PAN AFRICAN RESOURCES PLC

The African Focused Gold Mining Company

Annual Report

2009

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Pan African Resources PLC
(hereinafter referred to the "Company', 'Pan African Resources' or 'Pan African')
(Incorporated in England & Wales under the Companies Act 1985
with registration number 3937466 on 25 February 2000)
Share code on AIM: PAF (Primary listing)
Share code on AltX: PAN (Secondary listing)
ISIN: GB0005300496

Nature of Our Business

Pan African is a gold mining Group that produces approximately 100,000oz per year. Its focus is on developing low cost, high margin production or near production projects. The Group is largely debt free, is unhedged and is able to fund all of its current on-mine capital from internal cash flows.

Investment Focus:

Production and growth focus driven by:

- Low cost base;
- High margins; and
- Significant potential for long term growth in reserve base.

Resilient financial performance

- √ Headline earnings per share growth of 64% to 0.85p (2008: 0.52p) ‡
- √ Earnings per share decreased by 30% to 0.40p (2008: 0.52p)
- √ EBITDA increased by 67% to £22.9 million (excluding impairment) (2008: £13.7 million)
- √ Dividend of 0.02555p declared
- √ Total cash cost decreased by 1.42% to US$469/oz (2008: US$: 476/oz)

Continued production improvement from the Barberton mining operations

- √ Gold sales increased by 35% to £53 million (2008: £39.3 million)
- √ Underground gold production increased by 15% to 94,909oz (2008: 82,436oz)
- √ Headgrade improved by 16% to 10.32g/t (2008: 8.9g/t)
- √ Proven and probable reserve base increased by 26% to 619,000oz (2008: 490,000oz)

Acquisition of a further low cost / high margin mining project

- √ Acquired 100% of the Phoenix Platinum processing project for £5.2 million (NPV of £27.6 million)
- √ Test work confirmed higher than anticipated 4PGE grades of between 2.1g/t and 3.0g/t
- √ Cash cost of <US$350/oz
- √ Capex of approximately £6 million and short payback period of less than 12 months
- √ Production start up as early as February 2011**

** Dependent on management's ability to secure the preferred site location

Established management team with a proven track record of unlocking potential

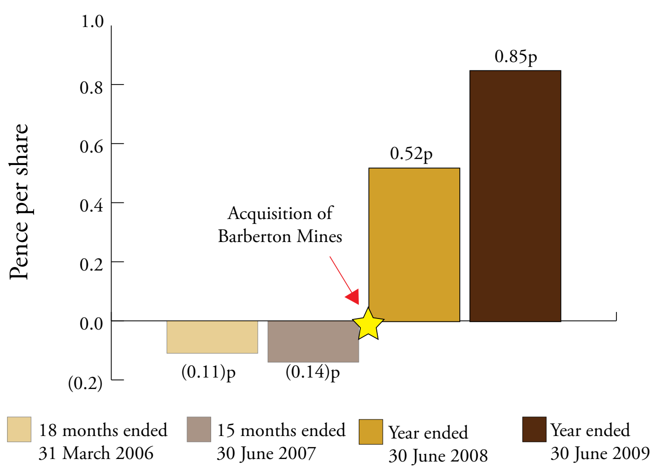
- √ Successful transformation from a gold explorer to a gold producer over the past three years
- √ Successful acquisition of the Phoenix Platinum processing project to increase future profitability
- √ Successfully implemented a change in strategy to adapt to the challenging global economic crisis

‡ For headline earnings per share, please refer to Note 14 on page 79

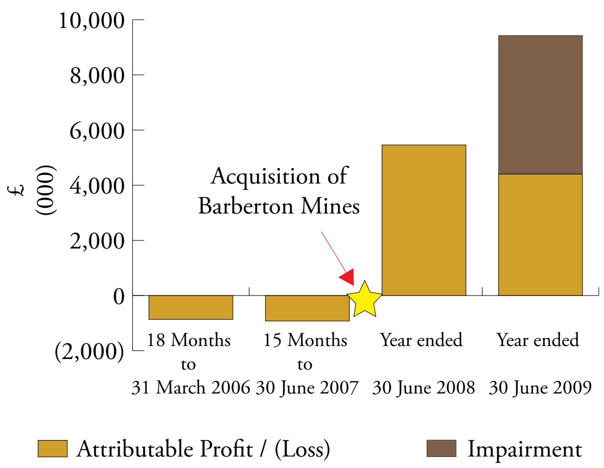
Salient Features

	Year ended 30 June 2009 £	Year ended 30 June 2008 £		Percentage Change
Income Statement				
Profit After Taxation		8,091,289	7,578,686	7%
Headline Earnings (see Note 14 on page 79)		9,428,998	5,460,067	73%
Gold Sales		53,000,352	39,254,557	35%
Mining Profit		21,994,689	12,018,733	83%
Cost of Production		(28,504,686)	(25,163,675)	13%
Impairment Costs		(5,025,463)	-	100%
Balance Sheet				
Non-Current Assets		67,197,831	55,647,095	21%
Current Assets		4,948,877	8,770,239	(44%)
Total Equity		56,360,402	50,368,771	12%
Non-Current Liabilities		9,685,537	7,438,021	30%
Current Liabilities		6,100,769	6,610,542	(8%)
Operating Performance				
Tons Milled	(t)	313,952	315,305	(0.43%)
Headgrade	(g/t)	10.32	8.9	16%
Gold Sold	(oz)	97,353	99,078	(1.74%)
Spot Price Received	(US$/oz)	867	823	5%
Total Cash Costs	(US$/oz)	469	476	(1.42%)
Capital Expenditure	(£)	4,052,665	2,901,792	40%

Headline Earnings Per Share



Attributable Profit to the Parent



Share Statistics & Shareholding

Share Statistics

	Year ended 30 June 2009	Year ended 30 June 2008	% Change
Number of shares in issue	1,112,589,162	1,099,866,438	1%
Weighted average number of shares in issue	1,104,367,219	1,043,789,285	6%
Weighted average diluted	1,107,248,663	1,073,789,285	3%

Major Shareholdings

Financial Year End

Significant shareholders identified in a share register analysis as at 26 June 2009:

Name	Number of Shares	Percentage held
Metorex Limited *	593,740,476	53.37%
Brait S.A.	69,326,975	6.23%
Pangea Exploration (Pty) Ltd	45,601,534	4.10%
BMO Nesbitt Burns	37,580,000	3.38%

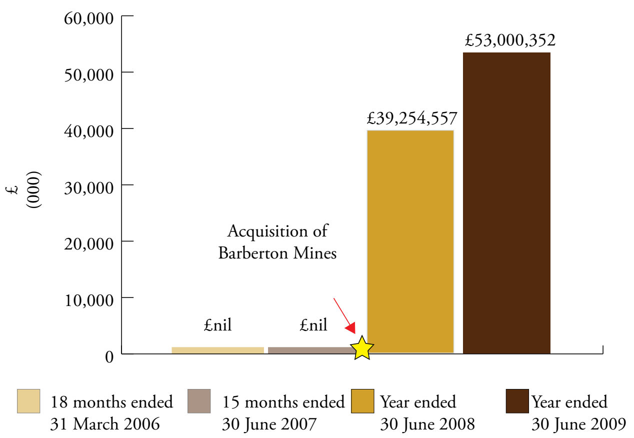
* On 26 June 2009, Metorex Limited announced that it had disposed of its entire shareholding in Pan African through a sale of share exercise that became effective on 1 July 2009.

Post Balance Sheet

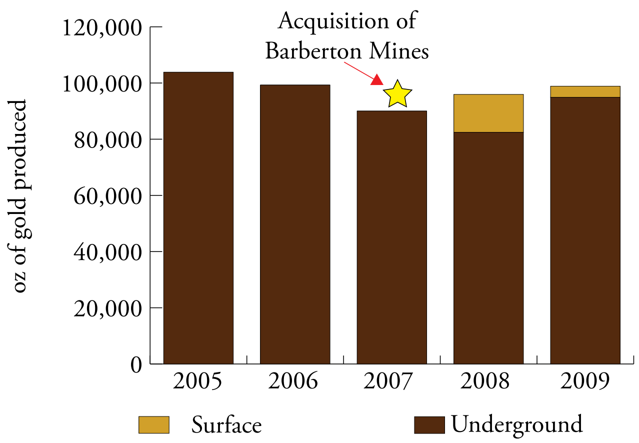
As at 10 November 2009 the substantial shareholdings of which the Company is aware are as follows:
Shares in issue: 1,408,340,711

Name	Number of Shares	Percentage held
Shanduka Gold	366,168,585	26.00%
Coronation Fund Managers	225,354,176	16.00%
Investec Asset Management	150,346,264	10.68%
Allan Gray Investment Council	76,294,036	5.42%
J P Morgan Asset Management	60,000,000	4.26%

Revenue

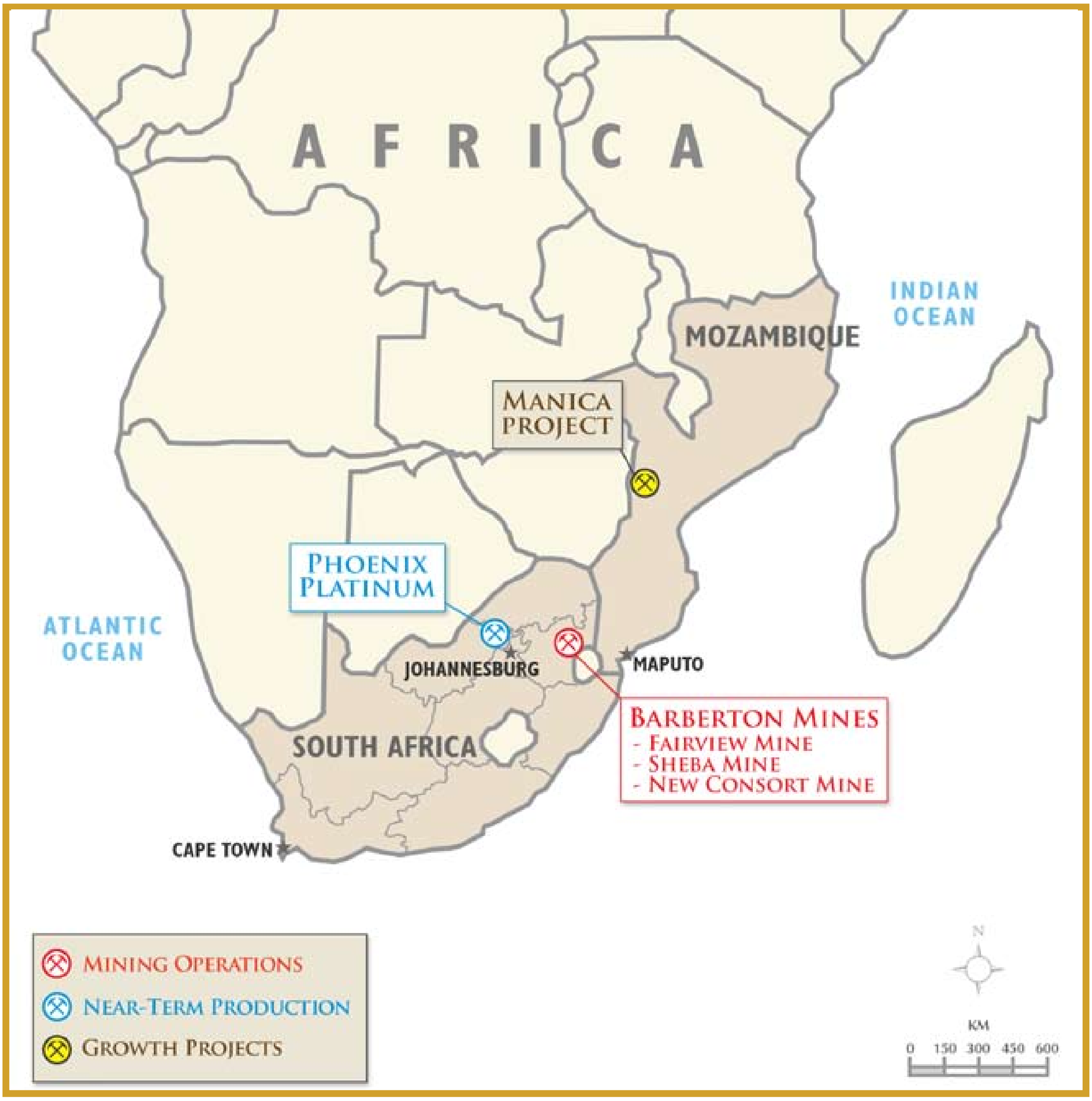


Gold Produced



2005 - 2007 attributable to Metorex Limited.

Geographic Location



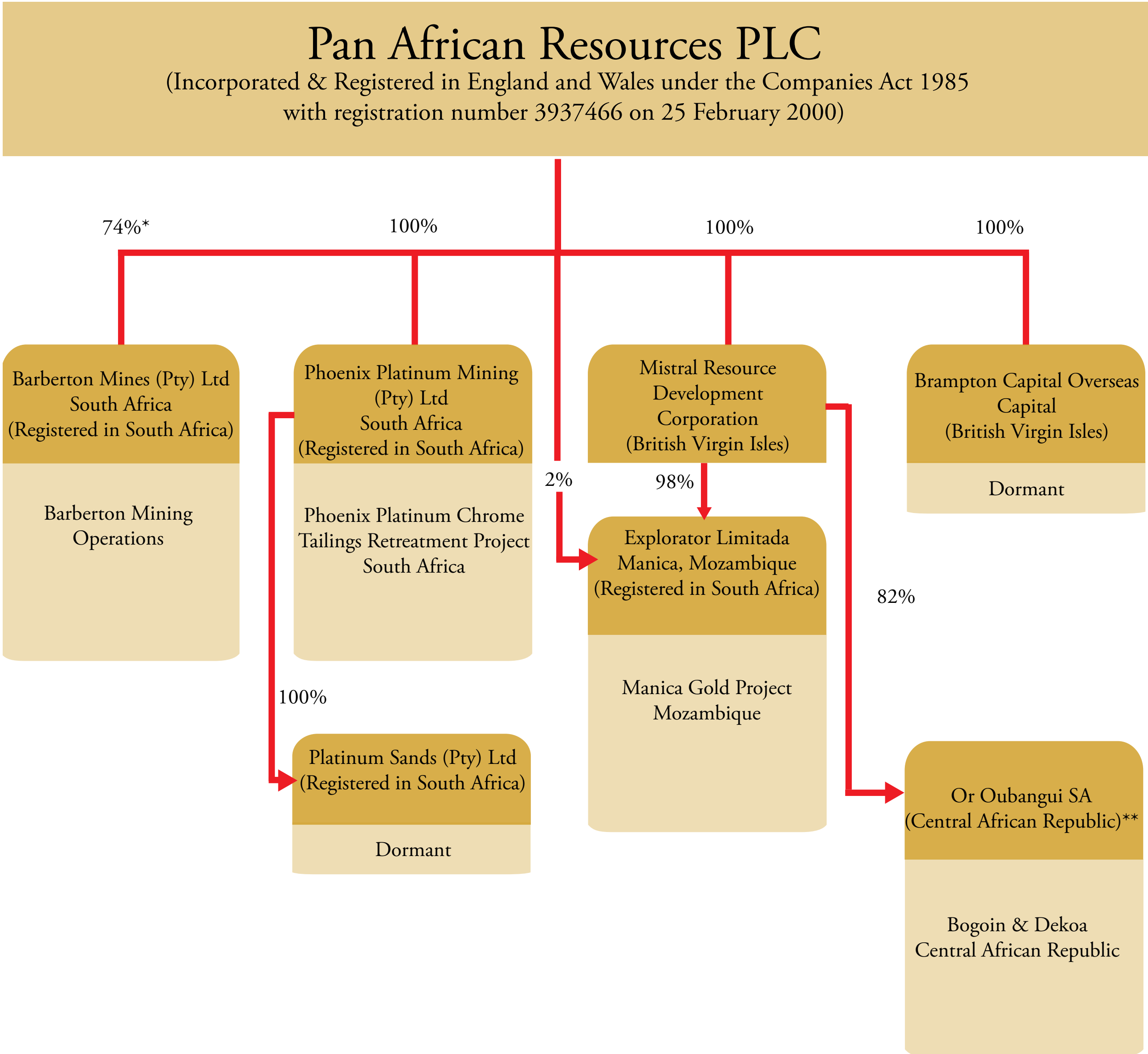
Project Summary

Projects	Name	Commodity	Production (per annum) Tons (t) 000	Production (per annum) Headgrade (g/t)	Production (per annum) Gold (Koz)	Working Costs (US$/oz)	Capex (US$/oz)	Life of Mine ('LOM') (years)
	Barberton Mines	Gold	325	10.00	100	450	70	10
	Phoenix Project †	4E*	230	2.76	10*	323	60	17
	Manica Project †	Gold	840	3.20	83	75	90	11

* Platinum, Palladium, Rhodium & Gold
†: Based on preliminary internal forecasts. Numbers may vary.

Company Structure

As at 30 June 2009



* Post balance sheet ownership of Barberton Mines increased to 100%

** Project impaired

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Chairman’s Statement

Keith Spencer
Independent Non-Executive Chairman

The Group has had a pleasing year providing good results and making a major acquisition in purchasing the Phoenix Platinum project. Consequently the focus has moved from long-term exploration production to near-term projects. Post the year end Metorex Limited (‘Metorex’), who held 54% of the share, divested their holdings to a range of institutional buyers. This has given the Group both flexibility and much needed liquidity.

Once again, the Barberton operations performed well and this together with a firm gold price resulted in record profits. Capital expenditure at the operations was increased, mainly in an effort to find new orebodies as well as to access the deeper levels of known and productive gold-bearing shoots.

At Manica in Mozambique, the resource at Fairbride was defined. A preliminary pre-feasibility study of this operation showed the deposit to be marginal, mainly due to the refractory nature of the orebody. The decision has been taken to endeavour to consolidate the Fairbride orebody with others in the area, as large monthly tonnages are needed to be mined and treated to make operating in this area more economically robust.

Undoubtedly the highlight of the year, was the acquisition of the Phoenix Platinum project from Metorex. This project supports the Group’s investment criteria of low cost, high margins. It has significant potential for growth and is a chrome tailings retreatment facility extracting platinum group metals. It is our intention to progress this during the coming year and it should add significantly to the bottom line in the future.

In keeping with our strategy of concentrating on more near-term projects, we have terminated our efforts in Ghana and the Central African Republic (‘CAR’). In Ghana, the drilling programmes yielded no significant gold mineralisation and in the CAR we drilled the Bogoin prospect with disappointing results. These two projects have been impaired on the Company’s balance sheet.

The gold market has remained buoyant in dollar terms which flowed through to the bottom line at Barberton. The world economy, although showing the first stages of recovery, remains stressed and gold still remains a safe haven for investors. The fundamentals for gold still remains sound, however with the stronger Rand the gold price in Rand terms in the coming year will probably not be as high as experienced in 2008/2009. Going forward, the Group will continue with its strategy of seeking near-term, high margin projects using ZAR250,000/kg for planning purposes.

The Company declared its maiden dividend at mid year. In future, dividends will be considered at the end of each financial year depending on the financial position of the Company. The board has also taken the decision to move the listing in Johannesburg from AltX to the main board of the JSE Limited, this will take place in the new financial year.

Chairman's Statement

"Undoubtedly the highlight of the year was the acquisition of the Phoenix Platinum Processing Project"

Post year end the Company concluded an agreement with Shanduka Gold (Pty) Ltd whereby they exchanged their 26% holding in Barberton Mines for new Pan African shares. Shanduka also purchased shares in Metorex's share sale exercise and now holds 26% of Pan African.

During the year Simon Malone retired from the Board. I would like to thank Simon for the tireless efforts he put into the Company, especially is helping set the strategy for the Company after the acquisition of Barberton Mines from Metorex and wish him well in his retirement.

After year end, Charles Needham and Maritz Smith resigned as directors on the exit of Metorex as shareholders. They have been replaced by Cyril Ramaphosa, Rowan Smith and Cobus Loots, with Cobus taking on the role of Financial Director. I would like to thank Charles and Maritz for their efforts while on the board and welcome Cyril, Rowan and Cobus.

With Shanduka now the major shareholder, Cyril Ramaphosa will be taking over as Chairman and I will become his Deputy and I look forward to working closely with him.

Finally I would offer my sincere thanks to my fellow Directors, Jan Nelson our CEO, and to our teams both in the corporate office and on the operations for their efforts during the past year.

KC Spencer
Chairman
10 November 2009

CEO's Review

Jan Nelson
Chief Executive Officer

"Increased productivity and aggressive cost control resulted in a resilient financial performance, which allowed us to declare a maiden dividend"

Highlights

- Increase of 15% in underground production (reversing a 4 year trend of declining underground production)
- Significant increase in gold grades as a result of capital investment (headgrade improved by 16% to 10.32g/t)
- Increase in reserves at Barberton of approximately 100,000oz
- Acquisition of low cost Phoenix Platinum processing project: could add to revenue stream within 18 months
- Payment of maiden dividend demonstrating the Group's ability to effectively manage its balance sheet

CEO's Review

During the year under review, the Group continued to improve on its operational performance. This combined with less expenditure on early stage exploration resulted in a resilient financial performance. Despite the acquisition of the Phoenix Platinum processing project, our results allowed the Group to declare a maiden dividend.

Change in Strategy

As highlighted by the board in the previous reporting period, remaining cash positive and strengthening the balance sheet were key objectives. Disappointing results from early stage exploration projects in Ghana and the Central African Republic ('CAR') and the significant capital required for such projects caused the Company to review it's strategy to invest in early stage exploration projects.

The acquisition of the Phoenix Platinum processing project further demonstrated that projects likely to deliver cash flow in the near term are available, and could assist the Group in achieving its growth targets in a cost effective manner whilst limiting risk. As a result the board decided to focus only on projects that are at or near pre-feasibility stage.

