the date of this Document, each of which may be subject to change, possibly with a retroactive effect.

Unless specified otherwise, the statements set out below apply only to SA Qualifying Shareholders who are resident solely in South Africa for tax purposes, who hold the New Shares and Letters of Allocation as an investment and who are the absolute beneficial owners of the New Shares and any dividends paid in respect of them. The statements set out below are not addressed to: (i) special classes of Shareholders such as, for example, dealers in securities, broker-dealers, insurance companies and collective investments schemes; (ii) shareholders who hold New Shares as part of hedging or conversion transactions; or (iii) shareholders who have (or are deemed to have) acquired their New Shares by virtue of an office or employment.

Shareholders who are in any doubt about their taxation position and Shareholders who are not resident for tax purposes in South Africa should consult their own professional tax advisers.

Taxation of Letters of Allocation

Distribution of Letters of Allocation

The distribution of Letters of Allocation to SA Qualifying Shareholders does not result in a South African tax liability.

Sale or lapsing of Letters of Allocation

A SA Qualifying Shareholder will be subject to either income tax or capital gains tax on the disposal of a Letter of Allocation. In determining the gain or loss, subject to either income tax or capital gains tax, the cost of the Rights must be deducted from the proceeds received or accrued on disposal.

If a SA Qualifying Shareholder does not sell his Letter of Allocation or exercise his Rights, no tax liability should arise.

Exercise of Letters of Allocation

No South African tax liability should arise as a result of exercising the Rights to acquire the New Shares.

Taxation of dividends

Future dividends (i.e. amounts that are not paid out of share capital or share premium – refer to the discussion below on Contributed Tax Capital) received by SA Qualifying Shareholders in respect of the New Shares constitute a dividend under South African tax law and are exempt from South African normal income tax on the basis that Pan African, the declaring company, is a tax resident of South Africa.

Notwithstanding the above, South African dividends tax will be payable on the distribution of a dividend by Pan African to Shareholders, levied on the beneficial owner of Shares at a rate of 15 per cent of the amount of the dividend declared. The dividends tax is a tax on the beneficial owner of the Shares and not on the company declaring the dividend. Generally, the dividends tax must be withheld on dividends declared to a non-SA tax resident shareholders (subject to a reduction of the rate in terms of an applicable Double Taxation Agreement) or to South African shareholders who are individuals or trusts. Generally South African shareholders that are companies should qualify for an exemption, subject to the required formalities being complied with.

Reduction in Contributed Tax Capital

When a distribution is made from Pan African's Contributed Tax Capital ("CTC") (as defined in the Income Tax Act), such distribution will not be a dividend as defined in the Income Tax Act. As such, it should not attract dividends tax but the shareholder could be subject to tax arising from the receipt of a return of capital (refer to the discussion below on taxation of capital gains).

Taxation of capital gains

Capital gains arising pursuant to the sale of New Shares by SA Qualifying Shareholders will be taxed in South Africa. Tax is payable on the excess of the net proceeds realised on the sale of New Shares over the base cost of acquiring such shares. Where the net proceeds realised are less than the base cost of the New Shares sold, a capital loss will be available to reduce other capital gains realised by the taxpayer in the year of assessment in which the sale takes place. Any remaining loss may be carried forward and set off against capital gains in subsequent years of assessment. In the case of individual taxpayers, 33.3 per cent of the capital gain is liable to income tax at the person's maximum marginal tax rate, which cannot exceed 40 per cent, with the result that capital gains are generally taxed at an effective rate of 13.3 per cent. Natural persons are entitled to an annual exclusion of ZAR30,000 for the tax year ending on 28 February 2013. This amount is deducted from the net capital gain or loss realised in the year of assessment, prior to the 33.3 per cent of the capital gain being included in taxable income. In the case of taxpayers other than natural persons, 66.6 per cent of the capital gain will attract income tax at the taxpayer's applicable tax rate, currently 28 per cent for South African companies, and companies therefore pay a maximum effective capital gains tax rate of 18.6 per cent.

Securities Transfer Tax

In the event where SA Qualifying Shareholders dispose of the New Shares, Securities Transfer Tax ("STT") will be payable. The purchaser would ultimately be liable for the STT but it would be paid to the South African Revenue Service by the participant, if the transfer is effected by such participant or, by the broker, if the New Shares are traded through a broker. STT on listed shares is payable at a rate of 0.25 per cent on the amount of the consideration for the shares declared by the person who acquires the shares. If the amount of the consideration is less than the lowest trading price of the shares, then the STT must be calculated with reference to the closing price of the shares.

1. THE COMPANY AND ITS SUBSIDIARY UNDERTAKINGS

1.1 The Company

The Company was incorporated on 25 February 2000 in England and Wales under the Companies Act 1985 (of the United Kingdom), as a public company limited by shares with registration number 3937466. The Company was incorporated with the name Viking Internet PLC. On 4 September 2001 the name of the Company was changed to White Knight Investments PLC. On 8 September 2004 the name of the Company was changed to Pan African Resources PLC. The Group is a precious metals and African focused mining group. The Group develops low cost, high margin production or near production projects.

1.2 Principal legislation

The principal legislation under which the Company operates is the UK Companies Act and the regulations made thereunder. The liability of the members is limited.

1.3 Registered office, head office and principal place of business

The Company's registered office is at 6 St James's Place, London, SW1A 1NP, United Kingdom. The Company's head office and principal place of business is at Office 101, First Floor, The Firs, Corner Cradock and Biermann Avenues, Rosebank, Johannesburg, South Africa and the telephone number is + 27 11 243 2900.

1.4 Subsidiaries

Details of Pan African's Subsidiaries as at the Last Practicable Date are set out below:

Name of subsidiary	Date and place of incorporation	Registration number	Effective percentage held and voting percentage %	Main business	Date on which entity became a subsidiary of Pan African
Barberton Mines	6 October 1938 South Africa	1938/011761/07	100	Mining	22 July 2007
Brampton Capital	24 March 2004 BVI	IBC No. 588039	100	Exploration	14 September 2004
Emerald Panther Investments	9 March 2012 South Africa	2012/050034/07	100	Investment	14 May 2012
Explorator	9 December 1998 Mozambique	Not applicable in Mozambique	98	Exploration	29 November 2006
Explorator	9 December 1998 Mozambique	Not applicable in Mozambique	2	Exploration	29 November 2006
Mistral Resource	16 July 2003 BVI	IBC No. 552994	100	Exploration	2 December 2003
Phoenix Platinum	31 July 2006 South Africa	2006/023689/07	100	Mining	21 May 2009
Platinum Sands	1 October 2007 South Africa	2007/028097/07	100	Mining	21 May 2009

Note:

1. None of the Subsidiaries are listed on the JSE or any other securities exchange.
2. Platinum Sands is a wholly-owned subsidiary of Phoenix Platinum.

2. SHARE CAPITAL

2.1 Issued share capital as at the Last Practicable Date and after the Rights Offer

The issued share capital of Pan African as at the Last Practicable Date and after the Rights Offer is set out below:

As at the Last Practicable Date	£'000
Issued share capital	
1,451,262,361 fully paid Shares	14,512
Share premium	51,112
Total	**65,624**
After the Rights Offer	
Issued share capital	
1,821,334,263 fully paid Shares	18,213
Share premium	99,221
Total	**117,434**

Notes:

1. All ordinary shares rank *pari passu* in all respects.
2. The Company does not currently hold any treasury shares.
3. Based on an issue price of £0.14.

2.2 Share price history

A table setting out the share price history of Shares on the JSE and AIM is set out below.

The aggregate volumes, values, highest prices and lowest prices relating to Shares traded on the JSE for the 30 days prior to the Last Practicable Date, the 12 months prior to the Last Practicable Date (the 12-month period) and for each quarter over the two years prior to the 12-month period are set out below:

TRADING IN SHARES ON THE JSE

Daily

Day ended 2012	High (cents)	Low (cents)	Volume	Value (Rand)
28 November	291	287	5,144,893	14,897,245
27 November	290	285	689,846	1,982,418
26 November	290	285	2,364,051	6,802,374
23 November	287	281	2,851,933	8,094,592
22 November	282	279	5,672,137	15,883,539
21 November	283	276	1,157,714	3,216,258
20 November	290	277	4,244,986	11,993,535
19 November	292	275	3,663,875	10,471,575
16 November	274	261	6,231,394	16,871,588
15 November	260	250	1,497,721	3,840,642
14 November	255	247	3,076,664	7,684,487
13 November	254	249	8,351,854	20,878,709
12 November	250	246	2,316,326	5,737,181
9 November	249	245	3,580,063	8,837,700
8 November	245	242	767,362	1,870,798
7 November	245	236	5,751,972	13,771,495
6 November	239	236	3,388,572	8,023,601
5 November	245	238	2,923,818	7,006,579
2 November	245	242	8,878,626	21,718,451
1 November	245	240	870,833	2,104,462
31 October	247	242	2,256,669	5,490,128
30 October	246	240	3,197,927	7,755,278
29 October	247	242	1,392,545	3,403,802

Daily

Day ended 2012	High (cents)	Low (cents)	Volume	Value (Rand)
26 October	245	238	12,318,827	30,005,179
25 October	245	240	490,513	1,188,284
24 October	241	238	573,969	1,377,797
23 October	242	240	408,215	983,863
22 October	244	237	926,448	2,240,903
19 October	245	243	1,357,988	3,307,560
18 October	247	243	10,379,143	25,428,870
17 October	248	245	10,915,118	26,742,513
16 October	248	244	23,946,104	58,686,233
15 October	249	244	1,720,222	4,205,562

Monthly

Month ended	High (cents)	Low (cents)	Volume	Value (Rand)
31 October 2012	254	237	92,066,549	175,098,549
28 September 2012	253	222	31,394,797	74,140,752
31 August 2012	236	200	34,011,074	74,364,771
31 July 2012	204	195	33,759,423	67,147,932
29 June 2012	203	189	45,999,194	90,731,822
31 May 2012	205	190	47,584,906	93,741,793
30 April 2012	212	191	28,542,318	57,903,099
30 March 2012	211	191	36,952,124	73,865,073
29 February 2012	219	200	121,254,229	255,168,958
31 January 2012	222	178	38,482,159	76,113,066
30 December 2011	204	176	22,409,448	43,452,123
30 November 2011	204	168	40,916,310	74,618,886

Quarterly

Quarter ended	High (cents)	Low (cents)	Volume	Value (Rand)
31 October 2011	175	121	132,789,458	201,704,978
29 July 2011	153	108	96,864,650	120,319,749
28 April 2011	125	110	75,952,288	89,757,901
31 January 2010	132	101	115,158,604	134,122,163
29 October 2010	113	71	70,878,047	60,997,319
30 July 2010	80	66	46,332,822	33,937,665
30 April 2010	86	64	50,712,495	37,271,967
29 January 2009	98	81	40,620,954	36,934,706
30 October 2009	103	66	245,000,049	191,963,990

TRADING IN SHARES ON AIM

Daily

Day ended 2012	High (pence)	Low (pence)	Volume	Value (£)
28 November	21.00	20.00	2,924,263	59,073,260
27 November	20.25	20.00	363,330	7,299,557
26 November	20.25	19.75	827,970	16,567,920
23 November	20.25	19.75	580,834	11,608,600
22 November	19.75	19.25	198,915	3,894,735
21 November	19.50	19.25	555,035	10,852,960
20 November	20.50	19.00	1,896,484	37,520,150
19 November	20.75	19.50	1,960,982	39,378,880
16 November	19.25	18.25	2,399,205	45,329,640
15 November	18.25	17.75	1,425,980	25,471,520
14 November	17.75	17.50	2,805,202	49,670,030
13 November	18.00	17.50	610,826	10,854,230
12 November	18.00	17.50	617,372	10,942,440
9 November	17.75	17.50	1,077,944	18,980,720

Daily

Day ended 2012	High (pence)	Low (pence)	Volume	Value (£)
8 November	17.50	17.25	745,458	13,015,810
7 November	17.50	17.00	4,813,748	82,317,320
6 November	17.00	16.75	8,171,265	137,029,800
5 November	16.75	16.50	420,381	7,022,012
2 November	17.25	16.75	2,562,751	43,727,230
1 November	17.00	16.75	751,675	12,752,320
31 October	17.25	16.75	3,091,039	52,914,670
30 October	17.50	17.00	4,367,003	74,824,980
29 October	17.50	17.25	714,877	12,361,340
26 October	17.00	17.00	1,178,550	20,055,930
25 October	17.50	17.00	310,011	5,342,511
24 October	17.25	16.75	918,840	15,606,680
23 October	17.50	17.00	517,819	8,846,410
22 October	17.50	17.25	420,080	7,280,227
19 October	17.50	17.50	1,198,269	20,996,400
18 October	17.50	17.25	809,559	14,131,370
17 October	18.00	17.50	398,450	7,028,012
16 October	17.50	17.38	596,473	10,380,520
15 October	17.50	17.25	298,134	5,197,838

Monthly

Month ended	High (pence)	Low (pence)	Volume	Value (£)
31 October 2012	18.50	16.75	29,596,596	514,979,589
28 September 2012	18.75	16.75	22,316,369	392,861,498
31 August 2012	18.00	15.00	23,234,557	381,951,980
31 July 2012	16.00	15.00	12,718,707	195,069,663
29 June 2012	15.75	13.00	19,335,638	2,863,310
31 May 2012	17.00	13.50	22,729,732	3,351,515
30 April 2012	17.25	15.00	29,774,786	4,794,397
30 March 2012	18.00	15.50	30,405,387	5,052,428
29 February 2012	18.25	16.50	47,220,384	8,261,467
31 January 2012	18.25	14.50	48,175,495	7,594,539
30 December 2011	17.00	13.75	24,323,297	3,699,267
30 November 2011	15.75	12.75	63,610,621	9,251,353

Quarterly

Quarter ended	High (pence)	Low (pence)	Volume	Value (£)
31 October 2011	14.50	10.00	79,098,196	9,910,336
29 July 2011	14.00	9.36	101,470,680	11,575,104
28 April 2011	11.75	9.75	109,913,805	11,590,223
31 January 2010	12.50	9.10	131,413,245	13,873,753
29 October 2010	10.50	5.75	125,225,985	10,698,644
30 July 2010	7.50	5.75	51,617,218	3,251,848
30 April 2010	7.50	5.40	132,790,597	8,325,215
29 January 2009	8.25	6.50	53,499,896	3,973,772
30 October 2009	8.63	4.63	173,766,189	10,688,571

2.3 Conversion rights, voting rights, rights to distributions and variation of rights

There are no preferential conversion or exchange rights attaching to the Shares and the Shares do not have warrants. At meetings of Shareholders, every person present or represented by proxy shall have one vote on a show of hands and on a poll, one vote for every Share held, as detailed in article 80 of the Articles, an extract of which is set out in Part 13 "Extracts from the Articles of Association of Pan African" of this Document.

