PAN AFRICAN
RESOURCES
PLC

THE EMERGING MID-TIER GOLD PRODUCER

ANNUAL REPORT
For the year ended 30 June 2008

CONTENTS

THE YEAR AT A GLANCE 2
FOCUS AREAS AND COMPETITIVE ADVANTAGE 3
GEOGRAPHIC LOCATION 4
CORPORATE PROFILE AND STRATEGY 5
CHAIRMAN'S STATEMENT 6
CHIEF EXECUTIVE OFFICER'S REPORT 8
MINING OPERATIONS: BARBERTON MINES (PTY) LTD 14
GROWTH PROJECTS: AMIRA, EAGLE'S NEST AND THOMAS VICTORY-HILL, BARBERTON, SOUTH AFRICA 17
GROWTH PROJECTS: MANICA, MOZAMBIQUE 18
GROWTH PROJECTS: BOGOIN AND DEKOA, CENTRAL AFRICAN REPUBLIC 19
GROWTH PROJECTS: AKROKERRI, KYEREBOSO AND U&N, GHANA 20
GROSS *IN SITU* MINERAL RESOURCE AND MINERAL RESERVE STATEMENT FOR THE ENLARGED GROUP 21
DIRECTORS 23
CORPORATE GOVERNANCE 25
DIRECTORS' REPORT 30
STATEMENT OF DIRECTORS' RESPONSIBILITIES 33
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PAN AFRICAN RESOURCES PLC 34
CONSOLIDATED AND COMPANY INCOME STATEMENTS 35
CONSOLIDATED AND COMPANY BALANCE SHEETS 36
CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS 38
CONSOLIDATED AND COMPANY STATEMENT OF RECOGNISED INCOME AND EXPENSE 39
CONSOLIDATED AND COMPANY NOTES TO THE FINANCIAL STATEMENTS 40
NOTICE OF ANNUAL GENERAL MEETING 68
FORM OF PROXY .... INSERT
CONTACT DETAILS 71

Note to Shareholders

On 31 July 2007 Pan African Resources PLC ('Pan African', the 'Company' or 'Group') acquired 74% of Barberton Mines (Pty) Limited ('Barberton' or 'Barberton Mines') in a share-for-share transaction. IFRS3 'Business Combinations' defines the acquirer in a business combination as the entity that obtains control. Accordingly, the combination was accounted for as a reverse. As a consequence of applying reverse acquisition accounting, the results of the Group at 30 June 2008 comprise the results of Pan African for the 11 months ended 30 June 2008 and the 12 months ended 30 June 2008 of Barberton Mines. The comparative figures for the Group are those of Barberton Mines for the 12 months to 30 June 2007.

In terms of comparing Pan African's position before the acquisition of Barberton Mines reference is made on pages 3, 7 and 9 to Pan African's financial position before and after the acquisition which does not treat the transaction as a reverse as per IFRS 3. This is done to allow management to highlight the benefits of the transaction as set out in the Readmission Document of 31 July 2007.

THE YEAR AT A GLANCE

BECOMING CASH POSITIVE

Acquisition of producing gold mine
July 2007

The acquisition of a 74% shareholding in Barberton Mines, Mpumalanga, South Africa was completed and Barberton had its first full year under the management of Pan African Resources PLC.

Power supply in South Africa
February 2008

In line with the requirements placed on the mining industry, Barberton initiated a 10% elective power saving plan. Through careful planning the adverse effects of the power crisis in South Africa was by and large ameliorated.

FAST TRACKING OF GROWTH PROJECTS

Mining Conventions Signed in the Central African Republic
February and April 2008

Mining conventions were signed with the government of the Central African Republic ('CAR') for the Bogoin and Dekoa gold exploration projects.

Resource Upgrade at the Manica gold project in Mozambique
March 2008

The resource at Manica was increased by 29.75 %, from 1.311Moz to 1.701Moz. The pre-feasibility study is ongoing and has been delayed as a result of the mining optimisation. The Company expects the process to be complete by the end of the next financial year.

STRENGTHENING OF OUR TEAM

Appointment of Executive Chairman
October 2007

Pan African welcomed Keith Spencer to the board as the new Executive Chairman. Keith replaced Colin Bird who held a Non-Executive Chairman position within the Group.

Appointment of Financial Director
February 2008

In line with the undertaking given to shareholders on the completion of the acquisition of Barberton Mines, Maritz Smith was appointed as the Executive Financial Director for Pan African.

Appointment of an Independent, Non-Executive Director
June 2008

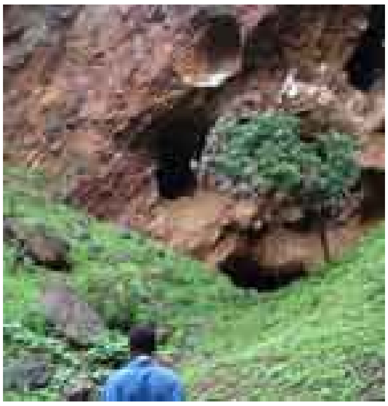
John Hopwood was appointed to the Board of Directors in the role of an independent, non-executive Director. John brings a great deal of experience to the board from both a mining and financial persepective, being a non-executive director of Gold Fields and a previous partner of Deloitte.

THE YEAR AHEAD

- Preservation and growth of capital.
- Acquisition of further cash generative mining assets.
- Use strategic partnerships to grow mineable reserve base.

FOCUS AREAS AND COMPETITIVE ADVANTAGE

FOCUS AREAS	OUR COMPETITIVE ADVANTAGE
CAPITAL GENERATIVE	• Revenue: £39.3 million • EBITDA: £13.9 million • Attributable profit: £ 5.5 million
COSTS	• Production cost: £25.2 million • Total cash cost: US$ 476/oz • Industry average: US$ 750/oz
SKILLED PEOPLE	• Broad skill base and technical depth • Mining and metallurgy expertise coupled with exploration experience • Team of 1,491 people
SUSTAINABLE GROWTH	• Geographical and political risk diversification • Organic growth: Capital Expenditure of £3.0 million at Barberton Mines • Acquisitive growth – 4 projects at a cost of £3.2 million during the last 18 months
STRATEGIC PARTNERSHIPS	• Metorex Limited (53.95% shareholder): First right of refusal on any gold project developed • Pangea Exploration (Pty) Limited (4.14% shareholder): First right of refusal on any gold project developed • Shanduka Resources (26% Black Economic Empowered ('BEE') owner of Barberton Mines)



GEOGRAPHIC LOCATION

Pan African's strategy is to continue building and growing a profitable gold mining business.

The Group has an exciting pipeline of projects, in addition to its Barberton gold mine in Mpumalanga, South Africa, which produces approximately 100,000oz of gold per annum.

The Group's growth projects are divided between On-mine and Off-mine, as detailed below:

On-mine *	**Off-mine** **
1. Thomas Victory-Hill	1. Manica, Mozambique (completing pre-feasibility study)
2. Amira	2. Bogoin, Central African Republic (advanced - drilling)
3. Eagles Nest	3. Dekoa, Central African Republic (early stage - soil sampling)
	4. Akrokerri, Ghana (advanced - drilling)
	5. Kyereboso, Ghana (advanced - drilling)
	6. U&N, Ghana (early stage - soil sampling)

* On-mine: projects on or around current mining areas
** Off-mine: projects not close to any mining infrastructure

Keith Spencer

"THE GOLD MARKET HAD A SPECTACULAR YEAR"

The Group has run for the past eleven months as both a mining and an exploration entity, having bedded down the acquisition of Barberton Mines, creating an emerging mid-tier gold mining company. The reverse acquisition of Barberton Mines brought in Metorex Limited as a major shareholder and this, together with the previous association with Pangea Exploration, has formed an exciting mix of mining and exploration skills to take the Company forward.

Barberton had a good year, buoyed by the gold price. The profits from these operations were ploughed back into the Group's exploration efforts in Mozambique, the Central African Republic ('CAR') and Ghana.

Exploration drilling at Manica in Mozambique has been completed, and a variety of studies are underway on that property to determine if there is a viable opportunity for a mine, while taking into consideration the location, infrastructure and fiscal regime.

Efforts in the CAR were stepped up with the soil sampling at both properties, Bogoin and Dekoa being completed. Reverse Circulation ('RC') drilling has commenced in earnest at Bogoin, to test the anomalies which were identified, and in the coming year it is hoped initial drilling will be completed on both properties. This phase of drilling has been designed to narrow down potential targets in what we believe to be a highly prospective greenstone belt. During the year, a Mining Convention for Bogoin was successfully signed with the Government of the CAR.

In Ghana, a well-known gold province, earn-in agreements have been concluded on two properties, namely: Kyereboso and U&N. The Group acquired a 90% stake on the third property, Akrokerri, on 27 june 2007. Due to the nature of these agreements, the plan is to move fast to either prove a viable ore reserve, or to return them to their original vendors.

The mining operations at Barberton's three mines, New Consort, Sheba and Fairview, continued satisfactorily. Revenue was enhanced by not only the gold price, but also the retreatment of the old dump which emanated from the roasting process terminated in the 1980's, known as the Calcine Dump. Costs, although well managed by the operations, were up sharply on the tail of the increased fuel and steel prices. Since year end the Calcine retreatment process has come to an end; however, this drop in revenue will, to an extent, be offset by the fact that, the Group is now totally unhedged.

The Barberton area has been a productive gold mining area for the 130 years. During that time, at regular intervals, major pay shoots have been discovered. In keeping with this philosophy, a concerted effort is underway to make further discoveries, as well as to explore areas which were initially mined on surface but not followed underground.

The exploration projects remain robust, and will be managed with the cashflows from the Barberton operations.

Electricity supply in South Africa, where the Barberton operations are situated, remains a concern. The mines are involved in a process to reduce their demand, in line with all other South African consumers, and will continue to engage with Eskom, the electricity distributor, to minimise downtime due to planned outages. The operations have their own generators to keep essential services in the gold treatment plant operational.

The gold market in South African Rand terms had a spectacular year, riding somewhat on the back of the increasing oil price. However, post the year end, we have seen a collapse in World Economies and, although the fundamentals for gold still remain sound in these turbulent times, and the price remains strong in South African Rand, gold remains a safe haven, and newly mined gold volumes are dropping worldwide, which in the longer term must be positive for the market.

The world-wide collapse in stock markets and commodities will have a knock-on effect on the Group. We, like all other mid-tier producers and explorers, will have to adapt to the new circumstances and must review our exploration programmes going forward. Times like the world is experiencing at the moment also bring with them opportunities for Joint Ventures ('JVs') and mergers with other gold exploration companies, and Pan African is currently well positioned to take advantage of these opportunities.

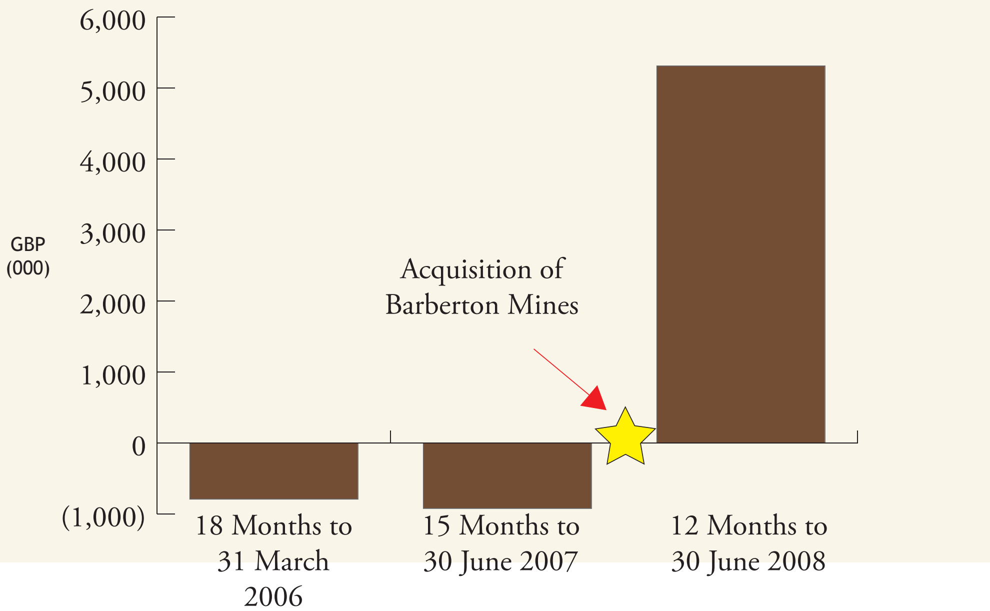
Going forward, the Group will endeavour to preserve capital and judiciously evaluate projects so that it weathers these tough times, emerging stronger in better years to come.

During the year, Nathan Steinberg resigned as the Financial Director and was replaced by Maritz Smith. I would like to thank Nathan for his tireless efforts in looking after the finances of the Company, and welcome Maritz.

John Hopwood also joined the Board as a non-executive director, and brings with him years of experience in the gold mining industry. He will be a great asset to the Group. My sincere thanks go to my fellow Directors, and to Jan Nelson, our CEO, and his team for their efforts during the past year.

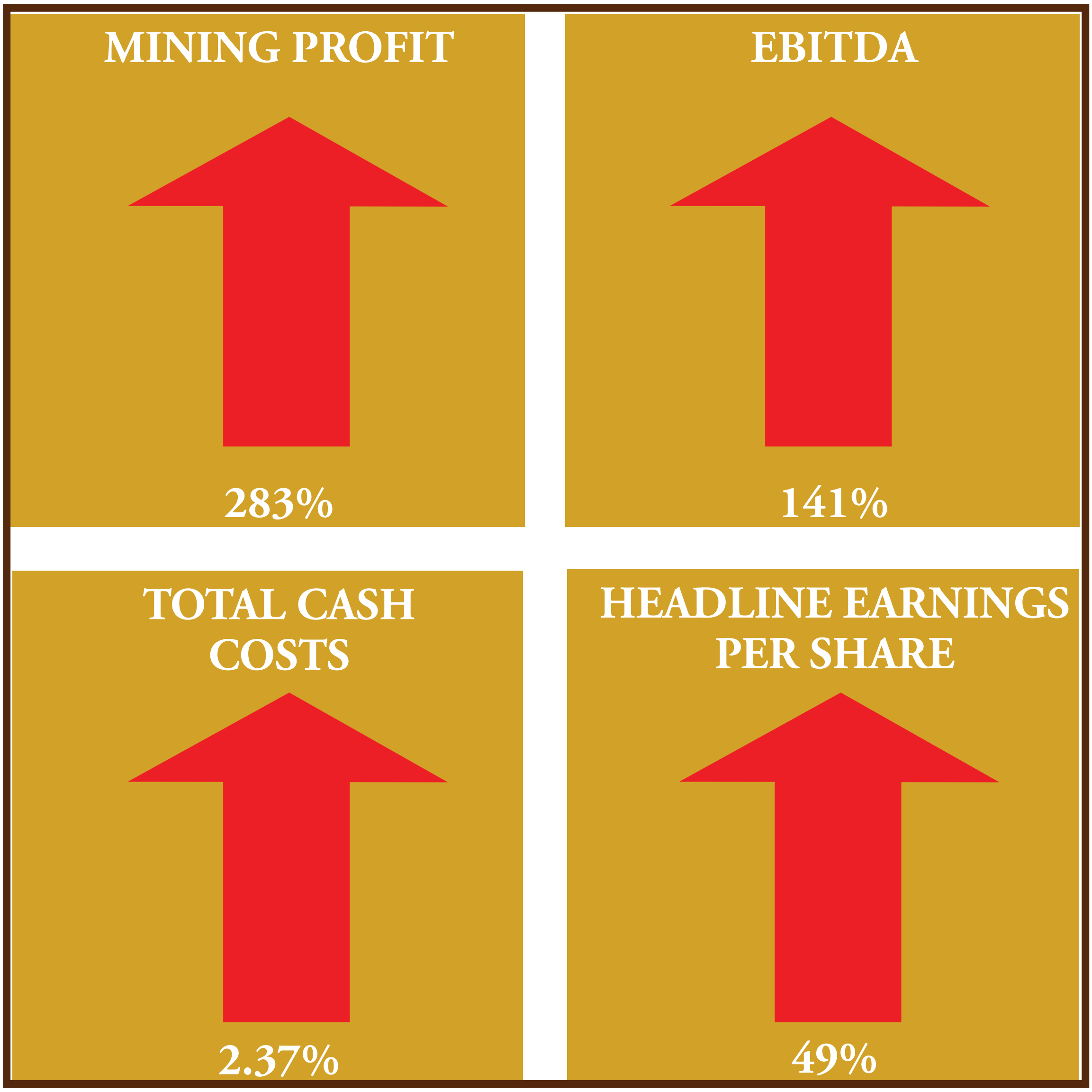
KC SPENCER
Chairman
24 November 2008

Graph showing Pan African's audited profit / loss status for 18 months to 31 March 2006 and 15 months to 30 June 2007, before the acquisition of Barberton Mines and post acquisition for 12 months to 30 June 2008



Jan Nelson

"WE HAVE SUCCESSFULLY TRANSFORMED THE COMPANY TO A PROFITABLE GOLD MINING BUSINESS WITH A STRONG BALANCE SHEET AND AN EXPERIENCED MANAGEMENT TEAM ALLOWING US TO REALISE FURTHER OPPORTUNITIES TO GROW AT A TIME WHEN ACCESS TO CAPITAL RESOURCES IS LIMITED"



CHIEF EXECUTIVE OFFICER'S REPORT

During the year ended 30 June 2008, the Group successfully completed the acquisition of Barberton Mines in South Africa, effective 31 July 2007 which transformed the Company from a junior gold explorer to an emerging mid-tier gold producer. The Company also invested significant capital and human resources to advance its portfolio of growth projects.