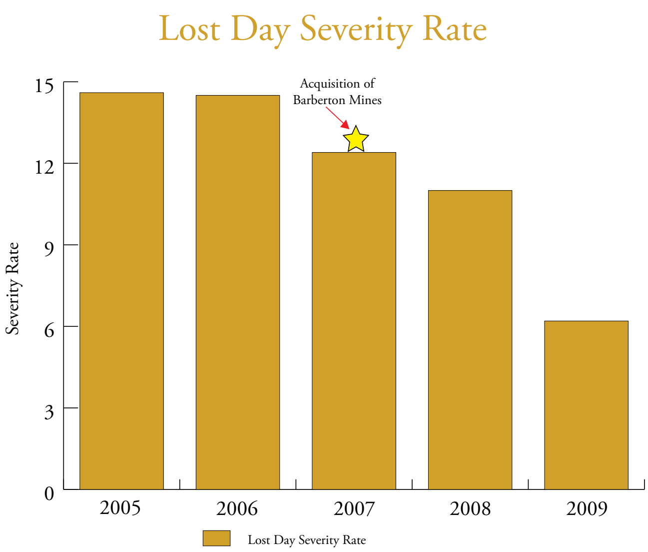
In addition the Company's investment criteria were more strictly defined to ensure that the following filters would be rigorously applied:

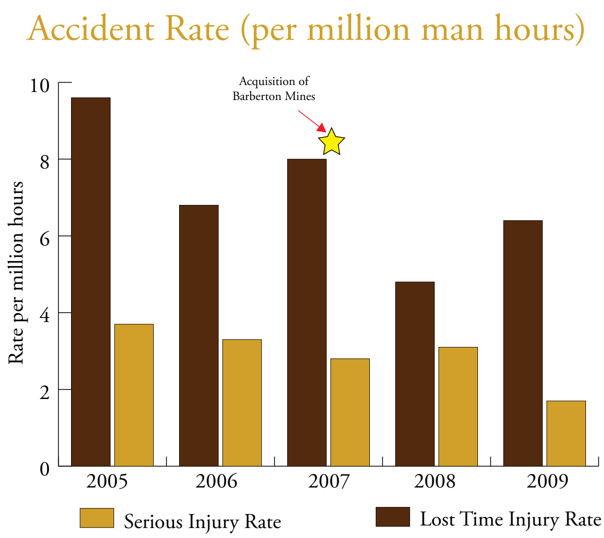
1. Low cost base
2. High profit margin
3. Significant resource growth potential
4. At or near production

The board believes that this approach will set the Company apart from its peers and ensure that maximum shareholder value is achieved.

Health & Safety

The safety results for the Barberton Mining Operations ('Barberton Mines') (comprising the Fairview, Consort and Sheba sections) have improved year-on-year, apart from lost time injuries. Shifts lost and the number of reportable accidents have decreased. The Company is pleased to report no fatalities for the year. The Consort section has achieved one million fatality-free shifts over seven years and the Fairview section is approaching two million fatality-free shifts. The safety of our employees is of paramount importance and the Company runs approved training programmes at its mining operations.





CEO's Review

Financial performance

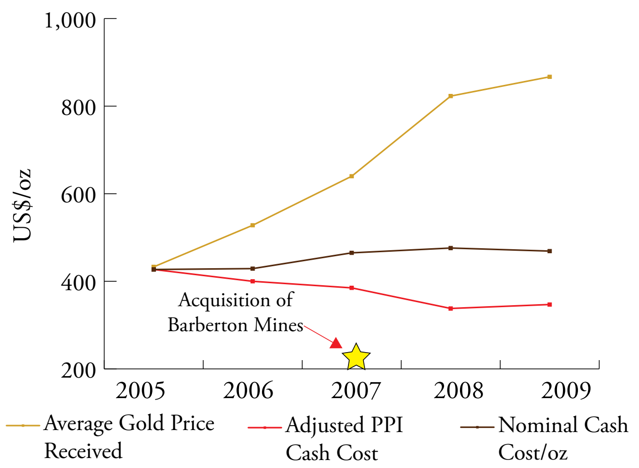
Gross Revenue from gold sales increased by 35% to £53 million (2008: £39 million). Mining profit at Barberton grew by 83% to £21.9 million (2008: £12 million) despite an increase in the cost of production of 13% to £28.5 million (2008: £25.1 million). Higher costs were linked to increases in the prices of consumables, electricity, as well as salaries and wages. EBITDA, excluding impairment, for the year under review was £22.9 million (2008: £13.7 million), an increase of 67%. Other expenses increased 435% to £1.4 million (2008: £0.3 million), and an exploration expenditure impairment charge was £5 million (2008: £nil).

		Year ended 30 June 2009	**Year ended 30 June 2008**
Gold Sales	(GBP)	53,000,352	39,254,557
EBITDA (excluding impairment)	(GBP)	22,889,784	13,710,819
Attributable Profit to the parent	(GBP)	4,403,535	5,460,067
EPS† (see Note 14)	(pence)	0.40	0.52
HEPS ‡ (see Note 14)	(pence)	0.85	0.52
Weighted average number of shares in issue		1,104,367,219	1,043,789,285

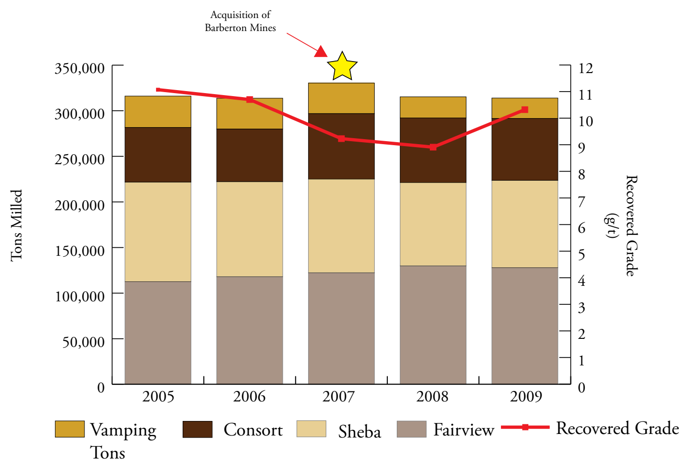
†: Earnings Per Share
‡: Headline Earnings Per Share

Income tax increased by 88% for the Group to £8.2 million (2008: £4.3 million) as a result of an increase in the profit margin. Basic earnings per share decreased to 0.40 pence for the current year (2008: 0.52 pence). This decrease is a direct result of £5 million impairment charge (2008: £nil) relating to exploration expenditure. Headline earnings per share increased by 64% to 0.85 pence (2008: 0.52 pence).

Total Cash Cost vs. Average Gold Price Received



Production Statistics



The increase in mining profit, despite a slight decrease of 1.7% or 1,725oz in total gold sales, was the result of the spot gold price moving 5% higher at US$867/oz (2008: US$823/oz). The average US$: ZAR exchange rate was 23% weaker at ZAR9,00 (2008: ZAR7,30), which also played a significant role in terms of revenue received in South African Rand. Effective ZAR gold price was 35% higher at ZAR251, 820/kg (2008: ZAR187,000/kg).

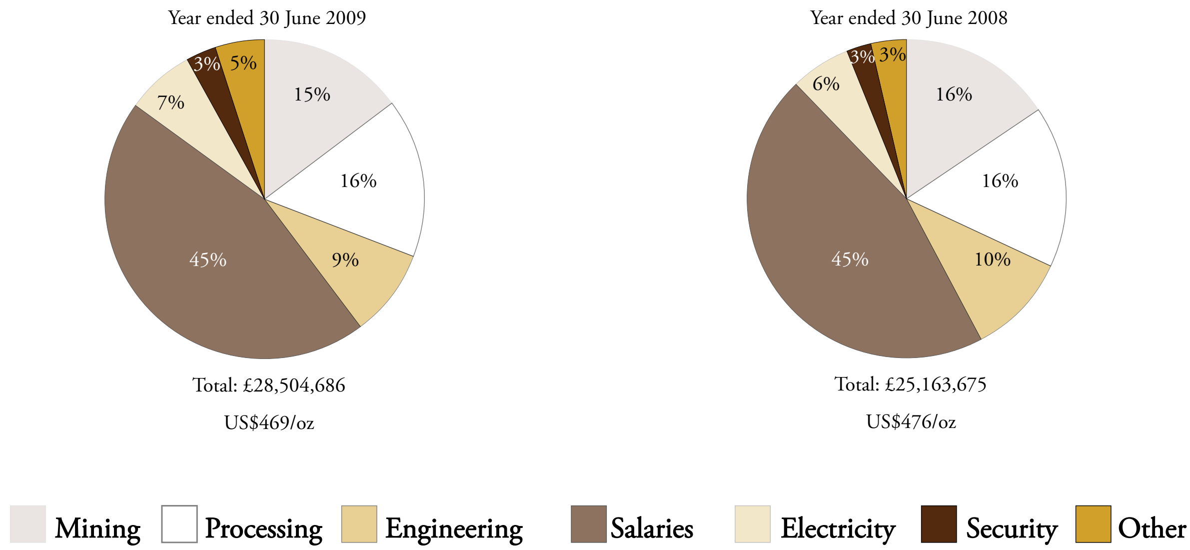
Operating performance

Barberton Mines (which includes the Fairview, Sheba and New Consort Mines) produced 97,353oz of gold, a decrease of 1.7% from the previous year (2008: 99,078oz). This marginal decrease was a result of a 71% decline in gold production from surface sources to 3,955oz (2008: 13,513oz). No gold production from surface sources is planned for the 2009/10 financial reporting period.

Of significance is that the previous decrease from underground gold production over the past four years has been turned around with gold production from underground sources increasing by 15% to 94,909oz (2008: 82,436oz). This trend is not only sustainable, but Pan African also anticipates that future production will increase as a result of the higher capital expenditure at the mine, to deliver increased payable facelength available to mine. This will result in flexibility to manage the grade and mining mix. The negligible 0.4% decrease in the volume of underground production to 313,952t (2008: 315,305t) was far outweighed by the significant increase in grade of 16% to 10.32g/t (2008: 8.9g/t).

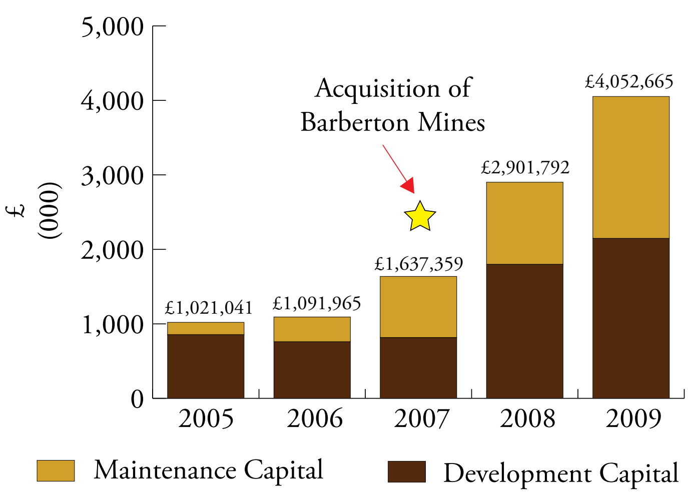
Total cash costs decreased marginally by 1.42% to US$469/oz compared to the previous year (2008:$476/oz).

Cash Cost Breakdown (Excluding Capex)



Total capital expenditure at the mine increased by 40% to £4.0 million (2008: £2.9 million). Fifty percent of the expenditure relates to replacing and growing current reserves. This investment is clearly delivering value, as it is the main driver in the increased grades achieved and resultant increased gold production. The total commitment to capital will continue and is forecast to increase by 15% next year. This investment will not only ensure the sustainability of current production but will assist in growing future production.

Capital Expenditure (Excludes Surface Programme)



CEO's Review

Review of Near-Term Production Projects - Phoenix Platinum – South Africa

Effective May 2009, the Company acquired 100% of Phoenix Platinum Mining for £5.2 million (£4.2 million for accounting purposes) from Metorex. Phoenix Platinum is now a wholly owned subsidiary of the Company.

Preliminary sampling and recovery results have exceeded expectations and management's proactivity could see plant construction in the first half of 2010, with an annualised production of 12,000oz of 4PGE production likely by December 2011. Capital expenditure is estimated at £6 million. However, this production outlook is sensitive to management's ability to secure plant location.

Review of Growth Projects - Manica Gold Project – Mozambique

Since Pan African acquired the Manica gold project, the resource has been increased by 414% over a three year period, from 0.50Moz to 2.571Moz. An in-house pre-feasibility study was completed in the year under review. The results of the study, as announced on 4 June 2009, indicated that a change of strategy was necessary in order to optimise project value.

Work planned for the coming year will focus on regional consolidation of oxide resources with the objective to define significant non-refractory ore that can be mined from surface, requiring less capital and fast tracking potential production.

Review of Exploration Projects - Ghana and the CAR

The results from the first phase of drilling on the projects in Ghana and the CAR have not met the Company's criteria to continue with further exploration activity. As a result, exploration activity has been terminated, resulting in an impairment charge of £5 million.

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 were 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) a Social and Labour Plan ('SLP') (c) an Environmental Management Programme ('EMP') together with (d) a Black Economic Empowerment ('BEE') plan must be included. All the necessary documentation has been submitted to the Department of Minerals and Energy ('DME'), now referred to as the Department of Mineral Resources, in South Africa. The validity of the current licences is not affected until the final decision from the Minister on conversion.

Mineral Resource Management

The total resource for the Group increased in gold content by 47.5% to 4.582Moz (41.52Mt @ 3.44g/t) from the previous reporting period (2008: 3.105Moz: 17.30Mt @ 5.78g/t). This increase is the result of an updated resource model at the Manica gold project in Mozambique, which contributed 58% of the increase in the Group inventory, as well as additional ounces gained through an upgrade in the resource at Barberton Mines, which contributed the remaining 42%. The impairment of the exploration projects and subsequent write down had no effect on the Group's mineral resource statement as these projects were never included in any resource statements.

During the year under review, the Group's reserve in gold content which is attributable to Barberton increased by 26% to 619,000oz (2.38Mt @ 8.01g/t) compared to 490,000oz (1.59Mt @ 7.13g/t) at the date of acquisition. What is extremely encouraging is the increase in the gross *in situ* grade of 12% to 8.01g/t.

An integrated Mineral Resource Management system is being rolled out throughout the Group, and a dedicated executive, Martin Bevelander, has been assigned to this process. The initial implementation of this system has already resulted in an increase of approximately 100,000oz in the reserve base at Barberton Mines. Mineral Resource Management is, and will continue to be, a key strategic corporate focus for the Group enabling management to: (a) optimise the economic value of mineral assets, (b) integrate technical and associated functional disciplines along the business value chain, (c) increase the level of corporate governance through continued audit and quality control and (d) create stakeholder value.

CEO's Review

Other developments

The Group reviewed 29 potential acquisition targets in 12 African countries during the year under review. None of the projects, except the Phoenix Platinum processing project, fulfilled the criteria of (a) high quality and (b) low cost base with (c) significant growth potential. The Group continues to review projects to grow its mineable reserve base. Geographically, the Group continues to focus on southern and western Africa to realise its growth strategy.

Growth will however be measured in terms of potential for profitable extraction. In this regard, the Group has assigned a dedicated executive, Pieter Wiese, to focus on achieving this goal. The acquisition of the Phoenix Platinum processing project proves that this dedicated approach is delivering results.

Post balance sheet events

On 19 June 2009, the Company announced that it had concluded an agreement with Shanduka Gold (Pty) Ltd ('Shanduka') whereby Pan African would acquire Shanduka's 26% shareholding in Barberton Mines in exchange for the issue of 295,751,549 new ordinary shares to Shanduka (see Note 36 on page 97).

This share exchange transaction with Shanduka became effective on 21 August 2009. The board considers it prudent to simplify the Pan African Group structure by acquiring the entire issued share capital of Barberton Mines, in doing so:

- Significantly increasing the attributable gold ounces to Pan African to approximately 100,000 ounces per year; and
- Terminating the shareholders' agreement that currently exists at Barberton Mines level ("Barberton Shareholders' Agreement"), thereby further simplifying the operations of the Group.

Barberton Mines will continue to benefit from an empowerment agreement concluded between Shanduka and Barberton Mines ("Empowerment Agreement") referred to in the Barberton Shareholders' Agreement, as the Share Exchange Agreement specifically provides that the Empowerment Agreement will continue notwithstanding the automatic termination of the Empowerment Agreement upon Shanduka ceasing to hold shares in Barberton Mines.

On 26 June 2009, Metorex announced that it had engaged in a sale of shares exercise to dispose of its 53.37% shareholding in Pan African. In addition to its 21% shareholding in Pan African issued via the share exchange transaction detailed above, Shanduka acquired an additional 5% of the enlarged share capital of Pan African through the sale of shares exercise. As a result, Shanduka increased its shareholding in Pan African to 26%. The balance of the shares sold by Metorex were taken up by institutional investors.

On 1 July 2009, the Company announced that Barberton Mines had cancelled the Metorex management agreement for a consideration of £314,000 (refer to note 35 on page 97). The outstanding consideration of £954,759 to acquire 100% of Phoenix Platinum was paid to Metorex on 30 September 2009.

BIOX® Maintenance- Fairview

During August 2009, Barberton Mines reached two-year wage agreements with both the National Union of Mineworkers ('NUM') and the Underground Association of South Africa ('UASA') on wage increases. The percentage increases which include all the changed benefits amounted to 13% for NUM and 11% for UASA employees. The second year increase will be the average Consumer Price Index ('CPI') plus 1 % with a guaranteed minimum of 7.5%. The Company and unions will also return to the negotiation table if the gold price falls below ZAR190,000/kg.

Criminal Mining

Illegal mining activity at Barberton Mines has escalated in intensity and severity over the past year. Criminal mining remains the single biggest threat to our mining business. The Company has therefore allocated an additional US$7/oz to additional security measures. We have engaged all stakeholders, including Government, and are implementing a coordinated and collective approach to address this problem. It is the intention of the board to appoint a security manager at executive level whose sole responsibility will be to deal with this problem.

CEO's Review

The Future
Before looking forward, it would be prudent to review some of the changes that have occurred over the past two years in the Group, as this will highlight some of the core competencies and strategic advantages that expect to unlock future shareholder value.

- Initial 74% ownership of 100koz gold producer now increased to 100% ownership
- Acquisition of the Phoenix Platinum processing project which could produce 12,000oz
- Growing Group gold resource to 4.1Moz
- Increasing gold Reserve base by approximately 100,000oz

Management has strengthened its operational expertise. We continue to grow the Company through strategic alliances which in the past included Pangea Exploration (Pty) Ltd and Metorex and now includes Shanduka Resources. The team has built up core competencies in (a) managing mining operations, (b) project management in advancing from pre-feasibility to mine construction and (c) assessing and identifying prospective growth opportunities.

The operations at Barberton Mines have further been strengthened by the appointment of Mario Gericke, at executive level, to ensure that the team at the mine is supported not only to sustain current production levels, but also to grow production over the next five years.

Barberton Mines, Phoenix Platinum and Manica gold project have the potential to unlock an additional ounces of production over the next five years through organic growth. The Company is therefore well positioned to take the next step in becoming a mid-tier gold producer. This growth will, however, not come at the expense of profitability.

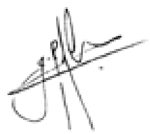
BIOX® plant at night - Fairview

CEO’s Review

I would like to thank my fellow directors and especially our outgoing chairman, Keith Spencer, for his wise counsel and guidance. I would also like to give credit to all of our management teams. The Barberton Mines General Manager, Casper Strydom and his management team and the entire workforce deserve a special word of congratulations for once again delivering an outstanding production performance.

A special word of thanks to our outgoing directors, Simon Malone, Charles Needham and Maritz Smith for assisting in laying the foundations for the future. A warm word of welcome to our new chairman, Cyril Ramaphosa, and fellow directors, Rowan Smith and Cobus Loots. Your guidance and wise counsel will ensure we increase productivity, reduce costs and grow the business.

Lastly and most importantly, thank you to our shareholders for their continued support and trust.