Details of rights to dividends, profits or capital on liquidation are set out in articles 162, 207 and 208 of the Articles, an extract of which is set out in Part 13 "Extracts from the Articles of Association of Pan African" of this Document.

Details regarding the consents necessary to vary the rights attaching to securities are set out in article 7 of the Articles, an extract of which is set out in Part 13 "Extracts from the Articles of Association of Pan African" of this Document.

There are no different rights for any Shareholder**.**

2.4 Sub-division or consolidation of Shares

There has been no sub-division or consolidation of Shares during the three years preceding the Last Practicable Date.

2.5 Issues of Shares

Details of Shares issued in the three years preceding the Last Practicable Date are set out below:

Date of issue	Number of Shares issued	Price at which Shares were issued	Party to whom Shares were issued	Reason for the issue
19 November 2012	3,000,000	7 pence	A Esterhuizen	Share options exercised
27 April 2012	360,000	7 pence	R Le Roux	Share options exercised
27 April 2012	288,000	7 pence	P Human	Share options exercised
27 April 2012	850,000	5 pence	P Human	Share options exercised
27 April 2012	450,000	7 pence	C Strydom	Share options exercised
27 April 2012	850,000	5 pence	C Strydom	Share options exercised
3 April 2012	500,000	7 pence	N Spruijt	Share options exercised
24 November 2011	723,650	6 pence	D Negri	Share options exercised
28 October 2011	200,000	7 pence	F Chadwick	Share options exercised
25 November 2010	4,000,000	7.0 pence	M Bevelander	Share options exercised
25 November 2010	4,000,000	5.5 pence	E Victor	Share options exercised
25 November 2010	2,000,000	7.0 pence	E Victor	Share options exercised
10 November 2010	3,000,000	5.5 pence	J Yates	Share options exercised
4 November 2010	7,500,000	4.0 pence	Pangea Exploration (Proprietary) Limited	Share options exercised
4 November 2010	4,0000,000	4.0 pence	R Still	Share options exercised
6 October 2010	6,000,000	2.0 pence	J Nelson	Share options exercised
25 August 2010	4,000,000	4.0 pence	N Steinberg	Share options exercised
10 June 2010	1,200,000	4.0 pence	N Steinberg	Share options exercised

Notes:

1. There has been no repurchase of Shares during the three years prior preceding the Last Practicable Date.
2. No Shares have been issued for a cash consideration which proceeds have been used to acquire assets during the three years prior preceding the Last Practicable Date.

2.6 Equity-settled share options

On 28 February 2007, the Company established the updated share option programme relating to equity-settled share options entitling specific employees, officers, directors and qualifying consultants as approved by the board of Directors of the Company and its subsidiaries to purchase Shares in the Company. The share option exercise price is determined using the closing price at which Shares are traded on the JSE or AIM (as determined by the relevant Board of Directors), on the trading date immediately preceding the date upon which the board authorised the grant of the opportunity to acquire the relevant share options, as the case may be, to a participant.

Pursuant to resolutions of the Board passed in accordance with the rules of the share option programme, share options may be released from the share option programme to participants, share options may be exercised by participants and allocation shares may be delivered to participants as follows for allocations prior to 21 July 2008:

- 33.33 per cent of the total number of shares allocated after one year has elapsed from the grant date by the participant of the grant;
- up to 66.67 per cent of the total number of shares allocated after two years have elapsed from the grant date by the participant of the grant;
- the balance of the shares allocated after three years have elapsed from the grant date by the participant of the grant;

and for allocations subsequent to 21 July 2008 as follows:

- 25 per cent of the total number of shares allocated after one year has elapsed from the grant date by the participant of the grant;
- up to 50 per cent of the total number of shares allocated after two years have elapsed from the grant date by the participant of the grant;
- up to 75 per cent of the total number of shares allocated after three years have elapsed from the grant date by the participant of the grant; and
- the balance of the shares after four years have elapsed from the grant date by the participant of the grant, provided that the Board may, at its discretion, anticipate or postpone such dates.

An option holder may not exercise a share option under the share option programme by later than the end of the day preceding the tenth anniversary of the grant date. Upon death of an option holder the estate would be entitled to exercise the options vested to date within 12 months of the date of death, if the options are not exercised the total available share options would lapse. The Directors have the discretion to approve the vesting of the deceased's total number of unvested share options.

The number of vested share options to which an option holder is entitled to expires after a period of six months due to retirement, redundancy or disability of the option holder.

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

	Weighted average exercise price (pence)	Number of options
Outstanding at 1 July 2011	5.2	18,503,750
Granted during the year	–	–
Exercised during the year	6.3	(4,221,650)
Forfeited during the year	–	–
Outstanding at 30 June 2012	6.4	14,282,100

	Vested	Unvested	Total
Outstanding share options at 30 June 2012	10,112,100	4,170,000	14,282,100

2.7 Authorised but unissued securities

Authority to allot equity securities

In terms of an ordinary resolution adopted at the Company's annual general meeting held on 30 November 2012, the Directors are authorised to exercise all the powers of the Company to allot and make offers to allot equity securities up to an aggregate nominal amount of £4,970,362.20, which authority expires on the conclusion of the next annual general meeting of the Company or on 31 December 2013, whichever is the earlier.

Authorities in order to effect the Rights Offer

In terms of resolution number 2 approved by Shareholders at the General Meeting after the annual general meeting, the directors are generally and unconditionally authorised pursuant to section 551 of the UK Companies Act, in addition to (and not in substitution for) all previous powers granted to them thereunder, to exercise all the powers of the Company to allot and make offers to allot equity securities (within the meaning of section 560 of the UK Companies Act) up to an aggregate nominal amount of £3,700,719.12; such authority shall, unless previously revoked or varied by the Company in general meeting, expire on the conclusion of the annual general meeting of the Company to be held in 2013 or 31 December 2013, whichever is the earlier, provided that the Company may, at any time before such expiry, make an offer or enter into an agreement which would or might

require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement as if the authority conferred hereby had not expired.

Further to this in terms of resolution number 3 approved by Shareholders at the General Meeting, the Directors are authorised and empowered pursuant to section 571 of the UK Companies Act in addition to (and not in substitution for all powers previously granted thereunder) to allot equity securities (as defined in section 560 of the UK Companies Act) for cash pursuant to the section 551(1) authority referred to in resolution number 2 as if section 561(1) of the UK Companies Act did not apply to any such allotment, provided that this power shall, unless previously revoked or varied by the Company in general meeting, expire at the conclusion of the annual general meeting of the Company to be held in 2013 or on 31 December 2013, whichever is the earlier, and such power is limited to the allotment of equity securities up to an aggregate nominal amount of £3,700,719.12 in connection with the Rights Offer 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. The allotment of shares for cash in accordance with this resolution shall comply, to the extent required, with the provisions of the Listings Requirements pertaining to general issues of shares for cash.

2.8 Major Shareholders and controlling Shareholders

Chapter 5 of the FSA's Disclosure and Transparency Rules requires that a person who acquires an interest in three per cent or more of the issued voting shares of the Company must, within two business days of such acquisition or of his becoming aware of the facts constituting his acquisition of the interest, notify the Company of his interest. If he later ceases to have such an interest or he acquires or disposes of an interest of one per cent or more of the issued voting shares of the Company, he must notify this to the Company within two business days and such notification obligations continue for such a time as his interest crosses the three per cent threshold and every one per cent thereafter. Subject to certain specific exclusions, a person's interest includes, *inter alia*, an agreement to purchase Shares or the right to do so by virtue of an option, the interests to be notified include those of companies which the person controls and the interests of his spouse and infant children. Where a person is party to an agreement between two or more persons which includes provision for the acquisition of any one or more of them of interests in shares of the Company, the interests of all such persons are aggregated for the purposes of the notification provisions and each party is required to notify not only his own interests and changes therein but those of the other parties to the agreement. All notifications received under these provisions will be made available to the market.

Insofar as is known to the Directors, as at the Last Practicable Date, the following Shareholders (excluding Directors) beneficially held, directly or indirectly, an interest of three per cent or more of the Shares in issue before and after the Rights Offer, assuming they exercise their Rights in full and 370,071,902 New Shares are issued in terms of the Rights Offer.

Major Shareholders

	Number of Shares before the Rights Offer	Percentage holding %[1]	Number of Shares after the Rights Offer[5]	Percentage holding %[4]
Shanduka Gold[2]	366,168,585	25.23	459,541,574	25.23
Corornation[3]	88,249,942	6.08	110,753,477	6.08
Allan Gray[3]	115,085,897	7.93	144,432,801	7.93
Investec[3]	141,785,423	9.77	177,940,706	9.77
PIC[2]	44,028,192	3.03	55,255,381	3.03
Total	**755,318,039**	**52.04**	**947,924,139**	**52.04**

Notes:

1. Based on 1,451,262,361 Shares in issue on the Last Practicable Date.
2. Held directly.
3. Held in various funds.
4. On the assumption that Rights are followed in full.
5. Based on 1,821,334,263 Shares in issue following the Rights Offer.

There were no controlling Shareholders as at the Last Practicable Date and following the Rights Offer, there will be no controlling Shareholders. The Directors are not aware of any arrangements which may or could at a subsequent date result in any person or persons, directly or indirectly, jointly or severally exercising control over the Company.

There are no different voting rights for any Shareholder.

In 2007, the Company acquired a 74 per cent interest in Barberton Mines from Metorex through a reverse takeover of Pan African by Metorex that gave Metorex a 55 per cent interest in Pan African. In June 2009, Metorex disposed of its then 53.37 per cent shareholding in Pan African to institutional investors and to Shanduka Gold, whose shareholding in Pan African was increased to 26 per cent. Save for this, there has been no change in controlling Shareholders in the five years preceding this Document.

2.9 Option or preferential right to subscribe for Shares

Save for the equity-settled options disclosed in paragraph 2.6 of this Part 12, as at the Last Practicable Date, no option or preferential right had been given to any person to subscribe for Shares or shares in the Subsidiaries.

2.10 Holding of own Shares and shares not representing capital

There are no Shares held by or on behalf of the Company itself or by any of the Company's Subsidiaries and the Company has no Shares which do not represent capital.

2.11 Listing on stock exchanges

Pan African has a primary listing on the Main Board of the JSE and its Shares are admitted to trading on AIM. The Shares were readmitted to trading on AIM on 31 July 2007 and were listed on the Alternative Exchange of the JSE on 31 July 2007. The Company's listing was transferred from the Alternative Exchange of the JSE to the Main Board of the JSE on 1 December 2009.

2.12 UK Takeover Code – Mandatory takeover bids, squeeze-out and sell-out rules

(a) The City Code does not currently apply to the Company because the Company has its central place of management outside the UK. However, it is anticipated that, because of changes proposed to the City Code, the City Code will then apply to the Company. Under the City Code, if an acquisition of Shares were to increase the aggregate holding of the acquirer and any parties acting in concert with it to Shares carrying 30 per cent or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties (if any) would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the Shares not already owned by the acquirer and its concert parties (if any) at a price not less than the highest price paid for the Shares by the acquirer or its concert parties (if any) during the previous 12 months. A similar obligation to make such a mandatory cash offer would also arise on the acquisition of Shares by a person holding (together with its concert parties, if any) Shares carrying at least 30 per cent but not more to increase the percentage of the aggregate voting rights held by the acquirer and its concert parties (if any).

(b) Pursuant to section 979 of the UK Companies Act, a person who has acquired or contracted to acquire 90 per cent or more of the issued share capital of the Company following a takeover offer, may give notice to the holder(s) of any of the remaining issued shares that it desires to purchase such shares from them and shall, where such notice has been served, be bound to purchase such shares.

(c) Pursuant to sections 983 and 984 of the UK Companies Act, where a person has acquired or contracted to acquire 90 per cent or more of the issued share capital of the Company following a takeover offer, a holder of any of the remaining issued share capital may, by notice, require the company making the offer to purchase the shares held by such holder and the company making the offer will be obliged to purchase any such holdings.

Other than as provided by Chapter 3 of Part 28 of the UK Companies Act and the City Code, there are no rules or provisions relating to mandatory takeover bids and/or squeeze out and sell-out rules in relation to the Shares.

2.13 Transferability of Shares

There are no restrictions on the free transferability of the Shares.

2.14 Unclaimed dividends

Article 176 of the Articles provides that all unclaimed dividends may be invested by the Directors for the benefit of the Company until claimed. Dividends unclaimed for 12 years after the date they were declared or they became due for payment shall, unless the Directors otherwise resolve, be forfeited and revert to the Company.

3. MATERIAL ACQUISITIONS, MATERIAL DISPOSALS AND VENDORS

3.1 Other material acquisitions by the Group

Save for the Evander Acquisition, the Group has not acquired any material assets in the three years preceding the Last Practicable Date.

3.2 Material disposals by the Group

Save for the Manica Disposal, the Group has not disposed of any material assets in the three years preceding the Last Practicable Date.