REVIEW OF STRATEGIC OBJECTIVES

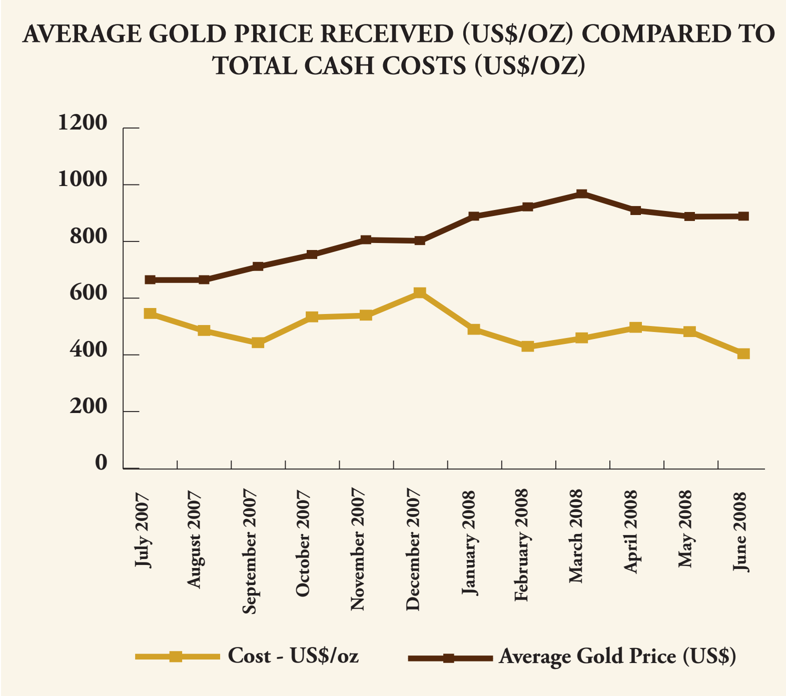
Before a review of operation results it would be prudent to review the strategic objectives that were envisaged by the board as a result of the acquisition of Barberton Mines (as set out in the Re-admission document or Pre-listing statement dated 31 July 2007). A summary comparing intended objectives to those achieved are listed in the table below:

	Strategic objective	Achieved	Result
1	Turn Group from loss-making position to profitable	✓	Attributable profit of £5.5 million (12 months ended 30 June 2008) from loss of £922,450 (15 months ended 30 June 2007)
2	Establish the Group as a producer	✓	100,000oz/annum of gold
3	Fund all operational activity in-house	✓	£3.0million spent on capital expenditure *
4	Fund and accelerate exploration activity	✓	£3.1million spent on exploration *
5	Acquire a mining skills base	✓	Skills base increased to 1,491 employees
6	Provide capital to grow exploration activity in Ghana	✓	Acquired rights to three properties in Ghana
7	Initiate £1.0 million exploration programme on the mine	✓	£1.0 million allocated over two years and exploration programme started

* This relates to fixed asset additions and capitalised exploration costs

GLOBAL MARKETS AND GOLD PRICE

At the time of the Barberton transaction the Board of Directors believed that a slow-down in funding for exploration companies was imminent and therefore the Group had to transform itself so as to fund its ongoing activities itself. The Group changed its strategic focus from gold exploration to gold mining. To this effect Pan African acquired Barberton Mines, which generated capital, sufficient to accelerate and grow the exploration portfolio. This was achieved in a market where access to capital became increasingly difficult and most exploration activity slowed down or even stopped.



The increase in inflation in the United States and the sub-prime crisis resulted in gold being a safer haven than the US Dollar, which pointed to a rally in the gold price. A gold price of US$750 was forecast for the period under review with an actual average for the period of US$823/oz. The positive outlook envisaged by the directors was realised and is reflected in the results presented in this report.

SAFETY AND TRAINING

While the Group conducts its activities for the safety of its employees and runs approved training programmes through training centres located at its mining operations, we regret to report that two fatal accidents occurred during the past 12 months. Both accidents were at the Sheba operation; one accident involved a contractor on 20 September 2007 and the other an employee of the mine on 19 February 2008. Our sincere condolences are extended to the families of the deceased.

FINANCIAL PERFORMANCE

Gross Revenue from gold sales amounted to £39.3 million, total cost of production amounted to £25 million, the cost of the tax bill amounted to £4.4 million and other expenses amounted to £2 million.

EBITDA for the period under review was £13.9 million, which incorporates 12 months of Barberton Mines and 11 months of Pan African (as the transaction only became effective on 31 July 2007, one month into the financial year reported on).

The EBITDA includes a hedging loss of £2.2 million representing 10,696oz of gold sold at a hedging price of US$451/oz. No further hedges have been entered into on gold sales after 30 June 2008 and the Group is now fully leveraged to the gold price.

EBITDA resulted in an attributable profit of £5.5 million, a significant turn-around from the loss of £0.922 million for the 15 months ended 30 June 2007 posted by Pan African for the previous reporting period. This reflects the impact of the acquisition of Barberton Mines on the cash position of the Group.

Cash operating profit at Barberton increased to £11.24 million (FY07: £5.73 million – which was attributable to Metorex Limited) despite an increase in the cost of production of 16.37% to £25,16 million (FY07: £21,62 million). The higher costs were linked to increases in the prices of consumables and an increase in salaries and wages.

The increase in mining profit was the result of a 9,000oz increase in production (mainly from surface sources) and the spot gold price moving 28.59% higher at US$823/oz (FY07: US$640/oz) than the previous year. The average US$:ZAR exchange rate was 1.39% weaker at ZAR7,30 (FY07: ZAR7,20) which also played a role in terms of revenue received in South African Rands. Effective ZAR gold price was 29.86% higher at ZAR187,000/kg compared to the previous year (FY07: ZAR144,000/kg).

Income tax as per the Consolidated Income Statement has increased by 276% for the Group from £1.16 million to £4.37 million as a result of an increase in the profit margin, which results in a higher tax rate being applied to the mine.

£21 million is reflected as Goodwill in the Consolidated Balance Sheets (FY07: £nil), which is a direct result of the reverse take over and is attributable to the combination of Pan African and Barberton.

Basic headline earnings per share improved from 0.35 pence reported in 2007 to 0.52 pence for the current reporting period.

OPERATING PERFORMANCE

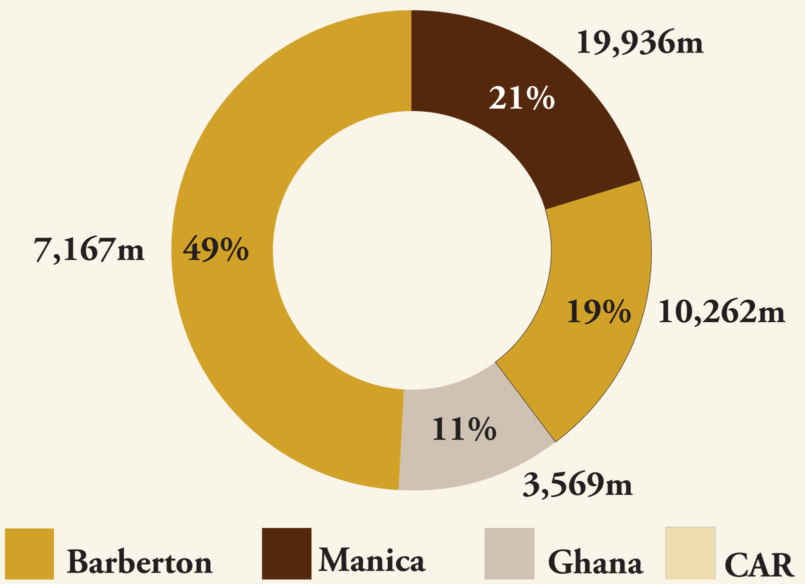
The Barberton Mining Operations (which include the Fairview, Sheba, and New Consort Mines) produced 99,078oz of gold, an improvement of 10% on the previous year (FY07: 90,022oz). Total underground production however decreased by 8.43% to 82,436oz from the previous year (FY07: 90,022) and was supplemented by the Calcine dump retreatment operation on surface. Underground production was down as a result of a 4.56% decrease in volume to 315,305t (FY07: 330,367t) and decrease in grade of 3.26% to 8.9g/t (FY07: 9.2g/t).

The surface retreatment operation produced 13,513oz of gold at a total cash cost of US$291/oz. Total Mine cash costs increased marginally by 2.37% to US$476/oz compared to previous year (FY07:$465/oz). The slight increases in total cost despite significant increases in consumables, such as steel, chemicals and power, coming into effect underlines the Group's ability to successfully manage costs.

The decrease in underground production is a concern and as a result the Group spent £3.0 million on ore replacement and growth projects at Barberton Mines. For the period under review a total of 1,145.3m have been developed and 7,167m drilled on five major projects to address this issue (these projects are discussed on page 17). To date good progress has been made on these projects which should ensure an increase in underground production in the coming year.

CAPITAL AND EXPLORATION EXPENDITURE FOR THE PERIOD EXPRESSED AS A % OF THE TOTAL OF £6.2 MILLION AND ACCOMPANYING METRES OF DRILLING COMPLETED

Total: £6,199,292*



* This relates to fixed asset additions and capitalised exploration costs

GROWTH PROJECTS AS AT 30 JUNE 2008

Geological work on the **Manica gold project in Mozambique** continued on the Fairbride prospect area. Work comprised exploration drilling and ore body outline drilling on both the Fairbride East and West ore bodies. Drilling results confirmed ore body continuation in both dip and strike extension down to a depth of 350m below surface. Resource remodelling was completed during April 2008 defining a total resource of 1.701Moz (11.45mt @ 4.6g/t). Work on the pre-feasibility study is ongoing and has been delayed as a result of mining optimisation. The Company expects this process to be complete before the end of the next financial period.

At the **Bogoin gold project in the Central African Republic ('CAR')** the 8,200m Rotary Air Blast ('RAB') drilling programme was completed leading to the narrowing down of the soil geochemical anomaly. A widely-spaced 29,062m Reverse Circulation ('RC') programme has commenced over an area in excess of 800km² to test the geochemical anomalies identified. As at 30 June 2008, 2,062 m of RC drilling has been completed.

The Group successfully signed a mining convention with the government of the **Central African Republic for the Dekoa prospecting area**. Subsequent geological work identified several large soil geochemical anomalies at Dekoa.

View from Sheba Mine and main vertical shaft

An infill soil-sampling programme was completed for the **Akrokerri gold project in Ghana** and 7,600 m of core drilling has been completed to define possible extensions to the historical Akrokerri underground mine workings. As at 30 June 2008, 2,978m of drilling has been completed. Laboratory results have been received.

A 7,400 m RC drilling programme was initiated at the **Kyereboso gold project in Ghana** to test the proposed mineralisation model. As at 30 June 2008, 3,600 m of drilling has been completed.

Pan African concluded an earn-in agreement to acquire 85% of an exploration property, the **U&N property in Ghana** from the U&N Company Limited. The U&N property lies approximately 45km southwest of the town of Kumasi.

Pan African can earn-in 40% of the project by spending not less than £145,928 on a soil sampling programme phase. Should the Group wish to continue work after this phase, it must spend no less than £150,960 to earn a further 45%. On completion of the BFS ('Bankable Feasibility Study') the Group may, at it's election, acquire the remaining 15% at a cost based on the Net Present Value ('NPV') of the asset.

All available historical exploration and geological information at the **Amira, Eagle's Nest and Thomas Victory Hill gold projects at Barberton in South Africa** were collated into a spatially referenced database. This database has been used to define several exploration targets. A comprehensive airborne geophysical survey of the project will be completed to further refine these targets. Planned fieldwork for the area during the remainder of 2008 and into the first half of 2009, includes; detailed geological field mapping, stream sediment sampling as well as a comprehensive soil-sampling programme. Should the results of this work prove positive, a drilling programme will follow.

GROWTH PROJECTS - POST BALANCE SHEET UPDATE

In the CAR, the Company has completed its first phase drilling programme of the Bogoin exploration licence area and is currently compiling the results of the drilling. Work will commence in Q2 of the financial period on taking bulk soil and rock samples on the targets identified at the Dekoa exploration licence area.

In Ghana, all the necessary drilling to evaluate the Akrokerri and Kyereboso prospects has been completed. The Company is currently busy with geological modelling to decide whether to initiate the second phase of drilling or terminate exploration activity. On the U&N property the Company has completed its first phase of soil sampling and several anomalies have been identified. The Company is currently reviewing its geological programme for this project moving forward.

MINING RIGHTS CONVERSION

Barberton Mines is able to mine on Fairview, New Consort and Sheba Mines and operate in terms of existing mining licences (ML28/2003, ML30/2003 and ML29/2003), which have been issued in terms of section 9(1) of the Minerals Act of South Africa. These licences are valid until 26 October 2009 for Fairview and New Consort and 26 October 2013 for Sheba. The mining licences represent Old Order Rights in terms of the Mineral and Petroleum Resources Development Act (MPRDA) of South Africa, which have to be converted to New Order Rights. This process involves submitting an application for renewal of the licences in which (a) a Mines Work Programme (MWP), (b) Social and Labour Plan (SLP) and (c) Environmental Management Programme (EMP) together with (d) Black Economic Empowerment (BEE) plan must be included. All the necessary documentation was submitted to the Department of Minerals and Energy (DME) in South Africa. No issues are expected and the Group expects the conversion process to take place within the next 12 months. In the event that the conversion is not granted prior to the expiry of the Fairview and New Consort licences, the validity of the licences is not affected until the final decision from the Minister on conversion.

RESOURCE AND RESERVE BASE

The total resource for the Group increased in gold content by 100% to 3.105Moz (17.30Mt @ 5.78g/t) from the previous reporting period (FY07: 1,550Moz: 16,28Mt @ 2.9g/t)*. This increase was the result of an upgrade in the resource at the Manica gold project in Mozambique, which contributed 5% of the increase in the inventory as well as the additional ounces gained through the acquisition of Barberton Mines, which contributed the remaining 39% of the increased inventory. No resource or reserve is reported for any of the other growth projects.

During the period under review, the resource in gold content at Barberton has also been increased by 3.16% to 1.903Moz (7.907Mt @ 7.46g/t) compared to 1.845Moz (8.54Mt @ 6.72g/t) at the date of acquisition. What is extremely encouraging is the increase in the gross *in situ* grade of 11% to 7.46g/t.

The Group, as a result of the acquisition of Barberton Mines, is able to state a reserve for the first time of 495koz (2.16Mt @ 7.13g/t). Geostatistical modelling has successfully been applied at Barberton Mines and an upgrade in the total resource is due in the new financial year.

OTHER DEVELOPMENTS

The Group reviewed 15 projects during the period under review as potential acquisition targets. None of the projects fulfilled the criteria of (a) high quality and (b) low cost base parameters with (c) significant growth potential. The Group continues to review projects to grow the mineable reserve base.

POST BALANCE SHEET EVENTS – GLOBAL MARKET MELTDOWN

Post the period under review world financial markets have been plunged into crisis as a result of the sub-prime home-loan lending crisis in the United States.

As a result hedge funds liquidated their positions across their investment portfolio in order to maintain liquidity, retail shareholders sold shares at a discount to repay loans and institutional shareholders lost their appetite for any new investment. The net result was that share prices dropped severely as most junior exploration companies lost between 50% to 75% of their market capitalisation. This sell-off was not selectively based on the underlying fundamentals of the businesses but on panic – generally companies with better underlying fundamentals which had higher share prices were sold first – in effect being punished even more so for doing the right thing than companies with no cash-flow or future prospects.

Pan African is no exception to the above crisis and it is important that shareholders understand that, in the opinion of the directors, the current share performance is driven by a global crisis based on emotion that is distinct from the fundamentals of the business.

THE FUTURE

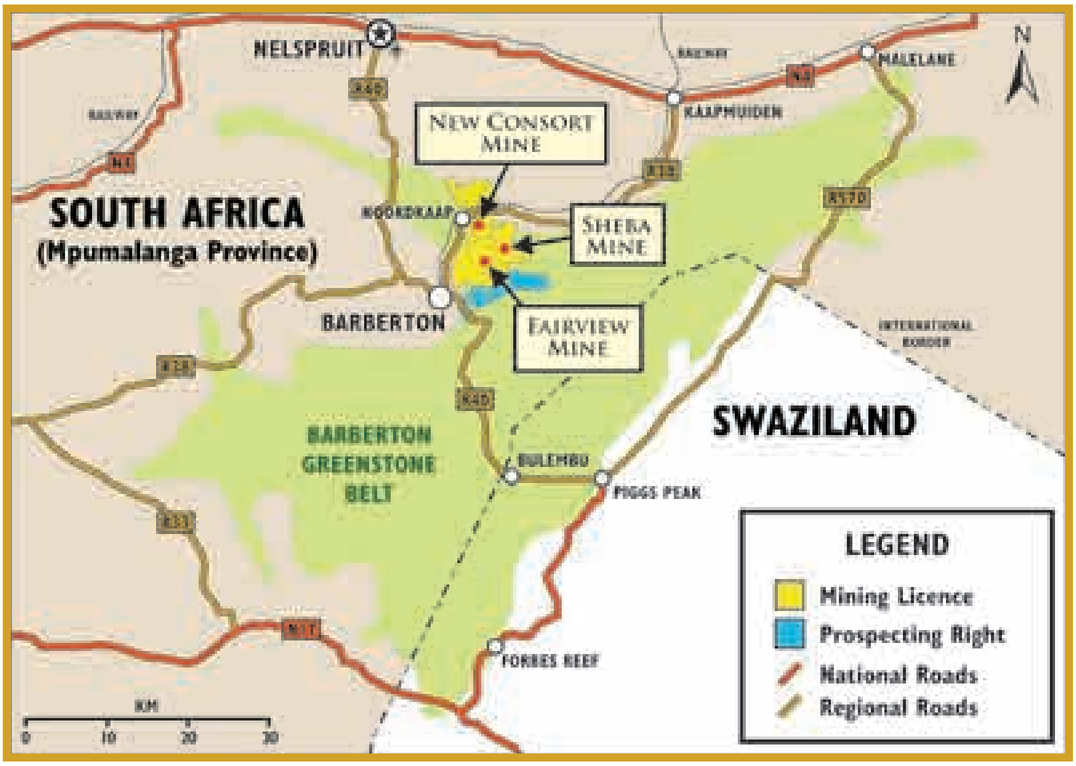
Remaining cash positive and strengthening the balance sheet will remain a key objective for the Board moving forward, as a result both mining and exploration activities will be monitored on a continuous basis to ensure this goal is achieved. As a result, the Group might from time to time change its commitment to certain of the growth projects currently underway.

I would like to thank my fellow directors and especially our chairman, Keith Spencer, for his wise counsel and guidance. I would again like to give credit to our exploration teams in the field and our management team. The General Manager, Casper Strydom and his management team deserve a special word of congratulations for an outstanding production performance. Last but not least, thanks to our shareholders for their support and patience.

JP Nelson
Chief Executive Officer
24 November 2008

* These figures reflect a comparison of Pan African before the acquisition of Barberton Mines and the new Enlarged Group.

BARBERTON SOUTH AFRICA



Project Holding

Pan African completed the acquisition of 74% of Barberton Mines (Pty) Ltd from Metorex Limited in a reverse takeover. Shanduka Resources holds the remaining 26% as the Black Economic Empowerment (BEE) partner.

Introduction

Barberton Mines is situated in the Mpumalanga province of South Africa, approximately 370km east of Johannesburg and comprises of three operating mines: Fairview, New Consort and Sheba. The three mines situated in the Barberton Greenstone Belt, have been in operation since 1886. The three mines have produced close to 8Moz or 73% of the total 11Moz of gold produced from the Barberton Greenstone Belt.