JP Nelson
Chief Executive Officer
10 November 2009

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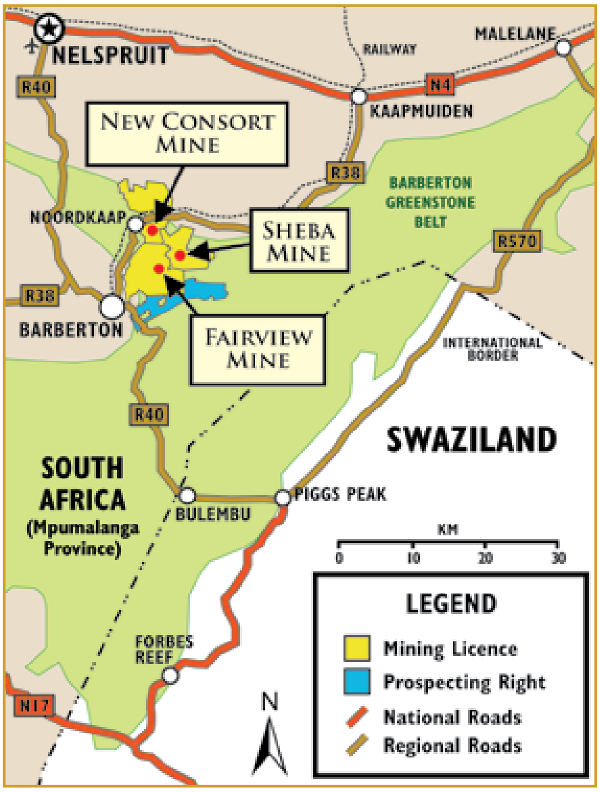
Mining Operations: Barberton Mines

Geographic Location



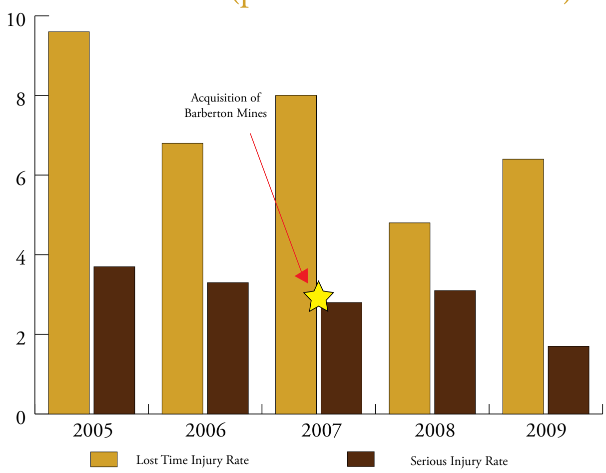
Profile

Name	The Barberton mining operation	
Location	Mpumalanga province (South Africa)	
Status	Gold producer	
Holding Company	Pan African Resources PLC (74% stake*)	
Controlling Company	Pan African Resources PLC	
Geological Setting	Sediments and metavolcanics within the Barberton greenstone belt	
Products Mined	Gold	
Actual Production	• Tons Per Annum:	313,952t
	• Grade (recovered)	9.40g/t
	• Content Per Annum	94,909oz
Ongoing Capex	£5 million per annum	
Extraction Method:	BIOX® / CIL	
LOM	10 years	
Key Management	Executive: Mining	Mario Gericke
	General Manager	Casper Strydom

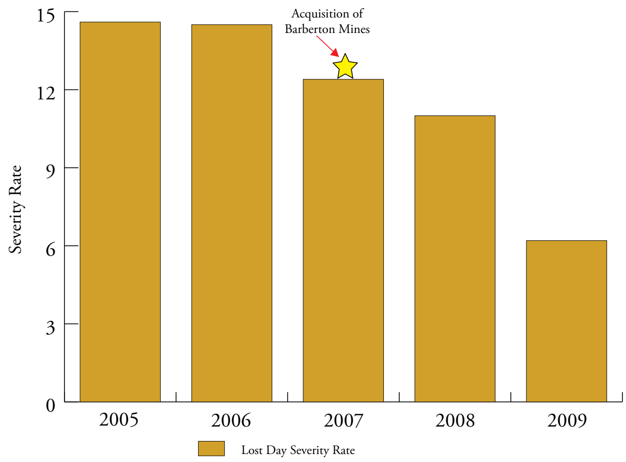
* Post balance sheet 100% ownership attributable to Pan African Resources

Safety, Health & Environment

Accident Rate (per million man hours)



Lost Day Severity Rates



The number of lost time injuries increased compared to the previous year (2008) are principally due to a higher occurence of minor accidents. The number of serious injuries and lost day severity rate decreased significantly for the year, which is an indication of the lower severity of injuries experienced.

The Company is committed to:

- The improvement of health and safety performance through the setting and achievement of goals taking into account stakeholder expectations and industry leading practices.
- The implementation of systems to provide a working environment that is conducive to good health and safety.
- The management of risks in the workplace and ensuring that employees have the relevant skills to perform work-related tasks in a safe manner.

Mining Operations: Barberton Mines

Production Summary

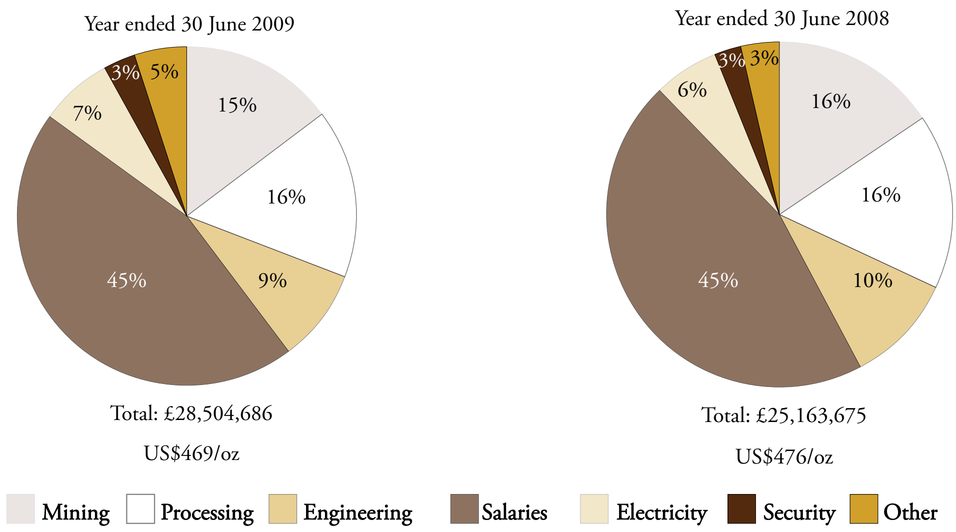
		2009*	2008*	2007**	2006**	2005**
Tons Milled	(t)	313,952	315,305	330,367	313,779	316,094
Headgrade	(g/t)	10.32	8.9	9.2	10.7	11.1
Overall Recovery	(%)	91	91	92	92	92
Production: Underground	(oz)	94,909	82,436	90,022	99,281	103,847
Production: Calcine Dump	(oz)	3,955	13,513	-	-	-
Gold Sold	(oz)	97,353	99,078	89,572	99,924	102,914
Average Price: Spot	(US$/oz)	867	823	640	528	433
Average Price: Hedge	(US$/oz)	-	451	415	438	511
Total Cash Cost US$/oz sold	(US$/oz)	469	476	465	429	427
Capital Expenditure	(GBP)	4,052,665	2,901,792	1,637,359	1,091,965	1,021,041
Exchange rate - average	(ZAR/GBP)	14.39	14,68	13,95	n/a	n/a
Exchange rate - closing	(ZAR/GBP)	12.66	15,56	14,18	n/a	n/a

* 74% of the 2008 and 2009 results are attributable to the equity shareholders of Pan African.

** Results shown from 2005 to 2007 were attributable to Metorex Limited (previous owners of Barberton Mines).

Cost Summary

Cash Cost Breakdown (excluding Capex)



Cash costs increased by 13% from the previous year to £28,504,686 (2008: £25,163,675) as a result of increases in prices of consumables, electricity and wages.

Capital Expenditure: Organic Growth Projects

	Year ended 30 June 2008	Year ended 30 June 2009	Potential Resource Target
Project	**Metres Developed**		**(oz)**
Sheba - Southwell Adit	75.0m	-	5,000
Sheba - 35 ZK Decline	126.0m	69.0m	5,000
Sheba – Edwin Bray to Thomas & Joe's Luck area	101.0m	739.8m	15,000
Consort – 45 level exploration drive	140.0m	227.3m	10,000
Consort – 50 level declines	163.3m	223.9m	30,000
Fairview - 60/62 Level Development	540.0m	817.0m	50,000
58 ZK Horizon exploration	-	128.0m	10,000
60 ZK Exploration	-	71.7m	10,000
Fairview – 3 Shaft Deepening	Equipping & Cleaning Commenced	Equipping & Cleaning Completed	30,000

Sheba – Southwell adit
The re-equipping of the Western Cross and Birthday areas was completed successfully and plans are in place to commence mining in this area.

Sheba – 35 ZK Decline
The 35 ZK decline was sunk 71.7 metres and station development has commenced. A further 180 metres of development is required to access the main ZK orebody.

Sheba – Edwin Bray to Thomas & Joe's Luck orebodies
Exploration drilling at the Thomas orebody has been completed. The development of the 7 level haulage and the return airway continued during the year and a total of 740 metres of development was completed. The Eureka orebody was exposed and further drilling is planned in the coming year to define additional orezones. A further 600 metres of development remains to the Thomas and Joe's Luck orebodies.

Consort – 45 level exploration drive
On 45 level, 227 metres of exploration development was completed and exploration drilling confirmed the up dip extension of the Bullion orebody currently being mined on 50 level. Further drilling is planned in the coming year to continue definition of the Bullion orebody.

Consort – 50 level declines
At Consort, mining flexibility remains problematic and capital development to replace ore reserves continues. At the 50W1 area, 224 metres were sunk in the two declines which are on target to open up the east and west ore bodies below 50 level. Sinking in the coming year will continue to expose the next levels.

Fairview – 60/62 level development
Development on 60 and 62 levels to replace ore reserves progressed well and a total of 817 metres was completed. A further 535 metres development is required to complete the development required to access the MRC orebody.

58 ZK and MRC Horizon exploration development
A total of 128 metres was completed on 58 level and 72 metres on the 60 level to access the ZK and MRC ore bodies respectively. A further 800 metres of development is required to access the down-dip extension of the ZK orebody on 60 level. The 58 level development is approximately 100 metres from the ZK orebody.

Fairview – 3 Shaft deepening
Work to open up the No.3 sub-incline shaft bottom, to enable the deepening of the shaft, is progressing satisfactorily. Cleaning to below 64 level elevation was completed during the year. The widening of the bottom portion, between 62 and 64 levels of the No.3 sub-incline shaft, is planned, whereafter shaft sinking to 68 level will commence. A further 180 metre shaft sinking is required to reach 68 level, whereafter the le Roux and Hope orebodies will require 200 metres of development.

Capital Expenditure: Maintenance

The capital expenditure on maintenance of the processing plants amounted to £300,000 for the year. The items include the construction of a cyanide storage facility at the Consort plant and the replacement of three cone crushers at Sheba and Fairview sections. The plant maintenance programme included the replacement of a triple deck vibrating screen at Sheba and a conveyor vibrating feeder at Fairview.

The capital spend in the BIOX® plant situated at Fairview included the procurement of a new set of regrind rollers for the concentrate regrind circuit and the purchase of a spare BIOX® reactor gearbox for the secondary reactor tanks.

The capital expenditure on the maintenance of the engineering equipment and infrastructure amounted to £860,000 for the year. The re-building of Load Haul Dumpers ('LHDs') was a key focus area to upgrade the mining equipment fleet and £180,000 was spent on this activity during the year. The rehabilitation of shafts and headgears at the mine amounted to £90,000 for the year. The replacement of skips, cages and bridles together with the replacement of slack / tight rope safety devices amounted to £100,000 for the year. The procurement of two LHDs from Consolidated Murchison Limited amounted to £380,000 for the year. At Consort and Sheba sections some of the obsolete reciprocating compressors were replaced by modern and efficient screw compressors totalling £70,000.

The capital expenditure for the general environmental and administration activities and equipment amounted to £120,000 for the year. Items include the silencing of rock drills and work done to rehabilitate various areas on the mine, together with the installation of environmental monitoring equipment at selected points on the mine. In addition, the procurement and installation of an electronic clocking system was completed in order to improve time management on the mine. The combined expenditure on maintenance totalled £2.1 million for Barberton Mines for the financial year.

Mining Operations: Barberton Mines

Mineral Resource Statement (SAMREC Compliant)

Classification	Tonnes kt	Grade (g/t)	Contained Gold Kgs	KOz	Classification	Tonnes kt	Grade (g/t)	Contained Gold Kgs	KOz
Proved					Measured				
Fairview	1,100	6.33	6,700	215	Fairview	1,730	8.57	14,800	476
New Consort	109	8.43	900	30	New Consort	301	11.06	3,300	107
Sheba	401	8.52	3,400	110	Sheba	357	13.47	5,000	155
					Outside sections	508	4.79	2,400	78
Total Proved Reserve	1,610	6.83	11,000	355	Total Measured Resource	2,896	8.81	25,500	816
Probable					Indicated				
Fairview	479	13.18	6,300	203	Fairview	458	19.00	8,700	280
New Consort	165	6.92	1,100	37	New Consort	161	10.43	1,700	54
Sheba	131	5.65	700	24	Sheba	337	5.77	1,900	62
					Outside sections	1,252	4.49	5,600	181
Total Probable Reserve	775	10.45	8,100	264	Total Indicated Resource	2,208	8.11	17,900	577
					Inferred				
					Fairview	348	23.23	8,100	260
					New Consort	222	10.08	2,200	72
					Sheba	92	9.99	900	29
					Outside sections	1,960	4.13	8,000	260
					Total Inferred Resource	2,622	7.32	19,200	621
Total Proven & Probable	**2,385**	**8.01**	**19,100**	**619**	**Total Mineral Resource**	**7,726**	**8.10**	**62,600**	**2,014**

Please refer to MRM section on page 38 for qualifying statement, definitions and details of the Competent Person's report.

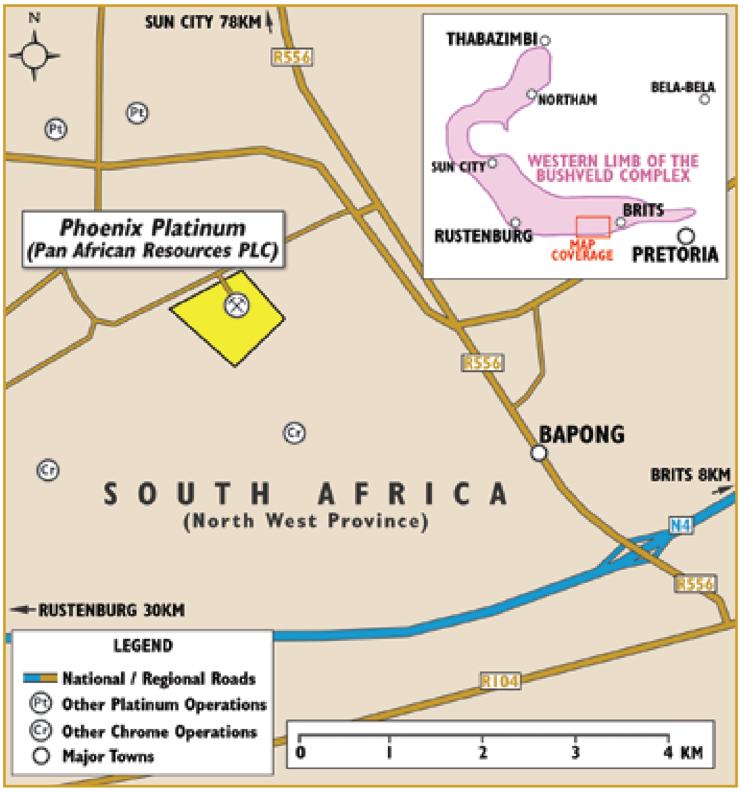
Key Focus Areas & Risk Asssessment

Key Focus Areas	
1. Safety, Health, Environment & Community ('SHEC')	Implementing an integrated safety, health and environment framework to ensure continued improvement in safety, whilst playing a leading role in community and social development in the area.
2. Transformation	Implementing a plan to achieve the required empowerment targets set out by Government, whilst enhancing the skills base and continued improvement in productivity.
3. Productivity	Moving the mine to a 6 day per week workshift, from the current 5 day per week workshift with a small increase in the variable costs.
4. Mineral Resource Management ('MRM')	Implementing an integrated MRM system aimed at improving flexibility in terms of grade management and increasing the LOM of Barberton to 20 years.

Risk	Action
1. Criminal Mining	During the year under review, 700 illegal miners were arrested. These are trespassers who steal visible gold from mostly disused sections of Barberton Mines. The activity by these criminals remains a threat to the business and as a result the Company is spending an additional US$7/oz on security measures. Management believes that these measures, coupled with engaging both Government and other industry players will ameliorate the the impact of this problem.

Near-Term Production: Phoenix Platinum

Geographic Location



Profile

Name of project	The Phoenix Platinum processing project	
Location	North-West Province (South Africa)	
Status	Final feasibility	
Holding Company	Phoenix Platinum Mining (Pty) Ltd	
Controlling Company	Pan African Resources PLC (100% ownership)	
Geological Setting	Current and historical Chrome tailings discards from chrome seam mining in the Bushveld Igneous Complex	
Products Mined *	PGM 4E's - Platinum (56.5%), Palladium (27%), Rhodium (16%) and Gold (0.5%)	
Production Forecast:	• Tons Per Annum	240,000 t
	• Grade	2.7g/t
	• Content Per Annum	11,000 oz (PGM 4E's)
Estimated Plant Capex	£6 million	
Extraction Method:	Concentrator / flotation plant	
LOM	17 years	
Key Management	Operations Manager	Ron Holding
	Metallurgical Consultant	Karishma Sewpersad

* Metal split anticipated from metallurgical test work

Project Summary

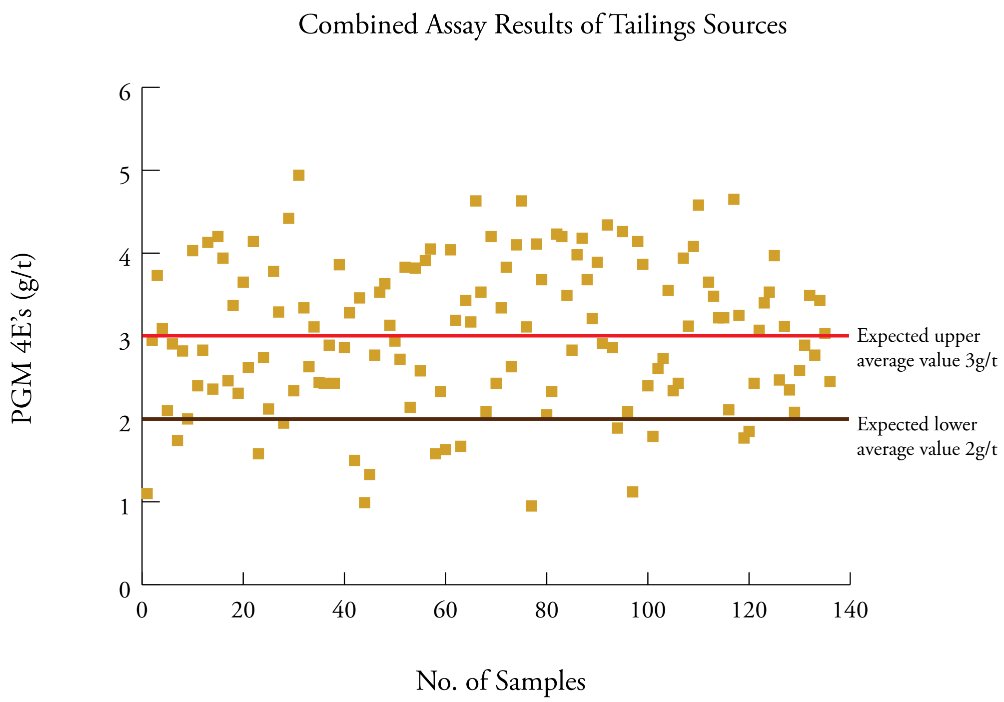
Key Event	Completion Date	Cost
Acquired an exclusive option to purchase Phoenix Platinum from Metorex and the right to a four month due diligence period. Completed work.	9 February 2009	£700,000*
Appointment of experts in following fields: • Metallurgical Consultants - Metallicon • Metallurgy Test work - Mintek • Engineering design - Matomo Projects • Corporate advisors – BJM	Mid February 2009	Included in other costs listed
Legal due diligence	End April 2009	£9,950
Auger drilling of all dumps (324 holes / 1,506 metres)	End April 2009	£20,800
95% of sample assaying completed	End April 2009	£6,950
Option exercised to acquire 100% of Phoenix Platinum	21 May 2009	£5.2 million
First stage Mintek metallurgical test work	End June 2009	£33,000

* non-refundable option fee to be deducted from the final purchase price

Strategic Review

Reason for acquisition

- Positive sampling campaign results. The PGM 4E's assay results from the drilling carried out on the tailings dumps during March and April 2009 indicate that the average grades will be better than the expected results of between 2.1 and 3.0 g/t. This is shown in the Combined Assay Results graph below:



- The project is a low cost/high margin entry into the PGM market. Confirmation by external consultants that the operating costs will be less than US$350/oz (PGM 4E's) supports the financial model and furthermore indicates a robust project.

- The project returns of £27.6 million NPV at a hurdle rate of 8% and an IRR of 50% meet Pan African's investment criteria. Confirmation through a fair-and-reasonable opinion has been obtained from RBC Capital Markets.

- Metallurgical recoveries. Historically the chrome tailings PGM industry recoveries vary from 35% to 45%. Initial test work by Mintek indicates that, through the introduction of ultra fine grinding and the application of innovative hydrometallurgical technology in the rougher stage of the process, a recovery of 50% at a concentrate grade of 150g/t will be possible. Further potential for latent improvements are being investigated.

- Significant potential for future growth of Phoenix Platinum
  - Focusing on organic growth within the project by:
    - Striving for maximum process plant recovery;
    - Securing additional current arisings tonnages; and
    - Assessing the prospect of increased production rate as and when chrome market conditions improve.
  - The long-term growth of Phoenix Platinum is being addressed through:
    - The identification of industry strategic partners where the pooling of assets, technology and expertise could complement the business model;
    - The possibility of recovering supplementary metals/minerals, such as chrome, from feed material; and
    - Evaluating prospective projects both inside and outside the borders of South Africa.

Near-Term Production: Phoenix Platinum

Project Schedule *

Key Event	Completion Date
Control Budget Estimate engineering design	End July 2009
Complete negotiations for preferred plant location site • Negotiations at advanced stage • Alternative sites remain an option • Beneficial synergies (i.e. electric power, water, tailings storage facilities, etc) • Reduction in production lead time	End November 2009
Complete additional metallurgical test work	End November 2009
Final detail engineering design	Mid January 2010
Funding arrangements	End January 2010
Commence construction	First half of 2010
Production start up	First half of 2011

* the above indicated project timeline is sensitive to management's ability to secure the preferred plant location. An alternative site is available but would lead to a delay of 18 months in the production timeline.

Tailings Feedstock Volumes

The current feedstock for the Phoenix Platinum processing project is estimated at 4.3 million tons, grading between 1.11g/t and 4.18g/t, yielding a total of 360,000oz of 4PGEs. As part of the feasibility study currently being completed, a SAMREC compliant Mineral Resource will be estimated and reported on in Q3 2009.

