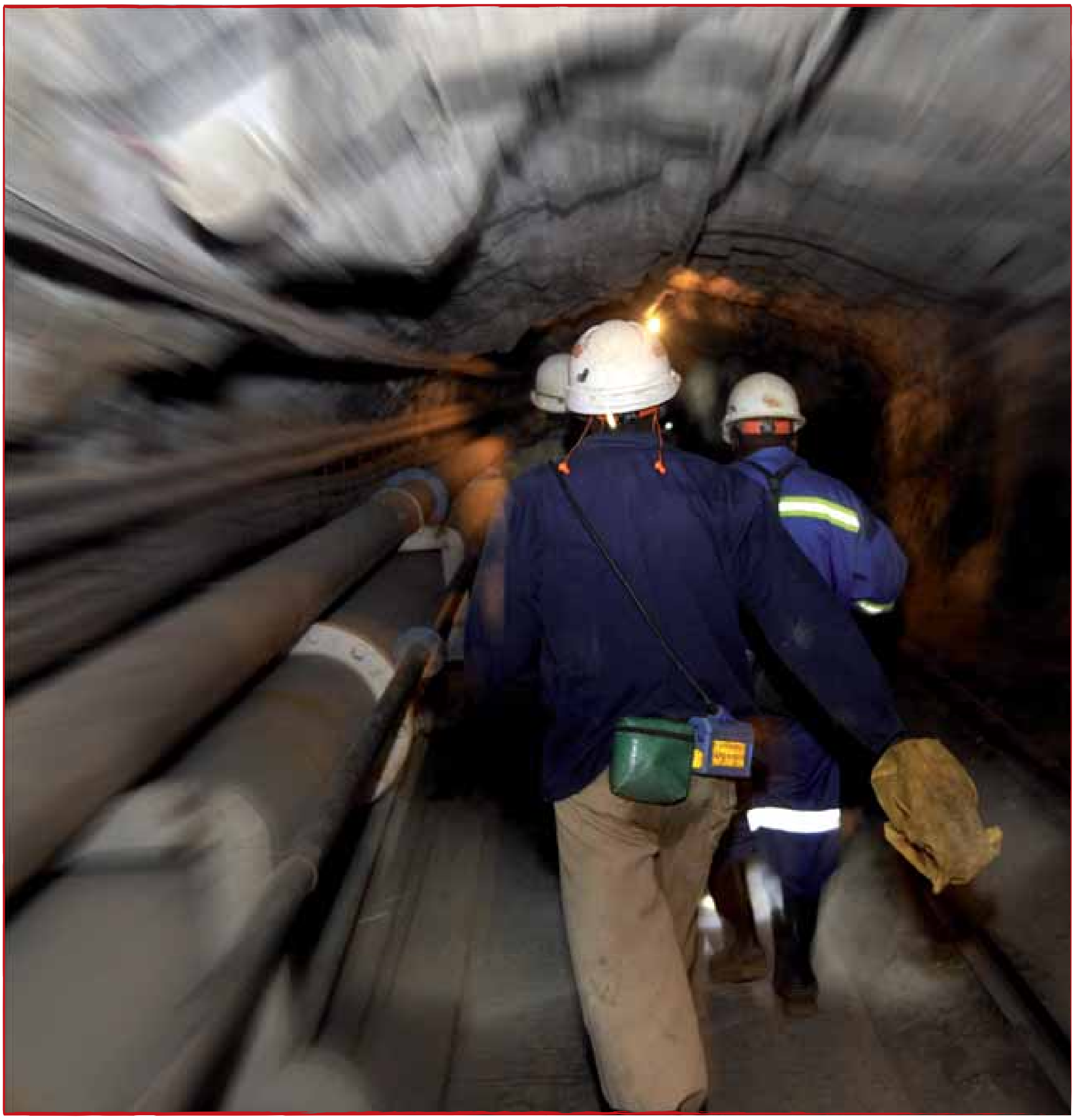
The difference

PAN AFRICAN
RESOURCES
PLC

Annual Report 2010



The difference

- Dividend paying gold company
- Unhedged and debt free
- Gold production: shallow, low cost & high grade
- Consistent year-on-year improvement in productivity
- Low cost & high grade platinum production from surface due in 2011
- Management team with a proven track record of delivery

Platinum - tipped gold – with a yield

Nature of our Business

Pan African Resources Plc ("Pan African", "Pan African Resources", "the Company" or "the Group") is an African focused mining group that produces approximately 100,000oz of gold per year, with production of platinum group metals forecast to begin by September of 2011. Its focus is on low cost, high margin production and acquiring near production projects. The Group is debt free, unhedged and is able to fund its current on-mine capital expenditure from internal cash flows.

- Production and growth focus driven by:
  - Low cost base;
  - High margins;
  - Significant potential for long-term growth in reserve base; and
  - Creating an enabling environment to allow optimum performance.

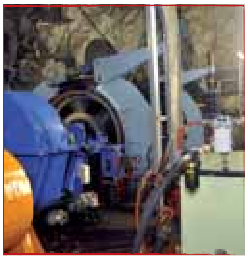
Resilient financial performance	• Revenue from gold sales increased by 29.25% to £68.5 million (2009: £53.0 million) • Headline earnings per share ("HEPS") increased by 25.88% to 1.07p (2009: 0.85p) • Earnings per share ("EPS") increased by 160.00% to 1.04p (2009: 0.40p) • Earnings before interest, tax, depreciation, amortisation and impairment ("EBITDA") increased by 9.17% to £25.0 million (2009: £22.9 million) • Final dividend of 0.3723p per share (2009: dividend of 0.2555p per share) proposed • Cash and cash equivalents increased by 435.56% to £12.80 million (2009: £2.39 million)
Continued production improvement from the Barberton Mines (Proprietary) Limited ("Barberton Mines") mining operations	• Underground gold production increased by 2.71% to 97,483oz (2009: 94,909oz) • Headgrade improved by 2.81% to 10.61g/t (2009: 10.32g/t) • Measured and indicated resource base increased by 30.22% to 1,814,000oz (2009: 1,393,000oz) • Barberton Mines old order mining rights converted to new order mining rights
Major progress made at Phoenix Platinum Mining (Proprietary) Limited ("Phoenix Platinum")	• Exclusive terms signed with International Ferro Metals (SA) (Proprietary) Limited ("IFM") in terms of the site location for a Chrome Tailings Retreatment Plant ("CTRP") • Resource upgraded by 15.80% to 469,000oz (previously 405,000oz) • Production expected to commence in the second half of 2011 • Forecast cash cost of less than US$400/oz
Established management team with a proven track record of unlocking potential	• Shanduka Gold (Proprietary) Limited ("Shanduka") acquired a 26% shareholding in Pan African • Cyril Ramaphosa appointed as the Non-Executive Chairman

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

Looking forward, management is excited, passionate and driven to not only meet but exceed expectations

"Pan African's profitability and dividend payments certainly distinguish the Company from its peer group"

Over the past year we have explored extensive business opportunities that will help Pan African Resources grow its portfolio

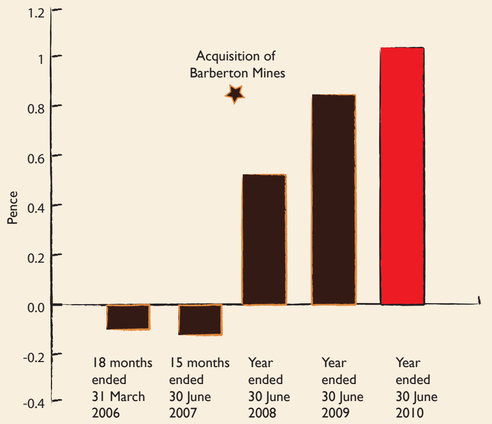


Over the last year Pan African Resources has streamlined various aspects of its business, in particular Mineral Resource Management, and appointed the best teams to meet the challenges of the sustainable business that lie ahead

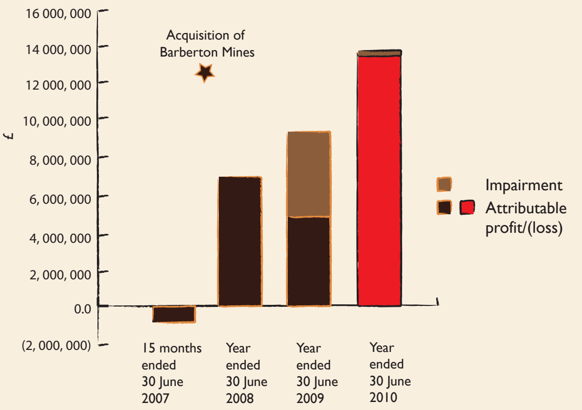
Salient Features

		Year ended 30 June 2010	Year ended 30 June 2009	% Change
Statement of Comprehensive Income				
Profit after taxation	(£)	14,499,875	8,091,286	79.20
Headline earnings (see Note 14 on page 81)	(£)	14,612,633	9,428,998	54.98
Gold sales	(£)	68,506,394	53,000,352	29.26
Mining profit	(£)	24,664,624	21,994,689	12.14
Cost of production	(£)	(40,553,886)	(28,504,686)	42.27
Impairment costs	(£)	(335,401)	(5,025,463)	(93.33)
Statement of Financial Position				
Non-current assets	(£)	74,324,150	67,197,831	10.60
Current assets (including cash)	(£)	17,677,295	4,948,877	257.20
Total equity	(£)	73,486,877	56,360,402	30.39
Non-current liabilities	(£)	11,430,530	9,685,537	18.02
Current liabilities	(£)	7,084,038	6,100,769	16.12
Operating Performance				
Tons milled	(t)	313,167	313,952	(0.25)
Headgrade	(g/t)	10.61	10.32	2.81
Gold sold	(oz)	98,091	97,353	0.76
Spot price received	(US$/oz)	1,098	867	26.64
Total cash costs	(US$/oz)	650	469	38.59
Capital expenditure	(£)	5,935,346	4,318,425	37.44

Headline earnings pence per share



Attributable profit/(loss) to the owners of the parent



Share Statistics and Shareholding

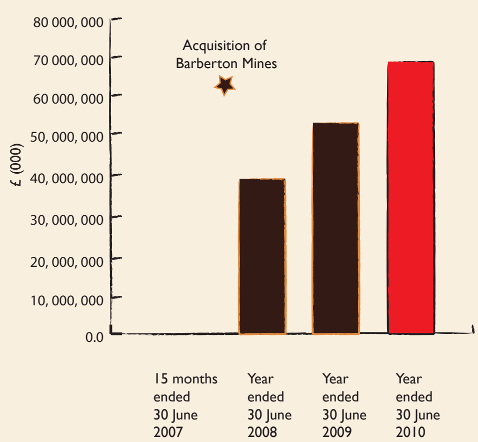
	Year ended 30 June 2010	Year ended 30 June 2009	% Change
Number of shares in issue at end of year	1,409,540,711	1,112,589,162	26.69
Weighted average number of shares in issue	1,366,268,709	1,104,367,219	23.72
Weighted average diluted number of shares in issue	1,379,880,423	1,107,248,663	24.62

Major shareholdings

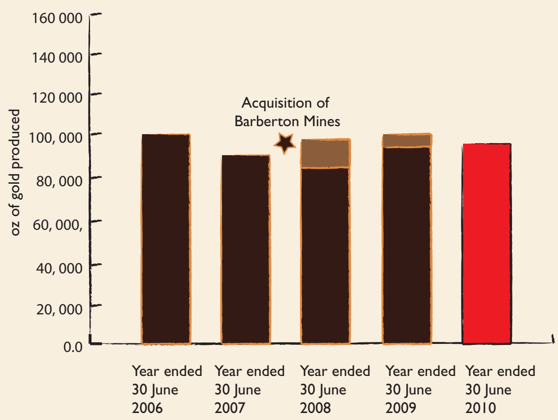
As at 25 June 2010, the substantial shareholdings of the Company were:
Shares in issue: 1,409,540,711