Mining Progress

Fairview

- Fairview produced 142,125 tons at a head grade of 7.9g/t
- Development of the ramp system continues below 60 level to access the Main Reef Complex ('MRC') reef.
- This ramp will take mining to 62 level.

New Consort

- New Consort produced 74,153 tons at a head of grade 8.5g/t
- The east and west orebodies have been drilled and evaluated.
- The headgears, inclines and infrastructure at both declines have been completed and shaft sinking has commenced.

Sheba

- Sheba produced 99,027 tons at a head grade of 10.7g/t
- Decline to access the Zwartkoppies ('ZK') reef below 35 level has commenced
- The headgear section is complete and a winder is being installed
- Re-equipping of the Southwell adit, inter-levels and incline shaft complete, and necessary development was done to access a reserve block of reef.

BARBERTON PRODUCTION TABLE

		* 2008	**2007	**2006	**2005	**2004
Tons Milled	(t)	315,305	330,367	313,779	316,094	349,219
Headgrade	(g/t)	8.9	9.2	10.7	11.1	10.4
Overall Recovery	(%)	91	92	92	92	91
Production: Underground	(oz)	82,436	90,022	99,281	103,847	106,258
Production: Calcine Dump	(oz)	13,513	-	-	-	-
Gold Sold	(oz)	99,078	89,572	99,924	102,914	106,773
Average Price: Spot	(USD/oz)	823	640	528	433	397
Average Price: Hedge	(USD/oz)	451	415	438	511	455
Total Cash Cost USD/oz sold	(USD/oz)	476	465	429	427	340
Capital Expenditure	(£)	2,901,792	1,637,359	1,091,965	1,021,041	1,054,288
Exchange rate - average	(ZAR/£)	14,68	13,95	n/a	n/a	n/a
Exchange rate - closing	(ZAR/£)	15,56	14,18	n/a	n/a	n/a

* 74% of the 2008 results are attributable to the equity shareholders of Pan African.

** Results shown from 2004 to 2007 were attributable to Metorex Limited (previous owners of Barberton Mines).

RESERVE REPLACEMENT PROJECTS AND DEVELOPMENT METRES COMPLETED FOR THE PERIOD

Project Name	Metres Developed:
Sheba - Southwell adit	75.0m
Sheba - 335 ZK decline	126.0m
Sheba - Edwin Bray to Thomas and Joe's Luck area	101.0m
Consort - 45 level exploration drive	140.0m
Consort - 50 level declines	163.3m
Fairview - 60/62 level development	540.0m
Fairview - 3 shaft deepening	project recently commenced

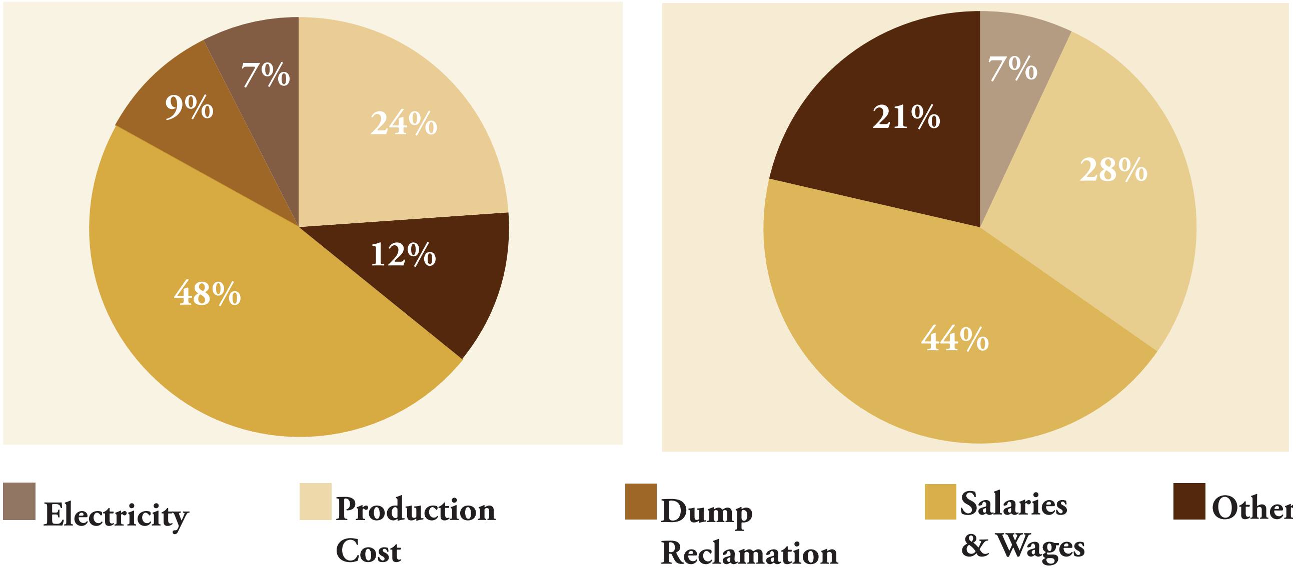
PRODUCTION COST BREAKDOWN

2008

Total: £25,163,675

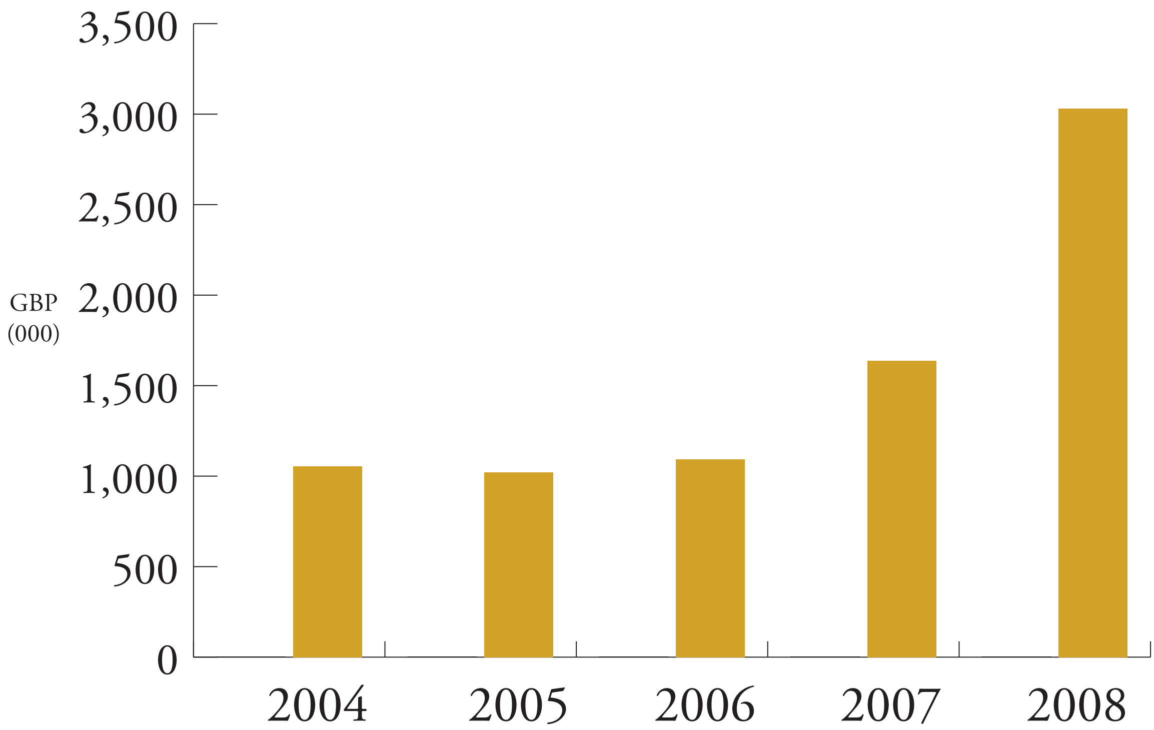
2007

Total: £21,623,538



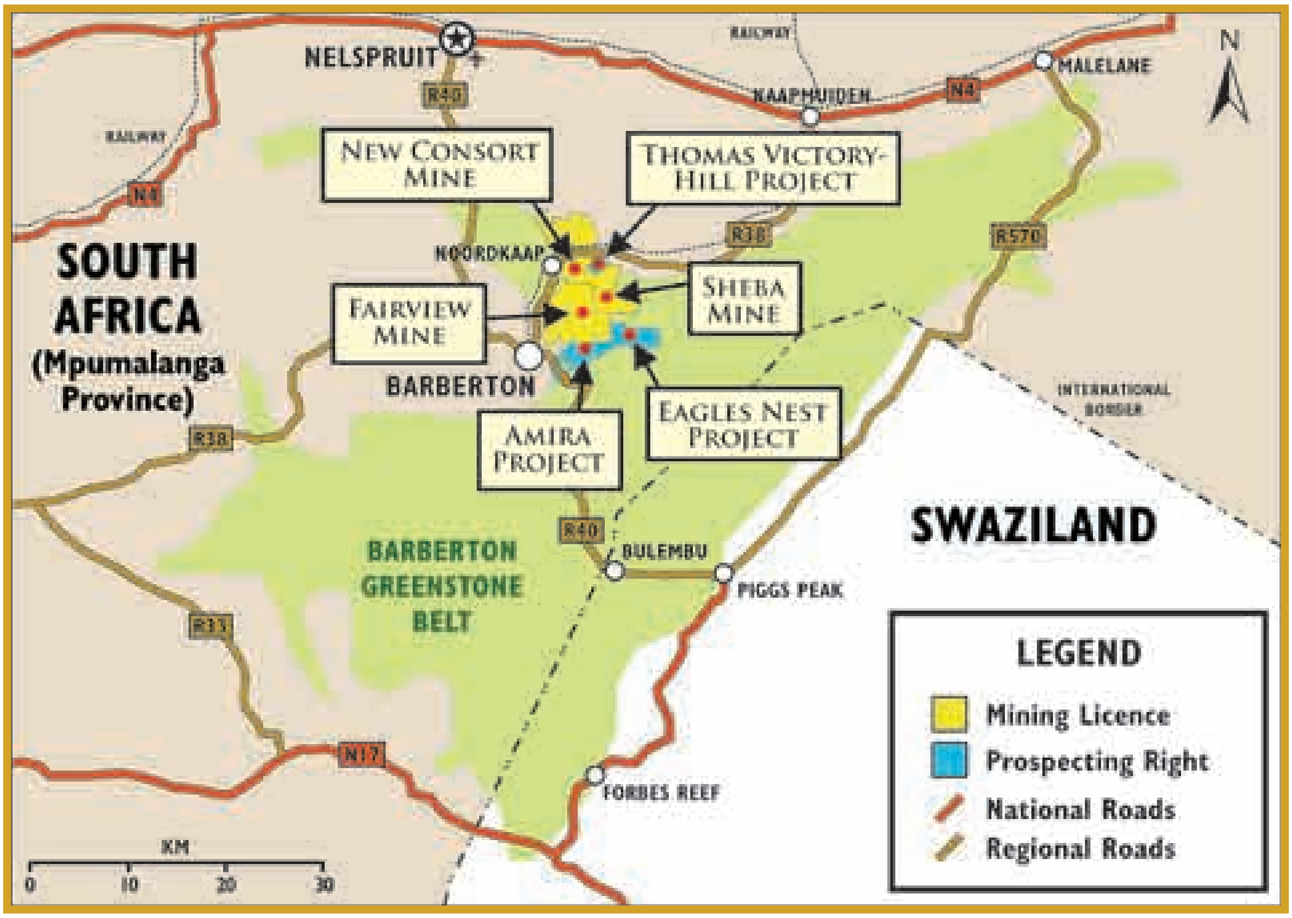
CAPITAL EXPENDITURE OF BARBERTON MINES

(excludes surface exploration programme)



* 2004 to 2007 was attributable to Metorex Limited (previous owners of Barberton Mines)

AMIRA, EAGLE'S NEST AND THOMAS VICTORY-HILL BARBERTON, SOUTH AFRICA



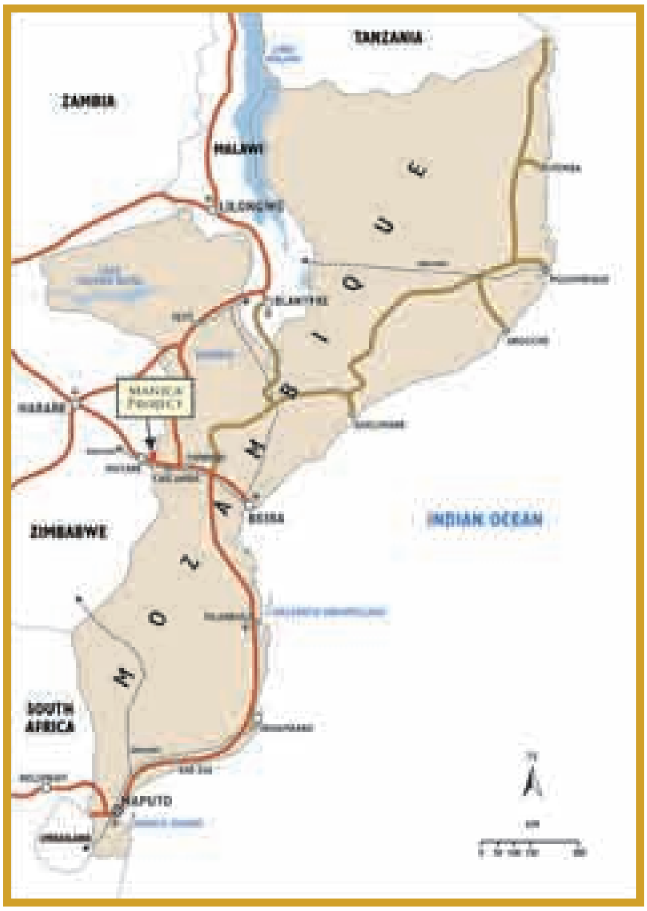
Project Holding

The Amira, Eagles Nest and Thomas Victory-Hill exploration projects fall within a prospecting licence which has been granted to Barberton Mines and is contiguous with the mine lease area. Pan African has initiated a £1 million exploration programme on the property of which 74% of any gold discovered will be attributable to the Group.

Project Progress

All the geological data in the project area has been collated and the Group plans to initiate a soil and stream sediment sampling programme.

MANICA
MOZAMBIQUE



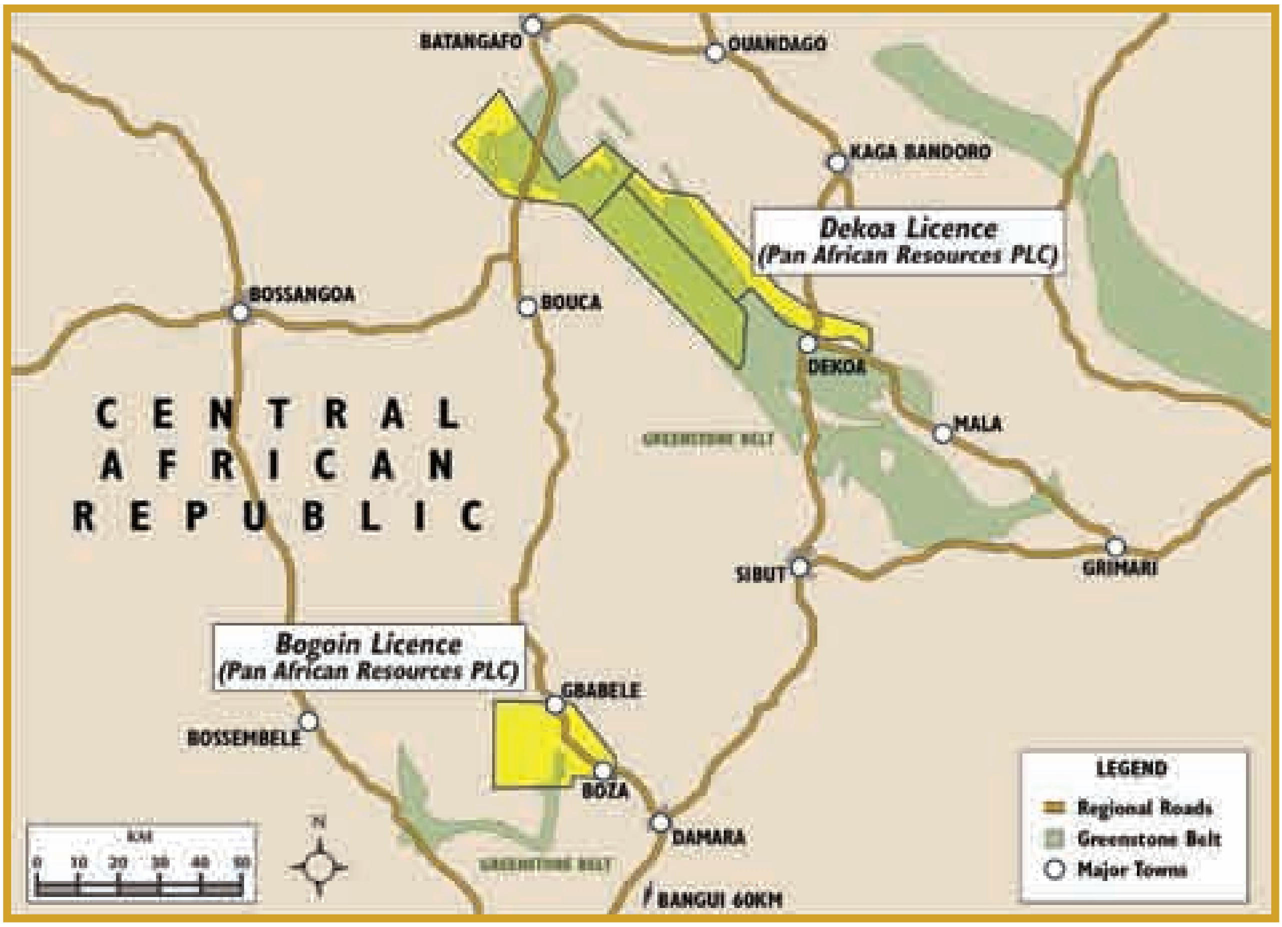
Project Holding

The Manica project in Mozambique is held by a local company, Explorator Limitada which is a wholly-owned subsidiary of Pan African.

Project Progress

- Work on the pre-feasibility study is ongoing but has been delayed due to the fact that the Company is considering different mining and extraction methods. As a result the Company only expects to complete the process by the end of the next financial period.
- Drilling and orebody outline on both the Fairbride east and west orebodies was completed.
- The results of these programmes showed that there is a continuation of the mineralisation along strike and to depth.
- 19,936m of drilling has been completed as at 30 June 2008.
- During the year under review £1.4 million was spent on drilling and the Pre-feasibility study as at 30 June 2008.
- The cost of the total exploration project to date equates to US$1,79/oz as at 30 June 2008.
- During the year under review the resource of the project was upgraded twice. The first time in September 2007 when it was increased by 18% from 1.311Moz to 1.550Moz. The second upgrade in April 2008 was an increase of 10% from 1.550Moz to 1.701Moz (11.45mt@4.6g/t).