4. OTHER INFORMATION

4.1 Property occupied by the Group

The Company has entered into a four year lease agreement that commenced on 1 April 2011 and expires on 31 March 2015, regarding 529 m^2 of office space occupied by the corporate offices situated in Rosebank, Johannesburg. The initial rental commencing on 1 April 2011 was R96,926 per month, which rental escalates by eight per cent per annum.

BGMO is situated on the properties known as Portion 1 of Bickenhall 346 JU and portion 1 of Bramber Central, 348 JU.

4.2 Change in trading objects

Pan African's trading objects have not been varied in the five years preceding the Last Practicable Date.

4.3 Management of businesses by a third party

As at the Last Practicable Date, neither the Company nor the Pan African Subsidiaries had entered into any agreements in terms of which a third party would manage their businesses.

4.4 Government protection and investment encouragement law

There is no government protection or investment encouragement laws affecting the businesses operated within the Group.

4.5 Employees

The average number of the Group's employees for the year ended 30 June 2012 was 1,835, for the year ended 30 June 2011 was 1,768 and for the year ended 30 June 2010 was 1,795. As at 30 June 2012, the Group had the equivalent of 1,840 full-time employees. An analysis by main category of activity (including Executive Directors) is set out in this paragraph 4.5:

Description	2012	2011	2010
Corporate and growth projects	15	11	12
Mining	1,820	1,757	1,783
Total	**1,835**	**1,768**	**1,795**

Note:

1. All employees were based in South Africa as at 30 June 2012.

5. MATERIAL CONTRACTS ENTERED INTO BY THE ENLARGED GROUP

Set out below is a summary of each material contract (not being contracts entered into in the ordinary course of business) entered into by any member of the Enlarged Group: (a) within the two years immediately preceding the date of this Document; or (b) which contains any provision under which any member of the Group has any obligation or entitlement which is material to the Enlarged Group as at the date of this Document.

5.1 The shares and claims agreement entered into between the Consortium and Harmony

Pan African, together with Wits Gold, entered into a sale of shares and claims agreement with Harmony on Monday, 30 January 2012, to acquire 100 per cent of Harmony's interest in Evander, for a total consideration of ZAR1.7 billion less any distributions made by Evander to Harmony prior to the closing date, being the later of 2 July 2012 and the fifth business day after the last of the conditions precedent were fulfilled or waived as the case may be.

The Purchase Consideration was a total amount of ZAR1.7 billion less any distributions made by Evander to Harmony by way of dividends, capital reduction or share repurchases, prior to the closing date.

The Purchase Consideration was to be paid by the Consortium to Harmony as follows:

- ZAR1.4 billion in cash payable on the closing date;
- four equal cash instalments of ZAR25 million payable on a quarterly basis, the first quarter commencing immediately following the month in which the closing date occurred;
- ZAR100 million payable 19 months after the month during which the closing date fell, subject to the average rand gold price for the preceding 12-month period being greater than ZAR410,000 per kilogram (US$1,700 per ounce); ("First Tranche"); and
- ZAR100 million payable 31 months after the closing date, subject to the average rand gold price for the preceding 12-month period being greater than ZAR450,000 per kilogram (US$1,865 per ounce) ("Second Tranche").

The First Tranche and the Second Tranche were payable in cash or through the issue of Shares and Wits Gold shares, in equal rand value proportions, or a combination of cash and shares, at the election of the Consortium.

This Transaction was subject to the fulfilment of conditions precedent including, amongst others:

- written consent being obtained from the DMR in terms of section 11 of the MPRDA by 31 October 2012;
- each of the Consortium members obtaining the relevant shareholder approval for the transaction by 31 May 2012;
- the Consortium entering into financing arrangements with a suitable financial institution/s by 31 May 2012; and
- all relevant regulatory approvals being obtained, including from the Financial Surveillance Department of the South African Reserve Bank, each of the exchanges on which the Consortium members are listed, and the South African Competition Authorities, by 31 May 2012.

The Consortium advised Harmony that it could not effect fulfilment of certain of the conditions precedent to the sale of shares and claims agreement. The agreement was accordingly terminated with effect from 30 May 2012 with the consent of all parties.

5.2 The mining services agreement

An agreement has been entered into between Barberton Mines and VTN in terms of which VTN will perform specialised gold vamping, gold recovery operations and general mining operations. These services are performed at all three sections of the mine. The agreement was entered into on 7 November 2012. VTN has the right to terminate the agreement on three months' notice should VTN's mining services become uneconomical for any reason. VTN is entitled to recover its costs according to a schedule attached to the agreement, which is updated and agreed upon from time to time, and VTN is paid a fee for a standard kilogram of gold recovered resulting from VTN's mining and for gold redemption expectations (excluding VAT).

5.3 The agreement for the establishment of the BTRP

Barberton Mines and Basil Read Matomo have entered into a memorandum of agreement for the establishment of the BTRP on 2 March 2012. In terms of this agreement, Basil Read Matomo will design, engineer, construct and commission a 100 ktpm plant on a lump sum turnkey basis. The fixed price is R154,279,455 (excluding VAT).

5.4 The Subscription Commitments

Pan African has received the Subscription Commitments in terms of which the Subscribers have committed to, *inter alia,* follow their rights in terms of the Rights Offer and/or apply for so many excess Rights Shares in terms of the Rights Offer so as to ensure a total minimum capital commitment to the Rights Offer of ZAR702,093,346. Further details of the Subscription Commitments are provided in paragraph 10 of Part 5 "Terms and Conditions of the Rights Offer" of this Document.

5.5 The Acquisition Agreement

In terms of the Acquisition Agreement Pan African, through Emerald Panther Investments, will acquire one hundred per cent of the issued share capital of, and shareholder claims against, Evander. Further details of the Evander Acquisition are set out in paragraph 1 of Part 4 "Information on Evander and its Operations" of this Document.

5.6 The disposal of the Manica Gold Project

Pan African entered into an agreement on 28 August 2012 to dispose of 100 per cent of its Manica Gold Project to Auroch, a wholly-owned subsidiary of Terranova, for a total potential purchase consideration of AUD6 million payable in cash and 96,666,668 shares in Terranova, subject to certain terms and conditions.

In terms of the agreement, Pan African shall receive the first portion of the purchase consideration comprising AUD2 million and 25 million shares in Terranova upon the fulfilment or, where possible, waiver of the conditions precedent to the Transaction.

The remaining portion of the purchase consideration shall only become payable in tranches upon achievement of certain milestones by Manica during the four year period following the completion of the Transaction.

This Transaction was categorised as a Category 2 transaction in terms of the Listings Requirements and the requisite announcement was published on SENS and RIS on 29 August 2012. This announcement more fully describes this Transaction and is available on the Company's Website.

5.7 The ammended and restated revolving credit facility agreement

In terms of the amended and restated revolving credit facility agreement entered into between Nedbank Limited, Barberton Mines, Pan African and Phoenix Platinum entered into on 23 October 2012, Nedbank Limited has agreed to make available to the Barberton Mines a revolving credit facility in an aggregate amount equal to R300,000,000 (reducing to R150,000,000 by means of R50,000,000 reductions every six months for the last 18 months of the term), for a period of 4.5 years commencing on 5 November 2012.

This facility will be financed at an interest rate of one, three or six-month JIBAR, depending on the interest period elected plus a margin of 2.7%. The facility is secured by demand guarantees from Pan African and Phoenix Platinum and a special notarial bond over the Barberton Mines' BIOX® plant. The facility amount borrowed may not exceed the aggregate facility amount and is repayable in full at the end of the term.

Pan African has executed a term sheet in terms of which a new R600 million revolving credit facility ("New Facility") is being arranged for the Enlarged Group to replace the Current Facility. It is intended that the New Facility shall be available for draw-down from the Closing Date.

6. LITIGATION

The Company is not aware of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened so far as the Company is aware), which may have or have had, in the 12 months preceding the Last Practicable Date, a Significant effect on the Company or the Group's financial position or profitability.

7. NO AGREEMENT OR ARRANGEMENT

No agreement, arrangement or understanding (including any compensation agreement) exists between the Shareholders, any person acting in concert with the Shareholders and any of the Directors, recent directors, Shareholders or recent shareholders of the Company or its advisers having any connection with or dependence upon the outcome of the Rights Offer.

8. CONSENTS

Deloitte LLP is a member firm of the Institute of Chartered Accountants in England and Wales and has given and not withdrawn its written consent to the inclusion of its report in Part 9 (*Pro Forma* Financial Information on Pan African) of this Document in the form and context in which it is included and has authorised its contents for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules and PR Annex I (23.1). Deloitte LLP's business address is 2 New Street Square, London EC4A 3BZ, United Kingdom.

Each of the, Sole Bookrunner, Corporate Adviser and JSE Transaction Sponsor, Independent Sponsor, UK Nominated Adviser and Joint Broker, UK Joint Broker, Evander Auditor, SA Auditor, SA Attorneys to the Rights Offer, UK Legal Counsel, UK Receiving Agent, Transfer Secretary, Independent Reporting Accountants, Capita Registrars and Competent Person whose names are included in this Document, have each given and have not, prior to the issue of this Document, withdrawn their written consents to the inclusion of their names in the capacities stated and, where applicable, to their reports, in the form and context in which such reports are included in this Document.

9. EXPENSES

It is estimated that the total expenses relating to the Rights Offer will amount to approximately R35 million (excluding VAT). Payment will be made to the following parties according to the amounts indicated:

Parties	**ZAR'000**
Documentation fees – JSE	40
JSE – Listing fee	175
Liquidity fees – Subscribers (being 2 per cent of their Committed Amount)	14,000
Independent Reporting Accountant – Deloitte LLP	1,500
PricewaterhouseCoopers Inc	320
Printing and publishing – Ince (Proprietary) Limited	600
SA Attorneys to the Rights Offer – Cliffe Dekker Hofmeyr Inc	900
Sole Bookrunner, Corporate Adviser and JSE Transaction Sponsor – One Capital	9,775
UK Legal Counsel – Fasken Martineau LLP	1,000
UK Nominated Adviser and Joint Broker – Canaccord	3,600
Other/contingency	3,090
Total	**35,000**

Save as disclosed above, no person (other than the Company's professional advisers otherwise disclosed in this Document and trade suppliers) has received, directly or indirectly, from the Group within the 12 months preceding the date of this Document, or entered into contractual arrangements (not otherwise disclosed in this Document) to receive, directly or indirectly, on or after Admission, fees totalling £10,000 or more, securities with a value of £10,000 or more or any other benefit with a value of £10,000 or more as at the date of this Document.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Company and its Directors (whose names appear on page 37 of this Document) accept responsibility for the information contained in this Document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and contains no omission likely to affect its import.

In addition and in accordance with the Listings Requirements the Directors whose names are given on page 37 of this Document and the Company, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and there are no facts that have been omitted which would make any statement false or misleading, and contains all information required by law and the Listings Requirements and the Prospectus Rules.

11. GENERAL

11.1 Save as disclosed in this Document, there are no investments by the Group in progress that are Significant.

11.2 Save as disclosed in this Document, the Directors are not aware of any extraordinary factors since 30 June 2012 that have influenced the Group's recent activities.

11.3 The Directors are not aware of any Significant changes which have impacted on the Group's operations and activities (including in the principal markets in which the Group competes) since 30 June 2012.

11.4 The Company is not dependent on any patents, licences, industry, commercial or financial contracts, or new manufacturing processes, where such are of fundamental importance to the Company's business or profitability.

11.5 During the period from 1 July 2009 until the date of this Document, the Company has not entered into any related party transactions save for the type of transactions disclosed in paragraph 8 of Part 3 "Financial Information relating to Pan African" of this Document and in notes 34 to the financial statements for each of the years ended 30 June 2010, 2011 and 2012.

11.6 The financial information set out in Part 7 "Historical Financial Information on Pan African" and Part 8 "Historical Financial Information on Evander" of this Document has been audited and the audit opinions in relation to all such financial information were unqualified. The financial information set out in Part 8 "Historical Financial Information on Evander" to this Document does not constitute statutory accounts within the meaning of section 434 of the UK Companies Act.

11.7 Deloitte LLP have been the Group's UK auditors for the financial periods ended 30 June 2010, 2011 and 2012. Deloitte LLP is a member firm of the Institute of Chartered Accountants in England and Wales. Deloitte LLP does not have a material interest in the Company.

Deloitte have been the Group's SA auditors for the financial periods ended 30 June 2010, 2011 and 2012. Deloitte is regulated and authorised by the Independent Regulatory Board for Auditors. Deloitte does not have a material interest in the Company.

11.8 The objects of a Company is set out in its articles. The Articles of the Company do not restrict the activities of the Company and so the Company has unlimited legal capacity.

12. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies thereof, are available for inspection at the Registered Office, from the date of issue of this Document, up to and including a date one month following Admission:

- this Document;
- the Acquisition Circular;
- the Articles and the articles/memorandum of incorporation of each of the Pan African Subsidiaries;
- signed copies of the Subscription Commitments;
- the signed Acquisition Agreement;
- copies of the executive Directors' service contracts;
- the consent letters received from the various parties referred to in paragraph 8 of Part 12 "Additional Information" of this Document;
- the annual reports of Pan African for the years ended 30 June 2012, 30 June 2011 and 30 June 2010;
- the report by Deloitte LLP set out in Part C of Part 9 "*Pro Forma* Financial Information on Pan African" of this Document;
- the Competent Person's Report as published on the Company's website and the JSE's website; and
- the material contracts referred to in paragraph 5 of Part 12.

In compliance with the Listings Requirements, Extracts of the salient provisions of the Articles, adopted pursuant to a special resolution passed on 14 December 2009 are set out below.

Capitalised words and phrases used in this Part 13 are as defined in the Articles.

Capital

6. Without prejudice to any special rights previously conferred on the holders of any shares or class of shares already issued (which special rights shall not be modified or abrogated except with such consent or sanction as is provided in the next following article), a share (whether forming part of the original capital or not) may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, return of capital, voting or otherwise, as the Company by ordinary resolution determines.