Name	Number of shares	% held
Shanduka	366,168,585	25.98
Coronation Fund Managers	221,821,092	15,74
Investec Asset Management	149,898,928	10,63
Allan Gray Investment Council	76,294,036	5.41
JP Morgan Asset Management	58,955,000	4.18

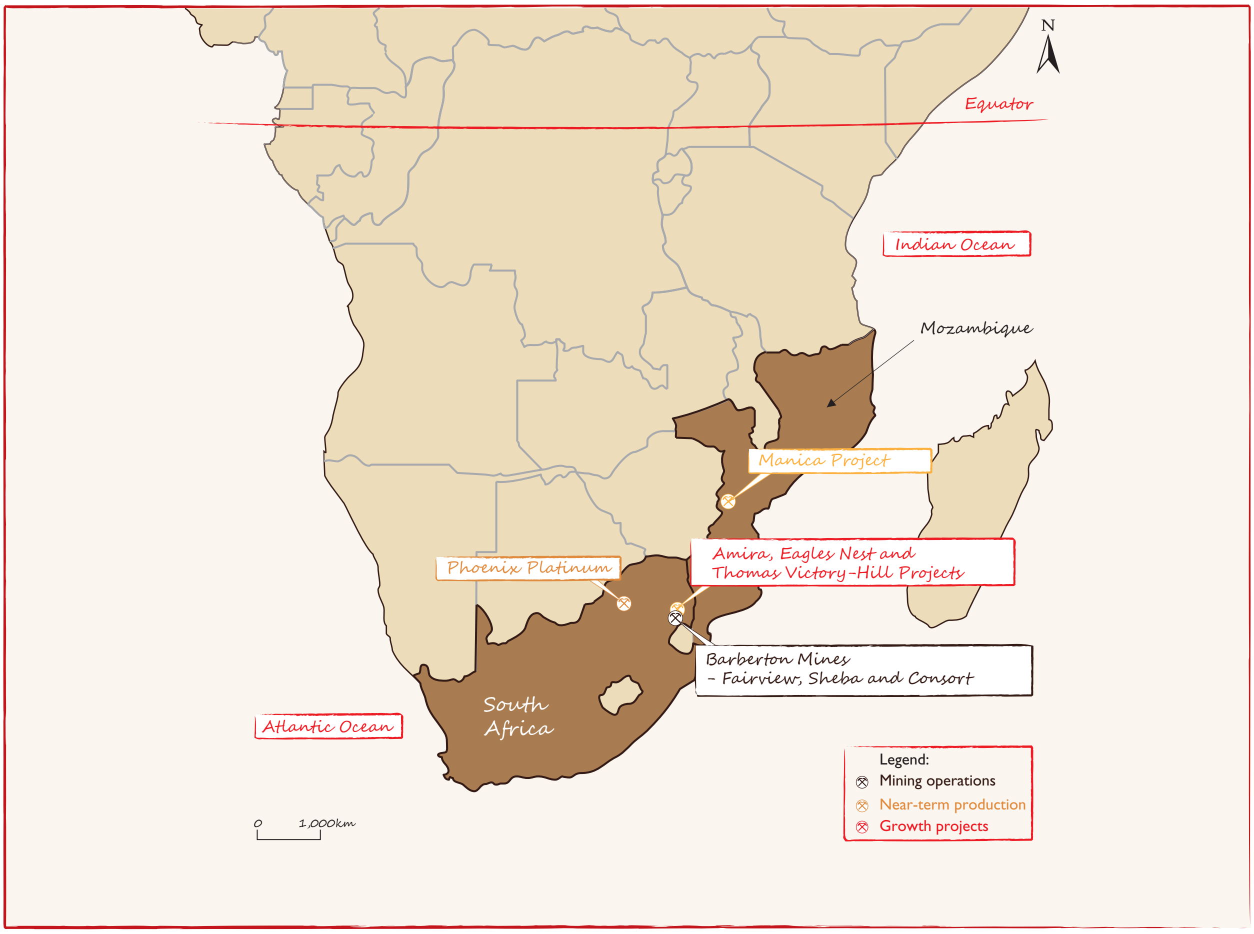
Revenue



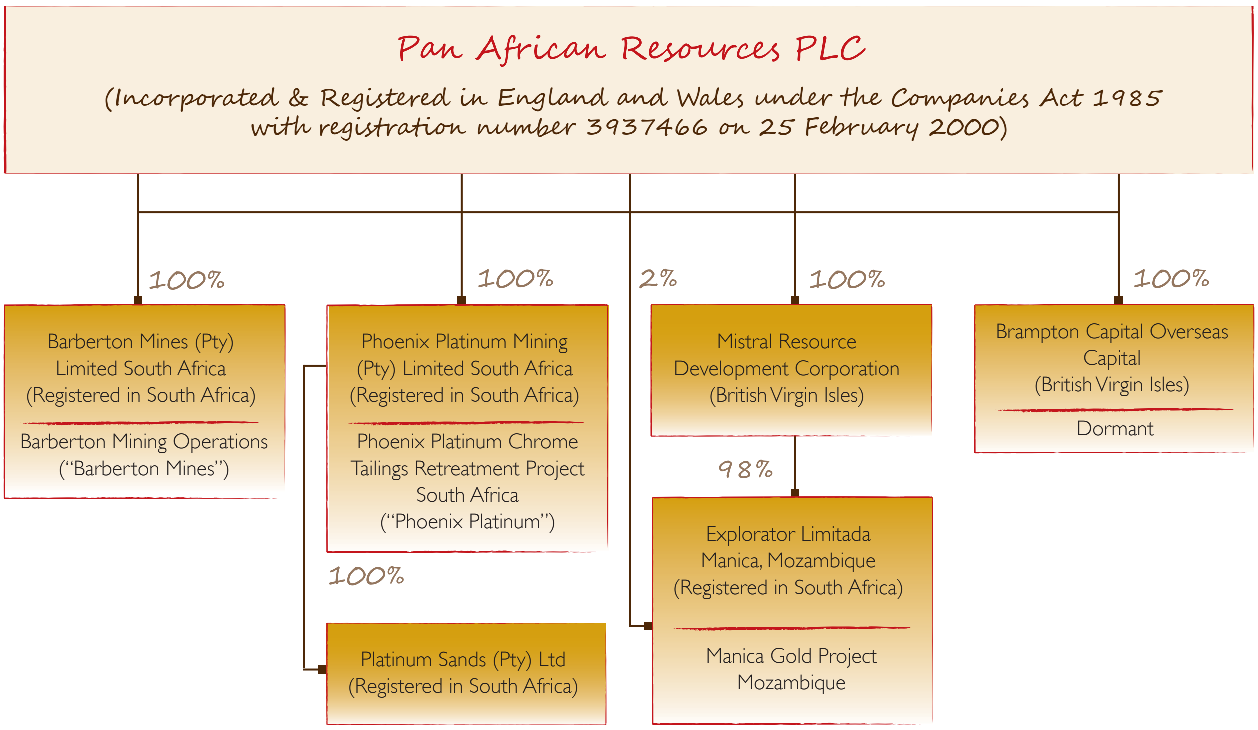
Gold produced



Geographic Location



Company Structure



Chairman's Statement

Cyril Ramaphosa (58)
Chairman

The origins of the quotation "May you live in interesting times" are unclear, but one could be forgiven for suggesting that the phrase was coined to describe our world today. Markets and commodity prices have generally recovered from the crash of 2008 and 2009, but market volatility and a lack of direction are clear indicators of the uncertainty that faces the investor in 2010.

Pan African has made the conscious decision to focus on those factors that we can control, to ensure we deliver the performance that our shareholders and other stakeholders expect and that management has the ability and experience to deliver. Cost control, increased geological confidence and a sustained drive to increase productivity are key areas for continuous improvement. These and other areas of focus will ensure the long-term sustainability of Barberton Mines, despite general and also mining specific inflationary pressures.

The Group continues to produce pleasing operational and financial results, and looking forward, management is motivated to maintain and improve on this past success.

Our hearts and thoughts are with the family, friends and co-workers of Mr Mngobe Joseph Ndlovu, who was fatally injured during a fall of ground accident at Barberton Mines' Fairview mine on 9 March 2010. The safety of our employees remains of paramount importance to the management and board of Pan African, as evidenced by the various health and safety initiatives and strategies implemented by the Group. A further loss to the Group and to the board came with the passing of Mr John Hopwood, non-executive director of Pan African, on 19 March 2010. John's industry experience and wise counsel made him a great asset to our board. He is sorely missed.

> "Pan African's profitability and dividend payments certainly distinguishes the Company from its peer group"

Gold continues to perform well in US$ terms, with current investment demand underpinning a US$ gold price of US$1,100/oz and above. Despite a strong Rand, Pan African's margins from our Barberton Mines operation remain attractive. Barberton Mines continues to be key to Pan African's future strategy, providing both ongoing cash flows and a further growth opportunity to the Group.

The recent resource update for Phoenix re-affirmed the potential of the project. Management continues to progress Phoenix, and I am looking forward to regular market updates in the next financial year, as the project progresses towards production. In addition to diversifying our asset base, a producing Phoenix will provide immediate cash flows, and therefore a further platform for growth.

From a corporate perspective, Pan African welcomed both new shareholders and board members early in the 2010 financial year. The Company moved its JSE Limited ("JSE") listing from the Alternative Exchange to the JSE Main Board. It now has a dual primary listing on the JSE Main Board and London's AIM market. I would like to specifically thank my predecessor, Keith Spencer, for his work and direction to the Group during his time as Chairman. Keith continues his contributions to the board as deputy chairman.

The board has made a decision to propose Pan African's second dividend. We believe that the principle of a dividend, together with the size of the payment, demonstrates the Group's commitment to creating shareholder value. Pan African's profitability and dividend payments certainly distinguishes the Company from many of the other companies in our sector. The Group is not set on growth at all costs, we believe in sustainable and well-considered expansion, whilst also providing a cash return to shareholders when the opportunity arises.

I wish to extend my sincere gratitude to the staff and management of Pan African and our Group companies for their tireless efforts in ensuring the success of the Group over the past year. I also wish to thank the shareholders of Pan African, for your loyal support and belief in the Company and its management.

CM Ramaphosa
Chairman

30 August 2010

CEO's Review

Jan Nelson (40)
Chief Executive Officer

Highlights 2010

- Increase in gold production from underground operations
- Group continues to show that current in-situ gold grades are sustainable
- Barberton Mines' life of mine ("LOM") extended
- Phoenix is on schedule to supplement Group earnings
- Strong cash flows enables the recommendation of a dividend

Introduction

This year the Group continued to deliver a strong operational and financial performance as a result of increased gold sales and a stronger gold price. This performance clearly demonstrates our ability not only to successfully operate Barberton Mines (since its acquisition in July 2007), but also to improve its year-on-year performance.

"The Board is once again recommending the payment of a dividend"

We believe that our strategy of pursuing profitable growth opportunities which deliver cash flow in the near term, is yielding results. It has strengthened our Statement of Financial Position to the extent that the board will once again recommend the payment of a final dividend of 0.3723p per share (2009: dividend of 0.2555p per share paid).

We have now laid the foundations in terms of technical ability and financial muscle and are well-positioned to grow the Company via our strategic alliance with Shanduka Resources (our largest shareholder through its subsidiary Shanduka Gold (Pty) Limited).