BOGOIN AND DEKOA
CENTRAL AFRICAN REPUBLIC



Project Holding

The Bogoin and Dekoa projects in the CAR are held by a local subsidiary, Or Oubangui SA. The shareholding of the local subsidiary is a 50:50 JV between Pan African and CARGold Limited. Pan African also fulfils the role of project manager.

Project Progress

- The Dekoa project, the larger of the two licence areas, revealed six major gold-in-soil anomalies with an interpreted strike length of 25km. These anomalies were discovered through a regional stream sediment sampling programme.
- At the Bogoin project the 8,200m of Rotary Air Blast programme was completed, which lead to a narrowing-down of the soil geochemical anomaly.
- A widely spaced 29,062m of Reverse Circulation ('RC') drilling programme has commenced and to date 2,062m has been completed.

Mining Conventions Signed

A mining convention for each of the two projects was signed with the government of the Central African Republic. Both of these conventions run for a period of 25 years each, which means that Pan African has exclusive right on both until 2033. The State has provided a number of concessions and exemptions in respect of taxes, duties and administrative provisions to the benefit of the JV. In return, the JV will pay the State a total of £352,240 for each convention, with the first payment of £100,640 having been made upon signature. Should the properties reach the mining stage the State will hold a 10% free-carry.

AKROKERRI, KYEREBOSO AND U&N GHANA

Project Holding

Three projects were acquired in Ghana during the year under review: Akrokerri, Kyereboso and U&N.

Pan African's stake in the Kyereboso and U&N projects were acquired by way of earn-in agreement. The Group can earn-in a maximum of 85% in the U&N and 90% in the Kyereboso projects upon completing a certain amount of exploration expenditure and work.

In the previous financial year, on 27 June 2007, the Group acquired 90% of the Akrokerri project, covering an area of 46.8km^2.

The Akrokerri licence is contiguous with the largest gold producing mine in Ghana, namely the Obuasi gold mine which has to date produced approximately 40Moz of gold.

Project Progress

- The Induced Polarization geophysical programme was completed at Akrokerri.
- The Dipole-Dipole geophysical programme was completed at Akrokerri.
- 7,600m of core drilling was completed at Akrokerri.
- 7,400m of core drilling was completed at Kyereboso.
- As at 30 June 2008, no work had commenced on the U&N proprety.

GROSS *IN SITU* MINERAL RESOURCE AND MINERAL RESERVE STATEMENT FOR THE ENLARGED GROUP

TOTAL

Classification	Tons	Grade (g/t)	Gold (kg)	oz	Classification	Tons	Grade (g/t)	Gold (kg)	oz
Proved					**Measured**				
Fairview	937,400	5.51	5,200	167,200	Fairview	1,722,300	8.18	14,100	453,300
New Consort	120,900	7.98	1,000	32,200	New Consort	309,000	11.40	3,500	112,500
Sheba	401,200	8.65	3,500	112,500	Sheba	356,800	13.80	4,900	157,500
					Outside sections	507,900	4.79	2,400	77,200
					Manica	2,420,000	5.53	13,400	430,800
Total Proved	**1,459,500**	**6.65**	**9,700**	**311,900**	**Total Measured**	**5,316,000**	**7.20**	**38,300**	**1,231,300**
Probable					**Indicated**				
Fairview	392,100	8.92	3,500	112,500	Fairview	435,400	12.29	5,400	173,600
New Consort	158,500	7.02	1,100	35,400	New Consort	126,800	11.72	1,500	48,200
Sheba	151,000	7.33	1,100	35,400	Sheba	492,300	7.49	3,700	119,000
					Outside sections	1,252,300	4.49	5,600	180,000
					Manica	4,162,000	3.76	15,600	501,600
Total Probable	**701,600**	**8.12**	**5,700**	**183,300**	**Total Indicated**	**6,468,800**	**4.92**	**31,800**	**1,022,400**
					Inferred				
					Fairview	378,600	17.71	6,700	215,400
					New Consort	203,200	10.49	2,100	67,500
					Sheba	162,600	7.21	1,200	38,600
					Outside sections	1,960,400	4.13	8,100	260,400
					Manica	4,872,000	4.89	23,800	765,200
					Total Inferred	**7,576,800**	**5.53**	**41,900**	**1,347,100**
Total Proven and Probable	**2,161,100**	**7.13**	**15,400**	**495,200**	**Total Mineral Resource**	**19,361,600**	**5.78**	**112,000**	**3,600,800**

- Barberton Mines inventory stated at a cut-off of 3g/t
- Manica inventory stated at a cut-off of 1g/t

ATTRIBUTABLE (74% OF BARBERTON AND 100% OF MANICA)

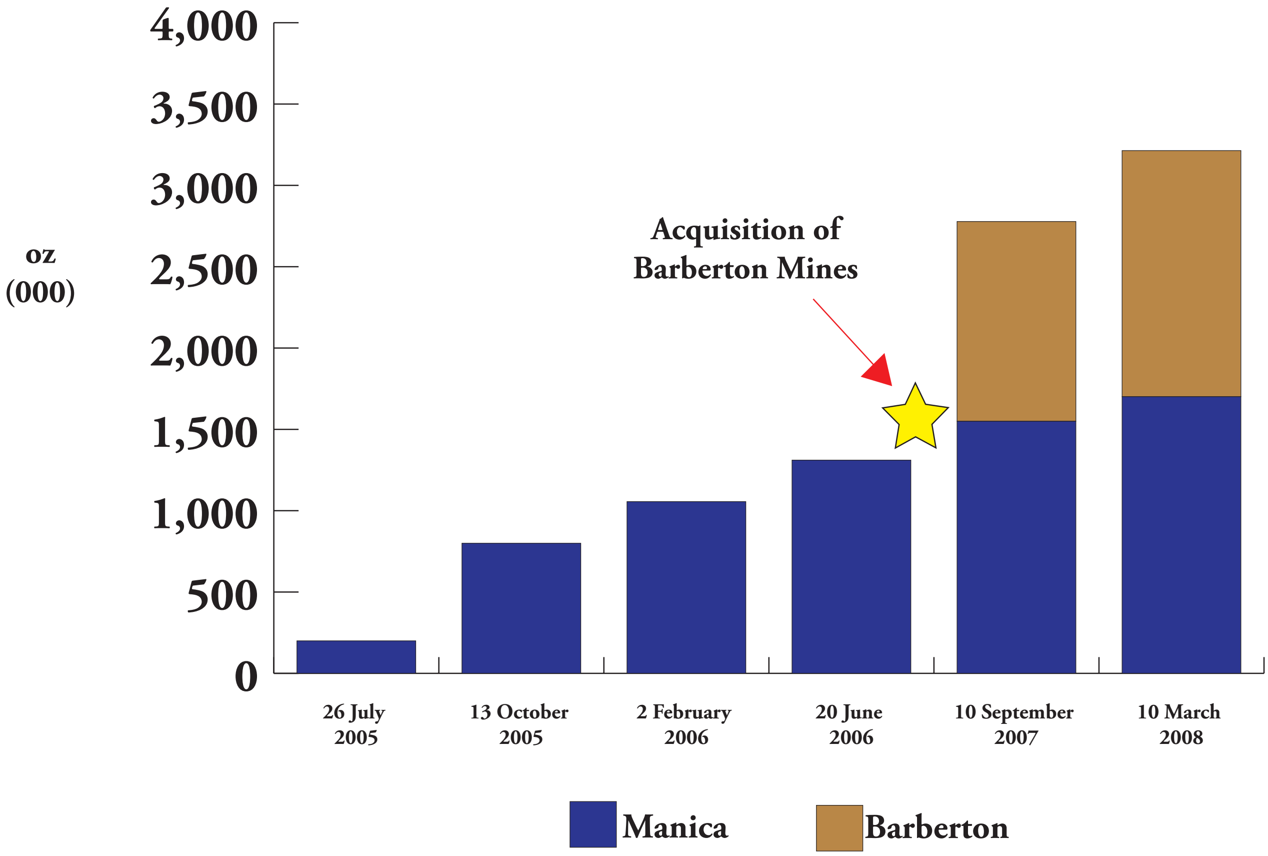
Classification	Tons	Grade (g/t)	Gold (kg)	oz	Classification	Tons	Grade (g/t)	Gold (kg)	oz
Proved					**Measured**				
Fairview	693,700	5.51	3,800	122,200	Fairview	1,274,500	8.18	10,400	334,400
New Consort	89,500	7.98	700	22,500	New Consort	228,700	11.40	2,600	83,600
Sheba	296,900	8.65	2,600	83,600	Sheba	264,000	13.80	3,600	115,700
					Outside sections	375,800	4.79	1,800	57,900
					Manica	2,420,000	5.53	13,400	430,800
Total Proved	**1,080,100**	**6.65**	**7,100**	**228,300**	**Total Measured**	**4,563,000**	**7.20**	**31,800**	**1,022,400**
Probable					**Indicated**				
Fairview	290,100	8.92	2,600	83,600	Fairview	322,200	12.29	4,000	128,600
New Consort	117,300	7.02	800	25,700	New Consort	93,800	11.72	1,000	32,200
Sheba	111,700	7.33	800	25,700	Sheba	364,300	7.49	2,700	86,800
					Outside sections	926,700	4.49	4,200	135,000
					Manica	4,162,000	3.76	15,600	501,600
Total Probable	**519,100**	**8.12**	**4,200**	**135,000**	**Total Indicated**	**5,869,000**	**4.92**	**27,500**	**884,200**
					Inferred				
					Fairview	280,200	17.71	5,000	160,800
					New Consort	150,400	10.49	1,600	51,400
					Sheba	120,300	7.21	900	28,900
					Outside sections	1,450,700	4.13	6,000	192,900
					Manica	4,872,000	4.89	23,800	765,200
					Total Inferred	**6,873,600**	**5.53**	**37,300**	**1,199,200**
Total Proven and Probable	**1,599,200**	**7.13**	**11,300**	**363,300**	**Total Mineral Resource**	**17,305,600**	**5.78**	**96,600**	**3,105,800**

- Martin Bevelander, Group Consulting Geologist for Pan African, is South African Council for Natural Scientific Professions ('SACNASP') accredited and was responsible for validating the borehole intersections.
- The resource statement is South African Mineral Resource Code ('SAMREC') compliant and has been verified.

NOTE: As disclosed on page 18, the pre-feasibility study on Manica has not yet been completed and accordingly the resources of Manica are not yet classified as proven and probable.

The Resource numbers in the Mineral Resource and Mineral Reserve table above have been rounded to reflect the appropriate level of confidence and as a result rounding errors may occur.

RESOURCE GROWTH (GROSS *IN SITU*)



From Left to Right: John Hopwood, Maritz Smith, Rob Still, Charles Needham, Simon Malone and Jan Nelson (CEO)
In the Centre: Keith Spencer (Chairman)

EXECUTIVE DIRECTORS

Keith Cousens Spencer

BSc Eng (Mining)
Executive Chairman
Member: Investment and Technical Committee

Keith Cousens Spencer (58) 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 moved to Kloof Gold Mine as General Manager. In 1989, he was appointed as Consulting Engineer for Gold Fields of South Africa Limited ('GFSA') 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 GFSA. In 1999, Keith joined Metorex Limited first as a private consultant and after 2 years as a permanent member of the executive managing the Wakefield Coal operations, O'okiep Copper Company, Barberton Gold Mines, and Metmin Manganese Mine. In 2001, Keith became the Operations Director for the Metorex Group. Keith has managed some of the largest gold mines in the world and this expertise will now be available to the Pan African team.

Jan Petrus Nelson

BSc. (Hons)
Chief Executive Officer
Member: Investment and Technical Committee

After obtaining his honours degree in Geology, Jan Nelson (38) embarked on a career in gold exploration and mining in South Africa, Zimbabwe and Tanzania. He has over 17 years' experience and, within this period, held positions in mine management and operations with Harmony Gold Mining Company Limited, Hunter Dickenson and Gold Fields Limited. He also has experience in dealing with institutional analysts, institutional investors as well as shareholders.

Maritz Smith

B.Com (Hons)
Financial Director

Maritz Smith (32) is an employee and alternate director of Metorex Limited. He obtained a BCom (Hons) Accounting Degree from the University of Johannesburg in 1998 and after completing his articles with Deloitte in 2001, he qualified as a Chartered Accountant. Mr Smith remained with Deloitte until 2002 when he joined the Metorex Group as Group Accountant. After three years, Mr Smith was promoted to Chief Financial Officer of Metorex Limited in 2005, the position he retains today.

NON-EXECUTIVE DIRECTORS

Robert George Still

B.Com (Hons), CTA
Non Executive
Member: Remuneration Committee
Member: Audit Committee

Rob Still (56) has over 23 years' experience in mining, specialising in mining finance. He started his career as a chartered accountant, becoming a partner of Ernst and Whinney before leaving in 1986 to co-found Rhombus Exploration Limited. Since then he has been involved in the mining industry world-wide and has held executive and non-executive directorships in companies listed in South Africa, Australia, Canada and the UK. He has participated in the evaluation and development of several new mining projects including Rhovan, Ticor Titanium, Pangea Gold Fields Limited, Southern Mining Corporation Limited (Corridor Sands), Great Basin Gold Limited (Burnstone) and Zimbabwe Platinum Mines Limited. Mr Still was the Chief Executive of Pangea Diamondfields PLC until 30 June 2008, and is currently the deputy chairman of the AIM-quoted company. Mr Still holds the position of deputy chairman for Metorex Limited.

Anthony Simon Malone

B.Sc., MBL, SAIMM, Pr.Eng.
Non Executive
Chairman: Investment and Technical Committee

Simon Malone (65) is a mining engineer with a business degree who has been involved in the mining and exploration sector throughout his career. His expertise lies in the identification, evaluation and development of mining assets and interface between corporate and operational management. He was initially employed by JCI Limited, thereafter Chapman Wood and Griswald in Canada before returning to South Africa where he founded Metorex in 1975.

Charles Denby Stockton Needham

Non Executive
Member: Remuneration Committee
Chairman: Audit Committee

Charles Needham (55) is the chief executive officer of Metorex Limited and has been the financial director of Metorex for the past 21 years, prior to which he spent six years with an auditing firm. He has been involved in the mining sector his entire career and has specific expertise in financing, financial reporting, management reporting, hedging and company matters.

John Gavin Hopwood

Independent, Non Executive Director
Member: Remuneration Committee
Member: Audit Committee

John Hopwood (55) was appointed a director in May 2008. He is also a director of Gold Fields Limited and a member of the Board of Trustees of The New Africa Mining Fund and chairman of the Fund's Investment Committee. Previous experience includes being a director and head of Mergers and Acquisitions division at Ernst & Young Corporate Finance, South Africa, and he was an executive director of Gold Fields of South Africa Limited from January 1992 to September 1998.

Although not required to as an AIM company, the directors have provided corporate governance disclosures similar to those required of a company listed on the Main Board of the London Stock Exchange.

COMMITTEES

Pan African is governed by a Board of Directors assisted by the following committees: Audit Committee, Remuneration Committee, Investment and Technical Committee.

Corporate governance is managed and monitored by the Board. The roles of Chairman and Group Chief Executive are separate, with a clear division of responsibilities to ensure a balance of authority between them. These positions are held by Mr Keith Spencer and Mr Jan Nelson, respectively.

The Board meets quarterly and is responsible for preparing financial statements, monitoring executive management, and providing direction to the Group's activities, as well as establishing overall Group policy and providing input on strategic matters.

Following the Barberton acquisition and the Group's secondary listing on the Alternative Exchange of the JSE Limited ('AltX'), Metorex was entitled to appoint one director to the board of Pan African for every 10 percent of the issued share capital it holds. Three directors were appointed to the Board during the year under review. Currently, the Board consists of three executive directors and four non-executive directors.

The Board believes the non-executive directors bring a wealth of experience to the Group and a range of skills appropriate to facilitate the next stage of the Group's growth, including discovering, acquiring, funding, developing and operating gold projects in Africa.

The Board has also considered the guidance published by the Institute of Chartered Accountants in England and Wales (commonly known as the Turnbull Report) concerning the internal control requirements of the Combined Code. In line with best practice, the Group regularly reviews and manages key business risks in addition to managing financial risks the Group faces in the operation of its business.

ACCOUNTABILITY AND CONTROL

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

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

Undergound miner, Barberton Mines

RISK MANAGEMENT

The Group does not have a formalised risk committee; rather the Group's internal financial and operational control systems are assessed during the full quarterly Board meetings.

A comprehensive assessment of risks the Group faces has been completed. In addition to general risks it shares with all companies, such as currency risk and foreign exchange controls; insurance cover, economic, political, judicial, administrative or regulatory factors, the Group has identified several risks specifically related to the business it undertakes listed below:

- Cost of production, particularly input costs such as steel and chemicals
- Supply of power and load-shedding

- Gold theft and security of employees
- Volatility of the gold price and the buying or selling of gold bullion held by central banks or other dealers
- Preserving Black Economic Empowerment ('BEE') shareholding
- Laws governing mineral rights and environmental regulation
- Exploration and extraction risks
- Project development risks
- Human Resources: Dependence on key personnel, the South African skills exodus and increasing cost of labour
- HIV/Aids
- Mining licences and regulatory environments elsewhere in Africa (country risk)

These risks are regularly monitored. During the financial year under review, no incidents have indicated to the Board a breakdown of the internal control and systems. A material breakdown is defined as a critical weakness in process of financial systems which could result in a material loss, contingency, or uncertainty requiring disclosure in the published annual financial statements.

BOARD COMMITTEES

The Remuneration Committee reviews the performance of the executive directors and determines their remuneration and the basis of their service agreements with due regard to the interests of shareholders. The Remuneration Committee also determines the payment of any bonuses to executive directors and the grant of options to employees, including executive directors, under the Company's share option scheme. The Remuneration Committee comprises Charles Needham (Chairman) and Rob Still. After the financial year-end John Hopwood, appointed in June 2008, was appointed to this Committee.

The Audit Committee is responsible for ensuring that the financial performance, position and prospects of the Group are properly monitored, controlled and reported on and for meeting the auditors and reviewing their reports relating to accounts and internal controls. The Audit Committee comprises Charles Needham (Chairman) and Rob Still. After 30 June 2008, John Hopwood was appointed to this Committee.