Modification of rights

7. Whenever the capital of the Company is divided into different classes of shares or groups and either whilst the Company is a going concern or during or in contemplation of a winding up, the special rights attached to any class or group may be modified or abrogated, subject to the provisions of these Articles and unless otherwise provided by the terms of issue of the shares of that class or group, either with the consent in writing of the holders of three-quarters of the issued shares of the class or group, or with the sanction of any special resolution passed at a separate general meeting of the holders (but not otherwise). The consent or resolution shall be binding upon all the holders of shares of the class or group. To every separate general meeting all the provisions of these Articles relating to, or to the proceedings at, general meetings shall, *mutatis mutandis*, apply, except that (a) the necessary quorum shall be two persons at least holding or representing by proxy one-third in nominal amount of the issued shares of the class or group (but, if at any adjourned meeting of the holders a quorum as above defined is not present, those members who are present shall be a quorum); (b) any holder of shares in the class or group present in person or by proxy may demand a poll; and (c) the holders of shares of the class or group shall, on a poll, have one vote in respect of every share of the class or group held by them respectively. The special rights conferred upon the holders of any shares or class or group of shares issued with preferred or other rights shall not, unless otherwise expressly provided by the conditions of issue, be deemed to be modified by the creation or issue of further shares ranking *pari passu* with them.

Shares

8. Subject to the provisions of the Statutes and any restrictions contained in these Articles and the rules of the Stock Exchange and to any direction to the contrary given by the Company in general meeting, the Directors may allot, grant options over, or otherwise dispose of shares or rights to subscribe for, or to convert any security into, shares to such persons (including a Director) and on such terms as they think fit, but no share shall be issued at a discount.

9. The Company, in connection with the issue of any share, may exercise the powers of paying commissions conferred or permitted by the Statutes, and the rules of the Stock Exchange, provided that the percentage rate or the amount of the commission paid or agreed to be paid is disclosed as required by law and does not exceed the rate of 10 per cent of the issue price of the shares in respect of which it is paid. Where permitted by the Statutes, and the rules of the Stock Exchange, the commission may be satisfied wholly or partly by the allotment of fully or partly paid shares. The Company may also on an issue of shares pay such brokerage as is lawful.

10. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust. The Company shall not be bound by or be compelled in any way to recognise (even when having notice) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except as otherwise provided by these Articles or as by law required or under an order of court) any other rights in respect of any share except an absolute right to the entirety of it in the registered holder. The Company shall not be bound to register more than four persons as the joint

holders of a share (except in the case of executors or trustees of a deceased member). Without prejudice to the generality of the foregoing a member shall be entitled to nominate by notice in writing given to the Company another person or persons (whether natural or corporate) to enjoy and exercise all or any of the rights of that member in relation to the Company and shall be entitled to revoke such revocation (in whole in part) by notice in writing to the Company. The provisions of sections 146 and 147 of the Act shall apply to the Company even when its shares are not admitted to trading on a regulated market.

11. Save as otherwise provided in the Statutes, the Act, the rules of the Stock Exchange, or in these Articles, all unissued shares (whether forming part of the original or any increased capital) shall be at the disposal of the Directors who may (subject to the provisions of the Statutes and the rules of the Stock Exchange) allot (with or without conferring a right of renunciations), grant options over, offer or otherwise deal with or dispose of such unissued shares to such person at such times and generally on such terms and conditions as they may determine.

Stock

48. The Company may by ordinary resolution convert any paid-up shares into stock, or re-convert any stock into paid-up shares of any denomination.

49. The holders of stock may transfer all or any part in the same manner, and subject to the same regulations as and subject to which, the shares from which the stock arose might previously to conversion have been transferred, or as near thereto as circumstances admit. The Directors may fix the minimum amount of stock (not exceeding the nominal amount of the shares from which the stock arose) which is transferable, in which case no stock shall be transferable except in sums of, or in multiples of, the minimum amount. No warrants to bearer shall be issued in respect of any stock.

50. The holders of stock shall, according to the amount of the stock held by them, have the same rights, privileges and advantages as regards dividends, participation in assets on a winding-up, voting at meetings and other matters as if they held the shares from which the stock arose. No privilege or advantage (except participation in dividends and in assets on a winding-up) shall be conferred by any stock as would not have been conferred if it existed in shares.

51. All the provisions of these Articles (other than those relating to share warrants) which are applicable to paid-up shares shall apply to stock, and the words "**share**" and "**shareholder**" include "**stock**" and "**stockholder**".

52. The Directors may issue warrants ("**share warrants**") in respect of fully paid up shares stating that the bearer is entitled to the shares specified, and may provide by coupons or otherwise for the payment of future dividends on the shares included in the warrants. The Directors may determine and vary the conditions upon which share warrants are issued and upon which a new share warrant or coupon is issued in the place of one worn out, defaced or destroyed. No new share warrant or coupon shall be issued to replace one that has been lost unless the Directors are satisfied beyond reasonable doubt that the original has been destroyed. The Directors may also determine and vary the conditions upon which the bearer of a share warrant is entitled to receive notices of and attend and vote at general meetings or to join in requisitioning general meetings, and upon which a share warrant may be surrendered and the name of the holder entered in the register in respect of the shares specified in it. The Directors may require the holder or person who claims to be the holder of a share warrant to produce his warrant and to satisfy them that he continues to be the holder. Subject to such conditions and to these Articles, the bearer of a share warrant shall be a member to the full extent. The holder of a share warrant shall hold it subject to the conditions for the time being in force with regard to share warrants whether made before or after the issue of such warrant.

Issue of new shares

53. Unless the Company in general meeting otherwise resolves by special resolution, the Company shall not have an upper limit on its authorised share capital.

54. Any new shares proposed to be issued by the Company shall be offered in the first instance in accordance with section 561 of the Act (save to the extent disapplied from time to time by special resolution) to all the shareholders for the time being, on the same or on more favourable terms than those offered or to be offered to persons other than shareholders, in proportion to the number of shares of the same class held by them.

55. The new shares shall be subject to the provisions of these Articles with reference to payment of calls, lien, transfer, transmission, forfeiture and otherwise.

Purchase of own shares

56. Subject to, and in accordance with, the provisions of the Statutes and subject to article 57 below and the requirements of the Nominated Adviser (where the Company's shares are admitted to trading on AIM) or (as the case may be) the UK Listing Authority (where the Company's shares are admitted to the Official List) and any other Stock Exchange outside the United Kingdom on which the Company's shares are traded, the Company may purchase its own shares (including any redeemable shares).

57. The Company may not purchase its own shares, except for shares to be held in treasury in accordance with the provisions of the Statutes, if at the time of purchase there are outstanding any convertible securities of the Company, unless either there are provisions in the relevant trust deed or terms of issue permitting the purchase or the purchase has been sanctioned by an special resolution passed at a separate class meeting of the holders of the convertible securities.

Alteration of capital

58. The Company may by ordinary resolution:

    58.1 consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

    58.2 cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the nominal amount of the shares cancelled, subject to the provisions of sections 662 to 669 of the Act; and

    58.3 sub-divide all or any of its shares into shares of smaller amount than is fixed and the resolution may determine that, as between the holders of the shares resulting from the sub-division, one or more of the shares may have any such preferred or other special rights over, or may have such deferred rights, or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

59. Upon a consolidation of fully paid shares into shares of larger amount the Directors may settle any difficulty which arises and in particular may, as between the holders of shares consolidated, determine which shares are consolidated into each consolidated share. In the case of any shares registered in the name or names of one or more members being consolidated with shares registered in the name or names of another member or members, the Directors may make such arrangements for the sale of the consolidated share or for the issue, acceptance or sale of fractional certificates and may sell the consolidated share or the fractions represented by fractional certificates, either upon the market or otherwise, to such person or persons at such times and at such prices as they think fit. The Directors shall distribute the net proceeds of sale among the members rateably in accordance with their interests in the consolidated share or the fractions represented by the fractional certificates. For the purpose of giving effect to a sale the Directors may appoint some person to transfer the shares or fractions sold to the purchasers save where the amount to be distributed to a member in respect of any such interest or fraction amount to less than £3.00 (or such greater amount as the Nominated Adviser (where the Company's shares are admitted to trading on AIM) or (as the case may be) the UK Listing Authority (where the Company's shares are admitted to the Official List) shall from time to time permit), in which case any such amount may be retained for the benefit of the Company.

60. The Company may by special resolution reduce its share capital and any capital redemption reserve fund or any share premium account in any manner subject to any conditions and consents required by law.

Redeemable shares

61. The Company may create and sanction the issue of shares (including preference shares) which are, or at the option of the Company or the holder are to be liable, to be redeemed, subject to and in accordance with the provisions of the Statutes and the Directors may determine the terms, conditions and manner of redemption of any such shares.

Notice of general meetings

64. In the case of the annual general meeting at least 21 clear days' notice and in the case of all other general meetings at least 14 clear days' notice convening the meeting must be given (exclusive in each case of the day on which the notice is served or deemed to be served and of the day for which the notice is

given). In regard to the above, the Company shall procure that if such notice is sent from the registered UK office of the company to Members of the Company in the Republic of South Africa, at least 30 days' notice of such meeting must be given to all shareholders entitled to such notice, or, at least 21 days' notice must be given if the notice is sent by surface mail from the office in the Republic of South Africa to Members of the Company in the Republic of South Africa. The notice shall specify the place, the day and the hour of meeting (and in the case of an annual general meeting shall specify the meeting as such) and state with reasonable prominence that a member entitled to attend and vote is entitled to appoint one or more proxies (provided that, in the case of multiple proxies, each proxy is appointed to exercise the rights attached to a different share or shares held by such member), who need not also be a member, to attend and vote instead of him. In the case of a meeting convened for passing a special resolution, the notice must specify the intention to propose the resolution as a special resolution. The notice shall be given to the Auditors and the Directors and to such members as are, under these Articles, entitled to receive notices from the Company. With the consent in writing of all, or such less number as is required by the Statutes, of the members entitled to attend and vote, a meeting may be convened by a shorter notice and in such manner as those members think fit. The Company shall comply with the provisions of the Statutes as to giving notice of resolutions and circulating statements on the requisition of members. At the same time that notices are sent by the Company to its Members, the Company shall send such notice to the Stock Exchange in accordance with the rules of each Stock Exchange on which the Company's shares are normally traded.

65. The accidental omission to give notice of any meeting, or to send a form of proxy with a notice where required by these Articles, or the non-receipt of a notice or form of proxy, shall not invalidate the proceedings at any general meeting.

Proceedings at general meetings

66. All business shall be deemed special that is transacted at a general meeting, and also all business that is transacted at an annual general meeting, with the exception of declaring dividends, the reading and consideration and adoption of the accounts and balance sheet and the ordinary reports of the Directors and Auditors and other documents required to be annexed to the balance sheet, the re-election of Directors retiring, the election of Directors in the place of those retiring, the approval of the remuneration report (if any) and the voting of remuneration or extra remuneration to the Directors, the appointment of and the fixing of the remuneration of the Auditors and the grant, renewal, limitation, extension or variation of any authority of or to the Board, under section 551 of the Act, to allot securities.

Votes of members

80. Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with these Articles, on a show of hands every member present (who (being an individual) is present in person or (being a corporation) is present by a representative not being himself a member,) or each proxy present shall have one vote and on a poll every member who is present in person or each proxy present shall have one vote for every share of which he is the holder.

81. Where there are joint holders of a share, any one of them may vote at any meeting either personally or by proxy in respect of the share as if he were solely entitled to it, but if more than one joint holder is present at a meeting either personally or by proxy, that one of them whose name stands first in the register of members in respect of the share shall alone be entitled to vote in respect of it.

82. A member, in respect of whom an order has been made by a competent court or official on the ground that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs, may vote, whether on a show of hands or on a poll, by any person authorised to do so on his behalf and that person may on a show of hands or on a poll vote by proxy, provided that such evidence as the Directors require of his authority has been deposited at the Office not less than 3 days before the time for holding the meeting.

83. No member shall be entitled to vote at any general meeting either personally or by proxy, or to exercise any privilege as a member, unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

84. No objection shall be raised to the qualification of any vote except at the meeting or adjourned meeting at which the vote objected to is given or tendered. Every vote not disallowed at the meeting shall be valid for all purposes. An objection made in due time shall be conclusive.

85. On a poll votes may be given either personally or by proxy.

86. The instrument appointing a proxy must be in writing, under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of an officer or attorney so authorised. The Directors may, but shall not be bound to, require evidence of the authority of the officer or attorney. A proxy need not be a member of the Company. If the Directors in exercising their discretion decide a proxy appointment may be sent in Electronic Form, any such appointment may be subject to authentication in such manner as the directors may determine.

87. A proxy appointment which is being sent in Electronic Form must be received at an address specified by the Company for the purpose of receiving such communications:

    87.1 in (or by way of a note to) the notice convening the meeting; or

    87.2 in any form of proxy appointment sent out by the Company; or

    87.3 in any invitation contained in Electronic Form to appoint a proxy issued by the Company;

    in each case not less than 48 hours before the time of the meeting or adjourned meeting at which the person named in the proxy form proposes to vote.

88. A corporation holding shares conferring the right to vote may, by resolution of its directors or other governing body, authorise any one or more of its officials or any other person or persons to act as its representative(s) at any meeting of the Company or at any meeting of holders of any class of shares of the Company. The authorised person shall be entitled to exercise the same powers on behalf of the corporation which he represents as if he or they had been an individual member of the Company. When a corporation authorises more than one person and more than one of them purports to exercise a power under this article:

    88.1 if they purport to exercise the power in the same way, the power is treated as exercised in that way;

    88.2 if they do not purport to exercise the power in the same way, the power is treated as not exercised.

89. Subject to articles 91 below, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of the power or authority, must be deposited, at the Office or at such other place within the United Kingdom as is specified for that purpose in any instrument of proxy sent by the Company in relation to any meeting and in the case of proxies from Members resident in the Republic of South Africa, such proxies shall be deposited at the office of the Company in the Republic of South Africa or at such other place within the Republic of South Africa as is specified for that purpose, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote. In default the instrument of proxy shall not be treated as valid.