> "Cost control remains a key focus for our operational teams"

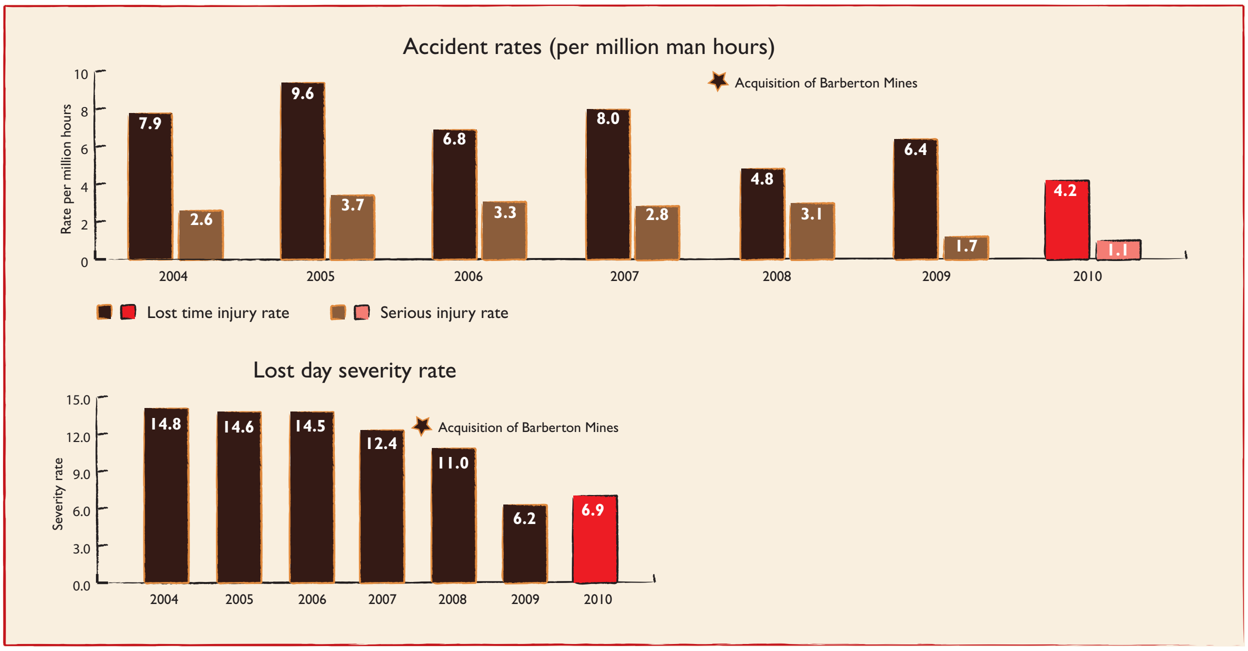
Despite pleasing results, the impact of significant cost increases at Barberton Mines, mainly in the area of security, electricity and corporate expenditure, reduced the Group's EBITDA in ZAR terms. The Group's attributable profit increased as a result of 100% of Barberton Mines' earnings flowing through to a Group level from 21 August 2009 (as a result of the Shanduka flip-up: refer to page 16). We will need to be more vigilant in terms of cost control. Consequently key focus areas from executive management's perspective will be to: (a) increase productivity, (b) reduce security costs significantly, (c) use power more efficiently at Barberton Mines and (d) reduce overhead costs. Cost reduction action plans have been formulated and the effect of these will be reported to shareholders at future results presentations.

The advancement of the Phoenix Platinum project is on schedule and the main focus will be to realise cash flow from this project by the second half of 2011.

Health and safety

The safety performance of the Barberton mining operations (comprising the Fairview, Sheba and New Consort sections) showed an improvement year-on-year with lost time injury frequency rate ("LTIFR") at 4.2 (2009: 6.4) and serious injury frequency rate ("SIFR") at 1.1 (2009: 1.7). The number of shifts lost decreased, however the lost day severity rate increased marginally, which indicates an increase in the severity of injuries experienced. It is with great regret and sadness that the Company reports the tragic death of Mr Mngobe Joseph Ndlovu, who lost his life after a fall of ground incident at the Fairview section in March 2010. The Fairview section, prior to this accident, achieved two million fatality free shifts in February 2010.

Barberton Mines has designed and is in the process of implementing a safety, health, environment and communities ("SHEC") management system that will enable us to improve health and safety and environmental management to industry leading levels. The full implementation of the SHEC management system will be completed by the second half of the 2011 financial year. The training of our employees is done through the South African Mining Qualifications Authority accredited training facility at the mine, which utilises approved training programmes to maintain the competence levels of employees.



The Mine Health and Safety Council targets set by the industry, in conjunction with the South African Department of Mineral Resources ("DMR"), endeavour to align the health and safety performance of the South African mining industry with international norms by 2013. The targets are based on rate improvements for fatalities, noise induced hearing losses and silicosis. The Group has committed itself to these targets.

Financial performance

Pan African is incorporated in England and Wales, and its reporting currency is pounds sterling (£). Barberton Mines is a South African company, and its financial statements are prepared in South African Rand ("ZAR" or "Rand"). When Barberton Mines' financial statements are translated into pounds sterling for the purposes of Group consolidation and reporting, the annual average and year-end closing ZAR:£ exchange rates affect the Group consolidated financial results. In the current financial year, the average prevailing ZAR:£ exchange rate was 11.93:1 (2009: 14.39:1), and the closing ZAR:£ exchange rate was 11.53:1 (2009: 12.66:1). The year-on-year change in the average and closing exchange rates of 17.10% and 8.93%, respectively, should be taken into account for the purposes of comparing year-on-year results.

Gross revenue from gold sales increased by 29.25% to £68.5 million (2009: £53.0 million). The increase in revenue was mainly attributed to a 26.64% increase in the average gold spot price received to US$1,098/oz (2009: US$867/oz), and the depreciation of the GBP against the ZAR. The average US$:ZAR exchange rate was 15.95% stronger at ZAR7.59 (2009: ZAR9.03), which negatively impacted revenue received in ZAR. The effective ZAR gold price was 6.41% higher at ZAR267,876/kg (2009: ZAR251,740/kg). Mining profit at Barberton Mines grew by 12.27% to £24.7 million (2009: £22.0 million).

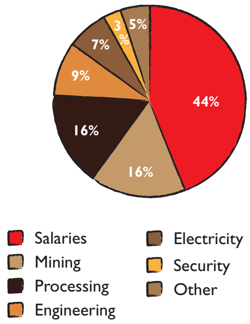
Cost of production increased by 42.46% to £40.6 million (2009: £28.5 million). In Rand terms, cost of production increased by 17.97% to ZAR483.8 million (2009: ZAR410.1 million). This increase is mainly attributable to a 42.86% increase in electricity costs to ZAR42.0 million (2009: ZAR29.4 million), security costs increasing by 176.92% to ZAR32.4 million (2009: ZAR11.7 million) and salary, wages and other staff expenses increasing by 18.41% to ZAR215.5 million (2009: ZAR182.0 million).

Barberton Mines commenced payment of the new South African mining royalty tax upon its implementation in March 2010. This royalty charge for the year amounted to £0.84 million.

EBITDA for the year under review, excluding impairment charges, was £25.0 million (2009: £22.9 million), an increase of 9.17%. Other expenses increased 31.29% to £1.93 million (2009: £1.47 million), largely due to cancellation of the Metorex Limited ("Metorex") management agreement for Barberton Mines on 1 July 2009, for a consideration of £0.34 million. The Company incurred an exploration expenditure impairment charge of £0.35 million (2009: £5.0 million) during the year. This was the final impairment charge related to the Company's investment in the Central African Republic.

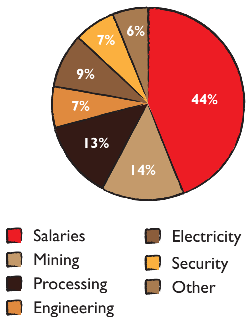
		Year ended 30 June 2010	Year ended 30 June 2009
Gold sales	(£)	68,506,394	53,000,352
EBITDA (excluding impairment)	(£)	25,022,552	22,889,784
Attributable profit – Owners of the parent	(£)	14,277,232	4,403,535
EPS (see Note 14)	(pence)	1.04	0.40
HEPS (see Note 14)	(pence)	1.07	0.85
Weighted average number of shares in issue		1,366,268,709	1,104,367,219

Cash cost breakdown
(excluding Capex)
Year ended 30 June 2009



R410,096,314
£28,504,686
US$/oz 469
ZAR/Kg 136,178

Cash cost breakdown
(excluding Capex)
Year ended 30 June 2010



R483,807,857
£40,553,886
US$/oz 650
ZAR/Kg 158,711

Group income tax decreased by 6.10% to £7.7 million (2009: £8.2 million), due to a lower tax rate percentage calculated in accordance with the South African gold mining tax formula. This tax formula calculates an income tax rate, based on the ratio of revenues to mining costs and capital expenditure.

The effective tax rate decreased from 50.39% to 34.55% in the current year. In the prior year the profit after taxation included an impairment charge of £5.0 million, which resulted in the effective Group tax rate being significantly higher than normal, as the impairment charge was not deductible for tax purposes.

Operating performance

Barberton Mines sold 98,091oz of gold during the year, an increase of 0.76% from the previous year (2009: 97,353oz). Although marginal, the increase is significant in light of the fact that mining was stopped for a period of two weeks in December 2009 due to illegal mining activity.

Of further significance is that all gold production was attributable from underground mining operations, which increased by 2.71% to 97,483oz (2009: 94,909oz). As mentioned in the previous reporting period, production is expected to continue to increase as a result of increased capital investment and implementation of an integrated Mineral Resource Management ("MRM") programme, which is expected to increase mining flexibility. The decrease of 0.25% in the volume of underground mining tons to 313,167t (2009: 313,952t) was negligible and was offset by a 2.81% increase in headgrade to 10.61g/t (2009: 10.32g/t).

Total cash costs increased by 38.59% to US$650/oz (2009: US$469/oz). In Rand terms, total cash costs increased by 16.55% to ZAR158,711/kg (2009: ZAR136,178/kg).

Total capital expenditure at the mine increased by 47.50% to £5.9 million or 20.71% to ZAR70.4 million (2009: £4 million or ZAR58.32 million). Maintenance capital expenditure of £2.9 million (2009: £1.9 million) and development capital expenditure of £3.0 million (2009: £2.1 million) was incurred.

"The Group continues to achieve its targeted milestones in bringing the Phoenix Platinum Project into production"

Phoenix Platinum Mining (Pty) Limited

Since the previous reporting period significant milestones have been achieved on the Phoenix Platinum project. The first of these was the signing of an exclusive terms of site agreement on 18 February 2010 with IFM. This agreement sets out the framework for concluding a formal plant site agreement. Negotiations in this regard are currently being finalised.

In addition the following major technical milestones have been achieved:

- the completion of a metallurgical competent person's report;
- the compilation of a SAMREC compliant resource estimate resulting in the PGM 4E's metal content increasing by 15.80% from 405,000oz to 469,000oz and the average grade by 2.60% from 3.07g/t PGM 4Es to 3.15g/t PGM 4Es; and
- detailed process flow and engineering design was completed in June 2010. This will lead to the final capital cost estimate for the supply, construction and commissioning of the Phoenix plant in accordance with the process design criteria being completed in the third quarter of 2010.

> "Our unique approach to Mineral Resource Management remains one of our competitive strengths"

Plant construction should commence during the second half of 2010 with commercial production forecast to start in the second half of 2011.

Mining rights conversion

In terms of the South African Mineral and Petroleum Resources Development Act, 2002 ("MPRDA"), all mining licenses issued prior to the MPRDA that came into effect on 1 April 2004 are described as Old Order Mining Rights ("OOMR"). Holders of such rights were required to have applied to the DMR for the conversion of these OOMR into New Order Mining Rights ("NOMR") within five years of the MPRDA coming into effect.

Barberton Mines converted all its OOMR during the 2010 financial year.

Barberton Mines NOMR relate to the mining licences in respect of Fairview Mine (old order mining licence 28/2003), New Consort Mine (old order mining licence 30/2003) and Sheba Mine (old order mining licence 29/2003). These licences combined comprise the Barberton mining operations.

Mineral Resource Management

Gold inventory

The total resource inventory for the Group increased, when measured in terms of gold content, by 1.16% to 4.635Moz (41.85Mt @ 3.45g/t), compared to 4.582Moz (41.52Mt @ 3.44g/t) in 2009. The increase resulted from additional drilling and underground development (at Barberton Mines), which led to a re-definition of geological envelopes and geostatistical re-evaluation.