Near-Term Production: Phoenix Platinum

Critical Project Risks

Risk	Probability	Effect of inability to manage	Managements Reaction
Plant location on chrome producers property	Medium	• Delay in project scheduled timelines • Capital expenditure sensitive • Electric power and water supply	• Detailed assessment of synergies and financial benefits for both parties. • The establishment of strong project negotiation advisory team.
Metallurgical Recovery	Low	• Result in less ounces produced • Decrease project returns	• Further test work by Mintek to enhance metallurgical recovery (expected 50%). • Ultra-fine grinding and other innovative technologies being applied to the process.
Global Chrome Market	Medium	• Less CTRP feedstock • Global Risk - uncontrollable	• Historical tailings dumps to be used as feedstock when slump in chrome production. • Sourcing additional chrome tailings dumps.
Platinum Market Cycle	Medium	• Negatively affects the project revenue	• Mitigated by low operating cost. • Mintek has been contracted to investigate the potential for increased PGM 4E's recoveries.

Auger drilling taking place on top of tailings dam

Growth Project: Manica

Geographic Location

Profile

Name of project	The Manica gold project	
Location	Manica Province (Mozambique)	
Status	Pre-feasibility	
Holding Company	Explorator Limitada	
Controlling Company	Pan African Resources PLC (100% ownership)	
Geological Setting	Sediments and metavolcanics within the Odzi-Mutare-Manica greenstone belt	
Products Mined	Gold	
Production Forecast for a heap-leach surface mining operation	• Tons Per Annum	410,000t
	• Grade	2.36g/t
	• Content Per Annum	30,000oz
Estimated Capital Cost	£48.58 million	
Extraction Method:	Pre-feasibility design is based on an optimised open pit mine design followed by underground mining applying a sublevel open stoping methodology. The project team is currently investigating the viability of heap leaching technology in order to enhance the project's financial viability.	
LOM	Prefeasibility design indicates 11 years at 80Koz gold per annum (heap-leach and underground mining option)	
Key Management	Project Manager	Mario Gericke
	Metallurgical Consultant	Karishma Sewpersad

Project Summary

Key Event	Completion Date	Cost
Mineral resource modelling	January 2009	£150,000
Completion of pre-feasibility study	June 2009	£100,000

Growth Project: Manica

Strategic Review

The Company's initial strategy with the Manica project was to define a resource in excess of 2Moz (with 1Moz in the measured and indicated categories). In this regard, the Fairbride prospect was targeted in order to assess the viability of an opencast and underground 100,000oz per annum gold mine. Results from the pre-feasibility work have shown that as a result of the low grade of the deposit and the refractory nature of the sulphide orebody, the project doesn't meet the Company's criteria to advance to a Bankable Feasibility stage.

Despite the sulphide ore being refractory, which would require a large amount of capital, a substantial oxide resource is present on surface on our property and surrounding areas, which could potentially sustain a smaller scale heap-leach operation over a period of 8-10 years. As a result, the Company is currently investigating the feasibility of such an option. The Company is currently conducting metallurgical test work which is expected to be complete in 8 months, after which, the feasibility of a smaller scale heap-leach gold mine will be assessed.

Project Schedule

Key Event	Projected Completion Date	Cost Estimate
Metallurgical column leach test work	First half of 2010	£150,000
Test leach pad on site	Second half of 2010	£150,000
Feasibility Study	First half of 2011	£250,000

Growth Project: Manica

Mineral Resource Statement (SAMREC Compliant)

Classification	Tonnes kt	Grade (g/t)	Contained Gold Kgs	KOz	Classification	Tonnes kt	Grade (g/t)	Contained Gold Kgs	KOz
Proved					**Measured**				
No reserve is being declared					Fairbride	8,400	2.40	20,058	645
					Dots Luck				
					Guy Fawkes				
					Boa Esperanza				
Total Proved Reserve					**Total Measured Resource**	8,400	2.39	20,058	645
Probable					**Indicated**				
No reserve is being declared					Fairbride	6,600	2.38	15,708	506
					Dots Luck	2,200	2.44	5,200	168
					Guy Fawkes				
					Boa Esperanza				
Total Probable Reserve					**Total Indicated Resource**	8,800	2.38	20,908	674
					Inferred				
					Fairbride	15,200	2.28	34,700	1,115
					Dots Luck	500	3.35	1,500	50
					Guy Fawkes	600	2.80	1,700	56
					Boa Esperanza	300	2.96	1,000	31
					Total Inferred Resource	16,600	2.34	38,900	1,252
Total Proven & Probable	No reserve is being declared				**Total Mineral Resource**	**33,800**	**2.36**	**79,866**	**2,571**

Please refer to MRM section on page 38 for qualifying statement, definitions and details of the Competent Person's report.

Growth Project: Manica

Critical Project Risks

Risk	Probability	Effect of inability to manage	Managements Reaction
Amenability to heap-leach and economic recovery	Medium	• Divest from the project	• Preliminary metallurgical test work

Drilling programme - Manica project

New Business

Strategy

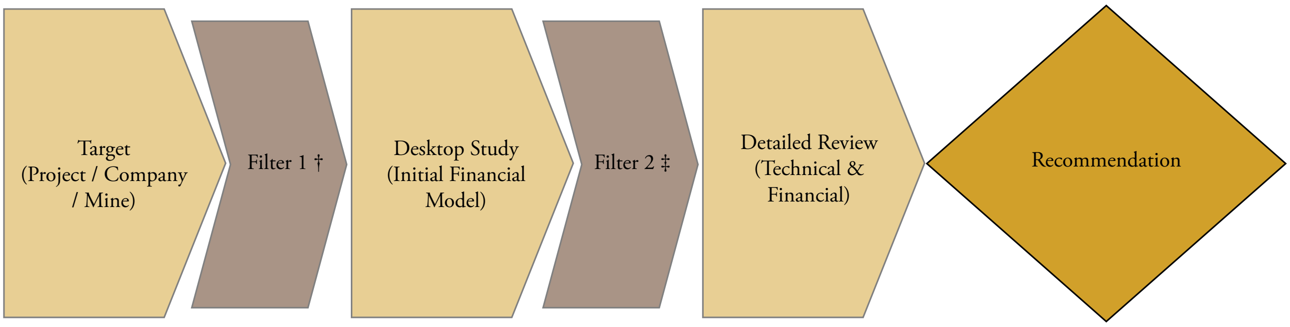
As part of its growth strategy, Pan African's focus is on identifying and evaluating gold and platinum projects in Africa that are at an advanced exploration stage (JORC/SAMREC Resource declared, ready for PFS) or further advanced (at BFS, Mine Development and Construction, or Production stage). See Time-Value Curve on opposite page.

Main target areas are the known Wits/Archean/Birimian-type gold belts of West and Southern Africa, with further focus on projects with a robust resource/reserve base that can be developed and mined at low cost, yielding high margins and with significant opportunity for long term growth. Specific countries are indicated on the New Business Target Areas map on the next page.

Process

Targets are identified on the basis of grade, audited ounces in the ground, size and type of orebody, and mineability. Other filters applied include economic and political risk as well as level of services and infrastructure.

Once a project has passed through the strategic filters, a desktop study is carried out, culminating in a financial model indicating the project worth (NPV, IRR, Pay-back, etc). A business case is then presented to the Pan African board, before a full due-diligence is undertaken.



† Filter 1: Type/size/grade of orebody; economic/political risk; infrastructure/services ‡ Filter 2: NPV; IRR; other financial parameters

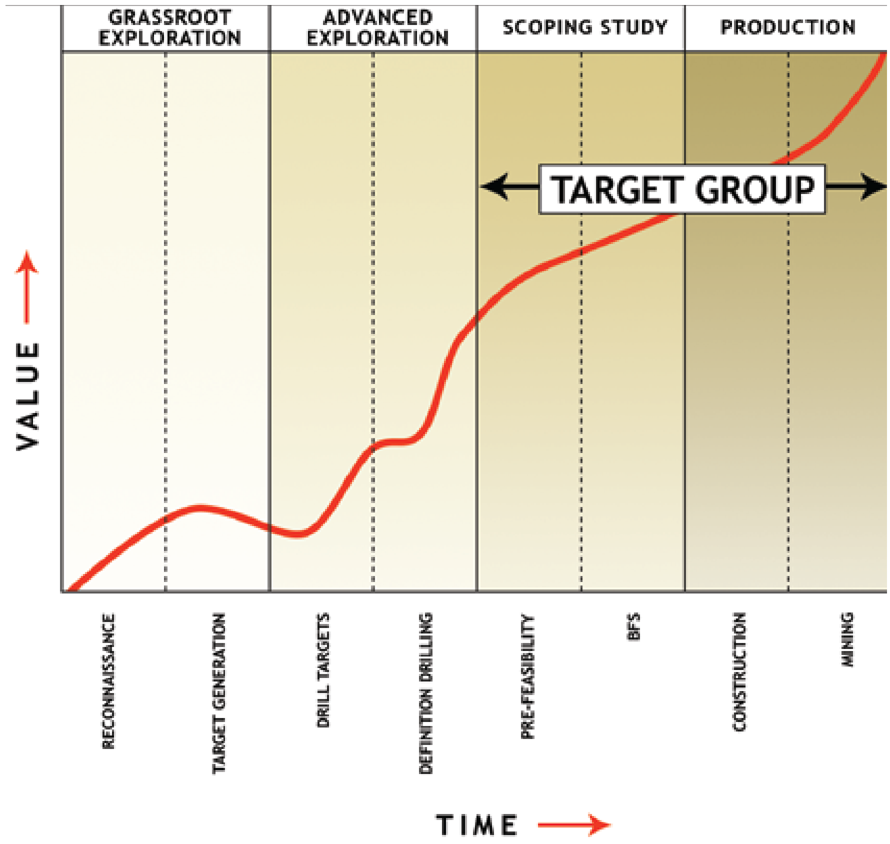
Project Summary

The following table summarises the number of projects reviewed in 2009 listed per country:

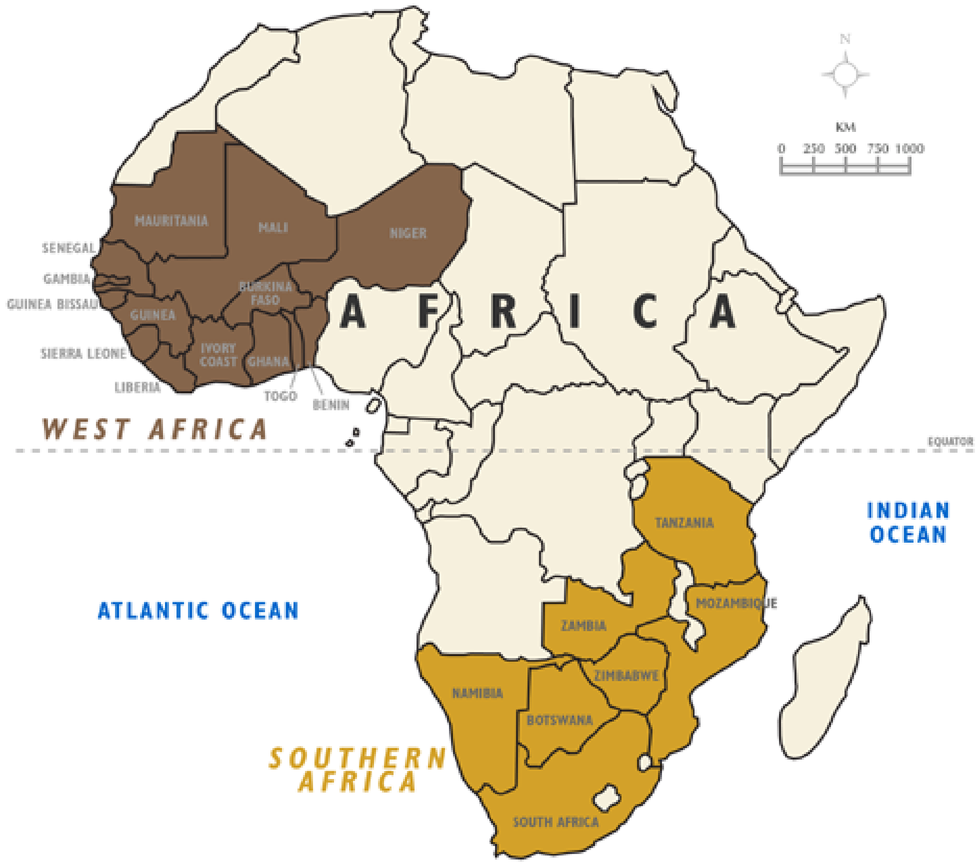
Country	Projects Reviewed	Desktop Study Completed	Further Action
Burkina Faso	3	1	
Cote d'Ivoire	3		
DRC	2	2	
Ghana	2	1	1
Guinea	1		
Mali	2		
Mozambique	1	1	1
Niger	1	1	
South Africa	5	4	3
Tanzania	3	1	
Zimbabwe	5	5	3
Other	1		
Total	**29**	**16**	**8**

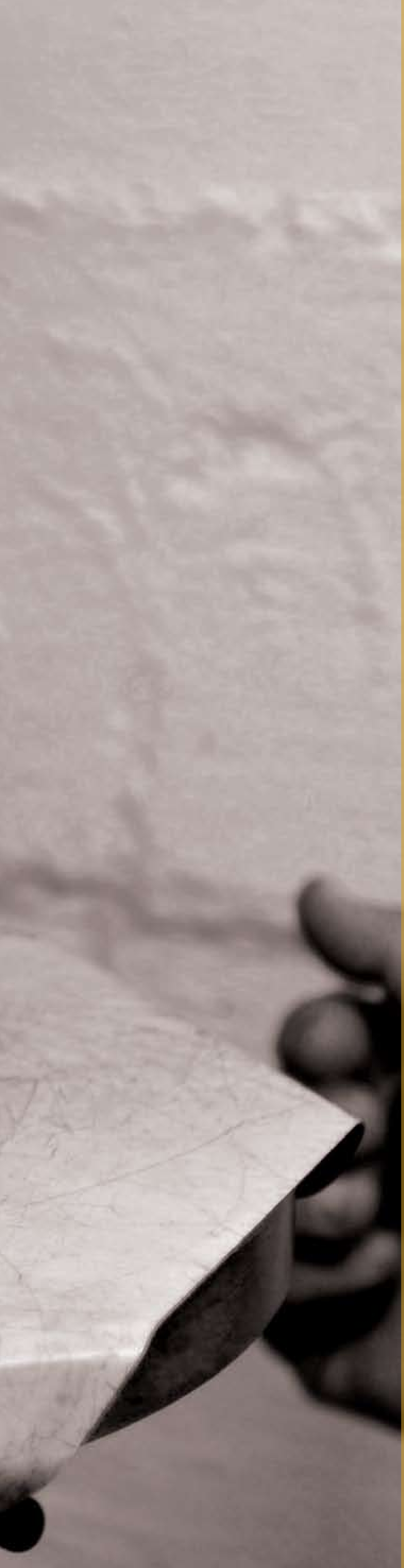
New Business

Time-Value Curve



New Business Target Areas





Contents

Mineral Resource Management

Group Mineral Resource Statement

Total Mineral Resource -Pan African Resources PLC

Classification	Tonnes kt	Grade (g/t)	Contained Gold Kgs	KOz	Classification	Tonnes kt	Grade (g/t)	Contained Gold Kgs	KOz
Proved					**Measured**				
Fairview	1,100	6.33	6,700	215	Fairview	1,730	8.57	14,800	476
New consort	109	8.43	900	30	New consort	301	11.06	3,300	107
Sheba	401	8.52	3,400	110	Sheba	357	13.47	5,000	155
					Outside sections	508	4.79	2,400	78
					Manica (all projects)	8 400	2.40	20 100	646
Total Proved Reserve	1,610	6.83	11,000	355	Total Measured Resource	11 296	4.04	45 600	1 462
Probable					**Indicated**				
Fairview	479	13.18	6,300	203	Fairview	458	19.00	8,700	280
New consort	165	6.92	1,100	37	New consort	161	10.43	1,700	54
Sheba	131	5.65	700	24	Sheba	337	5.77	1,900	62
					Outside sections	1,252	4.49	5,600	181
					Manica (all projects)	8,800	2.38	21,000	673
Total Probable Reserve	775	10.45	8,100	264	Total Indicated Resource	11,008	3.53	38,900	1,250
					Inferred				
					Fairview	348	23.23	8,100	260
					New consort	222	10.08	2,200	72
					Sheba	92	9.99	900	29
					Outside sections	1,960	4.13	8,000	260
					Manica (all projects)	16,600	2.34	39,000	1,249
					Total Inferred Resource	19,222	3.03	58,200	1,870
Total Proven & Probable	**2,385**	**8.01**	**19,100**	**619**	**Total Mineral Resource**	**41,526**	**3.44**	**142,700**	**4,582**

Martin Bevelander, Group Consulting Geologist for Pan African Resources, is South African Council for Natural Scientific Professions ('SACNASP') accredited and was responsible for the validating of the borehole intersections.

The Resource Statement is SAMREC Compliant and has been verified.

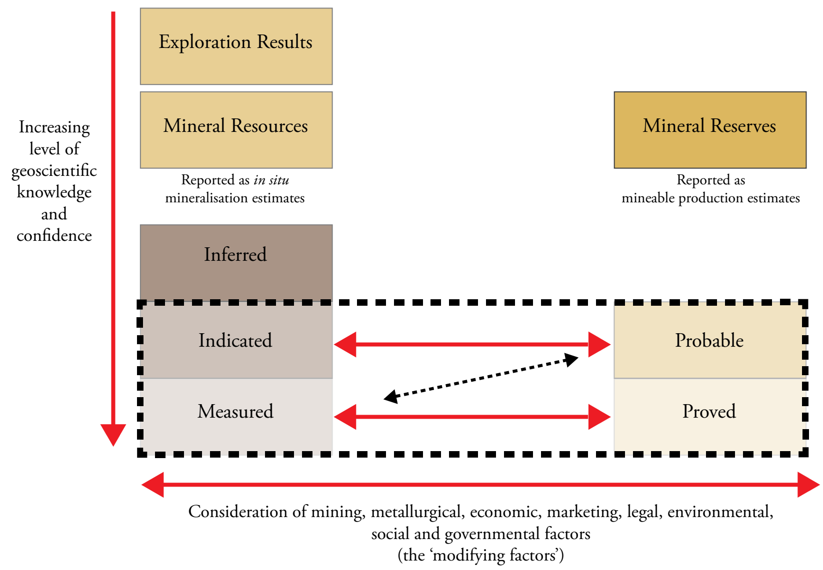
The Resource numbers in the Mineral Resource and Mineral Reserve table have been rounded to reflect the appropriate level of confidence and as a result rounding errors may occur.

These figures do not include Phoenix Platinum.

The Group reports all its Mineral Resources and Reserves in terms of the The South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves ('SAMREC Code', or the 'Code').

The SAMREC code sets out minimum standards, recommendations and guidelines for Public Reporting of Exploration Results, Mineral Resources and Mineral Reserves in South Africa.

In terms of this code the Group reports its Mineral Resources / Reserves in the following structure:



Qualifying Statements & Analysis

Pan African Resources defines its Mineral Resources / Reserve inline with the SAMREC definitions viz:

An **'Inferred Mineral Resource'** is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and sampling and assumed, but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that may be limited or of uncertain quality and reliability.

An 'Inferred Mineral Resource' has a lower level of confidence than that applying to an Indicated Mineral Resource.

An **'Indicated Mineral Resource'** is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed. The Indicated Mineral Resource has sufficient confidence for global mine design, mine planning, and/or economic studies.

A **'Measured Mineral Resource'** is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity. The Measured Mineral Resource has sufficient confidence for mine design, mine planning, production planning, and/or detailed economic studies.

A **'Probable Mineral Reserve'** is the economically mineable material derived from a Measured and/or Indicated Mineral Resource. It is estimated with a lower level of confidence than a Proved Mineral Reserve.

A **'Proved Mineral Reserve'** is the economically mineable material derived from a Measured Mineral Resource. It is estimated with a high level of confidence.

The specific gravity used during mineral resource modelling at the projects are as follows:.

Baberton Mines -	Fairview Mine – 2.83 t/m^3 ShebaMine - 2.73 t/m^3 (MRC orebody - 2.93t/m^3) Consort Mine - 2.88t /m^3
Manica Gold Project -	2.7t/m^3

Pan African Resources utilises the services of various external consultants in auditing and ensuring that internationally accepted standards are maintained within its Mineral Resource reporting system.

Mineral Resource modelling at the Manica Gold project utilises complete 3D geological and geostatistical modelling techniques modelled in the Datamine modelling platform. These models are signed off by both in-house and external competent staff all affiliated to the South African Council for National Scientific Profession ('SACNAS'), Martin Bevelander is SACNAS accredited. Refer to qualifications on page 46.

At Barberton the mine utilises classical evaluation techniques in the modelling of its resources. In principle one can best describe this technique as a weighted arithmetic mean valuation technique. The mine has identified areas of acceptable geological continuity and in these areas future valuation will be done utilising computer-based geostatistical valuation.

Martin Bevelander
Group Consulting Geologist
10 November 2009

QAQC & Procedures

In Terms of Quality Assurance & Quality Control ('QAQC') the Group maintains the following work standards:

- Performing technical work as per internationally accepted standards;
- Insertion of a minimum of 10% standards and blank samples during all sampling on its exploration projects;
- Monitoring of results returned from the laboratories for all standards and blanks submitted;
- Monitoring laboratory results on laboratory's duplicate analysis;
- Submission of check samples to other labs based on round robin principles;
- External auditing of sampling protocols and analysis of QAQC results from the labs;
- Utilising only internationally accredited analysis laboratories; and
- External signing-off on all mineral resource related work by suitably qualified external specialists.