90. Subject to article 91 below, an instrument of proxy must be in writing and in a common form or form which the Directors approve. Proxies need not be witnessed. The proxy shall be deemed to include the right to demand or join in demanding a poll and generally to act at the meeting for the member giving the proxy. The proxy shall, unless it states the contrary, be valid for an adjournment of the meeting as well as for the meeting to which it relates.

91. The board may decide, either generally or in any particular case, to treat an instrument of proxy as properly deposited for the purposes of this Article if a copy of the instrument or other document is delivered in Electronic Form, in any case, to an address specified for the receipt of such documents and appointments in Electronic Form in the notice convening the meeting or in any instrument of proxy set out by the Company in relation to the meeting or at such other address it is agreed by the board from time to time. This power is subject to any limitations, restrictions or conditions that the board may decide. Any requirements of these articles, which are inconsistent with this method of appointment, shall not apply to appointments under this power. The board can require such evidence as it thinks appropriate to show that the proxy appointment is genuine.

92. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or incapacity of the principal or revocation of the proxy, or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of the death, incapacity, revocation or transfer has been received at the Office at least 48 hours before the commencement of the meeting or adjourned meeting at which the proxy is used.

Directors

95. Unless and until otherwise determined by ordinary resolution of the Company in general meeting, the number of Directors (other than the alternate directors) shall not be less than four nor more than eight. If the number of directors falls below the minimum provided above the remaining directors shall only be permitted to act for the purpose of filling vacancies or calling general meetings of Members.

96. Subject to article 97, the Directors shall be paid out of the funds of the Company by way of remuneration for their services such sums as they may determine. The remuneration shall be deemed to accrue from day to day. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or committees of the Directors or general meetings of the Company or in connection with the business of the Company.

97. The ordinary aggregate fees of all of the directors of the Company from time to time for their services (excluding any amounts payable under any other provision of these Articles or as salary) shall not exceed £300,000 per annum or such higher amount as the Company may from time to time by ordinary resolution determine. Subject thereto, each such director shall be paid a fee (which shall be deemed to accrue from day to day) at such rate as the board determines.

98. Subject to the provisions of these Articles and without prejudice to the powers of the Directors under these Articles to appoint any person to be a Director, the Company may by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board, but the total number of Directors must not at any time exceed any maximum number fixed by or in accordance with these Articles.

99. Any Director who at the request of the Board performs special services or goes or resides abroad for any purposes of the Company may (unless otherwise expressly resolved by the Company in general meeting) receive such extra remuneration by way of salary, percentage of profits or otherwise as the Board determines.

100. No shareholding qualification for Directors is required.

101. Each Director may attend and speak at any annual general meeting and any general meeting of the Company.

102. The office of a Director shall be vacated in any of the following events, namely:

    102.1 if (not being an executive Director whose contract precludes resignation) he resigns his office by notice in writing left at the Office;

    102.2 if he becomes bankrupt or has a receiving order made against him or compounds with his creditors;

    102.3 if he becomes of unsound mind or a patient for any purpose of any statute relating to mental health and the Directors resolve that his office should be vacated;

    102.4 if he is absent from meetings of the Directors for six months without leave, and his alternate Director (if any) does not during that period attend in his stead, and the Directors resolve that his office should be vacated;

    102.5 if he is removed or becomes prohibited from being a Director under any provision of the Statutes or these Articles;

    102.6 if he is requested in writing by all the other Directors to resign his office. For these purposes (i) an alternate director, acting in his capacity as such, who is appointed by the Director shall be excluded and (ii) a director and any alternate director acting in his capacity as such and appointed by the Director shall constitute a single director for this purpose, so that the signature of either shall be sufficient.

103. A Director may hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and upon such terms as the Board determines, and may be paid such extra remuneration for it (whether by way of salary, commission, participation in profits or otherwise) as the Board determines. The extra remuneration shall be in addition to any remuneration provided for by or pursuant to any other article.

104. A Director may act by himself or his firm in a professional capacity for the Company (otherwise than as Auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

105. A Director may be or become a director or other officer of, or otherwise interested in, a company promoted by the Company or in which the Company is interested, and shall not be liable to account to the Company or the members for any remuneration, profit or other benefit received by him as a director or officer of or from his interest in that company. The Board may cause the voting power conferred by the shares in another company held or owned by the Company to be exercised in such manner as it thinks fit, including the exercise in favour of a resolution appointing any of the Directors to be directors or officers of that company, or voting or providing for the payment of remuneration to the directors or officers of that company.

106. A Director shall not vote or be counted in the quorum on a resolution of the Board concerning his own appointment as the holder of an office or place of profit with the Company or another company in which the Company is interested (including the arrangement or variation of its terms or its termination).

107. Where arrangements are under consideration concerning the appointment (including the arrangement or variation of the terms or the termination of the appointment) of two or more Directors to offices or places of profit with the Company or another company in which the Company is interested, a separate resolution may be put in relation to each Director. In such case, each of the Directors concerned shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment (or the arrangement or variation of its terms or its termination) and except (in the case of an office or place of profit with another company) where the other company is a company in which the Director owns one per cent or more of the issued equity share capital.

108. Except as otherwise provided by these Articles, a Director must not vote on (or be counted in the quorum in respect of) any resolution of the Board concerning a contract or arrangement or other proposal which (together with any interest of any person connected to him) is to his knowledge, directly or indirectly, a material interest otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise through, the Company. If he does, his vote shall not be counted. This prohibition does not apply to any of the following matters, namely:

    108.1 a contract or arrangement for giving to the Director security or a guarantee or indemnity in respect of:

        108.1.1 money lent by him or obligations undertaken by him or by any other person at the request of or for the benefit of the Company or any of its subsidiaries; or

        108.1.2 a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or part under a guarantee or indemnity or by the giving of security;

    108.2 where the Company or any of its subsidiary undertakings is offering securities in which offer the Director is, or may be, entitled to participate as a holder of securities or in the underwriting or subunderwriting of which the director is to participate;

    108.3 relating to another company in which he and any persons connected to him do not to his knowledge hold an interest in shares (as that term is used in sections 793 and 820 to 825 of the Act) representing one per cent or more of any class of the equity share capital or of the voting rights in that company;

    108.4 relating to a pension, superannuation or similar scheme or retirement, death or disability benefits scheme or employees' share scheme which does not award him any privilege or benefit not awarded to the employees to whom the scheme relates; or

    108.5 concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or the benefit of persons including Directors.

Powers of directors

113. The business of the Company shall be managed by the Directors, who may exercise all such powers of the Company as are not by the Statutes or by these Articles required to be exercised by the Company in general meeting, but subject to any regulations of these Articles, to the provisions of the Statutes, and to such regulations, which are not inconsistent with those regulations or provisions, as may be prescribed by special resolution of the Company in general meeting. No regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if the regulation had not been made. The general powers given by this article are not limited or restricted by any special authority or power given to the Directors by any other article.

114. The Directors may arrange that any branch of the business carried on by the Company or any other business in which the Company is interested shall be carried on by or through one or more subsidiaries. They may on behalf of the Company make such arrangements as they think advisable for taking the profits or bearing the losses of any branch or business or for financing, assisting or subsidising any subsidiary or guaranteeing its contracts, obligations or liabilities. They may appoint, remove and reappoint any person (whether a member of their own body or not) to act as a director, managing director or manager of a subsidiary or any other company in which the Company is interested, and may determine his remuneration (whether by way of salary, commission on profits or otherwise). A Director may retain any remuneration payable to him in respect of the appointment.

115. The Directors may by power of attorney appoint any person to be the attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they think fit. The power of attorney may contain such provisions for the protection and convenience of persons dealing with the attorney as the Directors think fit and may authorise the attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.

116. The Directors may procure the establishment and maintenance of or participation in or contribution to any non-contributory or contributory pension or superannuation fund, scheme or arrangement or life assurance scheme or arrangement for the benefit of, and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, bonuses, benefits or emoluments to, any person (including directors and other officers whether of the Company or of any other company referred to in this article) who is or has been in the employment of the Company, or of any company which is a subsidiary of the Company or a predecessor in business of the Company or a subsidiary, or of any allied or associated companies of the Company or any such companies and the spouses, widows, widowers, families, dependants or connections of any such persons. No pension, annuity or other allowance or benefit (except as provided for by or in accordance with any other article) shall be granted to a Director or former Director who has not been an executive Director or held any other office or place of profit under the Company or any of its subsidiaries or to a person who has no claim on the Company except as a relation, connection or dependant of a Director or former Director, without the approval of an ordinary resolution of the Company.

117. The Directors may establish, maintain and give effect to any scheme approved by an ordinary resolution for the allotment of or the grant of options to subscribe for shares of the Company to persons (including Directors) in the employment of the Company or any subsidiary of the Company and may exercise all the powers conferred on them by the scheme (including any power to alter or add to its provisions). These Articles shall be deemed to be modified so far as may be necessary to give effect to the scheme in respect of any shares in issue or under option.

118. The Directors may procure any of the matters referred to in this article are done by the Company either alone or in conjunction with any other company.

119. All cheques, promissory notes, drafts, bills of exchange and other negotiable or transferable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed in such manner as the Directors determine.

Rotation of directors

123. At every annual general meeting any Directors who are bound to retire under article 125 and one-third of the other Directors or, if their number is not a multiple of three, then the number nearest to but not less than one-third shall retire from office. A Director retiring at a meeting shall retain office until the close of the meeting.

124. The Directors to retire on each occasion shall be those who have been longest in office since their last election but, as between persons who became or were re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. The Directors to retire on each occasion (both as to number and identity) shall be determined by the composition of the Board at the date of the notice convening the annual general meeting. No Director shall be required to retire or be relieved from retiring by reason of any change in the number or identity of the Directors after the date of the notice but before the close of the meeting. The aforesaid provisions pertaining to retirement are subject to the proviso that if the Director is appointed as managing director or as an employee of the Company in any other capacity, the contract under which he has been appointed may provide, subject to the approval by ordinary resolution of the Members at a general meeting, that he

shall not while he continues to hold that position or office under contract for a term of rotation be subject to retirement by such contract and he shall not in such case be taken into account in determining the rotation or retirement of Directors provided that less than half the Directors may be appointed to any such position.

125. A retiring Director shall be eligible for re-election.

126. Subject to the provisions of these Articles, the Company at the meeting at which a Director retires may elect a person to fill the vacated office. In default, the retiring Director shall, if willing to continue to act, be deemed to have been re-elected, unless at the meeting it is expressly resolved not to fill the vacated office or unless a resolution for the re-election of the Director has been put to the meeting and lost.

127. No person other than a Director retiring at the meeting shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting, unless not less than seven nor more than 42 days before the date appointed for the meeting there has been left at the Office a notice in writing, signed by a member (not being the person to be proposed) duly qualified to attend and vote at the meeting, of his intention to propose the person for election, and a notice in writing signed by that person of his willingness to be elected.

128. The nomination of a new director must be received by the Company at least 14 days before the date of any annual general meeting.

129. The Company in general meeting may increase or reduce the number of Directors and may determine in what rotation the increased or reduced number is to go out of office.

130. The Directors may appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board, but so that the total number of Directors does not exceed the maximum number fixed by or in accordance with these Articles. The Director shall hold office only until the next following annual general meeting and shall then be eligible for re-election. A Director who retires under this article shall not be taken into account in determining the Directors who are to retire by rotation at the meeting.

131. The Company may, by ordinary resolution of which special notice has been given in accordance with section 312 of the Act, remove any Director (including a managing Director or other executive Director, but without prejudice to any claim for damages under any contract) before the expiration of his period of office and may by an ordinary resolution appoint another person in his place. The person who is appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director.

Borrowing

148. The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge all or any part of its undertaking, property and assets (both present and future), including its uncalled capital and, subject to the Statutes, to issue Debentures and other securities, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.

149. The Board must restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries (if any) so as to secure (but as regards subsidiaries only in so far as, by the exercise of the rights or powers of control, the Board can secure) that the aggregate principal amount outstanding of all borrowings by the Group (exclusive of borrowings owing by one member of the Group to another member) does not, without the previous sanction of an ordinary resolution, exceed the greater of £30,000,000 or an amount equal to four times the Adjusted Capital and Reserves.