During the year under review, the Group's reserve in gold content that is attributable to Barberton Mines increased by 6.79% to 661,000oz (2.318Mt @ 8.87g/t), compared to 619,000oz (2.38Mt @ 8.01g/t) in 2009. Further, the increase in the Mineral Reserve grade of 10.74% to 8.87g/t (2009: 8.01g/t) is extremely encouraging.

A professional mining engineer with 15 years of relevant experience was appointed on a full-time basis at Barberton Mines as MRM Manager, and the net result of the MRM initiative at Barberton Mines is not only an extension in the LOM, but also an expectation that the LOM will be further increased in the near future despite current depletion rates. By applying an 85% conversion rate to the Combined Measured and Indicated Resource inventory, Barberton Mines currently indicates an improved LOM from 10 years (2009) to 15 years.

Focus has also shifted to the identification of shallow, low cost mineral resources, which can be brought to account in the near term. This approach will not only see the production profile grow, but should also impact positively on the cost structure at Barberton Mines.

Our Group Consulting Geologist, Martin Bevelander, is turning his attention to accelerating the exploration activities in the prospecting permit area at Barberton Mines. A regional airborne geophysical survey was completed over the permit area and a series of potentially near-surface targets have already been identified. The Company will focus on drilling these targets in the coming year, as some of the anomalies identified are equal in size to the current footprint of the Fairview mine.

Platinum inventory

The Company is also pleased to report a South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves ("SAMREC") compliant Platinum Group

Elements ("PGE") (4E: platinum, palladium, rhodium and gold) Mineral Resource for the Phoenix Platinum project of 469,000 4E oz (4.64Mt @3.15g/t).

Previously the Group reported the Mineral Resource inventory as tailing feedstock volumes, which at the time was estimated at 4.3Mt grading at between 1.1g/t and 4.18g/t, yielding a total of 360Koz 4E. Subsequently, the Company geostatistically remodelled all resources at Phoenix Platinum.

Of the total Mineral Resource 33.0% is located as surface sources (935Kt @ 2.45g/t) and 67.00% (1,277 Kt @ 3.66g/t) as current arisings.

Current feasibility work indicates a LOM of 17 years, producing an estimated 12,222oz 4E per annum.

"We continue to look at growth opportunities that will significantly strengthen our Financial Position"

Group MRM strategy

The MRM initiative will continue to be a key strategic corporate focus for the Group enabling management to ensure:

(a) that the economic value of mineral assets is optimally managed and extracted;
(b) integration of technical and associated functional disciplines along the business value chain;
(c) increased levels of corporate governance through continued audit and quality control; and
(d) the creation of shareholder value.

New business

Forty three projects were reviewed during the year. None fulfilled our investment criteria. Although we remain committed to growing our asset base, such growth will come only from projects that fit the Group's investment criteria. This is a strategy that has set us apart from our peer group and will continue to do so in the future.

Corporate developments

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

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

- significantly increasing the attributable gold ounces to Pan African to approximately 100,000 oz per year; and
- terminating the shareholders' agreement that existed at Barberton Mines level.

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 purchased 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 was 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 £0.34 million. The outstanding consideration of £954,759 to acquire 100% of Phoenix Platinum was paid to Metorex on 30 September 2009.

Illegal mining activity

We are pleased to report that the pro-active approach to the illegal mining problem at Barberton Mines has significantly reduced illegal mining activity in terms of both intensity and severity.

By appointing a dedicated executive, reporting directly to the CEO on this issue, an enabling environment has been created, which has resulted in a significant increase in gold production at the mine. Significant progress has also been made in engaging all stakeholders in the surrounding community (including Government) to combat this problem.

Despite our success, we need to remain vigilant. Our security effort has come at significant cost. Security costs for the financial year have increased by 237.50% to £2.7 million (2009: £0.8 million). Our focus in the coming financial year will therefore be to not compromise our current position, whilst at the same time reducing security expenditure by 25.93% to £2.0 million. This will be achieved through: (a) making use of new advances in security technology, (b) increasing perimeter controls, (c) a new approach to security management with special reference to contractors and (d) seeking the co-operation of all stakeholders.

The future

We believe that the bedrock of a storm proof house is a strong foundation. We further believe that the building of such a house is a process and not an event, and that the process requires a systematic approach. Building a mining house is no different and, therefore, let us reflect on our foundation as it currently stands:

- Strong operational management team that continues to deliver strong operational performance;
- Experienced project development team;
- Experienced board that ensures the requisite technical and financial controls are in place;
- High quality assets with low-cost base and significant upside potential;
- Strong Statement of Financial Position that allows a platform for further growth; and
- Strategic alignment to Shanduka in terms of sustainable growth.

How has our approach translated into shareholder value? Allow the numbers to speak for themselves:

- Increase in profit after tax over three years of 91.32%;
- Increase in HEPS over three years of 109.80%;
- Increase in underground gold production over three years of 18.25%;
- Decrease in serious accident rate over three years of 64.52%;
- Increase in capital expenditure over three years of 103.95%;
- Increase in measured and indicated resource over three years of 58.00%;
- Acquisition of Barberton Mines for less than US$200/oz at current prevailing gold price of US$1,200/oz;
- Acquisition of near term CTRP business for less than US$140/oz at current prevailing 4 PGM basket price of US$1,350/oz; and
- Cash in bank growing by 435.56% and no debt.

"We have laid the foundation to build Pan African into a significant mining house"

Our turnaround, from loss-making explorer to a profitable gold producer (which soon will also yield platinum production) has taken only three years, against the backdrop of a challenging global environment. Getting the basics right, finding a better way, facing adversity with guts and courage and our drive to shape the future of mining is our recipe for success. Our focus on high margins, good returns and value accretive growth is what sets us apart from our peers and will enable us to continue to pay dividends.

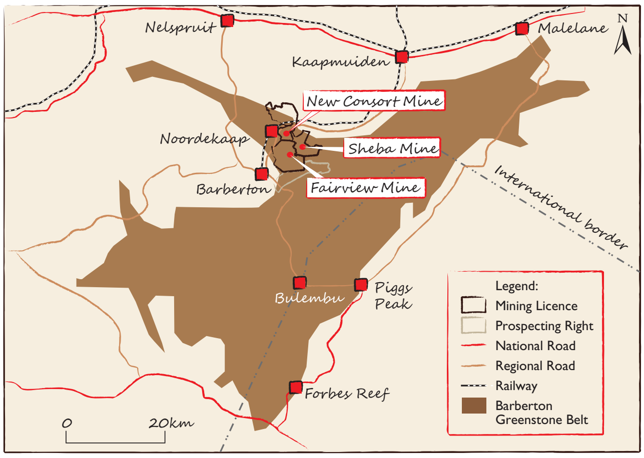
Our success is the result of a team effort and the continued support and patience from our shareholders. The foundation is solid and we are now able to take advantage of major growth opportunities to build Pan African into a significant mining house.

As reflected by our chairman, the interesting times in which we live have forced us to push harder and perform better. I am proud to lead a team that has shown that it excels in such circumstances.

Thank you again to our shareholders for your support, trust and patience.

JP Nelson
Chief Executive Officer
30 August 2010

Mining Operations: Barberton Mines



Name	Barberton Mines
Location	Mpumalanga province (South Africa)
Status	Gold producer
Holding company	Pan African (100% stake)
Controlling company	Pan African
Geological setting	Sediments and metavolcanics within the Barberton greenstone belt
Products mined	Gold
Actual production	• Tons per annum: 315Kt • Grade (head grade): 10g/t • Content per annum: 100Koz
Ongoing capex	£59 million per annum
Extraction method	BIOX®/CIL
LOM	15 years
Key management	Executive: Mining: Mario Gericke General Manager: Casper Strydom Sustainability and Diversity: Thandeka Ncube

Safety, health and environment

The number of lost time injuries and serious injuries reduced during the year compared to 2009 and resulted in improved accident rates of 4.20 and 1.10, respectively (2009: 6.4 and 1.7). However, the lost day severity rate showed an increase for the year, which is an indication of the increase of the severity of injuries experienced. In March 2010 one employee lost his life as a result of a fall of ground incident at the Fairview section. The Company deeply regrets the fatality and remains committed to the zero accidents philosophy that has been integral to safety management at the mine.

The Company remains 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; and
- the management of risks in the workplace and ensuring that employees have the relevant skills to perform work-related tasks in a safe manner.

Production summary

		2010*	2009*	2008*	2007**	2006**
Tons milled	(t)	313,167	313,952	315,305	330,367	313,779
Headgrade	(g/t)	10.61	10.32	8.90	9.20	10.70
Overall recovery	(%)	91	91	91	92	92
Production: underground	(oz)	97,483	94,909	82,436	90,022	99,281
Production: calcine dump	(oz)	–	3,955	13,513	–	–
Gold sold	(oz)	98,091	97,353	99,078	89,572	99,924
Average price: spot	(R/kg)	267,876	251,740	193,159	148,151	108,644
Average price: hedge	(R/kg)	–	–	105,850	96,067	90,125
Average price: spot	(US$/oz)	1,098	867	823	640	528
Average price: hedge	US$/oz)	–	–	451	415	438
Total cash cost US$/oz sold	(US$/oz)	650	469	476	465	429
Total cash cost R/kg sold	(R/kg)	158,711	136,178	111,272	107,656	88,177
Total cost per ton	(R/t)	1,537	1,313	1,088	908	873
Total mining cost per ton	(R/t)	1,486	1,256	1,045	858	833
Capital expenditure	(£)	5,918,271	4,052,665	2,901,792	1,637,359	1,091,965
Exchange rate – average	(ZAR/£)	11.93	14.39	14.68	13.95	n/a
Exchange rate – closing	(ZAR/£)	11.53	12.66	15.56	14.18	n/a
Exchange rate – average	(ZAR/US$)	7.59	9.03	7.30	7.20	6.40
Exchange rate – closing	(ZAR/US$)	7.65	7.72	7.80	7.00	7.20

* *Post-reverse acquisition of Barberton Mines*
** *Pre-reverse acquisition of Barberton Mines*

Our Track Record

Capital expenditure
Organic growth projects

Key	Project	Year ended 30 Jun 10 (m)	Year ended 30 Jun 09 (m)	Potential resource target (oz)
I	Sheba – 35 ZK decline	140	69	5,000
II	Sheba – Edwin Bray, Thomas and Joe's Luck area	1,056	740	15,000
III	Fairview – 60/62 level development	642	817	203,000
IV	Fairview – 3 shaft deepening	36 (equivalent slipping)	Equipping and cleaning complete	350,000
V	Consort – 40 level exploration drive	29 (station break-away out of shaft)	–	10,000
VI	Consort – 50 level decline west	100	224	30,000
VII	Consort – 37 Inter-level exploration drive	97	–	–

I) Sheba – 35 ZK decline

Shaft sinking has been completed up to 36 level and horizontal development has commenced. The hanging wall contact was intersected and development on this contact towards the cross-fractures is underway.

II) Sheba – Edwin Bray, Thomas and Joe's Luck area

Good development rates were achieved during the financial year with the haulage development reaching its destination. The return airway must still be completed.

Exploration drilling will re-commence to delineate the full extent of the Thomas fracture.

III) Fairview – 60/62 level development

This capital project has been completed with most employees being moved to the 3 shaft capital project. Normal stoping operations have now started in this area.

IV) Fairview – 3 Shaft deepening

The cleaning of the shaft up to 64 level has been completed and widening of the shaft between 62 and 64 level progressed well. At the end of the financial year approximately 15m of widening remained. Thereafter solid bottom sinking will commence.

V) Consort – 40 level exploration drive

40 Level station was developed off PC Shaft. Equipping of this level will commence in the new financial year followed by the development of an exploration drive.

VI) Consort – 50 level decline west

Sinking progressed to within a few metres from establishing the second station landing. The focus for the new financial year will be to complete the decline down to the third and final level, where after horizontal development will commence on all three levels.

Our Track Record

VII) Consort – 37 inter-level exploration drive

Excellent progress was made with the development on 37 inter-level and planned advances were achieved. Exploration drilling has commenced.