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Contents

Corporate Governance

Board of Directors

Keith Cousens Spencer
Executive Chairman
Post Balance Sheet: Independent, Non Executive Deputy Chairman
Age: 59
Appointment date: 8 October 2007
Qualifications: BSc Eng (Mining)
Committees:
SHEC (Chairman)
Audit
Nominations

Keith is a qualified mining engineer with 35 years of practical mining experience. In 1984, Keith was appointed as General Manager of Greenside Colliery and in 1986 moved to Kloof Gold Mine as General Manager. In 1989, he was appointed as Consulting Engineer for Gold Fields of South Africa to the following mines: Doornfontein Gold Mine, Driefontein Consolidated Gold Mine, Greenside Colliery and Tsumeb Base Metals mine. He also served as Managing Director of Driefontein Consolidated, Chairman and Managing Director of Deelkraal Gold Mine, and as a board member of all Gold Mines belonging to Gold Fields of South Africa. In 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.

Jan Nelson
Chief Executive Officer
Age: 39
Appointment date: 1 September 2005
Qualifications: BSc (Hons)
Committees:
SHEC

After obtaining his honours degree in Geology, Jan embarked on a career in gold exploration and mining in South Africa, Zimbabwe and Tanzania. He has over 15 years' experience and, within this period, held positions in mine management and operations with Harmony Gold Mining Company Limited, Hunter Dickenson and Gold Fields Limited. Jan was instrumental in transforming the Company from an exploration Company to a gold mining Company. He was the driver behind the acquisiton of Barberton Mines and was also instrumental in acquiring the Phoenix Platinum project which will add further revenue to the Company. He has built up a competent mining team that is well positioned to build the Company to a mid-tier gold producer.

Robert Still
Non-Executive
Age: 54
Appointment date: 9 September 2004
Qualifications: BCom (Hons), CTA
Committees:
Audit
Remuneration

Rob has vast experience in mining, specialising in mining finance. He started his career as a chartered accountant, becoming a partner of Ernst & Whinney before leaving in 1986 to co-found Rhombus Exploration Limited. Since then he has been involved in the mining industry world-wide and has held executive and non-executive directorships in companies listed in South Africa, Australia, Canada and the UK. He has participated in the evaluation and development of several new mining projects including Rhovan, Ticor Titanium, Pangea Gold Fields Limited, Southern Mining Corporation Limited (Corridor Sands), Great Basin Gold Limited (Burnstone) and Zimbabwe Platinum Mines Limited.

John Hopwood
Independent Non Executive
Age: 60
Appointment date: 2 June 2008
Qualifications: BCom, CA(SA)
Committees:
Audit
Remuneration
Nominations

John is 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 and Young Corporate Finance South Africa as well as being an executive director of Gold Fields of South Africa Limited from January 1992 to September 1998.

Charles Needham
Non Executive
Age: 56
Appointment date: 31 July 2007
Resignation date: 25 June 2009
Committees:
Audit
Remuneration

Charles Needham is the Managing Director of Metorex and has been the financial director of Metorex for the past 20 years, prior to which he spent six years with an auditing firm. He has been involved in the mining sector his entire career and has specific expertise in financing, financial reporting, management reporting, hedging and company matters.

Board of Directors

Simon Malone
Non Executive
Age: 66
Appointment date: 31 July 2007
Resignation date: 20 January 2009
Qualifications: BSc., MBL, SAIMM, Pr.Eng
Committees:
Remuneration

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

Maritz Smith
Financial Director
Age: 33
Appointment date: 21 February 2008
Resignation date: 26 August 2009
Qualifications: BCom (Hons), CA(SA)

Mr Smith 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 & Touche in 2001, he qualified as a Chartered Accountant. Mr Smith remained with Deloitte & Touche 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. As a result of Metorex selling their stake in the Company Maritz resigned as Financial Director and has been replaced by Cobus Loots.

Post Balance Sheet Changes

Cyril Ramaphosa
Post Balance Sheet: Non Executive Chairman
Age: 57
Appointment date: 17 September 2009
Qualifications: BProc
Committees:
Nominations (Chairman)

Cyril Ramaphosa joined the board of SAB Ltd in 1997 and was appointed to the board of SABMiller PLC upon its listing on the London Stock Exchange in 1999. He is Executive Chairman of Shanduka Group, non Executive Chairman of the MTN Group Limited, Joint Non-Executive Chairman of Mondi plc and Mondi Limited and holds directorships in Macsteel Global B.V., The Bidvest Group, Standard Bank and Alexander Forbes. He also serves on the board of the Commonwealth Business Council.

Rowan Smith
Non-Executive
Age: 45
Appointment date: 17 September 2009
Qualifications: BSc(Hons), BCom (Hons)
Committees:
Remuneration (Chairman)

Rowan is currently the Managing Director of Shanduka Resources and has almost two decades of collective experience in the minerals and merchant banking industries. His experience includes geological valuation work for Rand Mines, seven years with Societe Generale de Surveillance in both Geneva and South Africa as a manager, and four years as a Director of Investec's Resource Finance Division. Rowan's passion for business development, coupled with his technical and merchant banking expertise have provided him with the skills to originate, structure and implement a host of investments across the various resource based sectors. Rowan holds a B.Sc. Honours and B.Comm. Honours from Wits and UNISA respectively.

Cobus Loots
Executive Financial Director
Age: 31
Appointment date: 26 August 2009
Qualifications: CA(SA), CFA® Charterholder

Cobus Loots is a principal with Shanduka Resources (Pty) Ltd. He is a qualified Chartered Accountant (SA) and a CFA® Charterholder. He served articles with Deloitte & Touche, and was an audit manager with the firm prior to leaving in order to pursue a career in finance. Cobus' experience includes mining specific acquisitions and finance, as well as management of both exploration and producing mineral assets.

Executive Management - Pan African Resources

Name	Age	Qualifications	Areas of Responsibility
Jan Nelson	39	BSc (Hons)	Chief Executive Officer
Cobus Loots	31	CA(SA), CFA® Charterholder	Financial Director
Mario Gericke	42	B.Eng (Mining), Pr.Eng (Mining Engineering), Mine Managers Certificate of Competency (Metalliferous), Certificate in Strata Control	Executive : Mining Operations
Martin Bevelander	47	BSc (Hons) Geology	Group Consulting Geologist
Pieter Wiese	46	BSc (Hons)	New Business
Ron Holding	57	NDT Mining Metalliferous (Wits) AMM (SA) MDP (UCT)	Platinum Division
Neal Reynolds	26	BCom (Hons) CA(SA)	Financial Manager
Nicole Spruijt	31	BA (Hons) Corporate Communications	Public Relations, Administration & Design
Lebo Seopa	31	CIS - Intermediate Level	Corporate Office: Accountant
Melandi Lindeque	23	ArcGIS Certificate	Technical Department Draughting Database Management

Executive Management - Barberton Mines

Name	Age	Qualifications	Areas of Responsibility
Casper Strydom	51	National Higher Diploma Metalliferous Mining Mine Managers Certificate	General Manager
Willem Kruger	40	M Com AGA (SA)	Financial Manager
Pierre Human	48	Mine Managers Certificate of Competency	Mining Manager
Andre van Den Bergh	53	Diploma in HR Management Diploma in LR Management	Human Resources Manager
Dario Negri	48	National Technical Diploma (Mech)	Engineering Manager
Jonathan Irons	43	National Higher Diploma Extractive Metallurgy	Metallurgical Manager
Brian Chirove	41	BSc Engineering (Hons) Mining	Mineral Resources Manager
Roelf le Roux	52	BSc (Hons) Geology	Chief Geologist
Frans Chadwick	59	Mine Surveyors Certificate of Competency	Chief Surveyor

Corporate Governance

Corporate Governance Statement

The board and executive management are dedicated to the effective and transparent running of the Company. This dictates strict internal controls and the Company is of the opinion that appropriate measures have been developed in order to comply with the Combined Code (UK) and the current King Code (South Africa) as effectively as is practical for a Company of this size and stage of development.

The Company has a unitary board of directors which comprises five non-executive directors and two executive directors as at 10 November 2009. A non-executive director acts as the chairman of the board. The roles of the chairman and the chief executive are separated and a clear division of authority exists between these roles. The non-executive directors represent a wide range of skills and have financial and commercial experience, and are aware of their duties to ensure that the Group maintains a high standard of corporate governance. The executive directors include a competent financial director. The Directors are individuals of high calibre with diverse backgrounds and expertise. Qualifications of the directorate are provided in this report on page 44-45.

Committees

The board has instituted the committees listed below to allow the directors best suited in terms of skills and experience to manage various divisions of responsibility. The formation of these committees does not in any way absolve the board of its overall responsibility to the shareholders and the Company, and as such each committee is required to report back to the board at each board meeting.

Committee	Directors	Appointed	Resigned	Meetings Held	Responsibilities
Audit	John Hopwood Rob Still Charles Needham Keith Spencer	18 August 2008 18 August 2008 18 August 2008 20 October 2009	 26 June 2009	18 August 2009 26 June 2009	• Ensuring the financial performance, position and prospects of the Group are properly monitored, controlled and reported. • Meeting the auditors and reviewing their reports relating to accounts and internal controls. • Revieing the expertise and experience of the Financial Director on an annual basis. • Reviewing the use of external auditors for non-audit purposes.
Remuneration	John Hopwood Rob Still Charles Needham Simon Malone Rowan Smith (Chairman)	2 June 2008 9 September 2004 18 August 2009 18 August 2009 20 October 2009	 26 June 2009 20 January 2009	27 August 2008 8 May 2009	• Reviewing the performance of the executive directors, employees and executive management. • Determining remuneration and the basis of the service agreements with due regard to the interests of shareholders. • Determining the payment of any bonuses to executive directors and the granting of options to employees, including executive directors, under the Company's share option scheme.
Nominations *	Cyril Ramaphosa (Chairman) John Hopwood Keith Spencer	20 October 2009 20 October 2009 20 October 2009		No meetings held due to post balance sheet constitution of committee	• Determining the slate of director nominees for election to the board. • Identifying and recommending candidates to fill vacancies occuring between shareholder meetings. • Reviewing, evaluating and recommending changes to the Company's corporate governance guidelines. • Reviewing the Company's policies and programs that relate to matters of corporate citizenship, including public issues of significance to the Company and its stakeholders.
SHEC*	Keith Spencer (Chairman) Jan Nelson Mario Gericke † Ron Holding † Karishma Sewpersad ‡	20 October 2009 20 October 2009 20 October 2009 20 October 2009 20 October 2009		12 October 2009	• Establishing a Safety, Health, Environment and Community policy framework for the Company. • Strategically reviewing the safety performance of all operations compared to the policy framework. • Implement corrective measures when necessary to achieve the objectives of the policy framework.

* These committees were constituted post balance sheet † Executive managment of Pan African Resources ‡ Shanduka external consultant

Corporate Governance

The executive directors and senior management 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. The investment and technical decisions form part of the board's responsibilities.

Accountability and Control

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

Internal control is an integral part of the Company's Corporate Governance. The directors aim to reduce risk, fraud or loss in a cost-effective manner by setting standards 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 ensure that business practices are conducted in a manner that will be beyond criticism under reasonable circumstances.

Risk Assessment and Management

During the year under review, a formal Risk Assessment Process was initiated for the Group. The aim of this process is to minimise harm to people, production and environment. A separate Risk Committee is not considered necessary as the board reviews the risk process on a quarterly basis as part of the board meetings.

Sector	Risk	Description	Management of Risk
Criminal Mining	Safety of Employees	The direct impact of criminal mining on the safety and health of employees.	The Company has embarked on a comprehensive programme to address criminal mining.
	Gold Theft	The theft of visible gold by criminal miners.	
Costs / Profits	Volatility of gold price	Price fluctuation caused by market conditions.	Productivity and cost controls and a rigorous approach to investment evaluation.
	Volatility of ZAR/US$ exchange rate	The Company's costs are mainly ZAR based.	Productivity and cost controls.
Electricity	Increasing electricity costs	Increases implemented and proposed by Eskom - South African power supplier.	Power optimisation initiatives and programmes.
Legal	Mining Charter	Laws governing mineral rights.	Monitoring and management using the Mining Charter Score Card.
	Mining Licences – old order/ new order rights	Process to convert the older order mining rights to new order mining rights.	Complied with the application requirements and application submitted.
Human Resources	Dependence on key personnel	Specialised skills required for types of operations.	Increased focus on skills development and training.
	Skills exodus	South African labour / skills drain.	Incentive and retention programmes.
	Increasing cost of labour	Cost of living related cost and effect of organised labour on labour cost.	Drive on cost control and increased efficiencies.
HIV/Aids	Labour / skills	Negative effect on labour / skills turnover and reduced efficiencies.	The Company runs recognised HIV / Aids programmes.

Corporate Governance

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 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 interest of the Group.

Nominated Adviser and Broker

On 2 July 2008 the Company announced that RBC Capital Markets had been appointed as the Company's Nominated Adviser (NOMAD) and Broker. The duty of the NOMAD and Broker is to advise the Group on compliance concerning the AIM Rules and continuing obligations as an AIM quoted company.

Sustainability

Pan African Resources is committed to creating long-term shareholder value by embracing opportunities, optimising its operations and minimising risk. We recognise that the sustainability of our operations is dependent on the ability to earn and maintain the goodwill of the communities around our mining operations. The Pan African Resources operations engage with their immediate communities to identify social needs and institute hands-on projects to address these needs.

The Group recognises its responsibility for the broader impact of our activities on stakeholders, the environment and the health and safety of our employees. Pan African Resources embraces sustainable development as one of the duties as a responsible corporate citizen and as a responsible operational company.

Stakeholder communication

At the previous annual general meeting, held on 22 December 2008, new Articles of Association were adopted by shareholder vote. The new Articles of Association (available at www.panafricanresources.com) allow for electronic communication with stakeholders. The main reason for the move to electronic communication was a cost saving initiative.

Definition of Stakeholders

- Shareholders: institutions, natural persons and employees holding shares in the Company.
- Stakeholders: person, group, organisation, or system who affects or can be affected by an organisation's actions.
- Employees: Any person employed on a full-time basis by the Company.
- Unions: Union of Mineworkers ("NUM") and the United Association of South Africa ("UASA").
- Suppliers: providers of goods and services.

Broad Based Black Economic Empowerment ('BBBEE')

Pan African Resources is committed to the principles and objectives of BBBEE and reports on it's achievements on BBBEE per pillar below:

Ownership

In August 2009 Shanduka exchanged its shareholding of 26% in Barberton Mines for 21% of Pan African Resources and in addition bought 5% from Metorex making Pan African Resources 26% owned by the Black owned and controlled Shanduka Resources. The board of the Company has been restructured to include representation from Shanduka Resources.

Human Resources Development and Employment Equity

The Company complies with the Employment Equity Act and the Skills Development Act and is on track to meet the mining charter scorecard of 40% Black representation at senior and top management at Barberton Mines.

Procurement and Enterprise Development

Pan African Resources supports the development of Small and Medium Enterprises that are Black owned. At Barberton Mines level in the past year 34% of the procurement budget was spent with Black enterprises.

Community Development and Corporate Social Investment

In the year under review a number of initiatives were embarked on at Barberton Mines:

Corporate Governance

Name	Description	Status	Beneficiaries
Verulam Life Skills Centre	A centre that will focus on the development of life skills in the community such as brickmaking, welding, cooking etc. The centre will be run in collaboration with the local community and Government.	Site has been levelled Consulting with contractors to develop a site plan. Planned completion: December 2009.	The greater Umjindi and Verulam communities.
Sinqobile Vegetable Project	A community-run vegetable initiative. The project will be advanced in a phased manner to full cooperative status.	Good sales of available produce: Farm Stall Supplies the Soup Kitchen at Royal Sechaba.	The greater Umjindi and Verulam communities.
Verulam Soup Kitchen	Supplies Thandanani Drop-Inn Centre in Emjindini with food supplies on a weekly basis.	The feeding of mainly aids orphans.	Approximately 50 people daily.
St John's Care Centre	The facility focuses mainly on the care of AIDS patients and orphans that are terminally ill.	Monthly payments of R5,000 (£347).	Mainly orphans from the Umjindi and Verulam communities.
Umjindi Jewellery Project	A jewellery training facility in Barberton, which runs learnership programmes with the support of the Mining Qualifications Authority.	Monthly payments of R20,000 (£1,390).	The greater Umjindi community.
Other Welfare	Assistance given on an ad hoc basis.		Examples include: Primary Schools; Churches; Department of Education; Department of Health

Umjindi Jewellery Project

Barberton

Community Policing Forum

Near Fairview

Sinqobile Vegetable Project

near Fairview

Safety, Health, Environment & Community ('SHEC')

Safety & Health

Safety performance frequency rates –

Frequency rates	2009	2008
Non Lost Time Injury Frequency Rate ('NLTFR')	29.8	42.6
Lost Time Injury Frequency Rate ('LTIFR')	6.4	4.8
Total Recordable Injury Frequency Rate ('TRIFR')	36.2	47.4
Reportable Injury Frequency Rate ('RIFR')	1.7	3.1
Serious Injury Frequency Rate ('SIFR')	1.7	3.1
Lost Day Severity Rate ('LDSR')	6.2	10.9
Fatal Injury Frequency Rate ('FFR')	0	0.4

Barberton Mines completed the 2009 financial year with an overall improvement in accident statistics of 202 total accidents in 2009 (2008: 264 accidents). Dressing cases improved by 28% and reportable injuries improved by 44%. However, Lost Time Injuries regressed by 36%.

The Company's medical surveillance code of practice regulates measures to eliminate, control and minimise health risks to which employees are or may be exposed to.

Environment

All mining and exploration activities are conducted with the highest level of environmental awareness achievable for a Company of this nature. The Environmental Monitoring Programme ('EMP') has been approved by the DME. The water and air monitoring programmes are compliant with the regulations and requirements of the Department of Water Affairs and Forestry as well as the Department of Environmental Affairs and Tourism.

During the year under review, a water retreatment programme was initiated.

Environmental performance

Number of Incidents	2009	2008
Level 1	6	5
Level 2	9	4
Level 3	1	-
Level 4	-	-
Level 5	-	-

The water use licence application has been submitted to the Department of Water Affairs. The annual environmental performance audit commenced towards the end of the financial year and is currently being finalised. The contractor will conduct a gap analysis from the EMP and prepare an amendment to address undefined issues and changes from the current EMP. The mine experienced one Level 3 incident during the year, which involved the spillage of hydrocarbons at the Fairview workshops. The spillage was cleaned and additional controls were implemented to prevent any future re-occurrence.

Progress made during the year on the environmental programme:

- 58 Tons of AsO_3 has been removed to ZINCOR.
- The waste rock dump at Fairview has been removed and re-vegetation of the footprint will commence.

Definitions:

Level 1: Incident that involves minor non-conformances that result in no or negligible adverse environmental impact.

Level 2: Incident that involves miner non-conformances that result in short-term, limited and non-ongoing adverse environmental impacts.

Level 3: Incident that contains limited non-conformances or non-compliances. These non-compliances are those that result in ongoing, but limited environmental impact.

Level 4: Incident that contains significant non-conformances or non-compliances. These non-compliances are those that result in medium term environmental impact.

Level 5: Incident that contains major non-conformances or non-compliances. These non-compliances are those that result in long-term environmental impact.

Contents

Financial Statements

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 30 June 2009.

Principal Activities

The Group's principal activity during the year was that of mineral exploitation and exploration. A full review of the activities of the business and of future prospects are contained in the Chief Executive Officer's Report which accompanies these financial statements, with financial and non-financial key performance indicators shown below.

Key performance indicators

The Group produces management reports on a monthly basis that highlight several Key Performance Indicators ('KPIs') from a corporate, operational and management perspective to assess the financial position of the Group. These are highlighted on page 58.

Results and Dividends

The results for the period are disclosed in the Consolidated Income Statements on page 62. The salient features of these results can be found on page 2.

A maiden dividend of 0.02555p per share was declared for the year.

Policy for payment of creditors

It is the Company's policy to settle all agreed transactions within the terms established with suppliers. The Company's credit days are no longer than 60 days.

Risk Management

The key business risks to which the Company is exposed have been considered and addressed on page 49.

Internal control

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

Internal financial control procedures undertaken by the board include:

- Review of monthly financial reports and monitoring performance.
- 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 year and the period up to the date of approval of the financial statements.

Going Concern

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

As discussed in Note 2, the enlarged Group is largely debt free and has a profit margin of approximately 40% after capital expenditure and depreciation at Barberton Mines. Should the need arise the Group can cease most exploration and capital activities and in doing so conserve cash.

Directors

The following were directors during the year under review:

Mr J P Nelson
Mr R G Still
Mr K C Spencer
Mr A S Malone (resigned 20 January 2009)
Mr C D S Needham (resigned 26 June 2009)
Mr M Smith (resigned 26 August 2009)
Mr J G Hopwood

Post balance sheet appointments:
Mr C Ramaphosa (appointed 17 September 2009)
M R Smith (appointed 17 September 2009)
Mr J Loots (appointed 26 August 2009)

Auditors

Deloitte 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 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 S418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the board,

Jan Nelson
Chief Executive Officer
10 November 2009

Key Performance Indicators (KPI's)

Level	KPI	Measurable	2009	2008	% change	Achievement	Comment
Corporate	US$/oz	costs	469	476	(1.42%)	Good	Marginal decrease
	Gold Sold	revenue	97,353oz	99,078oz	(2%)	Good	Marginal decrease
	Capital Expenditure	growth	£4 million	£2.9 million	40%	Good	Increased capex for development
	Tax	effective tax rate	50.39%	36%	38%	Poor	Higher revenue - Higher tax formula *
Mining	Tons	volume	313Kt	315Kt	(0.43%)	Moderate	Result of flexibility issues
	g/t	quality	10.32g/t	8.9g/t	16%	Good	Higher due to better grades
	% Total Recovery	gold sales	91%	91%	-	Marginal	-
	BEE	mining title	26%	26%	-	Good	-
	Fatal Accidents	safety	0	2	(100%)	Good	Improved SHEC and safety audit
Growth	Resource Base	sustainability	4.582Moz	3,105Moz	32%	Good	Improved as a result of strategy change

* The effective tax rate of 50.39% is due to a non-deductible impairment cost incurred during the year which has resulted in the tax rate being higher at Group level in comparison to the prior year.