Simon Malone (Chairman), Rob Still, Keith Spencer and Jan Nelson make up the Investment and Technical Committee. This Committee reviews all potential new acquisitions to ensure that they conform to the Group's growth strategy and vision. The Committee meets on a quarterly basis.

The executive directors, namely; Keith Spencer (Chairman), Jan Nelson (Chief Executive Officer) and Maritz Smith (Financial Director) review both the mining operations and the exploration projects on a formal basis each month. This includes a detailed review of the technical and financial parameters, as well as capital requirements and expenditure. All parameters are measured against the strategic plans and any variations are discussed and action plans are put in place to rectify such deviations.

Female miner, Barberton Mines

COMPANY SECRETARY

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

NOMINATED ADVISER AND BROKER

During the year under review, Ambrian Capital acted as the Nominated Adviser (NOMAD) and Broker to the Group under the AIM Rules. The duty of the NOMAD and Broker is to advise the Group on compliance with the AIM Rules and continuing obligations as an AIM-quoted company. After the financial year-end, RBC Capital Markets was appointed as the Group's NOMAD and Broker.

SUSTAINABILITY

Pan African is committed to creating long-term shareholder value by embracing opportunities and managing risk. As a corporate citizen the Group recognises it must be concerned not only with financial returns but also with the broader impact of its activities on other stakeholder constituencies, the environment, and particularly the health and safety of its employees.

Interaction with stakeholder groups is fundamental to a sustainable business model, as are the Group's social responsibility initiatives.

STAKEHOLDER COMMUNICATION

Stakeholder engagement and communication is important to sustainability and encourages the principles of transparent, honest, reliable and accessible reporting. Pan African considers the following to be its key stakeholders: shareholders, investors, analysts and the media; government bodies and regulators; business partners and suppliers; employees and contractors; and the communities where we operate or are exploring.

Any material changes to the Group's structure, project updates and any other information which may affect the share price is disseminated simultaneously via the London and JSE Limited News Services, the local media and the Group's website. All necessary measures are taken to ensure that unbiased, timely and relevant communication disseminated is in line with the listing and regulatory environments in which we operate. Operating and financial performance-related information is released in the same manner.

The Group makes presentations to investors and analysts, meets regularly with current and potential institutional shareholders and investment analysts, and attends conferences and investor days.

The executive directors are available at all times to address any concerns or queries regarding the Group and its performance and employs independent investor and media relations professionals in the UK and South Africa to assist its strategic communications requirements.

Other stakeholders are engaged directly through correspondence, meetings and any appropriate forum.

In addition, employees at Barberton Mines receive a monthly newsletter and briefings as and when necessary about information important to the Group and their health and safety.

BLACK ECONOMIC EMPOWERMENT

Black Economic Empowerment ('BEE') in the mining sector in South Africa is dealt with in the Mineral and Petroleum Resources Development Act (MPRDA). It states that one of the objects of the MPRDA is to substantially and meaningfully expand opportunities for historically disadvantaged persons to enter the mineral and petroleum industries and to benefit from the exploitation of the nation's mineral and petroleum resources.

A Mining Charter was adopted in October 2002 to deal with the specifics of BEE in mining, and it refers to targets of 15% of equity or attributable units of production vesting in historically disadvantaged South Africans ('HDSA') in a particular mining project within 5 years of the start of the MPRDA (2002) and 26% within 10 years.

The Mining Charter was unclear on how new applications for licences should be made with regard to BEE, and so a clarification document was issued by the Department of Minerals and Energy. This document states that if mining rights were held privately, for those to be converted to new order mining rights, the HDSA requirement is a minimum of 26%, and if the rights were State held, the HDSA requirement is 51%. For all applications made after May 2005, the HDSA requirement is 26%.

Shanduka has not been locked in indefinitely with regard to HDSA required shareholders, this could require the Group to take remedial action if required by the DME in South Africa should the Shanduka shareholding diminish. The nature and extent of such remedial action is not known at present, if required at all, and therefore could present a future risk.

SAFETY, HEALTH AND ENVIRONMENT

SAFETY

Barberton Mines is an ISO SANS 9001:2000 certified company and is committed to the safety of its employees, sub-contractors and suppliers, and all others under its managerial control. Employees have a right to work in a safe environment and effective management of occupational health and safety is a prime Group objective.

Barberton Mines is committed to the following key principles and objectives:

- Preventing occupational accidents and diseases and other work related adverse health effects by the

adoption of a 'total compliance' approach
- Complying with all relevant legal requirements pertaining to occupational health and safety as a minimum standard
- Ensuring that all its operations have appropriate policies, procedures and facilities so that such standards can be achieved
- Integrating occupational health and safety into the Group's overall management structure and business performance
- Ensuring that employees and employee representatives are consulted and participate actively at all levels of the occupational health and safety process
- Implementing and sustaining a programme of general awareness and training so as to ensure that both management and workers remain competent to carry out duties and responsibilities assigned to them
- Informing workers of their rights and ensuring that they understand their rights.
- Allocating reasonable resources to implement and perpetuate the occupational health and safety system
- Co-operating with all health and safety agencies
- Implementing a system of audit and review to enhance continual improvement in performance of the occupational health and safety system and conducting regular reviews of conformance at board level
- Implementing a risk assessment process that will effect appropriate risk management and assessment through elimination, reduction or control

Risk Assessments enable Barberton to measure safety performance with the goal of achieving zero harm to all employees, sub-contractors and suppliers and are conducted in terms of Section 11 of the Mine Health and Safety Act (29 of 1996) and is managed by an appointed Risk Assessment Officer. These include the Baseline, Issue Base and Continues Risk Assessment.
Achievements for the 2007-2008 financial year:
A 42.50% improvement has been recorded for lost-time injuries compared to the previous financial year resulting in a 45% improvement in the lost day injury frequency rate.

Fairview Gold Mine

Fairview achieved 1 500 000 fatality-free shifts as at June 2008 – the last fatal accident was recorded on 20 March 2003.

Sheba Mine:

Sheba achieved 451,655 fatality-free shifts as at September 2007.
Unfortunately, there were two fatal accidents recorded during 2008, the details are as follows:

- On 20/09/2007 a contractor slipped and fell climbing a travelling way.
- 19/02/2008 a rock struck an employee who fell whilst installing mechanical props.

In both these cases, the outcome of a DME Inquiry into these fatal accidents negated the management team of any wrongdoing.

New Consort Mine:

New Consort achieved 883,624 fatality-free shifts as at June 2008 – the last fatal accident was recorded on 18 March 2002.

Pan African has established the following three-year targets for occupational safety:

- To achieve and maintain a physical audit rating of not less than 90 % and a lost-time injury frequency rate of below five throughout the mine
- To improve the mine's safety record by 10% in 2009, 5% in 2010 and 5% in 2011 to achieve a 20% improvement in a 3-year period
- To have zero fatalities

In terms of the rest of the enlarged Group, the Group employs contractors who run their own health and safety programmes.

HEALTH

Barberton Mines is fully compliant with the health programme required by the DME in Occupational Hygiene and Medical surveillance programmes. The Mines have appointed a full-time Occupational Hygienist to monitor and manage reporting systems; equipped an Occupational Health Centre and employs a full-time Occupational Health Nurse and a part-time medical practitioner. Tuberculoses and HIV-Aids programmes are managed by the Health Centre.

In terms of the rest of the enlarged Group, employees belong to their own medical scheme and are responsible for their own health. The Group does however belong to International SOS Assistance (Pty) Ltd, a company focused on evacuating expatriates to their country of origin should a medical emergency arise.

ENVIRONMENT

The environmental programme managed by Barberton is based on the Environmental Monitoring Programme ('EMP') approved by the Department of Mineral and Energy ('DME'), while the water and air-monitoring programme follows the requirements of the Department of Water Affairs and Forestry ('DWAF') and the Department of Environmental Affairs and Tourism ('DEAT'). Both are managed by an internal Environmental Department.

Current projects include:
- Clean-up of the old slimes dams in the flood plains of the Noordkaap River.
- The removal of rock by the private crushers for road construction and building is progressing well and all major rock stockpiles should be removed by 2010.
- A full re-assessment of the current environmental impact by mining activities is in progress.

In terms of the enlarged Group, the exploration projects are run according to the legal requirements of each country in terms of environmental rehabilitation.

CORPORATE SOCIAL INVESTMENT

PRODUCTION

Exploring, developing and operating in Africa, often in the midst of very poor communities, means Pan African is in a position to have an impact on the sustainability of Local Economic Development (LED), not just through job creation or procurement opportunities, but more directly through the provision of support for social upliftment.

In South Africa, for instance, we are committed to funding support for community and social projects through the Barberton Transformation Trust. The Trust focuses on health and education by financing HIV/Aids, tuberculosis and malaria projects and sponsoring and assisting maths and science education and bursaries.

The Trust also plays an important role in providing capital investment in LED Enterprise Development projects in the region. It is an investment vehicle for capital investment in sustainable previously disadvantaged person-owned enterprises and the community that can supply goods and services to Barberton Mines, other mines in the region, as well as the local community on an independent basis. The aim is to invest in enterprise projects that can become independent from Barberton Mines over the next five years by providing scarce entrepreneurial start-up capital and the development of opportunities for HDSA's in procurement activities of the mine.

Among the other projects Barberton's Trust funds:
- Soup kitchen for orphans and the elderly
- Three on-site primary schools
- Ambulance and first-aid services
- Life skills centre
- Small-scale commercial and community vegetable garden
- Jewellery beneficiation centre

Water Return Project at New Consort, Barberton

CORPORATE RESPONSIBILITY

GROWTH PROJECTS

Pan African employs mostly local people to manage their exploration projects and supplies training, equipment and other support from the head office. A mentoring programme involves members of the corporate team going to site and mentoring the local management teams.

Mozambique

Pan African has initiated projects to assist the local community by drilling water holes and providing pumps; donated money to build a market place after consulting with members of the community to support their needs and has sponsored two Masters degree students at the University of Mozambique.

Central African Republic

The Company has donated money to a country-wide programme for the transportation of teachers to and from their various schools. Pan African has also built a new school in Bogoin, providing all books and equipment; has established a feeding programme, a training programme and drilled water holes with pumps for members of the local communities where it is drilling.

Ghana

Pan African has extended its policy into Ghana and has hired only local Ghanaian contractors.

The directors present their annual report and the audited financial statements for the 12 month period ended 30 June 2008.

PRINCIPAL ACTIVITIES

The Group's principal activity during the period was that of mineral exploitation and exploration. A full review of the activity 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 mangement perspective to assess the financial position of the Group. These are highlighted in Table 1 on page 32.

RESULTS AND DIVIDENDS

The results for the period are disclosed in the Consolidated Income Statements on page 35. A detailed discussion of these results can be found on page 10.

The directors do not recommend payment of a dividend.

POLICY FOR PAYMENT OF CREDITORS

It is the Company's policy to settle all agreed transactions within the terms established with suppliers.

RISK MANAGEMENT

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

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

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

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

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

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

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

Financial risks - the major balances and financial risks to which the Group is exposed and the controls in place to minimise those risks are disclosed in note 29.

INTERNAL CONTROL

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

Internal financial control procedures undertaken by the Board include:

- Review of monthly financial reports and monitoring performance.
- Prior approval of all significant expenditure including all major investment decisions.
- Review and debate of treasury policy.

The Board has reviewed the operation and effectiveness of the Company's system of internal control for the financial period and the period up to the date of approval of the financial statements.

GOING CONCERN

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

The enlarged Group is largely debt free and has a profit margin of approximately 40% after capital and depreciation at Barberton Mines. Should the need arise the Group can stop most exploration and capital activities and as a result the Group does not currently envisage needing to raise any capital from external sources in the market for the next 12 months.

DIRECTORS

The following were directors during the period under review:

Mr J P Nelson
Mr R G Still
Mr K C Spencer (appointed 8 October 2007)
Mr A S Malone (appointed 27 July 2007)
Mr C D S Needham (appointed 27 July 2007)
Mr M Smith (appointed 21 February 2008)
Mr J G Hopwood (appointed 2 June 2008)
Mr C Bird (resigned 10 October 2007)
Dr H J Blignault (retired 18 January 2008)
Mr N A Steinberg (resigned 21 February 2008)

AUDITORS

Deloitte & Touche LLP has been appointed as auditors.

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 audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself 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 the provisions of s234ZA of the Companies Act 1985.

Deloitte & Touche 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
24 November 2008

Table 1 - Key Performance Indicators (KPI's)

Level	KPI	Measurable	2008	2007	% change		Achievement	Comment
Corporate	US$/oz	costs	476	465	↑	2.37%	Good	marginal increases
	Gold Sold	revenue	99,078oz	89,572oz	↑	10.61%	Good	result of Calcine Dump project
	Capital Expenditure	growth	£2.9 million	£1.63 million	↑	150%	Good	fast tracking mine capital and exploration
	Tax	effective tax rate	36%	29%	↑	24.14%	Poor	higher revenue - higher tax formula
Mining	Tons	volume	315Kt	330Kt	↓	4.55%	Moderate	result of flexibility issues
	g/t	quality	8.9g/t	9.2g/t	↓	3.26%	Moderate	lower grades at Fairview Mine
	% Total Recovery	gold sales	91%	92%	↓	1.09%	Marginal	–
	BEE	mining title	26%	0%	↑	100%	Good	licence in good standing
	Fatal Accidents	safety	2	0	↑	200%	Very Poor	safety audit and review of procedures
Exploration	Resource Base	sustainability	3,105Moz	1.550Moz	↑	100%	Good	accelerated exploration
	cost/m	efficiency	US$100/m	US$110/m	↓	9%	Good	planning efficiency
	m drilled	resource definition	1.5Moz	3.4Moz	↑	126%	Good	Barberton Mines acquisition

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors are required by the IAS Regulation to prepare the group financial statements under IFRSs (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 1985 and Article 4 of the IAS Regulation.

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 1985. 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

J P Nelson	M Smith
Chief Executive Officer	Financial Director
24 November 2008	24 November 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PAN AFRICAN RESOURCES PLC

We have audited the group and parent company financial statements (the ''financial statements'') of Pan African Resources PLC for the year ended 30 June 2008 which comprise the Consolidated and Company Income Statements, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statements, the Consolidated and Company Statement of Recognised Income and Expenses and the related notes 1 to 38. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chief Executive Officer's Report that is cross referred from the Business Review section of the Directors' Report.

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

We read the other information contained in the Annual Report, as described in the contents section, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

BASIS OF AUDIT OPINION

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

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

OPINION

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's and the parent Company's affairs as at 30 June 2008 and of the Group's and Company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, UK
24 November 2008

CONSOLIDATED AND COMPANY INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

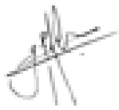
		Group		Company	
		£		£	
	Notes	Year ended 30 June 2008	Year ended 30 June 2007	Year ended 30 June 2008	15 months ended 30 June 2007
Revenue					
Gold sales	4	39,254,557	26,684,796	–	–
Gross revenue		39,254,557	26,684,796	–	–
Realisation costs		(106,277)	(60,783)	–	–
On-mine revenue		39,148,280	26,624,013	–	–
Cost of production	5	(25,163,675)	(21,623,538)	–	–
Depreciation	16	(1,965,872)	(1,865,997)	–	–
Mining profit		12,018,733	3,134,478	–	–
Other (expenses)/income	8	(273,786)	803,561	(14,491)	(1,362,960)
Finance income	9	217,288	49,018	39,349	37,195
Finance costs	9	(17,006)	(35,893)	–	–
Profit/(loss) before taxation	10	11,945,229	3,951,164	24,858	(1,325,765)
Income tax expense	13	(4,366,543)	(1,156,590)	–	–
Profit/(loss) for the period		7,578,686	2,794,574	24,858	(1,325,765)
Attributable to:					
Equity holders of the parent		5,460,067	2,067,985	24,858	(1,325,765)
Minority interests		2,118,619	726,589	–	–
		7,578,686	2,794,574	24,858	(1,325,765)
From continuing operations:					
Basic earnings per share (pence)	14	0.52	0.35	–	–
Diluted earnings per share (pence)	14	0.51	0.35	–	–

As the acquisition of Barberton Mines in the year, represented a reverse acquisition, the year ended 30 June 2008 Group Income Statement includes 11 months of PAR and 12 months of Barberton Mines. The Group's comparatives are those of Barberton Mines.