Maintenance capital

The capital expenditure on maintenance of the processing plants at Barberton Mines amounted to £190,813 for the year, as a result of the upgrade to the plant flotation section and installation of new Jameson cells at the Sheba section. Work commenced on the extension of the tailings dam at the Fairview section of Barberton Mines and this work is planned to be completed over a two-year period. This expenditure for the year under review amounted to £440,550. The installation cost for a water treatment plant at Consort, for the treatment of excess water from the process plant and tailing dams, amounted to £110,719 for the year.

The capital expenditure in the BIOX® plant situated at Fairview included the refurbishment of a number of the secondary tank reactors, the procurement of critical spares for the plant and the installation of a new BIOX® water treatment circuit. The expenditure on the BIOX® plant amounted to £214,050 for the year under review.

The capital expenditure on the maintenance of the engineering equipment and infrastructure totalled £985,478 for the year. The re-building of the load haul dump units ("LHDs") was a key focus area, to upgrade the mining equipment fleet, and £261,504 was spent on this activity during the year. The rehabilitation of shafts and headgears at the mine amounted to £110,244. The replacement of skips, cages and bridles, together with the upgrading of shaft safety devices and the installation of hydraulic shaft loading facilities, amounted to £217,795. At Sheba the conversion of four battery locos and the procurement of an all-terrain forklift and maintenance vehicle amounted to £79,066. Expenditure at all three sections of the mine on power factor correction and solar heating amounted to £120,170. The replacement of obsolete compressors with modern, more efficient units and the upgrade of pumping and reticulation systems amounted to £128,045 for the year.

The installation of a new 250kW booster fan and further upgrades to improve the ventilation flows at Fairview and Sheba required £155,228 in capital expenditure. The procurement of additional self-contained self-rescuers, required for Barberton Mines to comply with current legal requirements, resulted in £104,225 expenditure. The combined expenditure on maintenance totalled £2.9 million for Barberton Mines for the year.

Barberton Mines Mineral Resource inventory as at 30 June 2010

Mineral Reserves classification(kt)	Tons	Grade (g/t)	Contained gold (kg)	(koz)	Mineral Resources classification	Tons (kt)	Grade (g/t)	Contained gold (kg)	(koz)
Proven	1,418	6.91	9,795	315	Measured	5,280	5.91	31,181	1,003
Total proven	1,418	6.91	9,795	315	Total measured	5,280	5.91	31,181	1,003
Probable	900	11.97	10,777	346	Indicated	4,159	6.09	25,331	814
Total probable	900	11.97	10,777	346	Total indicated	4,159	5.91	25,331	814
					Inferred	2,331	7.50	17,489	562
					Total inferred	2,331	5.91	17,489	562
Total proven and probable	2,318	8.87	20,572	661	Total mineral resource	11,770	6.29	74,001	2,379

Barberton Mines – Key focus areas

1. SHEC – Complete the implementation of the integrated safety, health and environment management system, custom built for the operation to ensure continuous improvement in the areas of safety, health and environment management and continue playing a leading role in community and social development in the Barberton area.

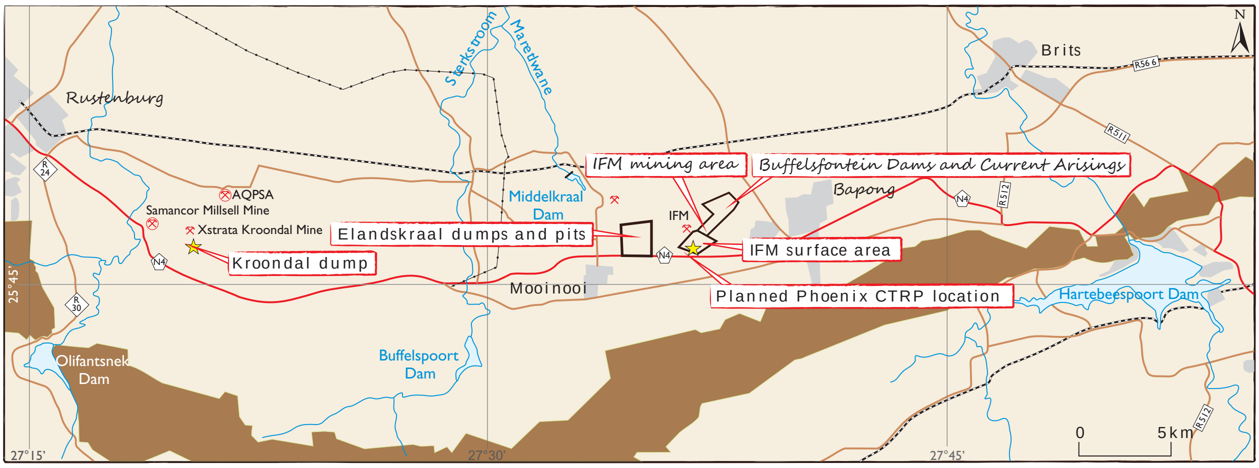
2. Volume, value and quality – Focus on safe and steady state production that strives towards the achievement of the planned ore tonnages, development advances, grades, recoveries and cost control measures.

3. Productivity – Benchmark the operation to similar operations in the industry and identify and implement means of improving productivity at the mine.

4. MRM – Continue the implementation of the integrated MRM system aimed at improving flexibility in terms of grade management and increasing the LOM of Barberton to 20 years.

5. Transformation – Implementing a plan to achieve the required empowerment targets set out by Government, whilst enhancing our skills base and continuing improvements in productivity.

Near Term Production: Phoenix Platinum



Name	The Phoenix Platinum processing project
Location	North-West province (South Africa)
Status	Final feasibility
Holding company	Phoenix Platinum
Controlling company	Pan African (100% ownership)
Geological setting	Chrome tailings discards from chrome seam mining in the Bushveld Igneous Complex
Products mined	Platinum (56.5%), Palladium (27%), Rhodium (16%) and Gold (0.5%)
Forecast production	• Tons per annum: 240,000t • Grade**: 3.52g/t • Content per annum: 12,222oz (PGM 4Es) @ 45% recovery
Project capex	£8.5 million
Extraction method	CTRP: Concentrator/flotation plant
LOM	17 years
Key management	Operations Manager: Ron Holding Metallurgical Consultant: Karishma Sewpersad

* *Metal split indicated from metallurgical test work.*
** *Production Headgrade differs to the Average Resource grade due to the effect of selective mining and screening-off of coarse low grade material during the processing of tailings.*

Project summary

Production per year	Tons (kt)	Headgrade (g/t)	Ounces (koz)	Working costs (US$/oz)	Life of mine (years)
PGMs (4Es)*	240	3.52*	12.2	400**	17

* *Production Headgrade differs to the Average Resource grade due to the effect of selective mining and screening-off of coarse low grade material during the processing of tailings.*
** *The ZAR:US$ exchange rate used to calculated the US$/oz working cost is 7.59.*

Phoenix schedule milestones achievements for the period under consideration

Key event	Achievement	Completion date
Engineering design	Process flow design	May 2010
	Detail engineering design	Jun 2010
Resource statement	Initial resource verification	Dec 2010
	Upgrading to resource CPR	May 2010
CTRP site negotiation	Exclusivity and agreed terms	Feb 2010
Metallurgical test work	Metallurgical CPR and process design criteria	Jan 2010

Phoenix schedule milestones objectives for 2010/11

Key event	Objective	Target date	Comments
CTRP site negotiation	Conclude CTRP site negotiations	Sep 2010	Formal agreement with IFM
Final capital expenditure	Detail engineering design	July 2010	Site dependent
	Capital estimate	Aug 2010	Site dependent
	Conclude execution agreement	Sep 2010	Final negotiations
Project review	Independent overall review of the Phoenix Project	Sep 2010	Venmyn Rand (Pty) Limited to complete
Commence construction	Site establishment	2nd half 2010	Earth works and civil engineering
Production start up	Commissioning of the CTRP	2nd half 2011	

* *The above indicated project timeline is subject to management's ability to conclude the preferred plant location agreement with IFM. An alternative site is available but would however lead to a delay of 18 months in the production timeline.*

Phoenix Platinum resource estimation

The Company is also pleased to report a South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves ("SAMREC") compliant Platinum Group Elements ("PGE") (4E: platinum, palladium, rhodium and gold) Mineral Resource for the Phoenix Platinum project of 469,000 4Eoz (4.64Mt @3.15g/t).

Previously the Group reported the Mineral Resource inventory as tailing feedstock volumes, which at the time was estimated at 4.3Mt grading at between 1.1g/t and 4.18g/t, yielding a total of 360Koz 4E. Subsequently, the Company geostatistically remodelled all resources at Phoenix Platinum.

Of the total Mineral Resource 33.00% is located as surface sources (935Kt @ 2.45g/t) and 67.00% (1,277 Kt @ 3.66g/t) as current arisings.

Current feasibility work indicates a LOM of 17 years, producing an estimate of 12,222oz 4E per annum.

The total resource is summarised below:

Phoenix Platinum summary total resource (100% attributable to Pan African)

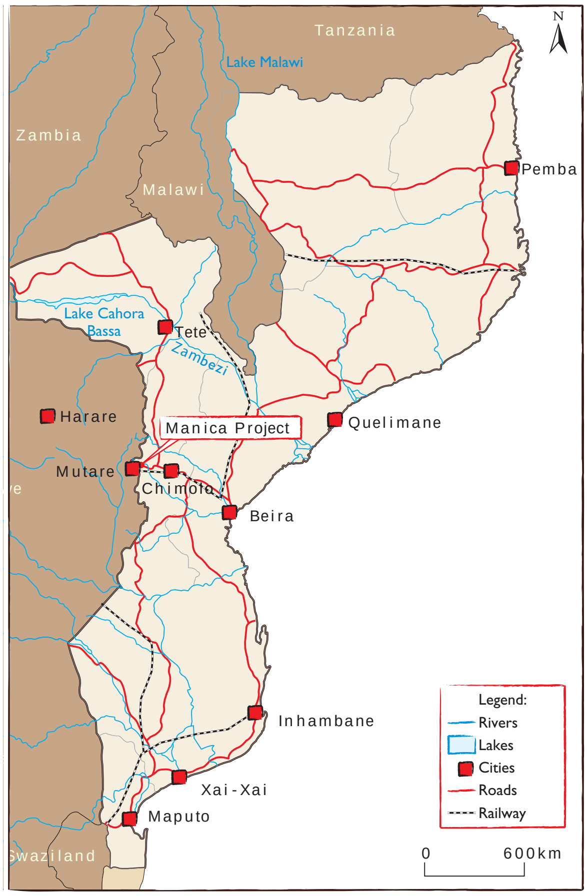
Area	Category	Volume (m^3)	Tons	Grade (4E) (g/t)	Kilos (4E)	Ounces (4E)
All	Measured	1,535,000	3,224,000	3.09	9,975	321,000
All	Indicated	294,000	618,000	3.20	1,977	63,000
All	Inferred	382,000	804,000	3.33	2,672	85,000
Total		2,211,000	4,646,000	3.15	14,624	469,000

The resource statement has been compiled in accordance with SAMREC. The verification and validation of the data and the information contained in this announcement was managed by Martin Bevelander, Group Consulting Geologist for Pan African, who is accredited with the South African Council for Natural Scientific Professions ("SACNASP").

The services of the following independent consultants and experts were secured to assist and support this process:

- Sampling and Drilling: Plat-Tau Mining Services (Pty) Limited, Gold Mine Sand and Slime Dams Drillers CC and Dump and Dune (Pty) Limited;
- Assaying, mineralogy and metallurgical test work: Mintek and SGS Lakefield Resources Africa (Pty) Limited;
- Geological modelling and data conversion for the resources: Geologix MRC (Pty) Limited, a South African resources and geological consultancy. Deon van den Heever is accredited with SACNASP; and
- Metallicon Process Consulting (Pty) Limited: Michael Valenta is a Professional Engineer registered with the Engineering Council of South Africa (ECSA) and on the International Register of Professional Engineers as specified under the Washington Accord.