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 International Accounting Standard ('IAS') Regulation to prepare the Group financial statements under International Financial Reporting Standards ('IFRSs') as adopted by the European Union and have also elected to prepare the parent company financial statements in accordance with IFRSs as adopted by the European Union. The financial statements are also required by law to be properly prepared in accordance with the Companies Act 2006.

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

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

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

By order of the board

Jan Nelson
Chief Executive Officer
10 November 2009

Cobus Loots
Financial Director
10 November 2009

Independent Auditors' Report

We have audited the financial statements of Pan African Resources plc for the year ended 30 June 2009 which comprise the Group and Parent Company Income Statements, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statement, the Group and Parent Company Statement of Recognised Income and Expense and the related notes 1 to 37. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2009 and of the Group's and the Parent Company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Although not required to do so, the directors have voluntarily chosen to make a corporate governance statement detailing the extent of their compliance with the FRC Combined Code. We reviewed:

- the directors' statement contained within the Directors' Report in relation to going concern; and
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the Combined Code specified for our review.

Debbie Thomas (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, UK
10 November 2009

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Consolidated & Company Income Statements

for the year ended 30 June 2009

		Group		Company	
		Year ended 30 June 2009	Year ended 30 June 2008	Year ended 30 June 2009	Year ended 30 June 2008
	Notes	£	£	£	£
Revenue					
Gold sales	4	53,000,352	39,254,557	-	-
Realisation costs		(140,546)	(106,277)	-	-
On - mine revenue		52,859,806	39,148,280	-	-
Cost of production	5	(28,504,686)	(25,163,675)	-	-
Depreciation	16	(2,360,431)	(1,965,872)	-	-
Mining Profit		21,994,689	12,018,733	-	-
Other (expenses) / income	8	(1,465,336)	(273,786)	9,764,359	(14,491)
Impairment costs	9, 16,17	(5,025,463)	-	(5,056,290)	-
Net income / (costs) before finance income, finance costs		15,503,890	11,744,947	4,708,069	(14,491)
Finance income	4,9	816,754	217,288	113,205	39,349
Finance costs	9	(9,933)	(17,006)	(689)	-
Profit before taxation	10	16,310,711	11,945,229	4,820,585	24,858
Taxation	13	(8,219,425)	(4,366,543)	-	-
Profit after taxation		8,091,286	7,578,686	4,820,585	24,858
Attributable to:					
Equity holders of the parent		4,403,535	5,460,067	4,820,585	24,858
Minority interests	24	3,687,751	2,118,619	-	-
		8,091,286	7,578,686	4,820,585	24,858
From continuing operations:					
Basic Earnings per share (pence)	14	0.40	0.52	-	-
Diluted Earnings per share (pence)	14	0.40	0.51	-	-

Consolidated & Company Balance Sheets

for the year ended 30 June 2009

		Group		Company	
		Year Ended 30 June 2009	Year Ended 30 June 2008	Year Ended 30 June 2009	Year Ended 30 June 2008
	Notes	£	£	£	£
ASSETS					
Non-current assets					
Property, plant and equipment and Mineral Rights	16	31,801,235	20,069, 814	20,547	21,670
Other intangible assets	17	12,038,616	12,837,045	-	-
Goodwill	18	21,000,714	21,000,714	-	-
Investments	19	-	-	38 499 708	34 223 594
Rehabilitation trust fund	20	2,357,266	1,739,522	-	-
		67,197,831	**55,647,095**	**38,520,255**	**34,245,264**
Current assets					
Inventories	21	358,363	377,974	-	-
Receivables from other Group Companies		-	-	10,341,443	10,270,252
Trade and other receivables	22	2,201,213	2,972,776	23,286	310,193
Cash and cash equivalents	23	2,389,301	5,419,489	1,507,134	1,455,587
		4,948,877	**8,770,239**	**11,871,863**	**12,036,032**
TOTAL ASSETS		**72,146,708**	**64,417,334**	**50,392,118**	**46,281,296**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	24,25	11,125,891	10,998,664	11,125,891	10,998,664
Share premium	24	37,899,997	37,267,475	37,899,997	37,267,475
Translation Reserve	24	1,964,004	(1,118,262)	-	-
Share Option Reserve	24	549,690	285,312	626,003	491,320
Retained income / (loss)	24	11,537,551	9,946,021	(2,064,693)	(4,073,273)
Merger reserve	24	(10,705,308)	(10,705,308)	1,560,000	1,560,000
Equity attributable to equity holders of parent		**52,361,825**	**46,673,902**	**49,147,198**	**46,244,186**
Minority interest	24	3,988,577	3,694,869	-	-
Total equity		**56,360,402**	**50,368,771**	**49,147,198**	**46,244,186**
Non-current liabilities					
Long term liabilities - Interest bearing	26	-	16,822	-	-
Long term Provisions	27	2,933,105	2,219,954	-	-
Deferred Taxation	28	6,752,432	5,201,245	-	-
		9,685,537	**7,438,021**	-	-
Current liabilities					
Trade and other payables	26	3,719,787	2,754,795	253,101	37,110
Short term liabilities - Interest bearing	26	20,669	89,269	-	-
Short term Provisions	27	1,151,895	711,085	37,060	-
Payable to another Group Company	36	954,759	-	954,759	-
Current Tax Liabilities		253,659	3,055,393	-	-
		6,100,769	**6,610,542**	**1,244,920**	**37,110**
TOTAL EQUITY AND LIABILITIES		**72,146,708**	**64,417,334**	**50,392,118**	**46,281,296**

Consolidated & Company Cash Flow Statements

for the year ended 30 June 2009

		Group		Company	
		£		£	
	Notes	2009	2008	2009	2008
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	**37**	8,567,361	11,239,529	(3,527,515)	2,092,178
INVESTING ACTIVITIES					
Dividends received		-	-	11,275,545	473,085
Additions to property, plant and equipment and mineral rights		(4,318,425)	(3,031,659)	(7,396)	(21,670)
Additions to intangibles		(1,580,349)	(2,652,270)	-	-
Loans to subsidiaries		-	-	(4,316,065)	(2,199,795)
Funding of rehabilitation trust fund		193,347	4,126	-	-
Cash (outflow) / inflow on acquisition of subsidiary	**34**	(4,205,144)	226,164	(4,205,144)	-
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		(9,910,571)	(5,453,639)	2,746,940	(1,748,380)
FINANCING ACTIVITIES					
Borrowings Raised		1,145,710	-	1,145,710	-
Borrowings Repaid		(190,952)	(179,591)	(190,952)	-
Shares Issued	**25**	-	784,624	-	784,624
NET CASH INFLOW FROM FINANCING ACTIVITIES		954,758	605,033	954,758	784,624
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(388,452)	6,390,923	174,183	1,128,422
Cash and cash equivalents at the beginning of the year		5,419,489	422,416	1,455,587	326,797
Effect of foreign exchange rate changes		(2,641,736)	(1,393,850)	(122,636)	368
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**23**	2,389,301	5,419,489	1,507,134	1,455,587

Consolidated & Company Statements of Recognised Income & Expenses

for the year ended 30 June 2009

	Group £		Group £	
	Year ended 30 June 09	**Year ended 30 June 08**	**Year ended 30 June 09**	**Year ended 30 June 08**
Profit for the year	8,091,286	7,578,686	4,820,585	24,858
Exchange differences on translation of foreign operations	3,082,266	(77,028)	-	-
Exchange differences on translation of minority interests	567,635	-	-	-
Total recognised income and expenses for the year	11,741,187	7,501,658	4,820,585	24 858
Attributable to :				
Equity Holders of the parent	7,485,801	5,383,039	4,820,585	24 858
Minority interests	4,255,386	2,118,619	-	-
	11,741,187	7,501,658	4,820,585	24 858

1. GENERAL INFORMATION

Pan African is a Company incorporated in England and Wales under the Companies Act 1985. The Company has a primary listing on the AIM 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 56. The financial statements are presented in Pounds Sterling. Foreign operations are included in accordance with the policies set out below. The individual financial statements of each Group Company are maintained in 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 the International Financial Reporting Standards ('IFRS') adopted by the European Union.

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.

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 acquisition. 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.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement on page 8 and in the CEO's Review on pages 10-17. The financial position of the Group, its cash flows and liquidity position are described in Note 29. In addition, Note 29 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to credit risk.

The Group has, during the current financial year, benefited from high gold prices and gold sales. The Group is debt free with the exception of a £954,759 loan payable to Metorex on 30 September 2009. The Group had sufficient cash generated through its operations to settle this loan on 30 September 2009. The Pan African Resources Group is currently forecasting positive cash flows.

Post year end, the Company announced that it had concluded an agreement with Shanduka Gold (Pty) Ltd (`Shanduka') whereby Pan African Resources would acquire Shanduka's 26% shareholding in Barberton Mines in exchange for the issue of new 295,751,549 ordinary shares to Shanduka. This transaction would improve the Group's flexibility in use of its future earnings and cashflows.

Management are not aware of any material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. Based on the current status of the Group's finances the directors have formed a judgement, at the time of approving the Financial Statements, that there is a reasonable expectation that the Group has, or will have adequate resources to enable the Group to continue to meet its financial commitments for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

New and revised International Financial Reporting Standards not yet Adopted.

The Group has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for our accounting periods beginning on or after 1 July 2009 or later periods. These new standards are listed on page 67:

Standards, interpretations and amendments issued and not yet effective.

Standard	**Annual periods beginning on or after**
IFRS 2 (AC 139) - Share Based Payments Amendment of IFRS 2 to clarify vesting conditions and cancellations	1 January 2009
IFRS 2 (AC 139) - Share-based Payment - Amendments resulting from April 2009 Annual Improvements to IFRSs	1 July 2009
IFRS 2 (AC 139) - Share-based Payment - Amendments relating to group cash-settled share-based payment transactions	1 July 2010
IFRS 3 (AC 140) - Business Combinations Various amendments to the accounting standard	1 July 2009
IFRS 5 (AC 142) - Non-current Assets Held for Sale and Discontinued Operations - Amendments resulting from April 2009 Annual Improvements to IFRSs	1 January 2010
IFRS 7 (AC 144) – Financial Instruments: Disclosures - Amendments enhancing disclosures about fair value and liquidity risk	1 January 2009
IFRS 8 (AC 145) - Operating Segments - Amendments resulting from April 2009 Annual Improvements to IFRSs	1 January 2009
IAS 1 (AC 101) - Presentation of Financial Statements	1 January 2009
IAS 1 (AC 101) - Presentation of Financial Statements - Amendments resulting from April 2009 Annual Improvements to IFRSs	1 January 2010
IAS 7 (AC 118) - Statement of Cash Flows - Amendments resulting from April 2009 Annual Improvements to IFRSs	1 January 2010
IAS 17 (AC 105) - Leases - Amendments resulting from April 2009 Annual Improvements to IFRSs	1 January 2010
IAS 23 (AC 114) - Borrowing Costs	1 January 2009
IAS 27 (AC 132) - Consolidated and Separate Financial Statements	1 July 2009
IAS 28 (AC 110) - Investments in Associates	1 July 2009
IAS 31 (AC 119) - Interests in Joint Ventures	1 July 2009
IAS 36 (AC 128) - Impairment of Assets - Amendments resulting from April 2009 Annual Improvements to IFRSs	1 January 2010
IAS 38 (AC 129) - Intangible Assets - Amendments resulting from April 2009 Annual Improvements to IFRSs	1 July 2009
IAS 39 (AC 133) - Financial Instruments: Recognition and Measurement - Amendments for eligible hedged items	1 July 2009
IAS 39 (AC 133) - Financial Instruments: Recognition and Measurement - Amendments resulting from April 2009 Annual Improvements to IFRSs	1 January 2010
IAS 39 (AC 133) - Financial Instruments: Recognition and Measurement - Amendments for embedded derivatives when reclassifying financial instruments	1 July 2009
IFRIC 15 - Agreements for the Construction of Real Estate	1 January 2009
IFRIC 17 - Distributions of Non-cash Assets to Owners	1 July 2009
IFRIC 18 – Transfers of Assets from Customers	Transfers received on or after 1 July 2009

Improvements to International Financial Reporting Standards.

Standard	**Annual periods beginning on or after**
IFRS 1 (AC 138) - First-time Adoption of International Financial Reporting Standards	1 January 2009
IFRS 5 (AC 142) - Non-current Assets Held for Sale and Discontinued Operations	1 July 2009
IAS 1 (AC 101) - Presentation of Financial Statements	1 January 2009
IAS 16 (AC 123) - Property, Plant and Equipment	1 January 2009
IAS 19 (AC 116) - Employee Benefits	1 January 2009
IAS 20 (AC 134) - Accounting for Government Grants and Disclosure of Government Assistance	1 January 2009
IAS 27 (AC 132) - Consolidated and Separate Financial Statements	1 January 2009
IAS 28 (AC 110) - Investments in Associates	1 January 2009
IAS 29 (AC 124) - Financial Reporting in Hyperinflationary Economies	1 January 2009
IAS 31 (AC 119) - Interests in Joint Ventures	1 January 2009
IAS 32 (AC 125) - Financial Instruments: Presentation	1 January 2009
IAS 36 (AC 128) - Impairment of Assets	1 January 2009
IAS 38 (AC 129) - Intangible Assets	1 January 2009
IAS 39 (AC 133) – Financial Instruments: Recognition and Measurement	1 January 2009
IAS 40 (AC 135) - Investment Property	1 January 2009
IAS 41 (AC 137) - Agriculture	1 January 2009

The Directors are currently evaluating the impact of the adoption of these standards, amendments and interpretations on future periods.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) to 30 June each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. The results of the subsidiaries acquired or disposed of during the year are included in the consolidated 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 acquisitions is recognised as an asset, and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss. The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of net fair value of the assets, liabilities and contingent liabilities recognised.

Property, plant and equipment

Mining assets

Mining assets, including mine development costs and mine plant facilities, are recorded at cost less provision for impairment and accumulated depreciation.

Expenditure incurred to develop new ore bodies, to define mineralisation in existing ore bodies, to establish or expand productive capacity and expenditure designed to maintain productive capacities, is capitalised until commercial levels of production are achieved.

Mineral and surface rights

Mineral and surface rights are recorded at cost less provision for impairment and accumulated depreciation.

Land

Land is shown at cost and is not depreciated.

Gain or loss on disposal or retirement of assets

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation

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.

The assets of the underlying mines are depreciated over the following periods:
Barberton Mines 10 years

Other mining plant and equipment is depreciated on the straight-line basis over the shorter of the life of the mines 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 four to ten 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.

Goodwill
Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's Cash Generating Units ('CGU') expected to benefit from the synergies of the combination. Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the CGU may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the CGU, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the CGU pro rata on the basis of the carrying amount of each asset in the CGU. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. 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. 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 also accounted for as equity. 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, if any, when the directors have prepared a detailed plan for closure of the particular operation, the remaining life of which is such that significant changes to the plan are unlikely; and the directors have raised a valid expectation in those affected that it will carry out the closure by starting to implement that plan or announcing its main features to those affected by it.

Revenue recognition

Sales represents the value of minerals sold, excluding value-added tax and is recognised when goods are delivered and risk and reward has passed, and is measured at the fair value of the consideration received or receivable. Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rates applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established. Revenue is recognised when the buyer takes title, provided:

(a) it is probable that delivery will be made;
(b) the item is on hand, identified and ready for delivery to the buyer at the time the sale is recognised;
(c) the buyer specifically acknowledges the deferred delivery instructions; and
(d) the usual payment terms apply.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments 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 financial asset have been negatively impacted.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or 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. The Group has no financial liabilities classified as FVTPL.

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts the estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities only when the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

In the ordinary course of its operations, the Group may enter into a variety of derivative financial instruments to manage its exposure to commodity prices, volatility of interest rates and foreign exchange rate risk.

Derivatives are initially recognised at cost at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each 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 may designate certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk or firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Fair value hedge

Changes in the fair value of any derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the 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 any derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "other gains and losses" line of the 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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the annual financial statements in terms of IFRS, the Group's management is required to make certain judgements, estimates and assumptions that may materially affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reported year and the related disclosures. The estimates and judgements are based on historical experience, current and expected future economic conditions and other factors. Actual results may differ from these estimates.

Critical accounting estimates and judements 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; and
- Estimates made in determining the life of the mines.

The Life of Mine is determined from development plans based on mine management's estimates and includes total mineral reserve and a portion of the mineral resource. These plans are updated from time to time and take into consideration the actual current cost of extraction, as well as certain forward projections. These projections are reviewed by the board, and the current Life of Mine has been independently reviewed by SRK Consulting 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;
- 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, intangibles related to exploration; and
- Estimates of feasibility studies regarding exploration and growth projects.

4 REVENUE

	Group £		Company £	
	Year Ended 30 June 2009	Year Ended 30 June 2008	Year Ended 30 June 2009	Year Ended 30 June 2008
Gold Sales	53,000,352	39,254,557	-	-
Finance Income	816,754	217,288	113,205	39,349
	53,817,106	39,471,845	113,205	39,349

5 COST OF PRODUCTION

	Group £		Company £	
	Year Ended 30 June 2009	Year Ended 30 June 2008	Year Ended 30 June 2009	Year Ended 30 June 2008
Mining	(4,444,537)	(3,941,765)	-	-
Salaries and wages	(12,652,511)	(11,440,555)	-	-
Processing	(4,581,547)	(4,135,470)	-	-
Engineering and technical	(4,607,114)	(3,662,348)	-	-
Administration	(2,218,977)	(1,983,538)	-	-
	(28,504,686)	(25,163,675)	-	-

6 SEGMENTAL ANALYSIS

Primary Segment

For management purposes, the Group is currently organised into three reporting divisions - Exploration and corporate, gold mining and platinum mining. These divisions are the basis on which the Group reports its primary segment information.

	Gold Sales		Mining Profits		Depreciation		Impairment		Assets		Liabilities		Capital Additions	
	£	%	£	%	£	%	£	%	£	%	£	%	£	%
2008														
Exploration and corporate	-	-	-	-	-	-	-	-	15,460,160	24	-	-	279,924	9
Gold Mining	39,254,557	100	13,984,605	100	(1,965,872)	100	-	-	27,956,460	43	14,048,562	100	2,751,735	91
Platinum Mining	-	-	-	-	-	-	-	-	-	-	-	-		
Goodwill	-	-	-	-	-	-	-	-	21,000,714	33	-	-		
Group	39,254,557	100	13,984,605	100	(1,965,872)	100	-	-	64,417,334	100	14,048,562	100	3,031,659	100
2009														
Exploration and corporate	-	-	-	-	-	-	(5,025,463)	100	13,665,514	19	1,135,034	6	265,770	6
Gold Mining	53,000,352	100	24,355,120	100	(2,360,431)	100	-	-	31,965,438	44	14,619,687	93	4,052,655	94
Platinum Mining	-	-	-	-	-	-	-	-	5,515,042	8	31,585	1		
Goodwill	-	-	-	-	-	-	-	-	21,000,714	29	-	-		
Group	53,000,352	100	24,355,120	100	(2,360,431)	100	(5,025,463)	100	72,146,708	100	15,786,306	100	4,318,425	100

6 SEGMENTAL ANALYSIS (continued)

Secondary Segment

	Total Sales by Customer Location		Depreciation		Impairment		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	-	-	-	-
Group	39,254,557	100	(1,965,872)	100	-	-	64,417,334	100	14,048,563	100	3,031,659	100
2009												
South Africa	53,000,352	100	(2,360,431)	100	-	-	37,480,479	52	14,651,271	93	4,052,655	94
Other *	-	-	-	-	(5,025,463)	100	13,665,515	19	1,135,035	7	265,770	6
Goodwill	-	-	-	-	-	-	21,000,714	29	-	-	-	-
Group	53,000,352	100	(2,360,431)	100	(5,025,463)	100	72,146,708	100	15,786,306	100	4,318,425	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 2009	**Year Ended 30 June 2008**	**Year Ended 30 June 2009**	**Year Ended 30 June 2008**
Within one year	176,651	123,733	33,890	-
Years 2 to 5	298,331	287, 750	57,581	-
	474,982	411,483	91,471	-
Minimum lease payments under operating leases recognised as an expense in the year:	164,760	104,956	29,348	-

Leases are negotiated for an average term of three to five years.

8 OTHER (EXPENSES) /INCOME

	Group £		Company £	
	Year Ended 30 June 2009	Year Ended 30 June 2008	Year Ended 30 June 2009	Year Ended 30 June 2008
Dividends received - subsidiaries	-	-	11,275,545	473,085
Foreign Exchange gain / (loss)	86,484	-	86, 484	(74,791)
Operating leases	(164,760)	-	(29,348)	-
Sundry other	(1,387,060)	(273,786)	(1,568,322)	(412,785)
	(1,465,336)	(273,786)	9,764,359	(14,491)

9 FINANCE INCOME / (COSTS)

	Group £		Company £	
	Year Ended 30 June 2009	Year Ended 30 June 2008	Year Ended 30 June 2009	Year Ended 30 June 2008
Interest received - Bank	816,754	217,288	113,205	39,349
Interest paid - Bank	(9,933)	(17,006)	(689)	-
	806,821	200,282	112,516	39,349

10 PROFIT BEFORE TAXATION

Profit / (loss) for the year has been arrived at after charging:	Group £		Company £	
	Year Ended 30 June 2009	Year Ended 30 June 2008	Year Ended 30 June 2009	Year Ended 30 June 2008
Management Fee Expense				
- Metorex	388,685	348,924	-	-
- Shanduka	51,854	50,819	-	-
Share Option Expense	264,378	156,952	134,683	195,158
Exploration Expense	-	22,274	-	-
Depreciation	2,360,431	1,965,872	8,519	-
Impairment Costs	5,025,463	-	5 ,056,290	-
Staff Costs	12,993,897	11,440,555	147,280	242,187
Operating leases	164,760	-	29,348	-

Impairments at a Group level consist of £4,651,335 million of intangible assets, £242,730 of property, plant and equipment and £131,398 of other assets held in Ghana and Central African Republic.