CONSOLIDATED AND COMPANY BALANCE SHEETS
AT 30 JUNE 2008

		Group		Company	
		£		£	
	Notes	2008	2007	2008	2007
ASSETS					
Non-current assets					
Property, plant and equipment	16	20,069,814	20,731,502	21,670	–
Intangible asset other than goodwill	17	12,837,045	–	–	–
Goodwill	18	21,000,714	–	–	–
Investments	19			34,223,594	3,069,705
Rehabilitation trust fund	20	1,739,522	1,743,648	–	–
		55,647,095	22,475,150	34,245,264	3,069,705
Current assets					
Inventories	21	377,974	125,498	–	–
Trade and other receivables	22	2,972,776	2,185,552	310,193	3,640,646
Receivables from other Group companies		–	–	10,270,252	–
Cash and cash equivalents	23	5,419,489	422,416	1,455,587	326,797
		8,770,239	2,733,466	12,036,032	3,967,443
Total assets		64,417,334	25,208,616	46,281,296	7,037,148
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	24,25	10,998,664	4,180,032	10,998,664	4,180,032
Share premium account	24	37,267,475	4,076,769	37,267,475	4,076,769
Preference share capital and premium	24	–	5,578,175	–	–
Hedging and translation reserve	24	(1,118,262)	(1,041,234)	–	–
Retained earnings	24	9,946,021	4,485,954	(4,073,273)	(4,098,131)
Share option reserve	24	285,312	128,360	491,320	296,162
Merger reserve	24	(10,705,308)	(6,189,702)	1,560,000	1,560,000
Equity attributable to equity holders of parent		46,673,902	11,218,354	46,244,186	6,014,832
Minority interest	24	3,694,869	1,576,250	–	–
Total equity		50,368,771	12,794,604	46,244,186	6,014,832
Non-current liabilities					
Borrowings	26	16,822	115,665	–	–
Long-term provisions	27	2,219,954	2,284,142	–	–
Deferred tax liabilities	28	5,201,245	5,526,973	–	–
		7,438,021	7,926,780	–	–
Current liabilities					
Trade and other payables		2,754,795	1,926,944	37,110	1,022,316
Borrowings	26	89,269	170,017	–	–
Short-term provisions	27	711,085	711,903	–	–
Derivative financial instruments	29	-	1,092,232	–	–
Current tax liabilities		3,055,393	586,136	–	–
		6,610,542	4,487,232	37,110	1,022,316
Total equity and liabilities		64,417,334	25,208,616	46,281,296	7,037,148

The financial statements were approved by the Board of Directors and authorised for issue on 24 November 2008. They were signed on its behalf by:



J P Nelson
Chief Executive Officer
24 November 2008

M Smith
Financial Director
24 November 2008

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

		Group		Company	
		£		£	
	Notes	2008	2007	2008	2007
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	37	11,239,529	5,728,021	2,092,178	(381,921)
INVESTING ACTIVITIES					
Dividends received		–	–	473,085	–
Additions to property, plant and equipment		(3,031,659)	(1,552,258)	(21,670)	–
Additions to intangibles		(2,652,270)	–	–	–
Proceeds on disposal of property, plant and equipment		–	17,302	–	–
Loans to subsidiaries		–	–	(2,199,795)	(1,233,025)
Funding of rehabilitation trust fund		4,126	(119,156)	–	–
Cash acquired with subsidiary		226,164	–	–	–
NET CASH USED IN INVESTING ACTIVITIES		(5,453,639)	(1,654,112)	(1,748,380)	–
FINANCING ACTIVITIES					
Preference dividends paid		–	(645,161)	–	–
Borrowings raised		–	167,661	–	–
Borrowings repaid		(179,591)	(174,577)	–	–
Redemption of preference share capital		–	(2,939,068)	–	–
Shares issued		784,624	–	784,624	67,091
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		(605,033)	(3,591,145)	784,624	201,082
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		6,390,923	482,769	1,128,422	(1,547,855)
Cash and cash equivalents at the beginning of the period		422,416	(27,590)	326,797	1,874,652
Effect of foreign exchange rate changes		(1,393,849)	(32,763)	368	–
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		5,419,489	422,416	1,455,587	326,797

CONSOLIDATED AND COMPANY STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2008

	Group £		Company £	
	Year ended 30 June 2008	**Year ended 30 June 2007**	**Year ended 30 June 2008**	**15 months ended 30 June 2007**
Profit for the year/period	7,578,686	2,794,574	24,858	(1,325,765)
Exchange differences on translation of foreign operations	(77,028)	2,700,177	–	–
Total recognised income and expense for the year/period	7,501,658	5,494,751	24,858	(1,325,765)
Attributable to:				
Equity holders of the parent	5,383,039	4,768,162	24,858	(1,325,765)
Minority interests	2,118,619	726,589	–	–
	7,501,658	5,494,751	24,858	(1,325,765)

1. GENERAL INFORMATION

Pan African is a company incorporated in England and Wales under the Companies Act 1985. The Company's has a primary listing on the Alternative Investment Market ('AIM') of the London Stock Exchange and a secondary listing on the Alternative Exchange ('AltX'), a division of the JSE Limited. The nature of the Group's operations and its principal activities are set out in the Directors Report on page 32.

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 presented in the currency of 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 are 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 IFRS adopted by the European Union and therefore the group financial statements comply with Article 4 of the EU IAS Regulation.

As a result of the reverse takeover of Barberton Mines mentioned below, the Group accounts have been prepared as a combination of Barberton's accounts using IFRS.

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, and in accordance with International Financial Reporting Standards. 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. For all periods up to and including the year 30 June 2007, the Company prepared its financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (UK GAAP). These financial statements, for the year ended 30 June 2008, are the first that the Company has prepared in accordance with IFRS as adopted by the European Union (EU). The financial statements have also been prepared in accordance with the International Financial Reporting Interpretations Committee (IFRIC) interpretations and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. As a result of the conversion from UK GAAP to IFRS, no adjustments have been required to be made to the comparatives for the year ended 30 June 2007, or the balance sheet at the transition date of 1 July 2006.

Reverse Acquisition

On 31 July 2007 the Company acquired 74% of Barberton Mines (Pty) Limited ('Barberton') in a share-for-share transaction.

IFRS3 'Business Combinations' defines the acquirer in a business combination as the entity that obtains control. Accordingly, the combination was accounted for as a reverse acquisiton.

As a consequence of applying reverse acquisition accounting, the results of the Group at 30 June 2008 comprise the results of Pan African Resources for the 11 months ended 30 June 2008 and the 12 months ended 30 June 2008 of Barberton Mines. The comparative figures for the Group are those of Barberton Mines for the 12 months to 30 June 2007.

New accounting policies adopted

IFRS 7 – Financial Instruments: Disclosure

In the current year, the Group has adopted IFRS 7 Financial Instruments: Disclosure which is effective for annual reporting periods beginning on or after 1 January 2007. The impact of the adoption of IFRS 7 has resulted in increased disclosure relating to the significance of financial instruments on the Group's financial position and performance and the nature and extent of risks arising from these financial instruments to which the Group is exposed during the period and at year-end and the manner in which the Group manages these risks.

New and revised International Financial Reporting Standards not yet adopted

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:

IFRS 8	Operating segments
IFRIC 11	IFRS 2 – Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 14	IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRS3	Business combinations (revised)

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group except for additional segment disclosures when IFRS 8 comes into effect for periods commencing on or after 1 January 2009.

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.

On acquisition, the assets and liabilities of a subsidiary are measured at their 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 interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement 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 the business combinations 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 acquisition are 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.

Property, plant and equipment

Mining assets

Mining assets, including mine development costs and mine plant facilities, are recorded at cost of acquisition 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, are capitalised until commercial levels of production are achieved.

Mineral and surface rights
Mineral and surface rights are recorded at cost of acquisition 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
Depreciation of mining assets and mineral and surface rights
Mining assets, mine development costs, mineral and surface rights and plant mine facilities are depreciated over the life of the mines to their residual values using the units-of-production method based on estimated proved and probable ore reserves or where impractical, directors' estimates subject to a maximum life of mine of 20 years.

The assets of the underlying mines are depreciated over the following periods:

Barberton Mines	12 years

Other mining plant and equipment is depreciated on the straight-line basis over the shorter of the life of the mine 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 4 to 10 years.

Mining exploration
Expenditure on exploration activities is capitalised until the viability of the mining venture has been proven. If the mining venture is subsequently considered non-viable the expenditure is charged against income as and when that fact becomes known.

Impairment (except for goodwill)

At each balance sheet 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 income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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 unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, 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 unit pro rata on the basis of the carrying amount of each asset in the unit. 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.

The Group's policy for goodwill arising on the acquisition of a subsidiary is described above.

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 balance sheet date.

Deferred tax is accounted for using the balance sheet 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 balance sheet 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 income statement, 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 balance sheet 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 asset to be recovered.

Provisions
Provisions are recognised when the Group has a legal or constructive obligation resulting from past events and 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 balance sheet 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.

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 currencies are retranslated at the rates ruling at the balance sheet date. Profits and losses arising on exchange are dealt with in the income statement.

In order to hedge its exposure to foreign exchange risks, the Group may enter into forward contracts (see note 29 for details of the Group's accounting policies in respect of such derivative financial instruments).

On consolidation, the assets and liabilities of the Group's foreign operations are translated into Pounds Sterling at exchange rates ruling at the balance sheet 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 accounted for as non-distributable reserves.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the reporting entity and are recorded using the exchange rate at the date of the transaction.

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 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

Certain companies within the Group provide retirement benefits by way of medical-aid schemes for employees. Charges to the income statement are based on an accrual basis. The estimated cost for retiree health-care is accrued during the participants' actual service periods, up to the date they become eligible for full benefits.

Equity participation plan

Equity-settled share-based payments to employees and others providing similar services 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 balance sheet 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 profit or loss over the remaining vesting period, with a corresponding adjustment to the equity-settled employee benefits reserve.

Provision for environmental rehabilitation costs

Long-term environmental obligations are based on Barberton Mines (Pty) Ltd 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 balance sheet 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 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

Revenue 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:

(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.

Investment

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Fixed asset investments in subsidiaries are shown at cost less provision for impairment.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments 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 an impairment. 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 balance sheet 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 investment 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 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 ownerships 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.

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 when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments
In the ordinary course of its operations, the Group enters 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 balance sheet 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 designates 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 highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 29 sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are also detailed in the statement of changes in equity.

Fair value hedge
Changes in the fair value of 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 income statement 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 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 income statement.

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 income statement 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.

Joint Ventures

Joint Ventures ('JVs') are consolidated on a proportianate basis according to the level of ownership held by the Group.

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.

Judgements made by management
The following judgements, apart from those involving estimates (as mentioned below) have been made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

- 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 on an annual basis and take into consideration the actual current cost of extraction, as well as certain forward projects.

  These projections are reviewed by the Board and adjusted from time to time. The current Life of Mine has been independently aduited by SRK in a Competent Persons Report ('CPR') on Barberton, dated 4 July 2007, and is available on the Company's website at

  www.panafricanresources.com

- 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 are limited to the estimates of mineral resource; and

- Estimates of the fair value of assets at acquisition are made in accordance with IFRS and take into account the replacement value of assets, in particular, intagibles related to exploration.

4. REVENUE

An analysis of the Group's revenue is as follows:

	Group £		Company £	
	Year ended 30 June 2008	Year ended 30 June 2007	Year ended 30 June 2008	15 months ended 30 June 2007
Sale of goods	39,254,557	26,684,796	–	–
Finance income	217,288	49,018	39,349	37,195

5. COST OF PRODUCTION

	Group £		Company £	
	Year ended 30 June 2008	Year ended 30 June 2007	Year ended 30 June 2008	15 months ended 30 June 2007
Mining	(3,941,764)	(4,189,422)	-	-
Salaries and wages	(11,440,555)	(9,444,599)	-	-
Processing	(4,135,470)	(2,718,663)	-	-
Engineering and technical	(3,662,348)	(3,378,598)	-	-
Administration	(1,983,538)	(1,892,256)	-	-
	(25,163,675)	(21,623,538)	-	-

6. SEGMENTAL ANALYSIS

Primary segment

For management purposes, the Group is currently organised into two reporting divisions – Exploration and Gold Mining. These divisions are the basis on which the Group reports its primary segment information.

	Revenue		Mining profit before depreciation		Depreciation		Assets		Liabilities	
	£	%	£	%	£	%	£	%	£	%
2008										
Exploration	–	–	–	–	–	–	35,146,917	24%	–	–
Gold Mining	39,254,557	100%	13,984,605	100%	1,965,872	100%	28,269,703	44%	14,048,563	100%
Goodwill	–	–	–	–	–	–	21,000,714	32%	–	–
Group	39,254,557	100%	13,984,605	100%	1,965,872	100%	64,417,334	100%	14,048,563	100%
2007										
Exploration	–	–	–	–	–	–	–	–	–	–
Gold Mining	26,684,796	100%	5,000,474	100%	1,865,997	100%	25,208,616	100%	12,414,013	100%
Group	26,684,796	100%	5,000,474	100%	1,865,997	100%	25,208,616	100%	12,414,013	100%

6. SEGMENTAL ANALYSIS (CONTINUED)

Secondary Segment

	Total sales by customer location		Depreciation		Assets		Liabilities		Capital Additions	
	£	%	£	%	£	%	£	%	£	%
2008										
South Africa	39,254,557	100%	1,965,872	100%	28,269,703	44%	13,533,982	96%	2,751,735	91%
Other*	–	–	–	–	15,146,917	24%	514,581	4%	279,924	9%
Goodwill	–	–	–	–	21,000,714	32%	–	–	–	–
	39,254,557	100%	1,965,872	100%	64,417,334	100%	14,048,563	100%	3,031,659	100%
2007										
South Africa	26,684,796	100%	1,865,997	100%	25,208,616	100%	12,414,013	100%	1,552,258	100%
Other*	–	–	–	–	–	–	–	–	–	–
	26,684,796	100%	1,865,997	100%	25,208,616	100%	12,414,013	100%	1,552,258	100%

** Other includes all the Exploration locations.*

7. OPERATING LEASES

At the balance sheet date, the Group 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	
	£		£	
	Year ended 30 June 2008	Year ended 30 June 2007	Year ended 30 June 2008	15 months ended 30 June 2007
Within one year	123,733	111,857	–	–
Years 2 to 5	287,750	348,718	–	–
	411,483	460,575	–	–
Minimum lease payments under operating leases recognised as an expense in the year:	104,956	109,844	–	–

Operating lease payments represent rentals payable by the Group for certain of its office equipment and underground equipment. Leases are negotiated for an average term of three to five years.

8. OTHER (EXPENSES)/INCOME

	Group £		Company £	
	Year ended 30 June 2008	Year ended 30 June 2007	Year ended 30 June 2008	15 months ended 30 June 2007
Dividends received - subsidiaries	–	–	473,085	–
Foreign exchange loss	–	–	(74,791)	–
Exploration costs	–	–	–	(75,009)
Investments written off	–	–	–	(4,800)
Dump retreatment rebate	–	777,898	–	–
Sundry other	(273,786)	25,663	(412,785)	(1,283,151)
	(273,786)	803,561	(14,491)	(1,362,960)

9. FINANCE INCOME/(COSTS)

	Group £		Company £	
	Year ended 30 June 2008	Year ended 30 June 2007	Year ended 30 June 2008	15 months ended 30 June 2007
Interest received - Bank	217,288	49,018	39,349	37,195
Interest paid - Bank	(17,006)	(35,893)	–	–
	200,282	13,125	39,349	37,195

10. PROFIT/(LOSS) FOR THE PERIOD

Profit/(loss) for the year has been arrived at after charging:

	Group £		Company £	
	Year ended 30 June 2008	Year ended 30 June 2007	Year ended 30 June 2008	15 months ended 30 June 2007
Management Fee				
- Metorex	348,924	343,161	–	–
- Shanduka	50,819	47,934	–	–
Share option expense	156,952	35,844	195,158	222,206
Exploration expenditure	22,274	183,962	–	75,009
Depreciation	1,965,872	1,865,997	–	–
Impairment	–	–	–	–
Staff costs	11,440,555	9,444,599	242,187	162,231

11. AUDITORS' REMUNERATION

The analysis of auditors' remuneration is as follows:

	Group £		Company £	
	Year ended 30 June 2008	Year ended 30 June 2007	Year ended 30 June 2008	15 months ended 30 June 2007
Fees payable to the Company's auditors for the audit of the Company's annual accounts	10,000	21,750	10,000	10,000
Fees payable to the Company's auditors and their associates for other services to the Group				
The audit of the consolidated financial statements	30,000	–	–	–
- the audit of the Company's subsidiaries pursuant to legislation	22,086	–	–	–
Total audit fees	62,086	21,750	10,000	10,000
- Corporate finance services relating to the reporting accounting work for the acquisition	80,000	–	–	–
Total non audit fees	80,000	–	–	–

12. STAFF COSTS

	Group		Company	
	Year ended 30 June 2008	Year ended 30 June 2007	Year ended 30 June 2008	15 months ended 30 June 2007
	Number		Number	
The average number of employees were:				
Corporate	7	5	2	1
Mining	1,477	1,548	–	–
Exploration	7	3	2	1
	1,491	1,556	4	2
	£		£	
Their aggregate remuneration comprised:				
Wages and salaries	10,467,253	8,544,643	242,187	162,231
Social security costs	–	–	–	–
Other pension costs	973,302	899,956	–	–
	11,440,555	9,444,599	242,187	162,231

* All company staff costs have been allocated to the various exploration projects.

13. INCOME TAX EXPENSE

	Group £ Year ended 30 June 2008	Group £ Year ended 30 June 2007	Company £ Year ended 30 June 2008	Company £ 15 months ended 30 June 2007
South African normal taxation				
- current year	4,192,231	611,892	–	–
Deferred taxation (see note 28)				
- current year	174,312	544,698	–	–
Total taxation charge - continuing operations	4,366,543	1,156,590	–	–
Profit/(loss) before taxation - continuing operations	11,945,229	3,951,164	24,858	(1,325,765)
Taxation at the domestic taxation rate of 28% (2007: 29%) (UK 2008: 28.75%; 2007:29.75%)	3,344,664	1,145,838	7,174	(394,415)
Non-deductible expenses	10,759	10,752	–	–
Taxation rate differentials on non-mining income	1,369,523	–	–	–
(Utilisation)/creation of tax losses	(358,403)	–	(7,174)	394,415
Taxation expense for the year	4,366,543	1,156,590	–	–
Unredeemed capital expenditure/assessable tax loss available and recognised in deferred taxation	–	382,005	–	–
Effective taxation rates	%	%	%	%
Statutory rate	28.00%	29.00%	28.75%	29.75%
Tax rate differentials on non-mining income	11.47%	–	–	–
Non-deductible expenses	0.09%	0.27%	–	–
Utilisation/creation of tax losses	(3.0%)	–	(28.75%)	(29.75%)
Effective taxation rate	28.09%	29.27%	–	–

There are no significant unrecognised timing 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.

14. EARNINGS PER SHARE

Earnings per share ('EPS')

EPS is based on the Group's net profit for the year attributable to equity holders of the parent, divided by the weighted average number of shares in issue during the year.

	2008 Net profit	2008 Weighted Average Number of Shares	2008 Earnings per share (pence)	2007 Net profit	2007 Weighted Average Number of Shares	2007 Earnings per share (pence)
From continuing operations						
Basic EPS	5,460,067	1,043,789,285	0.52	2,067,985	593,740,476	0.35
Share options	–	30,000,000	(0.01)	–	–	–
Diluted EPS	5,460,067	1,073,789,285	0.51	2,067,985	593,740,476	0.35

14. EARNINGS PER SHARE (CONTINUED)

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

	2008			2007		
	Net profit	Shares	Earnings per share (pence)	Net profit	Shares	Earnings per share (pence)
Headline earnings per share	5,460,067	1,043,789,285	0.52	2,067,985	593,740,476	0.35
Share options	–	30,000,000	(0.01)	–	–	–
Diluted headline earnings per share	5,460,067	1,073,789,285	0.51	2,067,985	593,740,476	0.35

Headline earnings per share is required to be disclosed in terms of the Listing Requirements of the JSE Limited. No reconciliation is performed as earnings per share is the same as headline earnings per share.

15. DIVIDENDS

In view of the funding requirements of the new projects and the exploration projects, no dividend is declared for the 12 months ended 30 June 2008 (2007 - nil).

16. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Land *	Mineral Rights	Building and Infrastructure	Plant and Machinery	Shafts	Exploration	Other	Total
COST								
At 1 July 2006	8,034	5,445,913	1,534,009	7,632,623	13,583,183	–	–	**28,203,762**
Additions	–	–	–	776,444	802,745	–	–	**1,579,189**
Disposals	–	–	–	(30,487)	–	–	–	**(30,487)**
Foreign currency translation reserve	(600)	(407,045)	(114,656)	(592,191)	(1,029,051)	–	–	**(2,143,543)**
Balance at 30 June 2007	**7,434**	**5,038,868**	**1,419,134**	**7,786,389**	**13,357,096**	–	–	**27,608,921**
Additions	–	–	–	794,283	1,687,964	269,488	279,924	**3,031,659**
Foreign currency translation reserve	(659)	(446,941)	(125,676)	(690,642)	(1,184,755)	–	–	**(2,448,673)**
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**

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

ACCUMULATED DEPRECIATION

	Land *	Mineral Rights	Building and Infrastructure	Plant and Machinery	Shafts	Exploration	Other	Total
At 1 July 2006		(1,094,576)	(306,539)	(1,471,705)	(2,552,855)	–	–	**(5,425,675)**
Charge for the year	–	(334,994)	(94,500)	(556,102)	(880,401)	–	–	**(1,865,997)**
Foreign currency translation reserve	–	75,636	21,182	141,029	176,406	–	–	**414,253**
Balance at 30 June 2007	–	**(1,353,934)**	**(379,857)**	**(1,886,778)**	**(3,256,850)**	–	–	**(6,877,419)**
Charge for the year	–	(323,994)	(91,280)	(581,804)	(968,794)	–	–	**(1,965,872)**
Foreign currency translation reserve	–	138,806	38,855	200,259	343,278			**721,198**
Balance at 30 June 2008	–	**(1,539,122)**	**(432,282)**	**(2,268,323)**	**(3,882,366)**	–	–	**(8,122,093)**

CARRYING AMOUNT

	Land *	Mineral Rights	Building and Infrastructure	Plant and Machinery	Shafts	Exploration	Other	Total
At 30 June 2007	7,434	3,684,934	1,039,496	5,899,611	10,100,246	–	–	20,731,502
At 30 June 2008	**6,775**	**3,052,805**	**861,176**	**5,621,707**	**9,977,939**	**269,488**	**279,924**	**20,069,814**

COMPANY

COST

	Land	Mineral Rights	Building and Infrastructure	Plant and Machinery	Shafts	Exploration	Other	Total
Balance at 30 June 2007	–	–	–	–	–	–	–	–
Additions				–	–	–	21,670	**21,670**
Balance at 30 June 2008	–	–	–	–	–	–	**21,670**	**21,670**

ACCUMULATED DEPRECIATION

	Land	Mineral Rights	Building and Infrastructure	Plant and Machinery	Shafts	Exploration	Other	Total
Balance at 30 June 2007	–	–	–	–	–	–	–	–
Balance at 30 June 2008	–	–	–	–	–	–	–	–

CARRYING AMOUNT

	Land	Mineral Rights	Building and Infrastructure	Plant and Machinery	Shafts	Exploration	Other	Total
At 30 June 2007	–	–	–	–	–	–	–	–
At 30 June 2008	–	–	–	–	–	–	**21,670**	**21,670**

* Details of land are maintained in a register at the Company's registered office, which may be insepected by a member or their duly authorised agents.

The Group reviews the residual values used for purposes of depreciation calculations annually.

17. INTANGIBLE ASSET OTHER THAN GOODWILL

	Group £ 2008	Group £ 2007	Company £ 2008	Company £ 2007
EXPLORATION				
Balance at 1 July 2007	–	–	–	–
Acquired (note 34)	6,588,340			
Additions	–	–	–	–
Exploration expenditure	2,652,270			
Purchase of 20% of Manica	3,596,435			
Balance at 30 June 2008	12,837,045	–	–	–

18. GOODWILL

Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units (CGUs) that are expected to benefit from that business combination. Goodwill is allocated as follows:

	Group £ 2008	Group £ 2007	Company £ 2008	Company £ 2007
Arising on reverse acquisition of Barberton Mines (note 34)	21,000,714	-	-	-
	21,000,714	-	-	-
Balance at 1 July 2007	-	-	-	-
Additonal amount recognised from business combination of Barberton Mines	21,000,714	-	-	-
Balance at 30 June 2008	21,000,714	-	-	-

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

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 that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market (refer to note 34).

The Group prepares cash-flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following five years based on an estimated growth rate. This rate does not exceed the average long-term growth rate for the relevant markets.

19. INVESTMENTS

	Company £ 2008	Company £ 2007
Investments	34,223,594	3,069,705
	34,223,594	3,069,705

At 30 June 2008 the Company held the following shares in subsidiary undertakings:

Name of Undertaking	Country of Incorporation	Principal Activity	Proportion of capital held by country	Carrying amount
Barberton Mines (Pty) Ltd	South Africa	Mining	74%	31,010,450
Or Oubangui SA	Central African Republic	Exploration	50%	30,827
Explorator Limitada	Mozambique	Exploration	100%	88,972
PAR-African Resources (Ghana) Limited	Ghana	Exploration	100%	23,640
Mistral Resource Development Corporation Limited	British Virgin Isles	Exploration	100%	584,704
Brampton Capital Overseas Limited	British Virgin Isles	Exploration	100%	2,485,000
Viking Internet Limited	England and Wales	Dormant	100%	1

Metorex Limited is the ultimate controlling company of PAR. The Metorex Group is the only group of which PAR is a member. Metorex is listed and incorporated in South Africa and their financial statements are publicly available.

20. REHABILITATION TRUST FUND

	Group £ 2008	Group £ 2007	Company £ 2008	Company £ 2007
Funds held in trust fund (refer to note 27)	1,739,522	1,743,648	-	-
	1,739,522	1,743,648	-	-

21. INVENTORIES

	Group £ 2008	Group £ 2007	Company £ 2008	Company £ 2007
Consumable stores	377,974	125,498	-	-
	377,974	125,498	-	-

22. TRADE AND OTHER RECEIVABLES

	Group £		Company £	
	2008	2007	2008	2007
Trade receivables	2,630,863	1,123,664	310,193	–
Other receivables and prepayments	341,913	1,061,888	–	292,159
Amounts owed by subsidiaries	–	–	–	3,348,487
	2,972,776	2,185,552	310,193	3,640,646

There are no amounts owing that are past due and not impaired. The average credit period is 18 days (2007: 15 days). 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 customers' credit limit and credit quality.

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 £	
	2008	2007	2008	2007
Cash and cash equivalents	5,419,489	422,416	1,455,587	326,797

CREDIT FACILITIES

The Group has the following credit facilities at 30 June 2008:

Overdraft facility	2,570,694	564,181	-	-
Asset finance facility	106,091	437,240	-	-
Guarantee	192,802	-	-	-
Credit card	8,676	-	-	-
	2,878,263	1,001,421	-	-

The overdraft facility is unsecured and the asset finance facility is secured.

24. STATEMENT OF CHANGES IN EQUITY

GROUP

	Share Capital	Share Premium account	Preference share capital and premium	Hedging and translation reserve	Retained earnings	Share option reserve	Merger reserve	Minority Interest	Total
Balance at 1 July 2006	**4,180,032**	**4,076,769**	**8,422,793**	**(3,741,411)**	**2,895,683**	**92,516**	**(6,189,702)**	**1,017,403**	**10,754,0823**
Issue of shares	–	–	–	–	–	–	–	–	–
Acquisition of PAR	–	–	–	–	–	–	–	–	–
Redemption of shares	–	–	(2,844,618)	–	–	–	–	–	(2,844,618)
Current year movement	–	–	–	2,700,177	–	–	–	–	2,700,177
Profit for the year	–	–	–	–	2,067,985	–	–	726,589	2,794,574
Dividends (pre-acquisiton)	–	–	–	–	(477,714)	–	–	(167,742)	(645,456)
Share-based payment - charge for the year	–	–	–	–	–	35,844	–	–	35,844
Balance at 30 June 2007	**4,180,032**	**4,076,769**	**5,578,175**	**(1,041,234)**	**4,485,954**	**128,360**	**(6,189,702)**	**1,576,250**	**12,794,604**
Issue of shares	6,818,632	33,190,706	–	–	–	–	–	–	40,009,338
Redemption of shares	–	–	(5,578,175)	–	–	–	–	–	(5,578,175)
Current year movement	–	–	–	(77,028)	–	–	–	–	(77,028)
Profit for the year	–	–	–	–	5,460,067	–	–	2,118,619	7,578,686
Share-based payment - charge for the year	–	–	–	–	–	156,952	–	–	156,952
Current year merger reserve	–	–	–	–	–	–	(4,515,606)	–	(4,515,606)
Balance at 30 June 2008	**10,998,664**	**37,267,475**	**–**	**(1,118,262)**	**9,946,021**	**285,312**	**(10,705,308)**	**3,694,869**	**50,368,771**

COMPANY

	Share Capital	Share Premium account	Preference share capital and premium	Hedging and translation reserve	Retained earnings	Share option reserve	Merger reserve	Total
Balance at 1 April 2006	**4,077,532**	**3,978,178**	**–**	**–**	**(2,772,366)**	**73,956**	**1,485,000**	**6,842,300**
Issue of shares	102,500	98,591	–	–	–	–		201,091
Loss for the year	–	–	–	–	(1,325,765)	–		(1,325,765)
Share-based payment - charge for the year	–	–	–	–	–	222,206	75,000	297,206
Balance at 30 June 2007	**4,180,032**	**4,076,769**	**–**	**–**	**(4,098,131)**	**296,162**	**1,560,000**	**6,014,832**
Issue of shares	6,818,632	33,190,706	–	–	–	–	–	40,009,338
Profit for the year	–	–	–	–	24,858	–	–	24,858
Share-based payment - charge for the year	–	–	–	–	–	195,158	–	195,158
Balance at 30 June 2008	**10,998,664**	**37,267,475**	**–**	**–**	**(4,073,273)**	**491,320**	**1,560,000**	**46,244,186**

25. SHARE CAPITAL

	Group £		Company £	
	2008	**2007**	**2008**	**2007**
Authorised				
2,000,000,000 (2007: 1,000,000,000) ordinary shares of £0.01 each	20,000,000	10,000,000	20,000,000	10,000,000
Issued and fully paid up 1,099,866,438 (2007: 418,003,235) ordinary shares of £0.01 each	10,998,664	4,180,032	10,998,664	4,180,032

The following issue of shares were made during the year:

a) 28,122,727 ordinary shares were issued at 2.79p per share under the terms of the share option agreement

b) 60,000,000 ordinary shares were issued at 6p on 27 July 2007 for a 20% share in Manica purchased from Pangea Exploration (Pty) Ltd

c) 593,740,476 ordinary shares were issued at 6p in 31 July 2007 in terms of the reverse acquisition of Barberton Mines (Pty) Ltd

26. BORROWINGS

	Group £		Company £	
	2008	**2007**	**2008**	**2007**
Amount due within 12 months	89,269	170,017	–	–
Amount due for settlement after 12 months	16,822	115,665	–	–
Total Borrowings	106,091	285,682	–	–

Borrowings represent instalment finance loans and are secured by plant and equipment with a net book value of £249, 786 and bear interest at South African prime less 1.5% and are repayable in periods that vary from 5 to 16 months.

27. PROVISIONS

GROUP	**Post-Retirement Benefits**	**Rehabilitation**	**Leave pay and bonuses**	**Total**
Balance at 1 July 2006	164,663	2,018,676	645,950	2,829,289
Provided during the year	–	117,200	229,350	346,550
Utilised during the year	(16,397)	–	(163,397)	(179,794)
Balance at 30 June 2007	**148,266**	**2,135,876**	**711,903**	**2,996,045**
Provided during the year	–	205,822	229,352	435,174
Utilised during the year	(13,307)	(62,968)	(163,398)	(239,673)
Foreign currency translation reserve	(11,969)	(181,766)	(66,772)	(260,507)
Balance at 30 June 2008	**122,990**	**2,096,964**	**711,085**	**2,931,039**
Long term provisions	122,990	2,096,964	–	2,219,954
Current provisions	–	–	711,085	711,085
	122,990	**2,096,964**	**711,085**	**2,931,039**

27. PROVISIONS (CONTINUED)

COMPANY

There are no provisions in the Company.

Post Retirement benefits - refer to note 30

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 the Minerals Act and Regulations. This 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 a period in excess of 20 years.

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 TAX

	Group £		Company £	
	2008	**2007**	**2008**	**2007**
Deferred tax liabilities				
Property, plant and equipment	5,541,169	5,903,155	–	–
Provisions	(339,924)	(376,182)	–	–
Net deferred tax liabilities	5,201,245	5,526,973	–	–

	Group £		Company £	
	2008	**2007**	**2008**	**2007**
Reconciliation of deferred tax liabilities				
Net deferred tax liabilities at the beginning of the year	5,526,973	4,991,104	–	–
Deferred tax charge for the year	174,312	544,698	–	–
Translation difference	(500,040)	(8,829)	–	–
Net deferred tax liabilities at end of the year	5,201,245	5,526,973	–	–

29. FINANCIAL INSTRUMENTS

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from 2007.

	Group £		Company £	
	2008	**2007**	**2008**	**2007**
Capital Risk Management				
Interest-bearing debt	106,091	285,682	–	–
Cash and cash equivalents	(5,419,489)	(422,416)	(1,455,587)	(326,979)
Net interest-bearing debt	(5,313,398)	(136,733)	(1,455,587)	(326,979)
Equity	50,368,771	12,794,603	46,244,186	6,014,832
Net debt to equity ratio (%)	(11%)	(1%)	(3%)	(5%)
Categories of Financial Instruments				
Financial Assets				
Cash and cash equivalents	5,419,489	422,416	1,455,587	326,797
Receivables	2,972,776	2,185,552	310,193	3,640,646
Derivative Instruments	–	–	–	–
Financial Liabilities				
Amortised cost	2,860,886	2,212,626	37,110	1,022,306
Derivative Instruments	–	1,092,232	–	–

Financial Risk Management Objectives

The Group seeks to minimise the effects of these 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 means of mitigating the risk.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables of £267 (2007:£nil), 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 no amounts from major customers that represent more than 5% of the trade receivables balance for the individual companies.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

29. FINANCIAL INSTRUMENTS (continued)

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 and commodity price 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.

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.

Currency risk

Currency	Closing Rate	Average Rate
Pound Sterling / Rand	15.56	14.68

	Impact of 10% currency movement on profit/loss
Foreign currency sensitivity	696,188

The Pounds Sterling carrying amount of the Group's foreign currency denominated monetary assets and liabilities at balance sheet date is as follows:

	Denominated in South African Rand £	£	Total
2008			
Assets	6,129,852	2,262,413	8,392,265
Liabilities	2,321,740	433,055	2,754,795
2007			
Assets	2,607,968	–	2,607,968
Liabilities	1,926,944	–	1,926,944

Fair value of financial instruments

Gains and losses on instruments for hedging are not recognised until the exposure that is being hedged is itself recognised.

Commodity hedges - on balance sheet

Group and Company

Unrecognised gains and losses on instruments used for hedging at year end are:

29. FINANCIAL INSTRUMENTS (continued)

	Maturity	Volume	Ave forward rate	Fair value loss
2008				
Gold	–	–	–	–
2007				
Gold	6 months	333 kg	R102 245 / kg	1,092,244

Interest rate and liquidity risk

Fluctuations in the interest rates impact on the value of 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. The 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 with several banking counterparties to meet the Group's normal and contingent funding.

Interest rate risk

The Group is exposed to interest rate risk as entities within the Group borrow funds at both fixed and floating interest rates.

Interest rate sensitivity

Based on the minor long term liability balances on the balance sheet, 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 forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

The Group has access to financing facilities, of which the total unused portion is £2.9 million (2007: £1.0 million) (refer to note 23). 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				
2008				
Trade Payables	–	2,754,795	–	2,754,795
Long term liabilities	14%	–	16,822	16,822
Short term liabilities	14%	89,269	–	89,269

29. FINANCIAL INSTRUMENTS (continued)

	Weighted average interest rate %	Less than 12 months	1 - 5 years	Total
2007				
Trade Payables	–	1,926,944	–	1,926,944
Long term liabilities	14%	–	115,665	115,665
Short term liabilities	14%	170,017	–	170,017

	Weighted average interest rate %	Less than 12 months	Total
COMPANY			
2008			
Trade Payables	–	433,050	433,050
2007			
Trade Payables	–	1,026,493	1,026,493

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 full time employees are required to be members of either the Barberton Retirement Fund, Metorex Pension Fund, Sentinel Retirement Fund or Mine Workers Provident Fund. These are defined contribution funds are registered under and governed by the Pension Act, 1956 as amended. The assets of the scheme are held separately from those of the Company in funds and they are in the control of the trustees.

The total costs charged to the income statement of £655,381 represent employer contributions payable to the schemes by the Company 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 on open votes contracted for at year-end of £139,147 (2007: £49,950).

Contingent liabilities

The Group had a contingent liability of £nil (2007: £9,068) for repairs carried out by the Patcon Sales (Proprietary) Limited under guarantees.

Guarantees

The Group had guarantees of £192,802 (2007:£215 054) favourable to Eskom, and £1,285 (2007: £nil) favourable to the Department of Mineral Affairs at year end.

COMPANY

There were no commitments, contingent liabilities and guarantees for the Company for the year ended 30 June 2008 (2007: £nil)

32. DIRECTORS' EMOLUMENTS

	2008	2007
Executive directors	**£**	**£**
Emoluments	88,715	74,571
Company contributions	–	–
Share options	510,000	‡87,636
Total	598,715	162,207
Non-executive directors		
Emoluments	38,750	30,000
Total	38,750	30,000
Total remuneration	**637,465**	**192,207**

Individual directors' emoluments	Share option profit	Basic salary	Bonuses	Share option expense	Company contributions	2008 Total	2007 Total
	£	£	£	£	£	£	£
Executive							
Mr K C Spencer * ◊	–	–	–		–	–	–
Mr J Nelson	510,000	78,000	10,715		–	88,715	162,207
Mr N Steinberg †	–	–	–		–	–	–
Mr M Smith * ◊	–	–	–		–	–	–
Total	510,000	78,000	10,715		–	88,715	162,207

‡ For the 15 months ended 30 June 2007.

* Mr K C Spencer and Mr M Smith were appointed during the current year.

◊ Mr K C Spencer, Mr M Smith, Mr A S Malone and Mr C D S Needham are directors of Metorex Limited, therefore no remuneration is paid to them directly. A management fee is charged to PAR by Metorex Limited. Refer to the Metorex Limited Annual Report for 30 June 2008 for detail on their remuneration.

† Mr N Steinberg resigned during the year. Nathan Steinberg is a partner in Munslows, a firm of Chartered Certified Accountants. That firm charged fees of £30,000 (2007: £17,625).

32. DIRECTORS' EMOLUMENTS (CONTINUED)

Non-Executive Directors

Non-executive directors consist of Mr R G Still, Dr H Blignault, Mr A S Malone ◊, Mr C D S Needham ◊ and Mr J Hopwood.

Dr H Blignault and Mr N A Steinberg resigned during the current year. Non-executive directors are entitled to £15,000 (2007:£13,750) per annum for services rendered.