149.1 For this purpose:

149.1.1 the "**Adjusted Capital and Reserves**" means at any time the aggregate of:

149.1.2 the amount paid up or credited as paid up on the issued share capital of the Company; and

149.1.3 the amount standing to the credit of the reserves (including any share premium account, capital redemption reserve and credit balance on profit and loss account)

all as shown by the then latest audited balance sheet and without making any provision for Goodwill unless already written off against the Company's profit and loss account but after deducting any debit balance on profit and loss account (except

to the extent that the deduction has already been made) and making adjustments to reflect any variation in the amount of the paid up share capital, share premium account or capital redemption reserve since the date of the audited balance sheet;

149.1.4 "**borrowings**" include the following except in so far as otherwise taken into account:

149.1.5 the nominal amount of any issued share capital and the principal amount of any Debentures or borrowed monies of any person, the beneficial interest in which is not owned by a member of the Group and the payment or repayment of which is the subject of a guarantee or indemnity by a member of the Group, but excluding acceptances of trade bills for the purchase of goods in the ordinary course of business;

149.1.6 the outstanding amount raised by acceptances by a bank or accepting house under an acceptance credit opened on behalf of and in favour of a member of the Group, excluding acceptances of trade bills for the purchase of goods in the ordinary course of business;

149.1.7 the principal amount of any Debenture of a member of the Group owned otherwise than by another member of the Group;

149.1.8 the principal amount of any preference share capital of a subsidiary owned otherwise than by a member of the Group; and

149.1.9 any premium payable on repayment on any borrowing or deemed borrowing; but does not include:

149.1.10 borrowings for the purposes of repaying the whole or any part of borrowings by a member of the Group within six months of being borrowed, pending their application for that purpose within that period; and

149.1.11 borrowings for the purpose of financing a contract in respect of which any part of the price receivable by a member of the Group is guaranteed or insured by the Export Credits Guarantee Department of the Department of Trade and Industry or by any other Governmental department fulfilling a similar function, to an amount not exceeding the part of the price which is guaranteed or insured;

149.1.12 when the aggregate principal amount of borrowings to be taken into account for the purposes of this article on any particular date is being ascertained:

149.1.13 monies denominated or repayable in a currency other than sterling shall be converted for the purpose of calculating the sterling equivalent at the rate of exchange prevailing on that date in London or, if the amount of borrowings would as a result be less, at the rate of exchange prevailing in London six months before that date. For this purpose the rate of exchange shall be taken as the middle market rate as at the close of business; and

149.1.14 where under the terms of borrowing the amount of money that would be required to discharge the principal amount in full if it fell to be repaid (at the option of the Company or by reason of default) on that date is less than the amount that would otherwise be taken into account in respect of that borrowing for the purpose of this Article, the amount of the borrowing shall be taken to be the lesser amount;

149.1.15 "**audited balance sheet**" means the then latest audited balance sheet of the Company prepared for the purposes of the Statutes unless there has then been prepared for those purposes and audited a consolidated balance sheet of the Company and its subsidiaries (with such exceptions as may be permitted in the case of a consolidated balance sheet prepared for the purposes of the Statutes); and in the latter event "audited balance sheet" means the audited consolidated balance sheet, the references to reserves and profit and loss account being references to the consolidated reserves and consolidated profit and loss accounts respectively, any amounts attributable to outside interests in subsidiaries being excluded. The Company may change the accounting convention on which the audited balance sheet is based, provided it complies with the requirements of the Statutes. If the Company prepares its main audited balance sheet on the basis of one convention

but a supplementary audited balance sheet or statement on the basis of another, the main audited balance sheet shall be taken as the audited balance sheet for the purposes of this article;

149.1.16 the "**Group**" means the Company and its subsidiaries (if any).

150. A certificate or report by the Auditors as to the amount of the Adjusted Capital and Reserves or the amount of any borrowings or to the effect that the limit imposed by this article has not been or will not be exceeded at any particular time or times shall be conclusive for the purposes of this article.

151. Notwithstanding the foregoing, no lender or other person dealing with the Company shall be concerned to see or enquire whether the limit imposed by this article is observed. No borrowing incurred or security given in excess of the limit shall be invalid or ineffectual, except in the case of express notice to the lender or the recipient of the security given that the limit had been or would be exceeded.

Dividends.

162. The profits of the Company available for dividend and resolved to be distributed shall be applied in the payment of dividends to the members in accordance with their respective rights and priorities. The Company, by ordinary resolution, in general meeting, may declare dividends accordingly. No higher dividend shall be paid than is recommended by the Board and the declaration of the Board as to the amount of the profits at any time available for distribution shall be conclusive.

163. No dividend or interim dividend may be paid otherwise than in accordance with Part 23 of the Act.

164. No dividend shall be payable except out of the profits of the Company (including profits set aside to any reserve fund) or in excess of the amount recommended by the Directors.

165. Dividends must be declared and paid according to the amounts paid on the shares in respect of which the dividends are paid. For the purposes of this article, no amount paid on a share in advance of calls shall be treated as paid on the share. Dividends shall be apportioned and paid pro rata according to the amounts paid on the shares during any portions of the period in respect of which the dividend is paid but, if any share is issued on terms providing that it ranks for dividend as from a particular date, the share shall rank for dividend accordingly.

166. The Directors must transfer to share premium account as required by the Statutes sums equal to the amount or value of any premiums at which any shares of the Company are issued.

167. The Directors may pay such interim dividends as appear to them to be justified by the profits of the Company. If the capital of the Company is divided into different classes of shares the Directors may pay interim dividends in respect of those shares which confer on the holders deferred or non-preferred rights as well as in respect of those shares which confer on the holders preferential or special rights with regard to dividends. Provided that the Directors act bona fide, they shall not incur any responsibility to the holders of any shares for any damage that they suffer by reason of the payment of an interim dividend on any shares. The Directors may also pay half yearly or at other suitable intervals to be settled by them any dividend which is payable at a fixed rate if they are of the opinion that the profits justify the payment.

168. A general meeting declaring a dividend or bonus may direct payment of the dividend or bonus wholly or partly by the distribution of specific assets and, in particular, of paid up shares or Debentures of another company or in any one or more of these ways. The Directors shall give effect to the resolution and, where a difficulty arises in regard to the distribution, the Directors may settle it as they think expedient. In particular they may issue certificates in respect of fractions and fix the value for distribution of specific assets, may determine that cash payments are made to any members upon the footing of that value in order to adjust the rights of all parties and may vest the assets in trustees as may seem expedient to the Directors.

169. A resolution of the Company or of the Directors declaring a dividend may specify any date as the record date for the dividend, whether or not prior to the date on which the resolution is passed.

170. The Directors may deduct from any dividend or bonus payable to a member any sums presently payable by him to the Company on account of calls or otherwise in respect of shares of the Company.

171. No unpaid dividend, bonus or interest shall bear interest as against the Company.

172. The Directors may retain any dividends and bonuses payable on shares on which the Company has a lien permitted by the Statutes and may apply them in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

173. The Directors may retain the dividends and bonuses payable upon shares in respect of which any person is, under the provisions of these Articles relating to the transmission of shares, entitled to become a member, or which any person under those provisions is entitled to transfer, until he becomes a member in respect of the shares or duly transfers them.

174. A dividend may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled to it, or by direct bank transfer to such bank account as the member or person entitled to it directs, and in case of joint holders to any one of them or to such person and such address or such bank account as the joint holders may direct. The cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the member, person entitled or joint holders direct. Payment of the cheque or warrant shall be a good discharge to the Company. Every cheque or warrant shall be sent at the risk of the person entitled to the money which it represents.

175. If several persons are registered as joint holders of a share, any one of them may give an effectual receipt for any dividend or other monies payable on or in respect of the share.

176. All unclaimed dividends may be invested by the Directors for the benefit of the Company until claimed. Dividends unclaimed for 12 years after the date they were declared or they became due for payment shall, unless the Directors otherwise resolve, be forfeited and revert to the Company.

177. Dividends shall be payable to Members registered at a date subsequent to the date of declaration or date of confirmation of the dividend, whichever is the later, provided that such Member is registered as a Member as at the Record Date referred to in Article 169.

Winding up

207. On a winding up of the Company, the balance of the assets available for distribution, after deduction of any provision made under section 247 of the Act and subject to any special rights attaching to any class of shares, shall be applied in repaying to the members of the Company the amounts paid up on the shares held by them together with any premium paid up or credited as paid up on the issue of such shares. Any surplus assets will belong to the holders of any ordinary shares then in issue according to the numbers of shares held by them in proportion to the amounts paid up on the shares held by them together with any premium paid up or credited as paid up on the issue of such shares or, if no ordinary shares are then in issue, to the holders of any unclassified shares then in issue according to the numbers of shares held by them.

208. If the Company is wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may, with the authority of a special resolution, divide among the members *in specie* or kind the whole or any part of the assets of the Company, whether or not the assets consist of property of one kind or of properties of different kinds. He may for that purpose set such value as he deems fair upon any one or more class or classes of property and may determine how the division is carried out as between the members or different classes of members. He may, with the same authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator with the same authority thinks fit, but no contributory shall be compelled to accept any shares in respect of which there is a liability.

209. The power of sale of a liquidator includes a power to sell wholly or partially for shares or Debentures, or other obligations of another company either then already constituted or about to be constituted, for the purpose of carrying out the sale."

PART 14 – FORM AND CONTENT REQUIREMENTS IN TERMS OF SECTION 100 OF THE COMPANIES ACT

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In this Document, unless otherwise stated or the context so requires, the words in the first column have the meanings stated opposite them in the second column, words in the singular shall include the plural and *vice versa,* words denoting one gender include the other and expressions denoting natural persons include juristic persons and associations of persons:

"Acquisition Assets"	the assets that are owned by Evander, the subject of the Evander Acquisition;
"Acquisition Circular" or "Circular"	the circular posted to Shareholders on 7 November 2012 detailing the Evander Acquisition;
"Admission"	the admission of the Nil Paid Rights, Fully Paid Rights and New Shares (i) to listing and trading on the Main Board of the JSE and (ii) to trading on AIM;
"Agreement" or "Acquisition Agreement"	the amended and restated sale of shares and claims agreement entered into by Harmony, Emerald Panther Investments, Pan African and Evander on 15 August 2012 which amends and restates the Original Sale Agreement with effect from 15 August 2012, the Original Sale Agreement being deemed to have been re-entered into on the terms and conditions contained in the Agreement;
"AIM"	the AIM Market of the London Stock Exchange;
"AIM Rules"	the AIM Rules for Companies, as amended from time to time;
"Allan Gray"	Allan Gray Limited (registration number 2005/002576/06), a company duly incorporated and registered under the company laws of South Africa. Allan Gray's physical address is Granger Bay Court, Beach Road, V&A Waterfront, Cape Town, 8001, South Africa and postal address is PO Box 51318, V&A Waterfront, Cape Town, 8002, South Africa;
"Articles"	the articles of the Company, adopted pursuant to a special resolution passed on 14 December 2009;
"Auroch"	Auroch Minerals Mozambique Proprietary Limited (ACN 159 952 084), a company duly incorporated and registered under the company laws of Western Australia and a wholly-owned subsidiary of Terranova;
"Authorised Dealer"	a person authorised to deal in foreign exchange as contemplated in the Exchange Control Regulations;
"Barberton Mines"	Barberton Mines (Proprietary) Limited (registration number 1938/011761/07), a company duly incorporated and registered under the company laws of South Africa and a wholly-owned subsidiary of Pan African;
"Basil Read Matomo"	Basil Read Matomo (Proprietary) Limited (registration number 2004/013883/07), a company duly incorporated and registered under the company laws of South Africa;
"BGMO"	Barberton Gold Mining Operations, being the activity carried out by Barberton Mines at the Fairview, New Consort and Sheba mines;
"BIOX®"	copyrighted to Barberton Mines, ("Biological Oxidation"), is an environmentally friendly process of releasing the gold from the sulphide that surrounds it, using bacteria that perform this process naturally;
"Board"	the board of Directors of Pan African;

"Brampton Capital"	Brampton Capital Overseas Limited (IBC No. 588039), a company duly incorporated and registered under the company laws of the BVI and a wholly-owned subsidiary of Pan African;
"Broker"	a "stockbroker" as defined in the Securities Services Act;
"BTRP"	Barberton Tailing Retreatment Project;
"Business Day"	any day other than a Saturday, Sunday or official public holiday in SA or the UK;
"BVI"	British Virgin Islands;
"CCSS"	the CREST Courier and Sorting Service established by Euroclear to facilitate, among other things, the deposit and withdrawal of securities;
"Certificated Shares"	Shares, which are not Dematerialised, and are represented by share certificates or other physical documents of title;
"CIPC"	South African Companies and Intellectual Property Commission established in terms of section 185 of the Companies Act;
"City Code"	the City Code on Takeovers and Mergers, being the takeover code of the UK;
"Closing Date"	the closing date for the Evander Acquisition, being the later of 1 October 2012 and the 10th (tenth) Business Day after the last of the Conditions Precedent is fulfilled or waived, as the case may be;
"Codes of Good Practice"	Broad-based Black Economic Empowerment Codes of Good Practice;
"Common Monetary Area" or "CMA"	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
"Companies Act"	the South African Companies Act, No. 71 of 2008, as amended from time to time;
"Company's Website"	Pan African's website being www.panafricanresources.com;
"Competent Person" or "Venmyn"	Venmyn Rand (Proprietary) Limited (registration number 1988/004918/07), a company duly incorporated and registered under the company laws of South Africa;
"Competent Person's Report"	the competent person's report compiled in compliance with the SAMREC Code, the SAMVAL Code, the Listings Requirements and the Prospectus Rules on Evander's mineral assets and projects by Venmyn dated 23 August 2012. The full report is published on the Company's Website and the JSE's Website, while summaries of the report covering the Evander 8 Shaft (mining operation), Rolspruit, Poplar and Evander South (underground projects) and Libra and Mini-Libra (surface projects) were set out in the Acquisition Circular and are available on the Company's Website;
"Competition Act"	the South African Competition Act, No. 89 of 1998, as amended from time to time;
"Completion"	the successful implementation of the Evander Acquisition;
"Conditions Precedent"	the conditions precedent set out in the Acquisition Agreement, being, of which the remaining conditions are described in paragraph 1 of Part 4 "Information on Evander and its operations" of this Document;
"Consortium"	collectively Pan African and Wits Gold;