The Company impairment relates to inter-company loans and investments in Ghana and Central African Republic.

11 AUDITORS REMUNERATION

	Group £		Company £	
	Year Ended 30 June 2009	Year Ended 30 June 2008	Year Ended 30 June 2009	Year Ended 30 June 2008
Fees payable to the Company's auditors for the audit of the Company's annual accounts	10,000	10,000	10,000	10,000
Fees payable to the Company's auditors and their associates for other services to the Group				
• Audit of the consolidated financial statements	32,000	30,000	32,000	-
• Audit of the Company's subsidiaries pursuant to legislation	22,577	22,086	-	-
• Under provision of audit fee in the prior year	88,447		88,447	
Total audit fees	153,025	62,086	130,447	10,000
• Corporate finance services relating to the reporting accounting work for the acquisition of Barberton Mines	-	80,000	-	-
Total Non-Audit Fees	-	80,000	-	-

12 STAFF COSTS

	Group £		Company £	
	Year Ended 30 June 2009	Year Ended 30 June 2008	Year Ended 30 June 2009	Year Ended 30 June 2008
The average number of employees were:				
Corporate and Exploration	7	14	7	4
Mining	1,708	1,477	-	-
	1,715	1,491	7	4
Their aggregate remuneration comprised:				
Salary and Wages	12,108,815	10,467,253	146,523	242,187
Other Pension Costs	885,082	973,302	757	-
	12,993,897	11,440,555	147,280	242,187

13 TAXATION

	Group £		Company £	
	Year Ended 30 June 2009	Year Ended 30 June 2008	Year Ended 30 June 2009	Year Ended 30 June 2008
INCOME TAX EXPENSE				
South African normal taxation				
- current year	7,804,761	4,192,231	-	-
Deferred taxation				
- current year	414,663	174,312	-	-
Total taxation charge	8,219,425	4,366,543	-	-
Profit before taxation	16,310,711	11,945,229	4,820,586	24,858
Taxation at the domestic taxation rate of 28%	4,566,999	3,344,664	1,349,764	7,174
Non-deductible expenses/(exempt income)	1,466,315	10,759	(1,690,838)	-
Taxation rate differential	2,186,111	1,369,523	-	-
Tax effect of timing differences & utilisation of tax losses	-	(358,403)	341,073	(7 174)
Taxation expense for the year	8,219,425	4,366,543	-	-
Effective taxation rates	%	%	%	%
Statutory rate	28.00%	28.00%	28.00%	28.75%
Taxation rate differential	13.40%	11.47%	-	-
Non-deductible expenses	8.99%	0.09%	(35.08%)	-
Creation/(utilisation) of tax losses	-	(3.00%)	7.08%	(28.75%)
Effective taxation rate	50.39%	36.56%	0.00%	0.00%

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

Basic and Diluted Earnings Per Share

Basic and diluted earnings per share are based on the Group's profit for the year attributable to equity holders of the parent, divided by the weighted average number of shares in issue during the year.

	2009			2008		
	Net profit	**Weighted average number of shares**	**Earnings Per share (Pence)**	**Net profit**	**Weighted average number of shares**	**Earnings Per share (Pence)**
From continuing operations						
Basic EPS	4,403,535	1,104,367,219	0.40	5,460,067	1,043,789,285	0.52
Share options		2,881,444	-	-	30,000,000	(0.01)
Diluted EPS	4,403,535	1,107,248,663	0.40	5,460,067	1,073,789,285	0.51

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:

	2009			2008		
	Net profit	**Weighted average number of shares**	**Earnings Per share (Pence)**	**Net profit**	**Weighted average number of shares**	**Earnings Per share (Pence)**
Earnings as reported	4,403,535	1,104,367,219	0.40	5,460,067	1,043,789,285	0.52
Adjustments						
• Impairment costs	5,025,463	1,104,367,219	0.45	-	-	-
Headline earnings per share *	9,428,998	1,104,367,219	0.85	5,460,067	1,043,789,285	0.52
Share options		2,881,444	-	-	30,000,000	-
Diluted headline earnings per share	9,428,998	1,107,248,663	0.85	5,460,067	1,073,789,285	0.51

* Headline earnings per share is required to be disclosed in terms of the Listing Requirements of the JSE Limited.

15 DIVIDENDS

Dividend No 1 of 0.2555 pence per share was paid on 8 April 2009 in respect of the year ended 30 June 2009. No further dividends were declared by 30 June 2009.

16 PROPERTY PLANT AND EQUIPMENT AND MINERAL RIGHTS

Group

	Land*	Mineral Rights and Mining Property	Building and Infrastructure	Plant and Machinery	Shafts	Exploration	Other	Total
COST								
Balance at 30 June 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**
Additions	-	-	-	1,558,610	2,032,679	461,366	265,770	4,318,425
Acquisition of subisidiary	17,830	4,813,776	-	-	-	-	-	4,831,606
Impairment	-	-	-	-	-	-	(242,730)	(242,730)
Disposal	-	-	-	-	-	-	(5,082)	(5,082)
Foreign currency translation reserve	3,031	1,450,511	295,990	2,017,793	3,448,567	124,505	28,180	7,368,577
Balance at 30 June 2009	**27,636**	**10,856,214**	**1,589,448**	**11,466,433**	**19,341,551**	**855,359**	**326,062**	**44,462,703**

During the current year Pan African Resources acquired Phoenix Platinum Mining (Pty) Ltd which resulted in the increase in Mining Property on consolidation of £4,560,565. The mining property is currently not depreciated as the tailings project is currently still in bankable feasibility phase.

	Land*	Mineral Rights and Mining Property	Building and Infrastructure	Plant and Machinery	Shafts	Exploration	Other	Total
ACCUMULATED DEPRECIATION								
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)
Charge for the year		(330,172)	(93,139)	(719,080)	(1,209,521)	-	(8 519)	(2 360 431)
Foreign currency translation reserve	-	(397,175)	(111,607)	(617,008)	(1,053,154)	-	-	(2,178,944)
Balance at 30 June 2009	-	(2,266,469)	(637,028)	(3,604,411)	(6,145,041)	-	(8,519)	(12,661,468)
CARRYING AMOUNT								
At 30 June 2008	6,775	3,052,805	861,176	5,621,707	9,977,939	269,488	279,924	20,069,814
At 30 June 2009	27,636	8,589,745	952,420	7,862,022	13,196,510	855,359	317,543	31,801,235

16 PROPERTY PLANT AND EQUIPMENT AND MINERAL RIGHTS (Continued)

COMPANY

	Land*	Mineral Rights and Mining Property	Building and Infrastructure	Plant and Machinery	Shafts	Exploration	Other	Total
COST								
Balance at 30 June 2007	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	21,670	21,670
Balance at 30 June 2008	-	-	-	-	-	-	**21,670**	**21,670**
Additions	-	-	-	-	-	-	7,396	7,396
Balance at 30 June 2009	-	-	-	-	-	-	**29,066**	**29,066**

	Land*	Mineral Rights and Mining Property	Building and Infrastructure	Plant and Machinery	Shafts	Exploration	Other	Total
ACCUMULATED DEPRECIATION								
Balance at 30 June 2007	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-	-
Balance at 30 June 2008	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	(8 519)	(8 519)
Balance at 30 June 2009	-	-	-	-	-	-	**(8 519)**	**(8 519)**
CARRYING AMOUNT								
At 30 June 2008	-	-	-	-	-	-	21,670	21,670
At 30 June 2009	-	-	-	-	-	-	20,547	20,547

* Details of land are maintained in a register held at the offices of Barberton Mines, which may be inspected by a member or their duly authorised agents. The Group reviews the residual values used for purposes of depreciation calculations annually.

17 OTHER INTANGIBLE ASSET

	Group	Company
	£	£
EXPLORATION AND EVALUATION ASSETS		
Balance at 1 July 2007	-	-
Acquired	6,588,340	-
Exploration expenditure	2,652,270	-
Purchase of 20% of Manica	3,596,435	-
Balance at 30 June 2008	12,837, 045	-
Purchase of Ghana Exploration Licence	720,000	-
Purchase of CAR Mining Licence	39,749	-
Purchase of Subsidiary	239,997	-
Exploration expenditure	1,580,349	-
Impairment	(4,651,335)	-
Foreign currency translation reserve	1,272,811	-
Balance at 30 June 2009	12,038,616	-

The impairment of the intangible assets was based on the cash generating units in relation to the exploration and evaluation assets based in Ghana and the Central African Republic. The intangible assets were impaired in full due to the mining venture being considered by the Directors as non-viable.

18 GOODWILL

Goodwill acquired in a business combination is allocated at acquisition to the CGUs that are expected to benefit from that business combination. Goodwill is allocated as follows:

	Group		Company	
	£		£	
	2009	**2008**	**2009**	**2008**
Opening and Closing Balance	21,000,714	21,000,714	-	-

The Group tests the goodwill carrying amount annually for impairment, or more frequently if there are indications that goodwill might be impaired. The goodwill carrying amount is not considered impaired and the review was performed in accordance with the Group's accounting policies.

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates of 12% that reflect current market assessments of the time value of money and the risks specific to the CGUs to the extent not already reflected in the cash flows being discounted and average gold price of $950 and exchange rate of ZAR8.50 to the dollar over the life of projects. The life of projects were estimated at 10 years for Barberton Mines, 17 years for Phoenix Platinum and 10 years for the Manica gold project. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash-flow forecasts derived from the most recent financial budgets approved by management.

19 INVESTMENTS

	Company GBP	
	2009	**2008**
Investments	38,499,708	34,223,594

At 30 June 2009 the Company held the following shares in subsidiary undertakings:

Name of Undertaking	Country of Incorporation	Principal Activity	Proportion of capital held by Company	Carrying Amount 2009	Carrying Amount 2008
Barberton Mines (Pty) Ltd	South Africa	Mining	74%	31,010,450	31,010,450
* Or Oubangui SA	Central African Republic	Exploration	50%	-	30,827
Explorator Limitada	Mozambique	Exploration	100%	88,972	88,972
Mistral Resource Development Corporation	British Virgin Isles	Exploration	100%	584,704	584,704
Brampton Capital Overseas Limited	British Virgin Isles	Exploration	100%	2,485,000	2,485,000
Viking Internet Limited	England and Wales	Dormant	100%	1	1
* PAR-African Resource (Ghana) Limited	Ghana	Dormant	100%	-	23,640
Phoenix Platinum Mining (Pty) Ltd	South Africa	Mining	100%	4,330,581	-
				38,499,708	34,223,594

In the period the Company recognised a full impairment of its investments in PAR-African Resources (Ghana) Limited and Or Oubangui SA. The respective impairment losses have been recognised in the income statement.

* These investments were impaired in the year ended 30 June 2009.

20 REHABILITATION TRUST FUND

	Group £		Company £	
	2009	**2008**	**2009**	**2008**
Funds held in trust fund (refer to note 27)	2,357,266	1,739,522	-	-

21 INVENTORIES

	Group £		Company £	
	2009	**2008**	**2009**	**2008**
Consumable Stores	358,363	377,974	-	-

22 TRADE AND OTHER RECEIVABLE

	Group £		Company £	
	2009	**2008**	**2009**	**2008**
Trade Receivables	1,476,643	1,842,710	23,286	310,193
Other Receivable and prepayments	218,573	764,294	-	-
VAT Receivables	505,997	365,772	-	-
	2,201,213	2,972,776	23,286	310,193

There are no amounts owing that are past due and not impaired.

The average credit period is:	Group	
	2009	**2008**
	10 days	18 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 customer's credit limit and credit quality. The Group only transacts with credit worthy customers and large institutions within South Africa.

The fair value of trade receivables is not materially different from the carrying value presented. No receivables have been pledged as security.

23 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

	Group £		Company £	
	2009	**2008**	**2009**	**2008**
Cash and cash equivalents	2,389,301	5,419,489	1,507,134	1,455,587
CREDIT FACILITIES				
The Group has the following undrawn credit facilities at 30 June 2009:				
Overdraft Facility	1,579,479	2,570,694	-	-
Asset finance facility	45,015	106,091	-	-
Guarantee	236,922	192,802	-	-
Credit Card	10,661	8,676	-	-
	1,872,077	2,878,263	-	-

The overdraft facility and asset finance facilities are secured. The overdraft facility attracts interest at prime plus three percent.

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 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	-	-	-	-	-	-	(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
Issue of shares	127,227	632,522	-	-	-	-	-	-	759,749
Current year movement	-	-	-	3,082,266	-	-	-	567,635	3,649,901
Profit for the year	-	-	-	-	4,403,535	-	-	3,687,751	8,091,286
Dividend Issue	-	-	-	-	(2,812,005)	-	-	(3,961,678)	(6,773,683)
Share Based payment - Charge for the year	-	-	-	-	-	264,378	-	-	264,378
Balance at 30 June 2009	11,125,891	37,899,997	-	1,964,004	11,537,551	549,690	(10,705,308)	3,988,577	56,360,402

COMPANY	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 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
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
Issue of shares	127,227	632,522	-	-	-	-	-	-	759,749
Profit for the year	-	-	-	-	4,820,585	-	-	-	4,820,585
Dividend Issue	-	-	-	-	(2,812,005)	-	-	-	(2,812,005)
Charge for the year	-	-	-	-	-	134,683	-	-	134,683
Balance at 30 June 2009	11,125,891	37,899,997	-	-	(2,064,693)	626,003	1,560,000	-	49,147,198

25 SHARE CAPITAL

	Group £		Company £	
	2009	2008	2009	2008
Authorised				
2,000,000,000 (2008: 2,000,000,000) ordinary shares of £0.01 each	20,000,000	20,000,000	20,000,000	20,000,000
Issued and fully paid up 1,112,589,162 (2008: 1,099,866,438) ordinary shares of £0.01 each	11,125,891	10,998,664	11,125,891	10,998,664

The following non-cash issue of shares were made during the year:
a) 722,724 ordinary shares in terms of the Novation Agreement between Pan African Resources and Goldiam SARL on 21 July 2008 at 5.5p per share; and
b) 12,000,000 ordinary shares to SEMS Exploration Services Limited and Birim Goldfields (Ghana) Limited on 6 March 2009 at 6p per share.

Current number of share options outstanding at 30 June 2009 is 46,945,000 (2008: 46,945,000).

26 BORROWING

	Group £		Company £	
	2009	2008	2009	2008
Trade and other payables	3,719,877	2,754,795	253,101	37,110
Short term liabilities - interest bearing				
Amount due within 12 Months	20,669	89,269	-	-
Amount due for settlement after 12 Months	-	16,822	-	-
Total Borrowings	20,669	106,091	-	-

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 within the next year.

27 PROVISIONS

Group

	Post Retirement Benefits	Rehabilitation	Leave Pay and Bonuses	Total
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	(11,969)	(181,766)	(66,772)	(260,507)
Balance at 30 June 2008	**122,990**	**2,096,964**	**711,085**	**2,931,039**
Provided during the year	-	193,347	1,104,397	1,297,744
Utilised during the year	(12,790)	-	(842,253)	(855,043)
Foreign currency translation	26,402	506,192	178,666	711,260
Balance at 30 June 2009	**136,602**	**2 ,796,503**	**1,151,895**	**4,085,000**
Long Term Provisions	136,602	2,796,503	-	2,933,105
Current provisions	-	-	1,151,895	1,151,895
	136,602	**2,796,503**	**1,151,895**	**4,085,000**

COMPANY

	Post Retirement Benefits	Rehabilitation	Leave Pay and Bonuses	Total
Balance at 30 June 2007	-	-	-	-
Provided during the year	-	-	-	-
Utilised during the year	-	-	-	-
Balance at 30 June 2008	-	-	-	-
Provided during the year	-	-	37,060	37,060
Utilised during the year	-	-	-	-
Foreign currency translation	-	-	-	-
Balance at 30 June 2009	-	-	37,060	37,060
Long Term Provisions				
Current provisions	-	-	37,060	37,060
	-	**-**	**37,060**	**37,060**

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 South African 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 10 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 TAXATION

	Group £ 2009	Group £ 2008	Company £ 2009	Company £ 2008
Deferred Tax Liabilities				
Property, plant and equipment	7,240,069	5,541,169	-	-
Provisions	(487,637)	(339,924)	-	-
Net deferred tax liabilities	6,752,432	5,201,245	-	-

	Note	Group £ 2009	Group £ 2008	Company £ 2009	Company £ 2008
Reconciliation of deferred tax liabilities					
Net deferred liabilities at the beginning of the year		5,201,245	5,526,973	-	-
Deferred tax asset acquired	34	(110,179)	-	-	-
Deferred tax charge for the year		414,663	174,312	-	-
Translation difference		1,246,703	(500,040)	-	-
Net deferred liabilities at the end of the year		6,752,432	5,201,245	-	-

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 2008.

	Group		Company	
	2009	**2008**	**2009**	**2008**
Components of Capital:				
Interest-bearing debt	20,669	106,091	-	-
Cash and cash equivalents	(2,389,301)	(5,419,489)	(1,507,134)	(1,455,587)
Net interest-bearing assets	(2,368,632)	(5,313,398)	(1,507,134)	(1,455,587)
Equity	56,360,402	50,368,771	49,147,199	46,244,186
Net debt to equity ratio (%)	(0.04)	(0.11)	(0.03)	(0.03)

	Group		Company	
	2009	**2008**	**2009**	**2008**
Categories of Financial Instruments:				
Financial Assets:				
Cash and Cash Equivalents	2,389,301	5,419,489	1,507,134	1,455,587
Receivables	2,201,213	2,972,776	23,286	310,193
Financial Liabilities:				
Amortised cost	4,695,215	2,860,886	1,207,860	37,110

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 a 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 £16,771 (2008:£267), estimated by the Group's management based on the current economic environment. The credit risk on liquid funds is limited because the counterparties are dealt with in accordance with the Group's credit policy. The Group has one major customer that represents more than 5% of the trade receivables balance for the individual companies.

	2009	**2008**
Customers Above 5%	1,480,138	1,842,968

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.

Interest rate and liquidity risk

Fluctuations in the interest rates impact on short-term investment and financing activities, giving rise to interest rate risk. In the ordinary course of business, the Group receives cash proceeds from its operations and is required to fund working capital and capital expenditure requirements. 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 to meet the Group's normal and contingent funding needs.

Currency and Commodity Price Risk

Currency and Gold Price	**Closing rate at 30 June 2009**	**Average Rate for the year ended 30 June 2009**
Pound Sterling / Rand	12.66	14.39
Gold Price	943.80	867.00

	Impact of 10% currency or gold price movement on profit/(loss)
Foreign currency / gold price sensitivity	
2009	3,355,982
2008	2,555,906

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

	South African Rands	**GBP**	**Total**
2009			
Assets	3,378,274	1,212,240	4,590,514
Liabilities	3,466,390	253,397	3,719,787
2008			
Assets	6,129,852	2,262,413	8,392,265
Liabilities	2,321,740	433,055	2,754,795

Commodity hedges

The Group did not undertake any hedging in the current or prior year.

Interest rate risk

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

Interest rate sensitivity

Based on the low level of interest-bearing balances on the 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 £1.9 million (2008: £2.9 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				
2009				
Trade Payables	-	3,719,787	-	3,719,787
Long Term Liabilities	-	-	-	-
Other Short Term Liabilities	-	975,428	-	975,428
Group				
2008				
Trade Payables	-	2,754,795	-	2,754,795
Long Term Liabilities	14	-	16,822	16,822
Other Short Term Liabilities	14	89,269	-	89,269
Company				
2009				
Trade Payables	0%	1,207,860	-	1,207,860
2008				
Trade Payables	0%	37,110	-	37,110

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 and are registered under and governed by the South African Pension Act, 1956 as amended. The assets of the scheme are held separately from those of the Group in funds and they are in the control of the trustees. The total costs charged to the income statement of £704,787 (2008 : £655,381) represent employer contributions payable to the schemes by the Group at rates specified in the rules of the scheme. The calculation of the provision for post retirement medical benefits is performed internally by management using the South African Revenue Services life expectancy tables as the benefits payable are a fixed amount per pensioner.

31 COMMITMENTS , CONTINGENT LIABILITIES AND GUARANTEES

Group

Commitments
The Group had outstanding open orders on open votes contracted for at year end of £62,231 (2008: £139,147).

Contingent liabilities
The Group had a contingent liability of £48,976 (2008: £nil) in relation to a legal case.

Guarantees
The Group had guarantees of £225,285 (2008: £192,802) in favour of Eskom, and £1,579 (2008: £1,285) in favour of the Department of Mineral Resources at year end.

Company

There were no commitments, contingent liabilities and guarantees for the Company for the year ended 30 June 2009 (2008: £nil).

32 DIRECTORS EMOLUMENTS

The key management personnel for which remuneration has been disclosed are the directors:

	2009 GBP	2008 GBP
Executive directors		
Emoluments	92,168	88,715
Share Options	-	510,000
Total	92,168	598,715
Non-executive directors		
Emoluments	42,500	38,750
Over-Provision in the prior year	(30,000)	-
Total	12,500	38,750
Total Remuneration	104,668	637,465

Individual	Share options exercised and sold	Cost to Company salary	Bonuses	2009 Total	2008 Total
	£	£	£	£	£
Executive					
Mr J Nelson	-	92,168	-	92,168	88,715
Total	**-**	**92,168**	**-**	**92,168**	**88,715**

Individual	Share options exercised and sold	Directors' Fees	Bonuses	2009 Total	2008 Total
	£	£	£	£	£
Non-Executive					
Mr R G Still	-	15,000	-	-	-
Mr J Hopwood	-	17,500	-	-	-
Mr K C Spencer	-	10,000	-	-	-
Total	**-**	**42,500**	**-**	**-**	**-**

Mr K C Spencer resigned on 28 February 2009 as a director of Metorex and therefore became Non-Executive Director of Pan African Resources.