2008 Share options	Total options 1 July 2007	Options granted	Options exercised	Average option price (pence)	Total options 30 June 2008
Mr K C Spencer	–	3,000,000	–	6.2	3,000,000
Mr J Nelson	18,000,000	–	(12,000,000)*	2.0	6,000,000
Mr N Steinberg	5,200,000	–	–	2.8	5,200,000
Mr R G Still	4,000,000	–	–	2.5	4,000,000
Dr H Blignault	–	–	–	–	–
Mr J Hopwood	–	1,000,000	–	6.2	1,000,000
Mr A S Malone	–	–	–	–	–
Mr C D S Needham	–	–	–	–	–
Mr M Smith	–	–	–	–	–
Total	**27,200,000**	**4,000,000**	**(12,000,000)**		**19,200,000**

* The market price at date of exercise was 6p (9,000,000) and 7p (3,000,000)

2007 Share options	Total options 1 July 2006	Options granted	Options exercised	Average option price cents	Total options 30 June 2007
Mr K C Spencer	–	–	–	–	–
Mr J Nelson	18,000,000	–	–	2.0	18,000,000
Mr N Steinberg	5,200,000	–	–	2.8	5,200,000
Mr R G Still	4,000,000	–	–	2.5	4,000,000
Dr H Blignault	5,000,000	–	(5,000,000)	2.0	–
Mr A S Malone	–	–	–	–	–
Mr C D S Needham	–	–	–	–	–
Total	32,200,000	–	(5,000,000)		27,200,000

Directors' interests in shares

As at 30 June 2008, none of the directors held any shares in the capital of Pan African, other than Mr A S Malone, who held 1,289,230 ordinary shares (2007: nil). There have been no changes to these holdings since the year end.

Substantial Shareholdings

Pan African is aware of the following substantial interests in the Group's issued share capital as at 31 October 2008:

	Number of ordinary shares	Percentage of issued share capital
Metorex Ltd	593,740,476	53.95%
Brait S.A.	69,326,975	6.30%
Pangea Exploration (Pty) Ltd	45,601,534	4.14%
BMO Nesbitt Burns	34,300,000	3.12%
Sunvest Corporation Ltd	33,200,000	3.02%

33. SHARE BASED OPTIONS

On 1 September 2005, the Company established a share option programme that entitles all employees, officers, Directors and qualifying consultants and its subsidiaries to purchase shares in the Company. In accordance with these programmes, options are exercisable at the market price of the shares at the date of the grant. Directors determine to whom options are granted.

The exercise of options granted to senior employees is at the approval of the board having regard to the grantee's fulfillment of obligations to the Group, achievement of targets and conduct of duties. In the event of the grantee's ceasing to hold employment or office, the options will lapse unless exercised within 30 days. Options may be exercised over a period of 3 years, calculated from the first anniversary of teh date of granting the option and in 3 equal tranches, subject to the Directors discretion. A maximum of 12.25% of the authorised share capital of PAR are available under the scheme.

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

	30 June 2008		30 June 2007	
	Weighted average exercise price	**Number of options**	**Weighted average exercise price**	**Number of options**
Outstanding at 1 July	3.40p	57,822,727	3.15p	54,000,000
Granted during the period	6.50p	17,122,273	5.50p	7,000,000
Exercised during the period	2.70p	(26,500,000)	4.00p	(1,677,273)
Lapsed in period	nil	(1,500,000)	nil	(1,500,000)
Outstanding and exercisable at 30 June	4.70p	46,945,000	3.40p	57,822,727

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

Options granted during the year	**Number of Option**	**Option price £**	**Fair Value**
16 August 2007	6,500,000	0.065	422,500
2 June 2008	10,622,273	0.062	658,581
Total	**17,122,273**	**–**	**1,081,081**

	2008	**2007**
Share price	0.062	3.5
Exercise price	0.070	3.75
Expected volatility	72.39%	71.98%
Expected life	1-3 years	3-4 years
Risk-free interest rate	5.31%	4.0%

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

The volatility of the Group's share price on each date of grant was calculated as the average of volatilities of share prices of the Group on the corresponding dates. The volatility of share price of the Group was calculated as the average of annualised standard deviations of daily continuously compounded returns on the Group's stock, calculated over 1,2 and 3 years back from the date of grant. Therefore, volatility of the Group'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 persistance.

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

The Group recognised total expenses of £156,952 (2007: £35,844) related to equity settled share-based payment transactions

34. ACQUISITIONS

Effective 27 July 2007, the Company acquired 74% of Barberton Mines (Pty) Ltd, for £35.6 million satisfied by the issue of 593,740,476 new shares at 6p per share. The transaction constituted a reverse takover in terms of IFRS 3: Business Combinations. Accordingly, Barberton has been treated for accounting purposes as acquiring Pan African, the current year results incorporate a full year of Barberton and 11 months of Pan African and prior year comparatives represent the results of Barberton for 12 months prior to the transaction. IFRS 3 also requires the cost of the transaction to represent the fair value of Pan African immediately prior to the deal being £25.7 million. The fair value of the acquired net assets of Pan African amounted to £5.9 million at acquisition, which gave rise to the recognition of goodwill amounting to £19.8 million, which is to be tested for impairment on an annual basis against the net asset value of the new Pan African group. In addition, transaction costs of £1.2 million formed part of the cost of acquisition and allocated to goodwill.

The net loss from Pan African since the date of acquisition was £1.9 million.

2008	**Commodity**	**Date of acquisition**	**Porportion of share acquired**	**Cost of acquisition**
Barberton Mines (Pty) Ltd	Gold	31 July 2007	74%	35,624,429

The major classes of assets and liabilities are as follows:

Non Current Assets *	6,588,340
Current Assets	520,529
Total assets	7,108,869
Non current liabilities	-
Current liabilities	1,242,108
Total liabilities	1,242,108
Net assets	**5,866,761**

Cost of acquisition	
Fair value of PAR	25,707,197
Transaction costs	1,160,278
Total value of PAR	26,867,475
Net asset value (as above)	(5,866,761)
Goodwill arising on acquisition	**21,000,714**

Impact of the acquisition on the results of the Group

Barberton Mines contributed £7,553,828 since acquisition, to the profit of the Group for the current year.

* No fair value uplift has been allocated to the resources of Manica or the Group's other exploration projects as none of these projects have proven and probable reserves assigned to them for the reasons outline on page 21. Consequently there is a wide range of uncertainty as to these projects' underlying fair values at the date of transaction and it has been concluded that the most reliable estimate is the historic costs incurred on each project. No other intangible assets arose in connection with the transaction and accordingly all excess purchase consideration arising has been allocated to goodwill as detailed in note 18.

35. RELATED PARTIES

The Company entered into the follwoing transactions and held year end balances with related parties:

	Income Statement		Balance Sheet	
	2008	2007	2008	2007
	£	£	£	£
Pref dividends received from Barberton	(473,085)	–	–	–
Loans to subsidiaries				
Barberton			91,170	
Mistral Resources			8,102,311	
Or Oubangui			1,616,887	
PAR-African (Ghana)				

Transactions between the Group and other related parties are disclosed below:

Mr R G Still is a director of Pangea Exploration (Pty) Ltd which is owned as to 33% by a trust connected with his family. The exploration expense of £22,274 was made on behalf of Pan African by Pangea Exploration, in respect of the Manica project in accordance dated 19 November 2003. The Group has reimbursed Pangea Exploration and the transaction was at arms length.

During the year, 60,000,000 ordinary shares were issued at 6p for a 20% share in, purchased from Pangea Exploration (Pty) Ltd of which Mr R G Still is a director

The remuneration of the Directors who are the only key management personnel of the Group is shown in note 32 - Directors' Emoluments.

36. POST BALANCE SHEET EVENTS

There are no significant subsequent events between 30 June 2008 and the date of this report.

37. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED BY/(UTILISED IN) OPERATIONS

	Group		Company	
	£		£	
	Year ended 30 June 2008	Year ended 30 June 2007	Year ended 30 June 2008	15 months ended 30 June 2007
Profit/(loss) before taxation	11,945,229	3,951,164	24,858	(1,325,765)
Adjusted for:	1,925,622	1,903,168	(317,276)	264,820
Dividends received		–	(473,085)	
Investments written off	–	–	–	4,800
Exploration costs written off	–	13,164	–	75,009
Share options costs	156,952	37,133	195,158	222,206
Net finance income	(200,282)	(13,125)	(39,349)	(37,195)
Depreciation	1,968,952	1,865,997	–	–
Operating profit/(loss) before working capital changes	13,870,851	5,854,332	(292,418)	(1,060,945)
Working capital changes	(1,108,630)	(122,733)	2,345,247	641,829
(Increase)/decrease in inventories	(252,476)	11,424	–	–
(Increase)/decrease in trade and other receivables	(787,224)	(228,132)	3,330,453	(1,367,016)
(Decrease)/Increase in trade and other payables and provisions	(504,104)	95,964	(985,206)	641,829
Non cash items	435,174	–	–	–
Cash generated by/(utilised in) operations	12,762,221	5,731,600	2,052,829	(419,116)
Income taxes paid	(1,722,974)	(16,703)	–	–
Net finance income	200,282	13,125	39,349	37,195
Net cash from/(used in) operating activities	11,239,529	5,728,021	2,092,178	(381,921)

38. TRANSITION TO IFRS

The Group's financial statements for the year ended 30 June 2008 have been prepared as a combination of Barberton due to the reverse takeover during the period. Barberton has historically prepared financial statements under IFRS and so no adjustments are required to the Group accounts. The Company only accounts have been prepared under IFRS for the first time for the year ended 30 June 2008. The adoption of IFRS has not required any adjustments to the financial statements for the previous year prepared under UK GAAP.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the ninth Annual General Meeting of Pan African Resources PLC will be held at the offices of Fasken Martineau LLP, Fourth Floor, 17 Hanover Square, London W1S 1HU on Monday, 22 December 2008 at 12h00 (all times stated are United Kingdom times unless otherwise stated) to consider and, if thought fit, transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report, the Audited Statement of Accounts and Auditors' Report for the year ended 30 June 2008.
2. To re-elect Mr R G Still as a director of the Company who retires by rotation pursuant to the Articles of Association of the Company.
3. To re-elect Mr C D S Needham as a director, who retires by rotation pursuant to the Articles of Association of the Company.
4. To re-elect Mr J G Hopwood as a director, who was appointed during the period.
5. To re-elect Mr M Smith as a director, who was appointed during the period.
6. To appoint Deloitte & Touche LLP as auditors of the Company and to authorise the Directors to determine their remuneration.

SPECIAL BUSINESS

As special business, to consider and if thought fit, to pass the following resolutions of which Resolution 7 will be proposed as an Ordinary Resolution and Resolutions 8, 9 and 10 will be proposed as Special Resolutions:

7. THAT the Directors be and are hereby generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 ('the Act'), in substitution for all previous powers granted to them, to exercise all the powers of the Company to allot and make offers to allot relevant securities (within the meaning of Section 80(2) of the Act) up to an aggregate nominal amount of £8,994,108.38; such authority shall, unless previously revoked or varied by the Company in general meeting, expire on the conclusion of the next Annual General Meeting of the Company or on 31 December 2009, 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 relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to any such offer or agreement as if the authority conferred hereby had not expired.

8. THAT the Directors be and they are hereby empowered pursuant to Section 95 of the Companies Act 1985 (the "Act"), in substitution for all previous powers granted thereunder, to allot equity securities (within the meaning of Section 94 of the Act) for cash pursuant to the authority granted by resolution 6 above as if Section 89(1) of the Act did not apply to any such allotment provided that this power shall expire at the conclusion of the next Annual General Meeting of the Company or on 31 December 2009, whichever is the earlier, and such power is limited to the allotment of equity securities:
   (a) in connection with rights issues to holders of ordinary shares where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with any fractional entitlements or any legal or practical problems under law of, or the requirements of any regulatory body or any recognised stock exchange in, any territory;

   (b) up to a maximum aggregate nominal value of £469,450 in connection with the exercise of options granted to various parties (including Directors) over an aggregate of 46,945,000 Ordinary Shares;

   (c) up to a maximum aggregate nominal value of £1,100,589.16 (being 10 per cent. of the issued share capital of the Company as at the date of this notice) in connection with the granting of options by the Company granted in accordance with the

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

If you have sold or otherwise transferred all of your shares in Pan African Resources PLC (the "Company"), please send this document, together with the accompanying Form of Proxy to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold only part of your holding of shares in Pan African Resources PLC, please contact your stockbroker, bank or other agent through whom the sale was effected immediately.

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

Pan African Resources PLC Share Option Plan; and;

(d) up to a maximum aggregate value of £643,046.22 in connection with the exercise of the option granted to Shanduka Resources (Proprietary) Limited ("Shanduka") to subscribe for Ordinary Shares;

(e) up to a maximum aggregate value of £2,086,115.79 in connection with the exercise of the option granted to Shanduka to require the Company to acquire all of Shanduka's 26 per cent. interest in Barberton Mines (Proprietary) Limited in consideration of the issue of shares in the Company; and

(f) up to a maximum aggregate value of £1,100,589.16 (being approximately 10 per cent. of the issued share capital of the Company as at the date of this notice) otherwise than pursuant to paragraphs (a) to (e) above), save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired.

9. That the Company be generally and unconditionally authorised for the purposes of section 166 of the Companies Act 1985 to make market purchases (as defined in section 163 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 110,058,916 (representing approximately 10 per cent of the issued share capital of the Company at 28 November 2008);

   (b) the minimum price (excluding expenses) which may be paid for each ordinary share is 1p;

   (c) the maximum price (excluding expenses) which may be paid for any ordinary share does not exceed 5 per cent. above the average closing price of such shares for the five business days on the London Stock Exchange prior to the date of purchase; and

   (d) this authority shall expire at the conclusion of the next Annual General Meeting of the Company or on 31 December 2009, 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).

10. That the Articles of Association contained in a document produced to the meeting and signed by the Chairman for the purposes of identification be approved and adopted as the new Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association, with immediate effect.

By Order of the Board

St James's Corporate Services Limited

St James's Corporate Services Limited
Company Secretary
28 November 2008

6 St James's Place
London
England
SW1A 1NP

EXPLANATORY NOTES

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at:
   - 12h00 on Saturday, 20 December 2008; or,
   - if the AGM is adjourned, at 18h00 on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the AGM.

Appointment of proxies

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

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

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact Capita Registrars or Computershare Investor Services (Pty) Ltd who will arrange for the appropriate documentation to be provided to you.

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given,

your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the AGM.

Appointment of proxy using hard copy proxy form

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

   To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to Capita Registrars at Proxies Department, The Registry, 34 Beckenham Road, Kent, BR3 4TU or Computershare Investor Services (Pty) Ltd, Ground Floor, 70 Marshall Street, Johannesburg 2001, South Africa (PO Box 61051, Marshalltown, 2107, Johannesburg, South Africa); or
- received by Capita Registrars or Computershare Investor Services (Pty) Ltd no later than 12h00 on Saturday, 20 December 2008.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

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

Changing proxy instructions

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

   Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Registrars, The Registry, Proxies Department, 34 Beckenham Road, Beckenham, Kent BR3 4TU or Computershare Investor Services (Pty) Ltd, Ground Floor, 70 Marshall Street, Johannesburg 2001, South Africa (PO Box 61051, Marshalltown, 2107, Johannesburg, South Africa);.

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

Termination of proxy appointments

9. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment as above. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

   The revocation notice must be received by Capita Registrars or Computershare Investor Services (Pty) Ltd no later than 12h00 on Saturday, 20 December 2008. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

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

Issued shares and total voting rights

10. As at 18h00 on 27 November 2008, the Company's issued share capital comprised 1,100,589,162 ordinary shares of 1p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 18h00 on 27 November 2008 was 1,100,589,162.

Directors interests and documents on display

11. A statement or summary of transactions of directors (and their family interests) in the share capital of the Company and copies of their service contracts will be available for inspection at the Company's registered office during normal business hours (Saturdays and public holidays excepted) from the date of this notice until the conclusion of the AGM and will also be available for inspection at the place of the AGM for at least 15 minutes prior to and during the meeting

CONTACT DETAILS

UNITED KINGDOM

Registered Office, Company Secretary and Investor Relations (UK)
St James's Corporate Services Limited
6 St James's Place
London
SW1A 1NP
United Kingdom
Tel: +44 (0) 20 7499 3916
Fax: +44 (0) 20 7491 1989
Email: phil.dexter@corpserv.co.uk

Nominated Advisors (NOMAD)
RBC Capital Markets
71 Queen Victoria Street
London
EC4V 4DE
United Kingdom
Tel: +44 (0) 20 7029 7881
Fax: +44 (0) 20 7029 7924
Email: martin.eales@rbccm.com

Auditors
Deloitte & Touche LLP
2 New Street Square
London
EC4 3BZ
United Kingdom
Tel: +44 (0) 20 7936 3000
Fax: +44 (0) 20 7583 1198
www.deloitte.co.uk

Solicitors
Fasken Martineau LLP
17 Hanover Square
London
W1S 1HU
London
United Kingdom
Tel: +44 (0) 20 7917 8500
Fax: +44 (0) 20 7917 8555
Email: ngordon@fasken.co.uk

Registrars (UK)
Capita Registrars
Northern House
Woodsome Bridge
Huddersfield
HD8 0LA
Tel: From UK - 0871 664 0300
(calls cost 10p per minute plus network charges)
Tel: Outside UK +44 20 8639 399

SOUTH AFRICA

Corporate Office
Viewpoint House
Cnr. Main Street and Orchard Avenue
Bordeaux
Randburg
South Africa
Tel: +27 (0) 11 777 7840
Fax: +27 (0) 11 777 7843
Email: nicole@paf.co.za

Sponsor (RSA)
Macquarie First South Corporate Finance (Pty) Ltd
The Place
1 Sandton Drive
South Wing
Sandown
Johannesburg
South Africa
Tel: +27 11 (0) 583 2000
Fax: +27 11 (0) 583 2161
Email: amanda.markman@macquarie.com

Transfer Securities (RSA)
Computershare Investor Services (Pty) Ltd
70 Marshall Street
Johannesburg
South Africa
Tel: +27 (0) 11 370 5085
Fax: +27 (0) 11 688 5248
Email: maree.fourie@computershare.co.za

Public Relations (RSA)
FDBeachhead
1st Floor
Lumley House
177 Jan Smuts Avenue
Rosebank
South Africa
Tel: +27 (0) 11 214 2400
Fax: +27 11 (0) 214 2405
Email: jennifer.cohen@fd.com

Postal Address
PO Box 2768
Pinegowrie
2125
South Africa

Website
www.panafricanresources.com

Company Registration Number
3937466