"Coronation"	Coronation Asset Management (Proprietary) Limited (registration number 1993/002807/07), a company duly incorporated and registered under the company laws of South Africa. Coronation's physical address is seventh floor, Montclare Place, corner Campground and Main Roads, Claremont, Cape Town, 7708, South Africa and postal address is PO Box 44684, Claremont, Cape Town, 7735, South Africa;
"CREST"	the computerised settlement system to facilitate the transfer of title of UK and Irish securities in uncertificated form, operated by Euroclear and governed by the CREST Regulations;
"CREST Member"	a person who has been admitted by Euroclear UK and Ireland as a system member (as defined in the CREST Regulations);
"CREST Sponsored Member"	a CREST Member admitted to CREST as a sponsored member;
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time;
"CSDP"	a Participant, as defined in section 1 of the Securities Services Act;
"Current Facility"	an unutilised ZAR300 million revolving credit facility currently in place with Nedbank Limited (acting through its Nedbank Capital Mining Finance division) at Barberton Mines;
"Dematerialised"	the process by which physical share certificates are replaced with electronic records evidencing ownership of shares for the purpose of Strate or CREST, being "uncertificated securities" as defined in section 29 of the Securities Services Act or a security which is "uncertificated" as defined in Article 3(1) of the CREST Regulations;
"Dematerialised Shares"	Pan African Shares that have been Dematerialised;
"Directors" or "Pan African Directors"	the directors of Pan African whose names appear on page 37 of this Document;
"DMR"	the South African Department of Mineral Resources, formerly the South African Department of Minerals and Energy;
"Document"	this bound document and all annexures and attachments hereto;
"E8 Operation"	the operation at the Evander 8 Shaft;
"ECSA"	Engineering Council of South Africa;
"Emerald Panther Investments"	Emerald Panther Investments 91 Proprietary Limited (registration number 2012/050034/07), a company duly incorporated and registered under the company laws of South Africa. Emerald Panther Investments is a wholly-owned subsidiary of Pan African and is the acquirer of the Sale Equity;
"Enlarged Group"	the Group following the successful implementation of the Evander Acquisition;
"EPS"	earnings per share;
"Eskom"	Eskom Holdings SOC Ltd. (registration number 2002/015527/06), a company duly incorporated and registered under the company laws of South Africa;
"Euroclear"	Euroclear UK & Ireland Limited, the operator of CREST;
"European Economic Area"	the European Union, Iceland, Norway and Lichtenstein;
"Evander"	Evander Gold Mines Limited (registration number 1963/006226/06), a company duly incorporated and registered under the company laws of South Africa and a wholly-owned subsidiary of Harmony. Evander's registered address is Randfontein Office Park, corner of Main Reef Road and Ward Avenue, Randfontein;

"Evander Acquisition" or "Transaction"	the acquisition by Pan African through Emerald Panther Investments of the Sale Equity, as more fully described in the Acquisition Circular;
"Evander Auditors" or "PricewaterhouseCoopers"	PricewaterhouseCoopers Inc. Registered Auditors;
"Evander Gold Assets"	collectively the E8 Operation, the Underground Projects and the Surface Projects;
"Evander RHFI"	the report of historical financial information relating to Evander set out in Part 8 "Historical Financial Information on Evander" of this Document;
"Evander South Extension"	a prospecting licence recently granted to Evander which will eventually be included in the Evander South Project;
"Evander South Project"	the project spanning the farms Kafferspruit 527IR, Rietkuil 531IR, Wildebeestspruit 356IR and Kromdraai 128IS, forming part of the Evander Gold Assets known as the Underground Projects;
"Excess Shares"	Rights Shares in excess of a Qualifying Shareholders' *pro rata* entitlement thereto, which may be applied for by Qualifying Shareholders (or their renouncees);
"Exchange Control"	the restrictions applicable to residents and non-residents on the remittance of funds from the CMA to a country outside of the CMA;
"Exchange Control Department"	the Financial Surveillance Department of the SARB responsible for administering the Exchange Control Regulations;
"Exchange Control Regulations"	the Exchange Control Regulations 1961, as amended, issued in terms of section 9 of the Currency and Exchanges Act 1933, as amended;
"Excluded Territories"	the United States, the Commonwealth of Australia, its territories and possessions, Canada, Japan and any other jurisdiction where the extension or availability of the Rights Offer (or any transaction contemplated thereby and any activity carried out in connection thereunder) would constitute a contravention of applicable law;
"Executive Management"	the executive management of Pan African;
"Existing Shares"	the existing Shares in issue as at the Record Date;
"Explorator"	Explorator Limitada, a company duly incorporated and registered under the company laws of Mozambique;
"*ex*-Rights Date"	being 10 December 2012 for Shareholders on the SA Register and 19 December 2012 for Shareholders on the UK Register as the case may be;
"FAIS"	the South African Financial Advisory and Intermediary Services Act, No. 37 of 2002, as amended from time to time;
"Financial Effects"	the unaudited *pro forma* financial effects of the Rights Offer;
"Foreign Shareholders"	Shareholders whose registered address is in, or who are resident in, an Excluded Territory;
"Form of Instruction"	the form enclosed reflecting the entitlement to Letters of Allocation of SA Qualifying Certificated Shareholders and on which they are entitled to indicate whether they wish to take up, sell or renounce their Letters of Allocation, whether in whole or in part, and/or to apply for Excess Shares;
"FSA"	the Financial Services Authority of the United Kingdom;
"FSMA"	the Financial Services and Markets Act 2000 of the United Kingdom, as amended from time to time;

"Fully Paid Rights"	rights to acquire New Shares, fully paid;
"General Meeting"	the general meeting of Shareholders which was held on Friday, 30 November 2012, in terms of which Shareholders approved the Evander Acquisition and passed the resolutions necessary to implement the Rights Offer;
"Group"	collectively, Pan African, the Pan African Subsidiaries and any other company which is directly or indirectly controlled or jointly controlled by Pan African from time to time;
"Harmony"	Harmony Gold Mining Company Limited (registration number 1950/038232/06), a company duly incorporated and registered under the company laws of South Africa. Harmony has a primary listing on the JSE and its shares are also traded over-the-counter on the Brussels and Berlin exchanges;
"Harmony/Evander Shared Services Agreement"	the shared services agreement entered into between Harmony and Evander, in terms of which Harmony has agreed to continue providing the services currently rendered by it, or any of its group companies, to Evander, which agreement will terminate on the first anniversary of the Closing Date;
"Harmony Group"	Harmony and its subsidiaries;
"HDSAs"	historically disadvantaged South Africans, as defined in the Mining Charter;
"HEPS"	headline earnings per share;
"HMRC"	HM Revenue and Customs, the UK taxing authority;
"IFM"	International Ferro Metals;
"IFRS"	International Financial Reporting Standards, as issued by the Board of the International Accounting Standards Committee from time to time;
"Income Tax Act"	the South African Income Tax Act, No. 58 of 1962, as amended from time to time;
"Independent Reporting Accountant regarding the unaudited *pro forma* financial information " or "Deloitte LLP"	Deloitte LLP (practice number OC303675), Registered Auditors;
"Independent Sponsor" or "Nedbank Capital"	Nedbank Capital, a division of Nedbank Limited (Registration number 1951/000009/06), a company duly incorporated and registered under the company laws of South Africa;
"Investec"	collectively Investec Asset Management (SA) and Investec Asset Management (UK);
"Investec Asset Management (SA)"	Investec Asset Management (Proprietary) Limited (registration number 1984/011235/07), a company duly incorporated and registered under the company laws of South Africa. The physical and postal address of Investec Asset Management (SA) is 36 Hans Strijdom Avenue, Foreshore, Cape Town, 8001, South Africa;
"Investec Asset Management (UK)"	Investec Asset Management Limited (registration number 02036094), a company duly incorporated and registered under the company laws of England and Wales. The address of Investec Asset Management (UK) is 2 Gresham Sreet, London, England, EC2V 7QP;
"Investors"	collectively, Allan Gray, Coronation, Investec, PIC and Shanduka Gold;
"JIBAR"	the Johannesburg Interbank Agreed Rate;

"JSE"	the securities exchange operated by the JSE Limited;
"JSE Limited"	JSE Limited (registration number 2005/022939/06), a company duly incorporated and registered under the laws of South Africa, licensed to operate a securities exchange under the Securities Services Act;
"King Code" or "King III"	the King Code on Corporate Governance for South Africa 2009;
"Kusasalethu Mine"	the mine operated by Randfontein for the exploration, prospecting for, mining for, recovery, treatment and commercial production of gold and related products, situated on the Gauteng/North West border in South Africa;
"Land Rights Act"	the South African Restitution of Land Rights Act, No. 22 of 1994, as amended from time to time;
"Last Practicable Date"	Wednesday, 28 November 2012, being the last practicable date prior to finalisation of this Document for purposes of the Listings Requirements;
"Letter/s of Allocation" or "LA's"	renounceable nil paid letters of allocation to be issued to SA Qualifying Shareholders in Dematerialised form, conferring Nil Paid Rights on SA Qualifying Shareholders;
"Libra Project"	the Libra Project is a surface dump retreatment project which will exploit the TSF generated from historical mining activities at the Kinross-Winkelhaak-Leslie-Bracken Mines mining complex, forming part of the Evander Gold Assets known as the Surface Projects;
"Listings Requirements"	the JSE Limited Listings Requirements, as amended from time to time;
"Manica"	the Manica Gold Project located in Mozambique;
"Manica Disposal"	the disposal of Manica to Auroch;
"Material"	any matter or element that is significant for purposes of making an informed assessment of any transaction or listed security. For purposes of this Document, "Material" will be anything greater than 5 per cent;
"Metorex"	Metorex Limited (registration number 1934/005478/06), a company duly incorporated and registered under the company laws of South Africa;
"Mini-Libra Project"	the Mini-Libra Project is a reduced version of the Libra Project in which only the Kinross No. 1 and No. 3 Tailings Dams would be exploited and processed at the existing Kinross Metallurgical Plant, forming part of the Evander Gold Assets known as the Surface Projects;
"Mining Charter"	the Amendment of the Broad-Based Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry published in September 2010 in terms of section 100(2) of the MPRDA, including any amendment, supplement, replacement or successor thereto, and any legislation or regulation of a similar or related nature adopted in South Africa;
"Minister"	the South African Minister of Mineral Resources, and includes any person to whom the Minister has delegated powers and functions in terms of section 103 of the MPRDA;
"Mistral Resource"	Mistral Resource Development Corporation (IBC No. 552594), a company duly incorporated and registered under the company laws of the BVI and a wholly-owned subsidiary of Pan African;
"Money Laundering Regulations"	Money Laundering Regulations 2007 of the United Kingdom, as amended from time to time;

"MPRDA"	the South African Mineral and Petroleum Resources Development Act, No. 28 of 2002, as amended from time to time;
"MTM instruction"	the CREST instruction to take uncertificated Nil Paid Rights via the CREST system
"NAV"	net asset value;
"NERSA"	National Energy Regulator of South Africa;
"Nil Paid Rights"	in the case of UK Qualifying Shareholders, New Shares in nil paid form provisionally allotted to such UK Qualifying Shareholders pursuant to the Rights Offer and, in the case of SA Qualifying Shareholders, the right to subscribe for New Shares at the Subscription Price, as represented by Letters of Allocation automatically credited to their CSDP or Broker accounts or, in the case of SA Qualifying Certificated Shareholders, an account with the Transfer Secretary for the benefit of such shareholders;
"NTAV"	net tangible asset value;
"Original Sale Agreement"	the sale of shares and claims agreement entered into between Wits Gold, Harmony, Emerald Panther Investments, Pan African and Evander on Wednesday, 30 May 2012, as amended;
"Original Signature Date"	the date on which the last of the parties to the agreement signed the Original Sale Agreement, being 30 May 2012;
"Overseas Shareholders"	Qualifying Shareholders who have addresses outside the UK or SA;
"Pan African" or "the Company"	Pan African Resources PLC (registration number 3937466), a company duly incorporated and registered under the company laws of England and Wales. Pan African has a dual primary listing on the Main Board of the JSE and the Shares are admitted to trading on AIM;
"Pan African Subsidiaries" or "Subsidiaries"	collectively, Barberton Mines, Brampton Capital, Emerald Panther Investments, Explorator, Mistral Resource, Phoenix Platinum and Platinum Sands;
"Phoenix Platinum"	Phoenix Platinum Mining (Proprietary) Limited (registration number 2006/023689/07), a company duly incorporated and registered under the company laws of South Africa and a wholly-owned subsidiary of Pan African;
"PIC"	Public Investment Corporation SOC Ltd. (registration number 2005/009094/06), a company duly incorporated and registered under the company laws of South Africa. The physical address of PIC is Riverwalk Office Park, Block C, 41 Matroosberg Road, Corner Garsfontein and Matroosberg Roads, Ashlea Gardens Extension 6, Menlo Park, Pretoria, South Africa and the postal address is Private Bag X 187, Pretoria, 0001, South Africa;
"Platinum Sands"	Platinum Sands (Proprietary) Limited (registration number 2007/028097/07), a company duly incorporated and registered under the company laws of South Africa and a wholly-owned subsidiary of Pan African;
"Poplar Extension"	a prospecting licence recently granted to Evander, which will eventually be included in the Poplar project;
"Poplar Project"	the project spanning farms Brakfontein 310IR, Rietfontein 313IR and Watervalshoek 350IR, forming part of the Evander Gold Assets known as the Underground Projects;
"Pounds", "£", "penny", "pence", "p", "Pounds Sterling" or "£"	the official currency of the UK;

"Pre-Listing Statement"	the statement required to be issued by companies in terms of section 6 of the Listings Requirements;
"Prospectus Directive"	Prospectus Directive 2003/71/EC;
"Prospectus Directive Regulations"	the regulations implementing Prospectus Directive 2003/71/EC;
"Prospectus Rules"	the prospectus rules made by the FSA under Part VI of the FSMA;
"Provisional Allotment Letter"	the provisional allotment letter issued to UK Qualifying Certificated Shareholders representing their entitlement to indicate whether they wish to take up, sell or renounce their Nil Paid Rights, whether in whole or in part, and/or to apply for excess Shares;
"Purchase Consideration"	the purchase consideration payable in respect of the Evander Acquisition, being ZAR1.5 billion;
"Qualifying Shareholders"	UK Qualifying Shareholders and SA Qualifying Shareholders;
"Rand", "ZAR","R" or "cents"	the official currency of South Africa;
"Randfontein"	Randfontein Estates Limited (registration number 1889/000251/06), a company duly incorporated and registered under the company laws of South Africa;
"Record Date"	the record date for entitlement under the Rights Offer for Qualifying Shareholders, being 14 December 2012;
"Registered Office"	Pan African's registered office being 6 St James's Place, London, England, SW1A 1NP;
"Registrar", "Capita Registrars" or "UK Receiving Agent"	Capita Registrars Limited (registration number 2605568), a company duly incorporated and registered under the company laws of England and Wales;
"Regulatory Information Service" or "RIS"	a service provided by the London Stock Exchange for the distribution to the public of announcements and included within the list maintained at the London Stock Exchange's website;
"Results"	Pan African's audited results for the year ended 30 June 2012 published on SENS and RIS on 27 September 2012;
"Rights"	the Nil Paid Rights and/or the Fully Paid Rights, as the context may require;
"Rights Offer"	the renounceable rights offer (fully subscribed to the extent of ZAR702,093,346) by Pan African of 370,071,902 New Shares in the ratio of 25.5 New Shares for every 100 Existing Shares held on the Record Date;
"Rights Shares" or "New Shares"	the 370,071,902 Shares which will be issued pursuant to the Rights Offer;
"Rolspruit Project"	the project spanning the farms Kromdraai 128IS, Ruigtekuilen 129IS, Rolspruit 127IS and Winkelhaak 135IS, forming part of the Evander Gold Assets known as the Underground Projects;
"SA" or "South Africa"	the Republic of South Africa;
"SA Admission"	the admission of the Nil Paid Rights and/or New Shares to listing on the Main Board of the JSE, as the context may require;
"SA Attorneys to the Rights Offer" or "Cliffe Dekker"	Cliffe Dekker Hofmeyr Incorporated (registration number 2008/018923/21), a company duly incorporated and registered under the company laws of South Africa;
"SA Auditor" or "Deloitte"	Deloitte (Practice number 092276), Registered Auditors;