Growth Project: Manica



Name	The Manica gold project
Location	Manica province (Mozambique)
Status	Pre-feasibility
Holding company	Explorator Limitada
Controlling company	Pan African (100% ownership)
Geological setting	Sediments and metavolcanics within the Odzi-Mutare-Manica greenstone belt
Products mined	Gold
Forecast production (only oxide material)	• Tons per annum 410,000t • Grade 2,36g/t • Content per annum 30,000oz
Estimated capital cost	£48.58 million per annum
Extraction method	BIOX®/CIL
LOM (includes sulphide material)	Pre-feasibility design indicates 11 years at 80,000oz gold per annum (heap-leach and underground mining option)
Key management	Project Manager: Mario Gericke Metallurgical Consultant: Karishma Sewpersad

Project summary

Key events 2010	Date completed	Cost
Mineral Resource modelling	Feb 2010	£33,849
Metallurgical test work	June 2010	£27,875

Strategic review

The Company's objective of defining a Mineral Resource greater than 2 million oz contained gold was achieved during the final geological modelling completed in February 2010 where a total in situ Mineral Resource of 2.57 million oz contained gold was achieved.

The viability of the project is presently being investigated by applying a phased approach in which the oxide mining potential will be the first phase followed by a mining option focusing on the sulphide bearing portion of the Fairbride project. This prefeasibility level study will be complete in October 2010, after which its viability will be assessed prior to continuing to full definitive feasibility level study. Metallurgical work to date indicated that a heap leach philosophy was technically unviable and confirmed that recoveries of gold in the oxide part of the Fairbride orebody is satisfactory to warrant classical carbon in leach technology. Metallurgical test work continues while mine, engineering and plant design is investigated and costed. The outcome of the pre-feasibility study for this oxide mining option will be available in December 2010.

Project schedule

Key events	Completion date	Cost estimate
Metallurgical test work	October 2010	£33,185
Mine design	November 2010	£33,185
Plant design	November 2010	£53,096
Engineering design	November 2010	£53,096
Environmental impact assessment	June 2011	£26,548
Completion of pre-feasibility	December 2010	£46,459

Current risks identified are as follows:

Risk

Capital cost of the oxide-focused initiative, associated financial modelling results and size of available oxide resource to support the initiative.

The prospecting licence expires on 20 October 2010 and Government has been approached to convert the current prospecting licence into a mining licence. The response from the Mozambique Government has been extremely positive and management would be presenting their plans during September 2010 and would expect conversion by 20 October 2010.

Probability

Medium to high if more oxide material is identified.

Effect of inability to manage this risk

Should financial viability prove negative it would require an additional exploration programme to define more oxide resources at Manica or enter into a joint venture with other gold players in the region to consolidate a sufficiently large resource base to ensure economic viability.

Management's current approach to remediate

Optimally apply all technical expertise to designing a technical and capital cost-effective design to the mining option.

In the backdrop of engineering, design and costing conduct investigations with respect to other resources in the Manica valley, investigating possible synergies.

New Business

Strategy

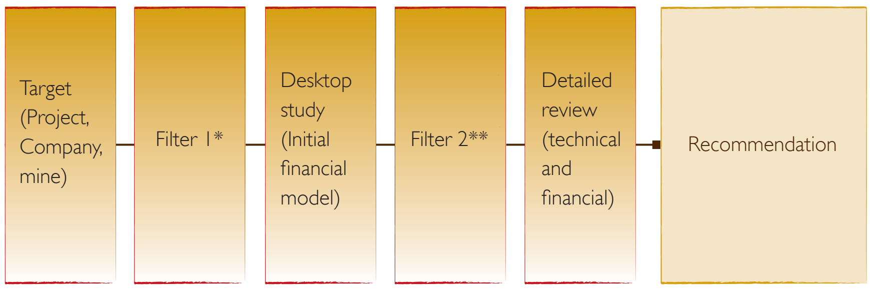
As part of its growth strategy, Pan African's focus is on identifying and evaluating gold and platinum projects in Africa that are at an advanced exploration stage (JORC/SAMREC Resource declared, ready for Pre-Feasibility Study) or further advanced (at Bankable Feasibility Study, Mine Development and Construction, or Production stage). See Time-Value Curve on page 29.

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.*

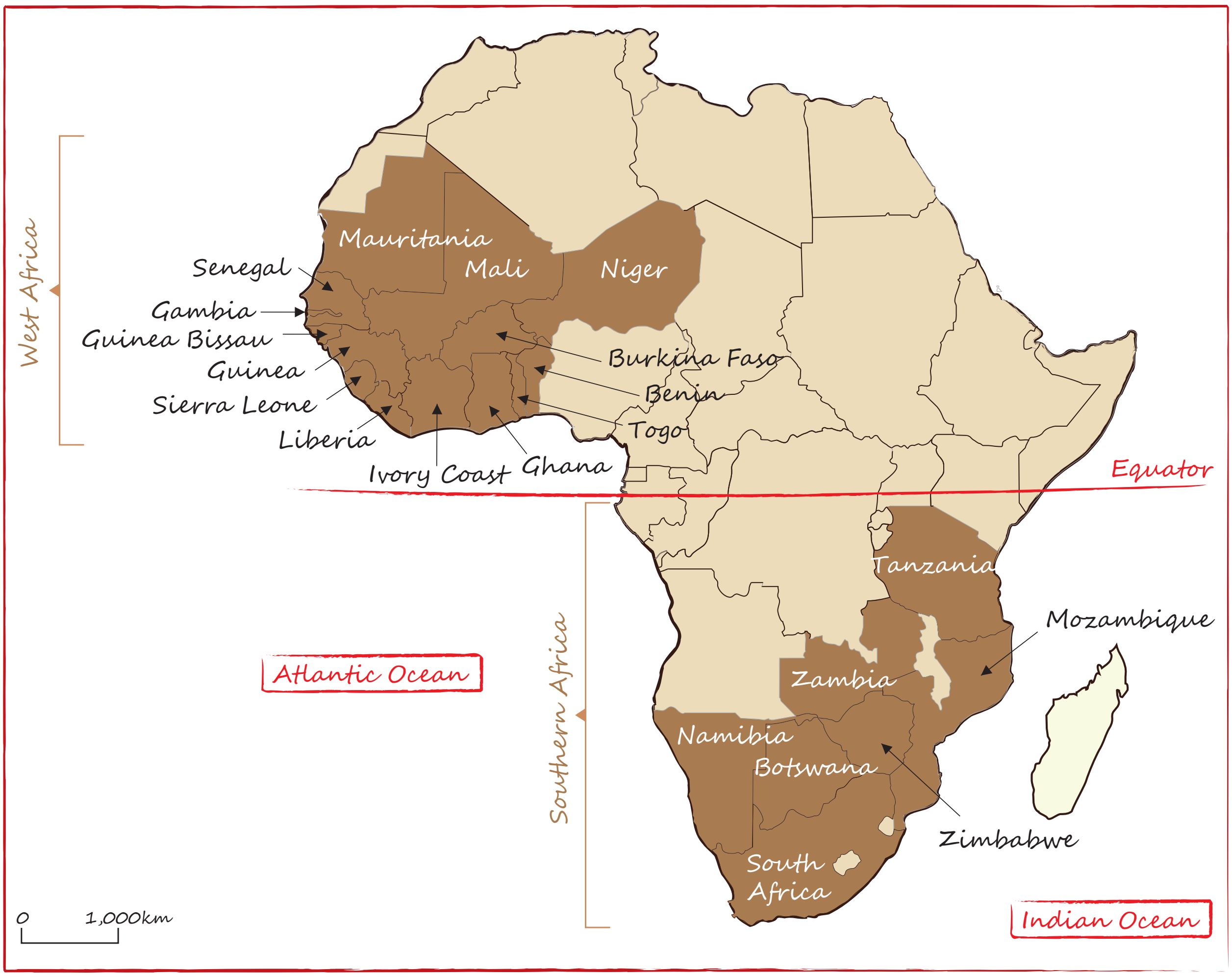
Project summary

The focus during the 2010 financial year was gold and platinum group metal projects in Southern Africa and within South African borders.

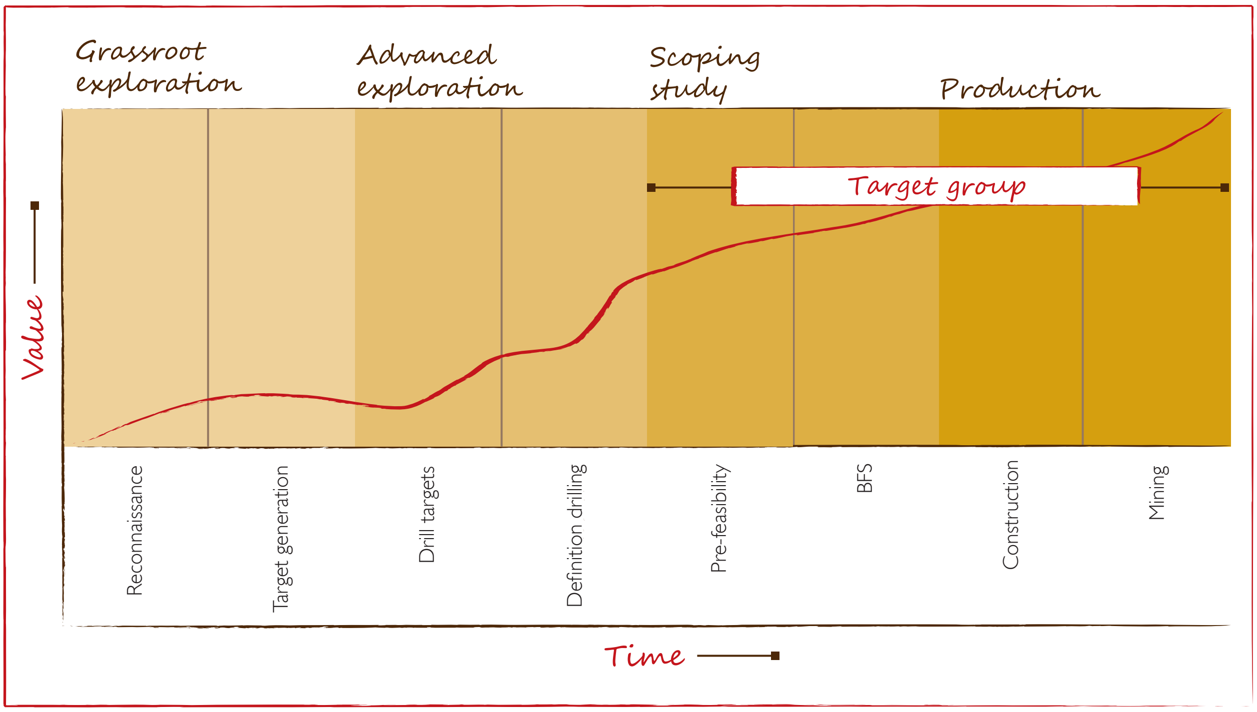
The following table summarises the number of projects reviewed in 2010, listed per country:

Country	Projects reviewed	Desktop study completed	Further action
Burkina Faso	2	–	–
Cote d'Ivoire	1	–	–
Ghana	2	–	–
Senegal	1	–	–
Zambia	1	–	–
Mozambique	1	–	–
South Africa	21	9	8
Tanzania	1	1	–
Zimbabwe	12	–	–
Other	1	–	–
Total	43	10	8

Map showing countries that the Group is reviewing for further growth opportunities



Time value curve



Within Pan African there resides a committed philosophy that a detailed understanding of the geology undoubtedly contributes to the optimal extraction of our mineral resource. From this standpoint it is clear that "the economic graded mineral envelope dictates" how and what we mine. During the 2010 financial year Pan African embarked on an aggressive MRM ("Mineral Resource Management") initiative, which focused on an integrated MRM framework. The initiative is designed to integrate and focus the Geological, Survey and Mine planning functions on the operations toward maximising the value of the residing orebodies. This is done by ensuring consistency and integrity in reporting, to continue to pursue value add through exploration, and sustain delivery through organic growth from within the operations.