Mr M Smith and Mr C D S Needham are directors of Metorex therefore no remuneration is paid to them directly. Refer to the Metorex Limited Annual Report for 30 June 2009 for detail on their remuneration.

Non Executive Directors

During the year under review, the non-executive directors were Mr R G Still, Mr C D S Needham and Mr J Hopwood.

Mr C D S Needham resigned from the board upon the announcement on 26 June 2009 of Metorex's sale of its shareholding in Pan African Resources.

Non-executive directors are entitled to £15,000 (2008: £15 000) per annum for services rendered. In the prior year, there was an underprovision for Mr J Hopwood of £2,500.

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
Mr J Hopwood	-	1,000,000	-	6.2	1,000,000
Total	**27,200,000**	**4,000,000**	**(12,000,000)**	**-**	**19,200,000**

2009 Share options	Total options 1 July 2008	Options granted	Options exercised	Average option price (pence)	Total options 30 June 2009
Mr K C Spencer	3,000,000	-	-	6.2	3,000,000
Mr J Nelson	6,000,000	-	-	2.0	6,000,000
Mr R G Still	4,000,000	-	-	2.5	4,000,000
Mr J Hopwood	1,000,000	-	-	6.2	1,000,000
Total	**14,000,000**	**-**	**-**	**-**	**14,000,000**

Directors' Interest in Shares

As at 30 June 2009 Mr J P Nelson held 47,504 shares in Pan African Resources. Since the year end, Mr J P Nelson has purchased an additional 75,134 shares in the Company.

Mr R G Still is a director of Pangea Exploration (Pty) Limited ('Pangea') and a trustee of a family trust, which owns 33.33% of Pangea. Mr Still is therefore deemed to have an indirect, non-beneficial interest in Pangea's holding in the Company.

Substantial Shareholdings

As at 10 November 2009 the substantial shareholdings of which the Company is aware are as follows:
Shares in issue: 1,408,340,711

Name	Number of Shares	Percentage held
Shanduka Gold	366,168,585	26.00%
Coronation Fund Managers	225,354,176	16.00%
Investec Asset Management	150,346,264	10.68%
Allan Gray Investment Council	76,294,036	5.42%
J P Morgan Asset Management	60,000,000	4.26%

33 SHARE BASED OPTIONS

On 1 September 2005, the Company established a share option programme that entitles all employees, officers, directors and qualifying consultants of the Company 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 3-4 years, calculated from the first anniversary of the date of granting the option and in 3 equal tranches, subject to the directors approval.

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

	30 June 2009		30 June 2008	
	Weighted average exercise price	**Number of options**	**Weighted average exercise price**	**Number of options**
Outstanding at 1 July	4.7p	46 945 000	3.4p	57 822 727
Granted during the year	-	-	6.5p	17 122 273
Exercised during the year	-	-	2.7p	(26 500 000)
Lapsed in the year	-	-	-	(1 500 000)
Outstanding and exercisable at 30 June	4.7p	46 945 000	4.7p	46 945 000

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:

	2008
Share Price	0.062
Exercise Price	0.070
Expected volatilty	72.39%
Expected life	1-3 years
Risk-free interest rate	5.31%

The Company does not expect to pay any dividends during the contractual life of the share options. The volatility of the Company's share price on each date of grant was calculated as the average of volatilities of share prices of the Company on the corresponding dates. The volatility of share price of the Company was calculated as the average of annualised standard deviations of daily continuously compounded returns on the Company's stock, calculated over 1, 2 and 3 years back from the date of grant. Therefore, volatility of the Company's share prices was calculated over the period commensurate with the expected life of the options under consideration, giving more weight to more recent historical data to account for volatility persistance.

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

The Group recognised total expenses of £264,378 (2008: £156,952) related to equity settled share-based payment transactions.

34 ACQUISITIONS

The Company acquired 100% of Phoenix Platinum from Metorex, a related party, in May 2009. Phoenix Platinum is now a wholly owned subsidiary of the Company.

2009	Commodity	Date of Acquisition	Proportion of shares acquired	Cost of acquisition
Phoenix Platinum (Proprietary) Limited	Platinum	21 May 2009	100%	4,209,696

The major classes of assets and liabilities are as follows:

Non-current Assets	612,770
Current Assets	19,376
Current Liabilities	(983,015)
Net Assets Acquired by Pan African Resources	(350,869)
Acquisition of Mining Property	4,560,565
Purchase Consideration	4,209,696
Cash Purchased	(4,552)
Net Cash Outflow	4,205,144

Reconciliation of Acquired Non-Current Assets

Property Plant and Equipment and Mining Property

Acquired Property Plant and Equipment	271,041
Acquisition of Mining Property	4,560,565
Total (Refer to note 16)	4,831,606

Intangible Assets

Acquired Intangible assets	239,997
Total (Refer to note 17)	239,997

Deferred Tax Asset

Acquired Deferred Tax Asset	110,179
Total (Refer to note 28)	110,179

Phoenix Platinum's sole asset was an interst in a platinum project and it neither employed any staff nor traded in its own name. Accordingly, the abovementioned transaction did not represent a business combination and hence did not fall within the scope of IFRS3.

35 RELATED PARTY TRANSACTIONS

The Group entered into the following transactions and held year end balances with related parties:

	Income Statement		Balance Sheet	
	2009	2008	2009	2008
	£	£	£	£
* Dividends Received	(11,275,545)	-	-	-
* Admin Fee Received from Barberton	194,107	-	-	-
* Admin Fee Received from Ghana	4,600	-	-	-
* Admin Fee Received from Central African Republic	5,050	-	-	-
* Admin Fee Received from Metorex	3,291	-	-	-
* Admin Fee Received from Phoenix Platinum Mining (Pty) Ltd	27,246	-	-	-
Management Fee Paid to Metorex	388,685	348,924		
Management Fee Paid to Shanduka	51,854	50,819		
Loans to Subsidiaries				
* Barberton	-	-	207,842	91,170
* Mistral Resources	-	-	8,802,157	8,102,311
* Or Oubangui	-	-	3,150,247	1,616,887
* Phoenix Platinum Mining (Pty) Ltd	-	-	1,067,883	-
Payable to another Group Company				
Metorex	-	-	(954,759)	-
Purchase of Subsidiary				
Purchase of Phoenix Platinum from Metorex	-	-	4,209,606	-

The loan from Metorex is the balance owing in relation to the purchase of Phoenix Platinum Mining (Pty) Ltd. The loan bears no interest and was paid on 30 September 2009 in full.

Metorex was the ultimate controlling company of Pan African Resources at 30 June 2009. Metorex is the only Group of which Pan African Resources is a member. Metorex is listed and incorporated in South Africa and its financial statements are publicly available. Subsequent to 30 June 2009, Metorex's holding in Pan African was sold to various institutions through a book build.

* These related party transactions related to Pan African Resources and eliminate on consolidation.

36 POST BALANCE SHEET EVENTS

On 19 June 2009, the Company announced that it had concluded an agreement with Shanduka whereby Pan African Resources would acquire Shanduka's 26% shareholding in Barberton Mines in exchange for the issue of 295,751,549 new ordinary shares to Shanduka.

This share exchange transaction with Shanduka became effective on 21 August 2009 and allows Shanduka to appoint two representatives to the board of Pan African Resources in a non-executive capacity. (Refer to page 45)

On 26 June 2009, Metorex announced that it had embarked on a sale of shares exercise to dispose of its 53.4% shareholding in Pan African Resources. This was concluded on 1 July 2009. In addition to its 21% shareholding in Pan African issued via the share exchange transaction detailed above, Shanduka announced that it would acquire an additional 5% acquired enlarged share capital of Pan African Resources through the book build. As a result, Shanduka increased its shareholding in Pan African to 26%. The balance of the shares sold by Metorex was taken up by institutional investors.

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

	Group		Company	
	£		£	
	Year Ended 30 June 2009	Year Ended 30 June 2008	Year Ended 30 June 2009	Year Ended 30 June 2008
Profit before taxation	16,310,711	11,945,229	4,820,585	24,858
Adjusted for:	6,843,451	1,925,622	(6,188,569)	(317,276)
Dividends Received	-	-	(11,275,545)	(473,085)
Impairment	5,025,463	-	5,056,290	-
Share options costs	264,378	156,952	134,683	195,158
Net finance income	(806,821)	(200,282)	(112,516)	(39,349)
Depreciation	2,360,431	1,968,952	8,519	-
Operating profit/(loss) before working capital changes	23,154,162	13,870,851	(1,367,984)	(292,418)
Working capital changes	2,266,079	(1,108,630)	539,958	2,345,247
Decrease / (increase) in inventories	19,611	(252,476)	-	-
Decrease / (increase) in trade and other receivables	771,563	(787,224)	286,907	3,330,453
(Decrease)/increase in trade and other payables and provisions	2,033,531	(504,104)	253,051	(985,206)
Non cash items	(558,626)	435,174	-	-
Cash generated by/(utilised in) operations	25,420,241	12,762,221	(828,026)	2,052,829
Income taxes paid	(10,886,018)	(1,722,974)	-	-
Net finance income	806,821	200,282	112,516	39,349
Dividends paid	(2,812,005)	-	(2,812,005)	-
Dividends paid to minorities	(3,961,678)	-	-	-
Net cash from / (used in) operating activities	8,567,361	11,239,529	(3,527,515)	2,092,178

38 SPECIAL RESOLUTIONS

Special resolutions of members passed in accordance with the Company's articles of association at the Annual General Meeting held on 22 December 2008.

IT WAS RESOLVED

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.

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 percent of the issued share capital of the Company as at the date of this notice) in connection with the granting of options by the Company granted in accordance with the Pan African Resources PLC Share Option Plan 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 percent 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 percent 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.

That the Company be generally and unconditionally authorised for the purpose 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 percent 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).

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.

39 Shareholder Analysis

Register date: 26 June 2009

Issued Share Capital: 1,112,589,162 shares

SHAREHOLDER SPREAD	No. of shareholders	%	No. of Shares	%
1 - 1 000 shares	146	6.84	104 204	0.01
1,001 - 10 000 shares	877	41.06	4 758 769	0.43
10 001 - 100 000 shares	894	41.85	31 203 825	2.80
100 001 - 1 000 000shares	167	7.82	52 749 461	4.74
1 000 001 shares and over	52	2.43	1 023 772 903	92.02
Total	**2 136**	**100**	**1 112 589 162**	**100**

DISTRIBUTION OF SHAREHOLDERS	No. of shareholders	%	No. of Shares	%
Banks	20	0.94	53 850 063	4.84
Brokers	4	0.19	1 885 525	0.17
Close Corporations	19	0.89	677 723	0.06
Individuals	1 784	83.52	58 368 194	5.25
Insurance Companies	1	0.05	2 848 480	0.26
Investment Companies	4	0.19	1 673 840	0.15
Mutual Funds	5	0.23	25 041 172	2.25
Nominees and Trusts	252	11.80	247 760 694	22.27
Other Corporations	12	0.56	1 491 280	0.13
Pension Funds	1	0.05	250 000	0.02
Private Companies	21	0.98	85 608 888	7.69
Public Companies	13	0.61	633 133 303	56.91
Total	**2 136**	**100**	**1 112 589 162**	**100**

PUBLIC / NON - PUBLIC SHAREHOLDERS	No. of shareholdings	%	No. of Shares	%
Non - Public Shareholders	2	0.09	593 787 784	53.37
Director	1	0.05	47 308	0.00
Strategic Holdings (more than 10%)	1	0.05	593 740 476	53.37
Public Shareholders	2 134	99.91	518 801 378	46.63
Total	**2 136**	**100**	**1 112 589 162**	**100**

Beneficial holding of 3% or more	No. of Shares	%
Metorex Limited	593,740,476	53.37%
Brait S.A.	69,326,975	6.23%
Pangea Exploration (Pty) Ltd	45,601,534	4.10%
BMO Nesbitt Burns	37,580,000	3.38%

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Contents

Additional Information

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the tenth 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 14 December 2009 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 2009.
2. To re-elect Mr J P Nelson as a Director of the Company, who retires by rotation pursuant to the Articles of Association of the Company.
3. To re-elect Mr K C Spencer as a Director of the Company, who retires by rotation pursuant to the Articles of Association of the Company.
4. To re-elect Mr M C Ramaphosa as a Director, who was appointed since the last annual general meeting.
5. To re-elect Mr R M Smith as a Director, who was appointed since the last annual general meeting.
6. To re-elect Mr J A J Loots as a Director, who was appointed since the last annual general meeting.
7. To re-appoint Deloitte 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 Resolutions 8 and 11 will be proposed as Ordinary Resolutions and Resolutions 9,10 and 12 will be proposed as Special Resolutions:

8. THAT the Directors be and are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 ('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 equity securities (within the meaning of Section 560 of the Act) up to an aggregate nominal amount of £5,916,592.89; 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 2010, whichever is the earlier, provided that the Company may, at any time before such expiry, make an offer or enter into an agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement as if the authority conferred hereby had not expired.

9. THAT the Directors be and they are hereby empowered pursuant to Section 571 of the Companies Act 2006 (the "Act"), in substitution for all previous powers granted thereunder, to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority granted by resolution 8 above and allot equity securities where such allotment constitutes an allotment of equity securities by virtue of secion 560(2) of the Act, as if Section 561 (1) of the Act did not apply to any such allotment provided that this power shall expire at the conclusion of the next annual geeral meeting of the Company or on 31 December 2010, 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;

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, 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 annual general meeting 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 annual general meeting 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.

(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 £1,408,340.71 (being 10 percent. of the issued share capital of the Company as at the date of this notice) in connection with the granting of options by the Company granted in accordance with the Pan African Resources PLC Share Option Plan; and

(d) up to a maximum aggregate value of £1,408,340.71 (being approximately 10 percent. of the issued share capital of the Company as at the date of this notice) otherwise than pursuant to paragraphs (a) to (c) 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. The allotment of shares for cash in accordance with this resolution shall comply, to the extent required, with the provisions of the Listings Requirements of the JSE Limited pertaining to general issues of shares for cash.

10. That the Company be generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 to make market purchases (as defined in section 693 of that Act) of ordinary shares of the Company on such terms and in such manner as the Directors of the Company shall determine provided that:

(a) the maximum aggregate number of ordinary shares which may be purchased is 140,834,071 (representing approximately 10 percent of the issued share capital of the Company at 10 November 2009;
(b) the minimum price (excluding expenses) which may be paid for each ordinary share is 1p;
(c) the maximum price (excluding expenses) which may be paid for any ordinary share does not exceed 5 percent. above the average closing price of such shares for the five business days on the London Stock Exchange prior to the date of purchase;
(d) this authority shall expire at the conclusion of the next annual general meeting of the Company or on 31 December 2010, whichever is the earlier, unless such authority is renewed prior to that time (except in relation to the purchase of ordinary shares the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry); and
(e) Any market purchases by the Company of ordinary shares in the Company as contemplated in this resolution shall comply, to the extent required, with the provisions of the Listings Requirements of the JSE Limited pertaining to the general authority to repurchase securities for cash.

11. That, any provision in the Company's articles of association (which for avoidance of doubt also includes the memorandum of association) setting maximum amount of shares that may be allotted by the Company shall be revoked.
12. That, the draft regulations in the form produced to the meeting be adopted as the articles of association of the Company in substitution for and to the exclusion of the existing articles of association.

By Order of the board

St James's Corporate Services Limited

St James's Corporate Services Limited
Company Secretary
10 November 2009
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 12 December 2009; or,
   - if the annual general meeting is adjourned, at 18h00 on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the annual general meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the annual general meeting 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 annual general meeting to represent you. Details of how to appoint the Chairman of the annual general meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the annual general meeting 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 photocopy the enclosed proxy form.

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 annual general meeting.

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, 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); or
   - received by Capita Registrars Limited or Computershare Investor Services (Pty) Ltd no later than 12h00 on Saturday 12 December 2009.

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, Proxies Department, The Registry, 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 12 December 2009. 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 annual general meeting and voting in person. If you have appointed a proxy and attend the annual general meeting in person, your proxy appointment will automatically be terminated.

Issued shares and total voting rights

10. As at 18h00 on 10 November 2009, the Company's issued share capital comprised 1,408,340,711 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 10 November 2009 was 1,408,340,711.

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 annual general meeting and will also be available for inspection at the place of the annual general meeting for at least 15 minutes prior to and during the meeting.

CREST

12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

13. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID: RA10) by 12h00 on 12 December 2009 (or 48 hours preceding the date and time for any adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the messageby enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

14. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s) to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time). In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

Glossary of Terms

Term	Definition
Adit	A mining tunnel that is mined from the side of a mountain or mining pit.
Adjusted PPI Cash Cost	Inflationary adjusted cash costs with a PPI base of 2005.
Attributable Profit to the Parent	Profit on ordinary activities, after tax, minority interests and preference dividends, attributable to ordinary equity shareholders.
Cash Cost	Cash costs include direct operating costs for all mining and processing sites, but are exclusive of royalties, production taxes, depreciation and rehabilitation, as well as corporate administration, capital and exploration costs.
Chrome Tailings	Discards from a chrome washing plant be it historical (tailings dams) or new (current arisings).
Chrome Tailings Retreatment Programme	This a flotation plant constructed to recover PGM's from chrome tailings.
Current Arisings	The live tailings discarded by the chrome operators' washing plant and fed directly to a CTRP.
Criminal Miners	Trespassers who enter mining operations and illegally remove visible gold.
Decline	Underground avacuation at an inclined angle - normally a shaft.
Earnings Per Share	Attributable profit to the parent Company divided by the weighted average number of shares.
Effective Tax Rate	Current and deferred taxation as a percentage of net profit before taxation.
Fatal Injury	An injury that caused the death of a person.
Greenstone Belt	Geological zone of variably metamorphosed matic to ultramatic volcanic sequences with associated sedimentary rocks that occur within Archaean and Proterozoic cratons between granite and gneiss.
Headline Earnings Per Share	Headline earnings attributable to the parent Company divided by the weighted average number of shares.
In situ	Original or unbroken condition of the reef before mining.
Indicated Resource	A mineral resource reported as an *in situ* mineralisation estimate - intermediate level of geoscientific knowledge and confidence.
Inferred Resource	A mineral resource reported as an *in situ* mineralisation estimate - low level of geoscientific knowledge and confidence.
Lost Day Severity Rate	The lost day severity rate is calculated as the total lost days resulting from accidents during a period divided by the total lost day cases and this number represents the average days away.
Lost Time Injury Rate	The rate of lost time injuries occuring per 1,000,000 hours worked.
Measured Resource	A mineral resource reported as an *in situ* mineralisation estimate - high level of geoscientific knowledge and confidence.
Probable Reserve	A mineral reserve reported as a mineable production estimate - lower level of geoscientific knowledge and confidence.
Proved Reserve	A mineral reserve reported as a mineable production estimate - higher level of geoscientific knowledge and confidence.
Reserve Base	A mineral reserve reported as a mineable production estimate - the probable and proved reserve.
Serious Injury	An injury that incapacitates the employee from performing that employees similar occupation for a period of 14 days or more.
Underground mining	Mining activities occuring below the earth's surface.
Vamping tons	Reef tons emanating from cleaning out of old underground working places .

Abbreviations

BBBEE	Broad Based Black Economic Empowerment
BFS	Bankable Feasibility Study
BIOX®	Biological Oxidation
CIL	Carbon-in-leach
DME	Department of Minerals and Energy: South African Governmental department
DMR	Department of Mineral Resources: South African Governmental department
MPRDA	The South African Mineral and Petroleum Resources Development Act 28 of 2002
PFS	Pre-Feasibility Study
PGE	Platinum Group Elements generally referring to all elements associated with platinum i.e. platinum, palladium, rhodium, gold, ruthenium, iridium etc.
PGM	Platinum Group Minerals/Metals
PGM 4E	Platinum Group Minerals/Metals only including the 4 Elements- Platinum, Palladium, Rhodium and Gold
RC	Reverse Circulation: drilling method
SAMREC	The South African Resource Committee
The SAMREC Code	The South African code for the reporting of exploration results, mineral resources and mineral reserves

Contact Details

Jan Nelson
Pan African Resources PLC
Chief Executive Officer
Email: jnelson@paf.co.za
Office: + 27 (0) 11 243 2900

Phil Dexter
St James's Corporate Services Limited
Company Secretary & Investor Relations
E-mail: phil.dexter@corpserv.co.uk
Office: + 44 (0) 207 499 3916

Cobus Loots
Pan African Resources PLC
Financial Director
E-mail: cloots@shanduka.co.za
Office: + 27 (0) 11 305 8900

Martin Eales / Brett Jacobs
RBC Capital Markets
Nominated Advisor & Broker (UK)
E-mail: martin.eales@rbccm.com
Office: + 44 (0) 207 029 7881

Nicole Spruijt
Pan African Resources PLC
Public Relations & Administration
E-mail: nicole@paf.co.za
Office: + 27 (0) 11 243 2900

Natalie Di-Sante
Barnard Jacobs Mellet Corporate Finance (Pty) Limited
Sponsor (RSA)
Office: + 27 (0) 11 750 0000
E-mail: natalied@bjm.co.za

Corporate Office
Cradock Heights
21 Cradock Avenue
Rosebank
Johannesburg
South Africa
Office: + 27 (0) 11 243 2900
Facsmile: + 27 (0) 11 880 1240

Registered Office
6 St James's Place
London
SW1A 1NP
Office: + 44 (0) 207 499 3916
Facsmile: + 44 (0) 207 491 1989

www.panafricanresources.com