"SA Competition Authorities"	the South African Competition Commission, Competition Tribunal and/or Competition Appeal Court, as contemplated in the Competition Act;
"SA Competition Commission"	the South African Competition Commission, as contemplated in the Competition Act;
"SA Qualifying Certificated Shareholders"	SA Qualifying Shareholders who hold Certificated Shares;
"SA Qualifying Dematerialised Shareholders"	SA Qualifying Shareholders who hold Dematerialised Shares;
"SA Qualifying Shareholders"	SA Shareholders recorded on the SA Register on the Record Date;
"SA Register"	the register of the members of the Company maintained in SA;
"SA Resident Shareholder"	a Shareholder that is considered a resident of South Africa under the Exchange Control Regulations;
"SA Shareholder(s)"	registered holders of Shares on the SA Register;
"SA Shareholder Helpline"	the South African Shareholder Helpline on (011) 370 5000 (from inside South Africa) or +27 11 370 5000 (from outside South Africa). This SA Shareholder Helpline is available from 7.30 am to 5.30 pm (Johannesburg time) Monday to Friday (except South African public holidays);
"Sale Equity"	the Sale Shares and Harmony's entire shareholder's loan claim against Evander;
"Sale Shares"	the entire issued share capital of Evander;
"SAMREC Code"	the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves including the guidelines contained therein, as amended from time to time;
"SAMVAL Code"	the South African Code for reporting of Mineral Asset Valuation including the guidelines contained therein, as amended from time to time;
"SARB"	the South African Reserve Bank;
"SDRT"	Stamp Duty Reserve Tax;
"Securities Services Act"	the South African Securities Services Act, No. 36 of 2004, as amended from time to time;
"Securities Transfer Tax" or "STT"	the securities transfer tax levied in terms of the Securities Transfer Tax Act, No. 25 of 2007, as amended from time to time;
"Senior Management"	those persons listed in paragraph 1.3 of Part 10 "Directors, management and corporate governance" of this Document;
"SENS"	the Stock Exchange News Service of the JSE;
"Shanduka Gold"	Shanduka Gold (Proprietary) Limited (registration number 2002/021396/07), a company duly incorporated and registered under the company laws of South Africa. Shanduka Gold's physical address is 18 Acacia Road, Chislehurston, Sandton, 2146, South Africa and postal address is Private Bag X9924, Sandton, 2146, South Africa;
"Shanduka Resources"	Shanduka Resources (Proprietary) Limited (registration number 2002/01783/07), a company duly incorporated and registered under the company laws of South Africa;
"Shareholders"	UK Shareholders and/or SA Shareholders, as the context may require;

"Shares" or "Pan African Shares"	ordinary share(s) with a par value of 1 penny each in the share capital of the Company;
"Sole Bookrunner, Corporate Adviser and JSE Transaction Sponsor" or "One Capital"	collectively, One Capital Advisory (Proprietary) Limited (registration number 2009/021943/07), a company duly incorporated and registered under the company laws of South Africa, and its wholly-owned subsidiary One Capital Sponsor Services (Proprietary) Limited (registration number 2000/023249/07), a company duly incorporated and registered under the company laws of South Africa;
"SRK Consulting"	SRK Consulting South Africa (Proprietary) Limited (registration number 1995/012890/07), a company duly incorporated and registered under the company laws of South Africa;
"Strate"	Strate Limited (registration number 1998/022242/06), a company duly incorporated and registered under the company laws of South Africa and a registered central securities depository in terms of the Securities Services Act;
"Strate System"	an electronic custody, clearing and settlement environment, managed by Strate, for all share transactions concluded on the Main Board of the JSE and off-market, and in terms of which transactions in securities are settled and transfers of ownership in securities are recorded electronically;
"Subscribers"	collectively, the Investors and RG Still;
"Subscription Commitments"	the irrevocable subscription commitments received by Pan African from each of the Investors and RG Still, in terms of which the Subscribers have irrevocably committed to subscribe for Rights and/or apply for Excess Shares to the extent of the Subscription Commitment Amount, further details of which are set out in Paragraph 10 of Part 5 "Terms and Conditions of the Rights Offer" of this Document;
"Subscription Commitment Amount"	ZAR702,093,346, at the Last Practicable Date;
"Subscription Price"	the subscription price payable in respect of Rights Shares, being an amount of ZAR1.90 per Rights Share for SA Qualifying Shareholders and 14 pence per Rights Share for UK Qualifying Shareholders;
"Surface Projects"	Evander's surface projects which are tailings retreatment projects, known as the Libra Project and a reduced-scale version of the Libra Project called the Mini-Libra Project;
"Terranova"	Terranova Minerals NL (ACN 148 966 545), a company duly incorporated and registered under the company laws of Australia and listed on the Australian stock exchange;
"Transfer Secretary" or "Computershare"	Computershare Investor Services (Proprietary) Limited (registration number 2004/003647/07), a company duly incorporated and registered under the company laws of South Africa;
"Turgis"	Turgis Consulting (Proprietary) Limited (registration number 2001/002083/07), a company duly incorporated and registered under the company laws of South Africa;
"UK" or "United Kingdom"	United Kingdom of Great Britain and Northern Ireland;
"UK Admission"	the admission of the Nil Paid Rights, Fully Paid Rights and New Shares to trading on AIM;
"UK Auditor"	Deloitte LLP (registration number OC 303675), a limited liability partnership registered in England and Wales;
"UK Code"	September 2012 UK Corporate Governance Code;

"UK Companies Act"	the Companies Act 2006, as amended from time to time;
"UK Joint Broker" or "finnCap"	finnCap Limited (registration number 06198898), a company duly incorporated and registered under the company laws of England and Wales;
"UK Legal Counsel" or "Fasken Martineau"	Fasken Martineau LLP (registration number OC 309059), a limited liability partnership registered in England and Wales;
"UK Listing Authority" or "UKLA"	the UK Listing Authority, being the FSA acting as the competent authority for the purposes of Part VI of the FSMA;
"UK Nominated Adviser and Joint Broker" or "Canaccord"	Canaccord Genuity Limited (registration number 01774003), a company duly incorporated and registered under the company laws of England and Wales;
"UK Qualifying Certificated Shareholders"	UK Qualifying Shareholders who hold Certificated Shares;
"UK Qualifying Dematerialised Shareholders"	UK Qualifying Shareholders who hold Dematerialised Shares;
"UK Qualifying Shareholders"	UK Shareholders recorded on the UK Register on the Record Date;
"UK Register"	the register of members of the Company maintained in the UK;
"UK Shareholders"	holders of Shares on the UK Register;
"UK Shareholder Helpline"	the UK Shareholder Helpline on 0871 664 0321 (from inside the United Kingdom) or +44 8639 3399 (from outside the United Kingdom). This UK Shareholder Helpline is available from 9.00 am to 5.30 pm (London time) Monday to Friday (except UK public holidays);
"Uncertificated Securities Regulations"	UK Uncertificated Securities Regulations, 2001 (as amended from time to time);
"Underground Projects"	collectively the Evander underground exploration projects being the Rolspruit Project, the Evander South Project, the Evander South Extension, the Poplar Project and the Poplar Extension;
"US Dollar", "USD" or "US$"	the official currency of the United States of America;
"USE"	the CREST instruction to take uncertificated Excess Shares via the CREST system
"VAT"	value-added tax levied in terms of the South African Value-Added Tax Act, No. 89 of 1991, as amended from time to time;
"VTN"	VTN Mining (Proprietary) Limited (registration number 2008/018121/07), a company duly incorporated and registered under the company laws of South Africa; and
"Wits Gold"	Witwatersrand Consolidated Gold Resources Limited (registration number 2002/031365/06), a company duly incorporated and registered under the company laws of South Africa.

GLOSSARY

The following definitions apply throughout this Document, unless the context otherwise requires:

"a"	Annum
"Au"	Gold
"BFS"	Bankable Feasibility Study
"BGB"	Barberton Greenstone Belt
"Block Factor" or "BF"	ratio expressed as a percentage of total specific gold content from broken ore in a specific block of ground, vs. the calculated/ estimated content of that block of ground by the mine's measuring and valuation methods, and adjusted by the MCF
"CIL"	Carbon-in-leach
"CIP"	Carbon-in-pulp
"cm"	Centimetre
"cmg/t"	Centimetre gram per ton
"CTRP"	Chrome Tailings Retreatment Plant
"Current Arisings"	Tailings that are produced daily from IFM and processed in the CTRP
"DCF"	Discounted cash flow
"DFS"	Definitive Feasibility Study
"dilatant"	Occurs during geological deformation of cavities/geological structures where pinching and swelling occurs, and voids are filled with gold bearing material
"E8"	Evander 8 Shaft
"EIA"	Environmental Impact Assessment
"EMP"	Environmental Management Plan
"Feed source"	A combination of chrome Current Arisings and chrome tailings from tailings dams
"Ga"	Giga annum
"GHGs"	Greenhouse gases
"g/t"	Grams per ton
"ha"	Hectare
"Indicated Mineral Resource"	Indicated Mineral Resource is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with reasonable level of confidence. It is based on exploration, sampling and the testing of information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed
"Inferred Mineral Resource"	Inferred Mineral Resource is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and sampling, and assumed but not verified geologically and/or through analysis of grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that may be limited or even of uncertain quality and reliability

"IWUL"	Integrated Water Use Licence
"LK"	Lower Kimberley
"LoM"	Life of Mine
"Mass pull"	Total concentrate mass removed from a flotation cell
"MBQ's	Main Bird Quartzites
"Measured Mineral Resource"	Measured Mineral Resource is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity
"Mine Call Factor" or "MCF"	Is a ratio expressed as a percentage that the gold accounted for in recovery plus residues bears to "corresponding" gold called for from underground measurement which includes all underground sources such as stoping, development, reclamation and old gold
"Mineral Reserve"	A Mineral Reserve is the economically mineable material derived from a Measured and/or Indicated Resource. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a pre-feasibility study for a project, or a life of mine plan for an operation, must have been carried out, including consideration of and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors). Such modifying factors must be disclosed
"Mineral Resource or Mineral Resources"	A Mineral Resource is a concentration or occurrence of material of economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of the Mineral Resource are known, or estimated from specific geological evidence, sampling and knowledge interpreted from an appropriately constrained and portrayed geological model. Mineral Resources are subdivided, and must be so reported, in order of increasing confidence in respect of geoscientific evidence, into Inferred, Indicated or Measured categories
"MK"	Middle Kimberley
"Moz"	Million ounces
"MRM"	Mineral Resource Management
"Mt"	Million tons
"Oxide feed source"	Current arisings received into the CTRP whereby the percentage of oxide material is higher than the sulphide material. Metals in the oxide cannot be recovered in a flotation tank
"oz"	Troy ounces
"PFS"	Pre-feasibility Study
"PGE"	Platinum group elements
"PGE 6E"	Platinum group elements namely Platinum, Palladium, Rhodium, Gold, Iridium and Ruthenium
"PGM"	Platinum group metals

"Plant Recovery Factor" or "PRF"	Gold recovered (kgs) divided by the sum of Gold Recovered (kgs) plus Residue (kgs) expressed as an percentage
"Probable Mineral Reserve"	Probable Mineral Reserve is the economically mineable material derived from a Measured and/or Indicated Mineral Resource. It is estimated with a lower level of confidence than a proved ore reserve. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a pre-feasibility study for a project, or a life of mine plan for an operation, must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Such modifying factors must be disclosed
"Proved Mineral Reserve"	Proved Mineral Reserve is the economically mineable material derived from a Measured Resource. It is estimated with a high level of confidence. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a pre-feasibility study for a project, or a life of mine plan for an operation, must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Such modifying factors must be disclosed
"Resonance time"	The amount of time that the float feed source spends in a specific flotation cell
"RoM"	Run-of-mine
"shear zones"	A tabular zone of rock that has been crushed and brecciated by many parallel fractures due to shear strain. Such an area is often mineralised by ore-forming solutions.
"slimes dam"	A storage facility for all fine waste products from the processing plant
"SMD"	Stirred Media Detritor
"Sulphide feed source"	Current Arisings received into the CTRP whereby the percentage of sulphide material is higher than the oxide material. Metals in the sulphide form can be recovered in a flotation plant
"stope"	Excavation within the orebody where the main production takes place
"tpm"	Tonnes per month
"TDF"	Tailings Disposal Facility
"t", "tonnes" or "tons"	For the purposes of this Document, the metric unit equal to 1,000 kilograms
"TSF"	Tailings Storage Facility
"U"	Uranium
"ZK"	Zwartkoppies Reef.

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triple green™
sugar cane fibre. chlorine-free. sustainable afforestation.

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