Strategy

The key operational focus is to integrate all intellectual capital and technical data in order to enhance the Mineral Resource confidence and volume, which results in an improved LOM to the operations. The MRM framework developed and implemented hinges on integrated areas of responsibility, necessitating a common approach and leading to a team-based interaction. Previously independent technical departments made way for an integrated, commonly focused MRM function, led by the newly appointed Mineral Resource Manager, a Mining Engineer with 15 years' diverse experience in production, project development as well as MRM.

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

- The unique statistical properties of the specific orebody are taken into account;
- It eliminates the need for adjustments and unpay mining;
- It allows for a scientific basis to determine the grade to operate at and maximise operational returns;
- It provides a tool to manage the mining mix and prevents high grading or sterilisation of resource blocks – optimising resource extractions and LOM; and
- It further allows for better planning with respect to development of mineral resource blocks.

Pan African will during the 2011 financial year continue its drive towards MRM excellence through improving geological understanding, data recording quality and to focus on ensuring sustainability through appropriately focused exploration targets.

During the 2010 financial year the MRM department completed the investigation of all mineral resource blocks lying in historically mined out areas. From this study certain areas of priority have been identified, which will be targeted for opening up. Figures 1 and 2 on pages 31 and 32 are vertical projections of the operations outlining these results.

All Mineral Resource blocks on the mine were classified based on availability, assisting in scheduling and prioritising blocks for mining and preparation for mining.

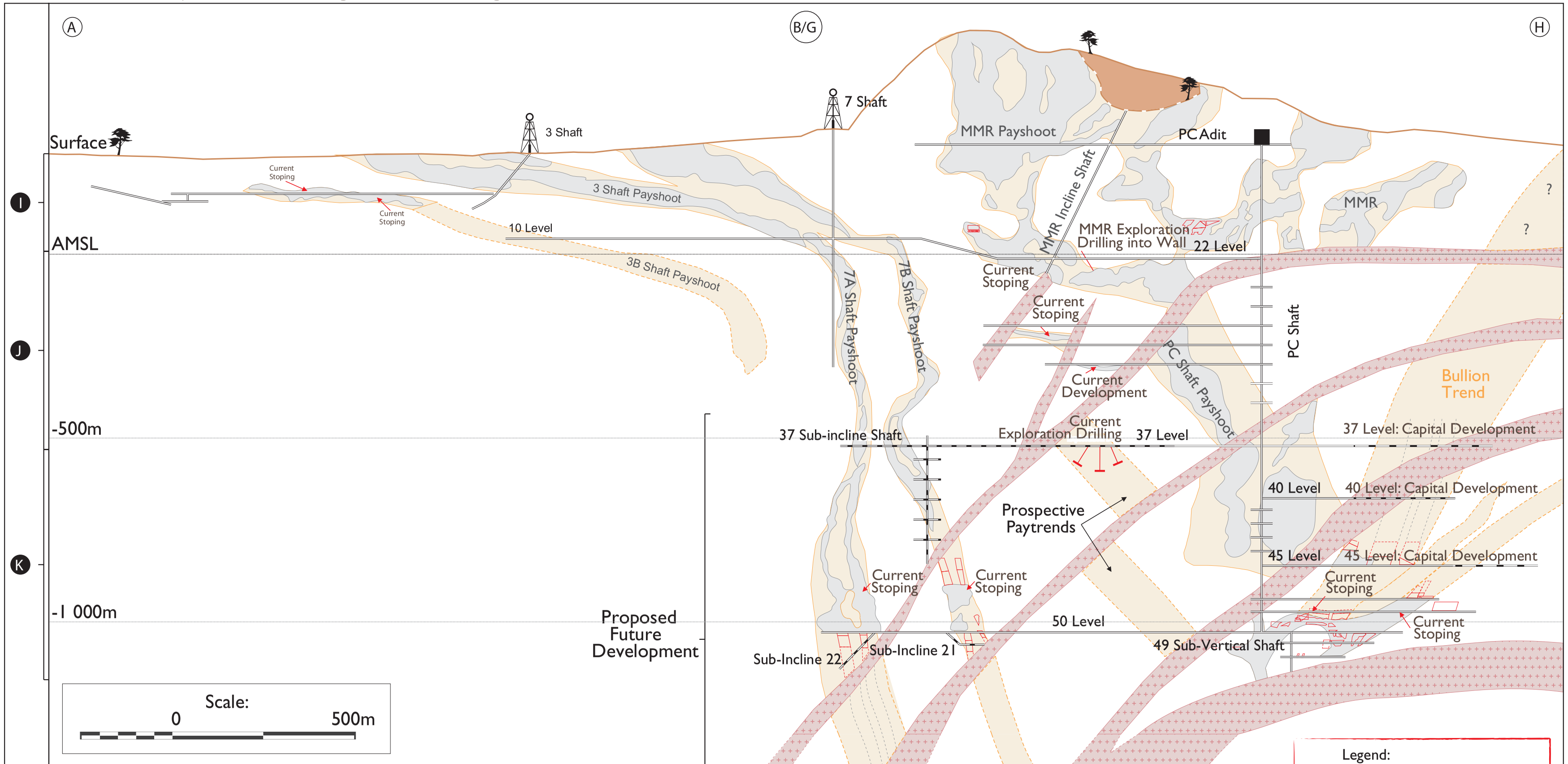
In summary, the changes made to the MRM approach at Barberton Mines resulted in the following:

- Implementation of a new MRM framework;
- Integration of MRM technical team;
- Re-focused on-mine exploration towards upgrading Mineral Resources to Measured Resource category;
- Appointment of a Mineral Resource Manager; and
- Completion of Airborne Geophysical survey over prospecting permit area – interpretation initiated.

As a result of the above the Barberton Mines Mineral Resource inventory posted the following improvements for 2010:

- Increased Barberton Mines Mineral Reserve by 42, 000oz contained gold;
- Increased Barberton Mines Measured Mineral Resource by 187, 000oz contained gold;
- Increased Barberton Mines Indicated Mineral Resource by 237, 000oz contained gold; and
- Increased Barberton Mines Inferred Mineral Resource by 59, 000oz contained gold.

Vertical Projection Looking North through Consort Mine

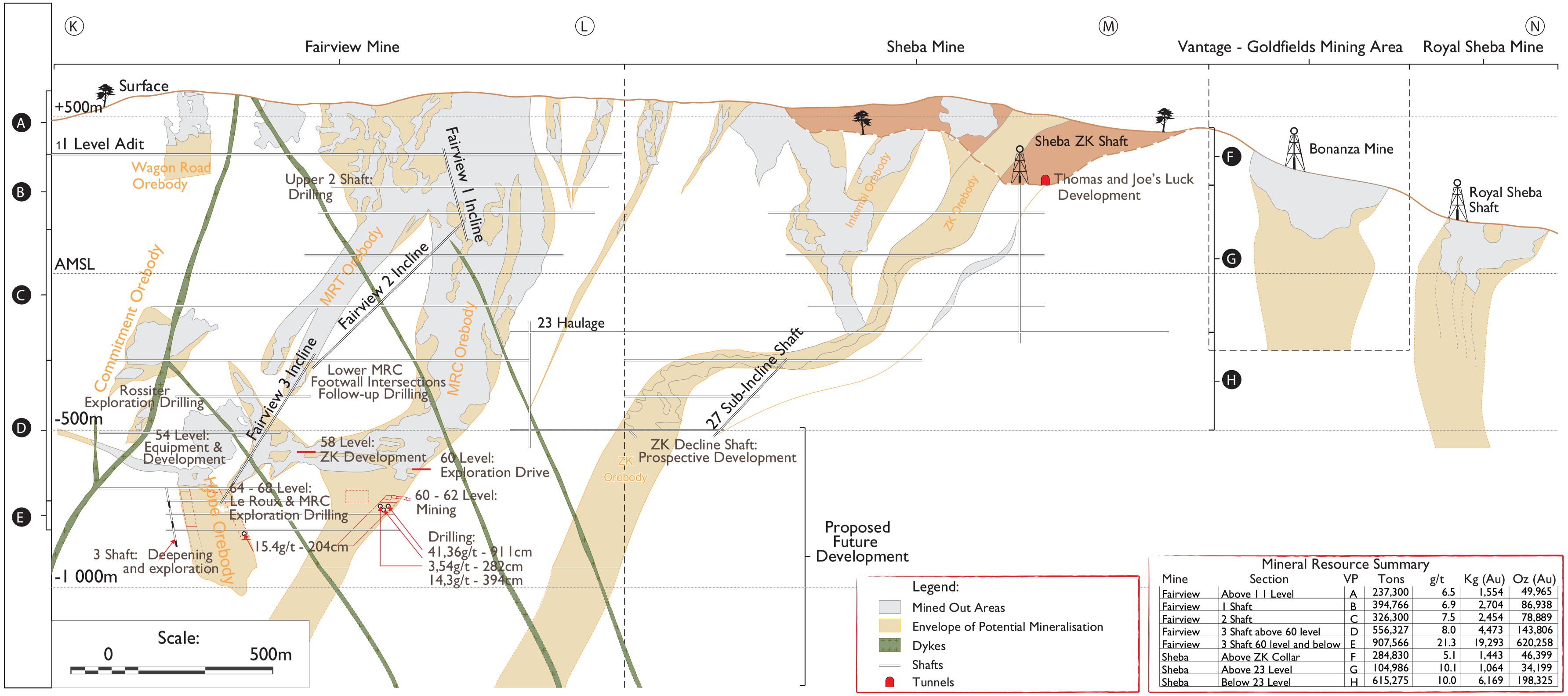


Mineral Resource Summary

Mine	Section	VP	Tons	g/t	Kg (Au)	Oz (Au)
New Consort	Above 22 Level	I	286,163	6.5	1,850	59,462
New Consort	22 to 37 Level	J	111,440	8.9	988	31,758
New Consort	Below 37 level	K	376,384	13.7	5,156	165,755

Group Mineral Resource Statement

Vertical Projection Looking North through the Fairview and Sheba Mines



Mineral Resource Summary

Mine	Section	VP	Tons	g/t	Kg (Au)	Oz (Au)
Fairview	Above 11 Level	A	237,300	6.5	1,554	49,965
Fairview	1 Shaft	B	394,766	6.9	2,704	86,938
Fairview	2 Shaft	C	326,300	7.5	2,454	78,889
Fairview	3 Shaft above 60 level	D	556,327	8.0	4,473	143,806
Fairview	3 Shaft 60 level and below	E	907,566	21.3	19,293	620,258
Sheba	Above ZK Collar	F	284,830	5.1	1,443	46,399
Sheba	Above 23 Level	G	104,986	10.1	1,064	34,199
Sheba	Below 23 Level	H	615,275	10.0	6,169	198,325

Barberton Mines

Mineral Resources and Ore Reserves 2010 – general

As at 30 March 2010, Barberton Mines reported a Mineral Reserve of 661,000oz and Mineral Resource of 2,379,000oz contained gold. The Measured and Indicated Mineral Resources are inclusive of those Resources modified to produce the Mineral Reserves. Reserves are reported as mill delivered tonnes at the grade recovered having duly considered all modifying factors.

Commodity prices used

A gold price of US$1, 036.78/oz was used for the conversion of Mineral Resources to ore reserves at an exchange rate of ZAR7.5/US$ resulting in a gold price of ZAR250, 000/kg.

Barberton Mines mineral inventory – 30 June 2010

Mineral reserves classification	Tons (kt)	Grade (g/t)	Contained gold (kg)	(koz)	Mineral resources classification	Tons (kt)	Grade (g/t)	Contained gold (kg)	(koz)
Proven	1,418	6.91	9,795	315	Measured	5,280	5.91	31,181	1,003
Total proven	1,418	6.91	9,795	315	Total measured	5,280	5.91	31,181	1,003
Probable	900	11.97	10,777	346	Indicated	4,159	6.09	25,331	814
Total probable	900	11.97	10,777	346	Total indicated	4,159	5.91	25,331	814
					Inferred	2,331	7.50	17,489	562
					Total inferred	2,331	5.91	17,489	562
Total proven and probable	2,318	8.87	20,572	661	Total mineral resource	11,770	6.29	74,001	2,379

Mineral Resources for Pan African are signed off by Martin Bevelander, the Group Consulting Geologist. He is SACNASP accredited and is responsible for validating all Mineral Resource estimation procedures within the Group. The reported Mineral Resource Statements are SAMREC compliant and the Resource numbers in the Mineral Resource and Mineral Reserve tables have been rounded to reflect the appropriate level of confidence. Gold and platinum inventories are reported separately. Mineral Reserves are reported as subsets of Mineral Resources.

Barberton Mines Mineral Resource reconciliation: 2009 to 2010

Summary comment on Mineral Resource movement

Year-on-year, Barberton Mines Mineral Resources had a positive variance of 364,000oz contained gold. This was mainly as a result of recent exploration drilling and development intersections confirming depth extensions on the Fairview lower levels. Further to the increase in inventory, residue dumps previously not in inventory have been brought in. Lastly, the Royal Sheba section was geologically remodelled, enhancing the 2009 inventory by a further 148,000oz contained gold to 508,000oz contained gold.

Summary comment on Mineral Reserve movement

There was a year-on-year positive variance of 43,000oz with respect to the Mineral Reserves. As indicated in the table below, Barberton Mines' ore reserves as at 30 June 2010 reflected a year-on-year depletion of 96,000 oz.

Mineral Resource reconciliation: 2009 to 2010

	Gold (kg)	Gold (koz)
Balance as at March 2009	62,672	2,015
Mined during 2010	2,259	73*
Addition	13,589	437
Balance as at March 2010	74,002	2,379
Variance	11,330	364

** This figure does not include other sources of ore such as ramping and/or pillar mining.*

Stores of Gold (and Platinum)

Group Mineral Resource Statement cont.

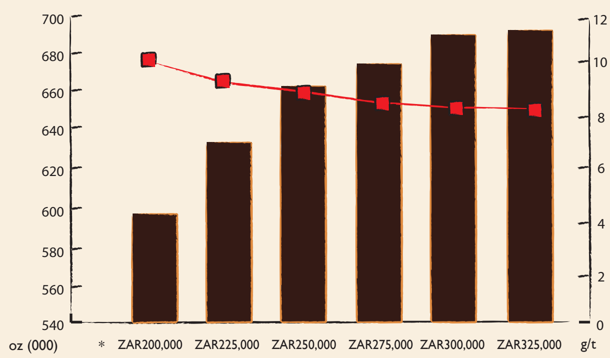
Mineral Reserve reconciliation: 2009 to 2010

	Gold (kg)	Gold (koz)
Balance as at March 2009	19,214	618
Mined during 2010	2,986	96
Addition	4,343	140
Balance as at March 2010	20,572	661
Variance	1,357	44

Mineral Reserve sensitivity

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

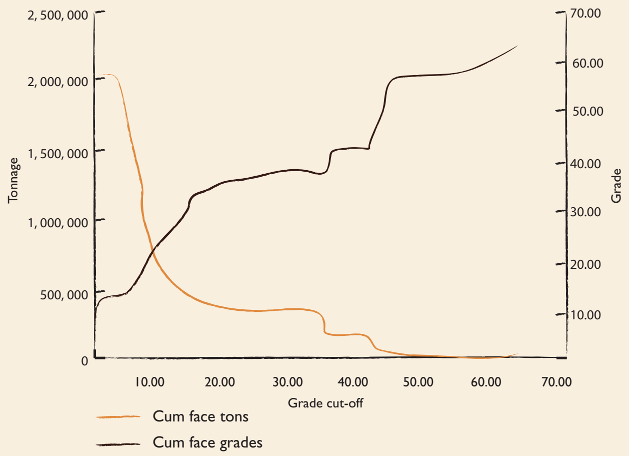
Ore reserve sensitivities



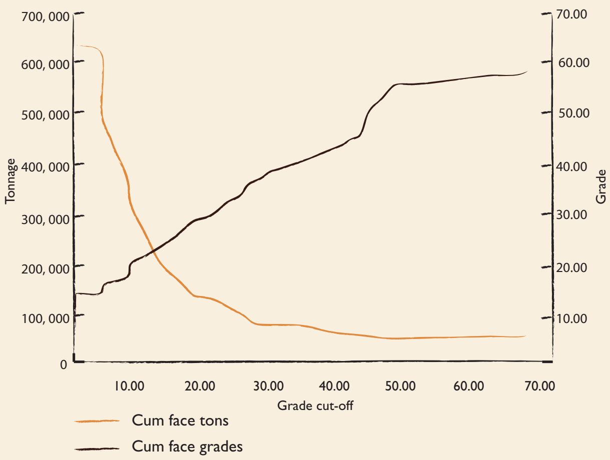
oz (000)	* ZAR200,000	ZAR225,000	ZAR250,000	ZAR275,000	ZAR300,000	ZAR325,000	g/t
gold oz (000)	597	632	661	673	691	692	
g/t	10.13	9.39	8.87	8.62	8.36	8.31	

* Reflect the gold price in ZAR/kg

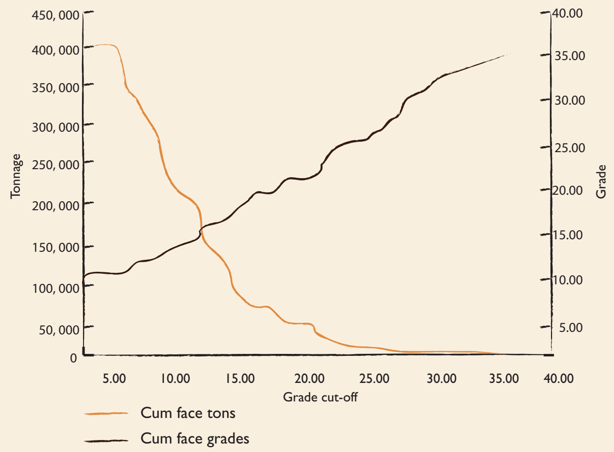
Tonnage grade curve (face values) - Fairview Mine



Tonnage grade curve (face values) - Sheba Mine



Tonnage grade curve (face values) - Consort Mine



Reserves metal figures are fully inclusive of all mining dilutions and gold losses, and are reported as mill delivered tonnes and head grades. Metallurgical recovery factors have not been applied to the reserve figures.

Barberton Mines cut-off and average grades 2010 – 2011 business plan

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

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

- The database inventory of all Mineral Resource blocks;
- An assumed gold price – ZAR275,000/kg;
- Planned production rates for each;
- Mine Call Factor ("MCF");
- Plant Recovery Factor ("PRF"); and
- Planned cash operating costs and other efficiency factors are calculated using historical achievements as a baseline.

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

	Fairview	Sheba	Consort	Total Barberton Mines
Optimal cut-offs	5.20	5.17	6.24	5.98
Marginal cut-offs	3.00	3.68	3.00	3.22
AMG (face)*	14.64	12.87	11.62	13.36
AMG (head)*	12.44	11.59	10.62	11.74
Marginal tons	29.2%	33.7%	27.7%	30.3%
MCF	85.0%	90.0%	91.4%	88.1%
PRF	90.2%	92.0%	90.0%	90.7%
Au price	ZAR275/g	ZAR275/g	ZAR275/g	ZAR275/g
AMG (face)*	11.31	11.31	8.50	10.66
AMG (head)*	9.61	9.61	7.76	9.18
Paylimits @ ZAR275/g	6.52g/t	7.23g/t	6.73g/t	6,80g/t
Reserve grade	8.5g/t – 9g/t	7g/t – 8.5g/t	5.5g/t – 8.2g/t	7.5g/t – 8.5g/t
2010 – Planning outputs				
AMG (face)*	11.14	11.77	8.50	10.46
AMG (head)*	9.04	9.58	7.01	8.72
Head grade	10.10	11.55	8.00	10.05

** AMG = Average Mining Grade*

Barberton Mines pay-limit calculation

For the purpose of accurate and optimal pay-limit calculations the mine is broken up into mining districts based on geographical location and common infrastructural considerations. The reason for this is that mining costs in each district differ based on location and infrastructure. A regional pay-limit calculation is in place at all operations at Barberton Mines. Regional pay-limits for the different mining districts for the 2011 financial business plan are as follows:

Group Mineral Resource Statement cont.

Consort section

	3#	PC#	MMR section	Consort Total
Pay-limit	6.34g/t	7.93 g/t	6.11 g/t	7.31 g/t

Sheba section

	Above adit level	MRC & ZK Shafts	Sheba Total
Pay-limit	6.30 g/t	8.03 g/t	7.92 g/t

Fairview section

	1#	3#	Fairview Total
Pay-limit	6.08 g/t	7.27 g/t	7.17 g/t

Mineral Resource to Reserve modifying factors

Historical achievements with regard to modifying factors to convert Mineral Resources to Mineral Reserves are recorded over time and the table below reflects historical achievements for Mineral Reserve Block Factor ("BF"), Overall Plant Recovery Factor and Mine Call Factor. These historical achievements are then averaged and applied in converting Resources to Reserves.

Resource to Reserve modifying factors applied

Consort

Efficiencies and factors	Current 10/11 Plan	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10
BF	100.0	90.2	85.2	100.2	66.3	84.5	97.3	69.9	97.5	122.2	125.0
Overall Recovery	90.0	92.6	91.7	89.3	90.3	93.0	93.5	92.4	91.9	91.6	89.7
Mine Call Factor	91.4	96.3	86.2	91.7	85.9	86.2	107.8	99.8	86.1	83.4	89.3

Fairview

Efficiencies and factors	Current 10/11 Plan	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10
BF	100.0	80.0	91.9	88.7	95.0	110.8	114.3	90.4	117.5	101.6	120.5
Overall Recovery	90.2	89.1	90.4	89.2	88.3	90.3	90.3	90.9	90.5	90.8	90.9
Mine Call Factor	85.0	82.3	98.7	90.6	79.4	85.7	82.5	82.1	84.0	80.1	90.0

Sheba

Efficiencies and factors	Current 10/11 Plan	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10
BF	100.0	89.6	123.2	104.0	100.5	94.8	109.9	110.9	112.4	107.6	86.9
Overall Recovery	92.0	91.8	91.3	92.3	92.8	93.7	93.0	92.6	92.7	92.8	91.7
Mine Call Factor	90.0	97.9	98.0	99.7	111.8	99.9	92.3	86.1	90.1	109.8	126.3

Barberton Mines – the way forward with MRM

MRM and initiatives introduced during 2009 and 2010 are adding significant value to the Group.

Focus for 2011 financial year will be the following:

1. Improving methodologies on understanding historically mined out areas and remnant resource block associated with these mining areas.

2. Focus exploration on continuing to define short-term mining blocks and converting these Indicated and Inferred Mineral Resources to the higher confidence Measured category.

3. Continue a longer-term focus on extending and exploring the extensions of orebodies on all mines.

4. Focus near mine exploration on target generation and testing targets defined by the recently flown airborne geophysical survey:
   (a) Focus areas will be the southern prospecting area; and
   (b) The eastern strike extension of the Zwartkopie Formation target situated between Sheba mine and Royal Sheba.

The above initiatives will add to the Mineral Resource base and assist the mine in improving mining flexibility, assisting in grade management and ensuring production sustainability.

Manica Mineral Resource

During February 2009 the Fairbride prospect Mineral Resource was remodelled and an updated resource inventory published. Exploration work is completed and the Mineral Resource is detailed below:

Mineral Resources classification	Tons kt	Grade g/t	Contained kg	Gold koz
Measured				
Fairbride	8,342	2.39	20,000	642
Dots Luck				
Guy Fawkes				
Boa Esperanza				
Total measured	8,342	2.39	20,000	642
Indicated				
Fairbride	6,540	2.38	15,500	500
Dots Luck	2,200	2.44	5,200	168
Guy Fawkes				
Boa Esperanza				
Total indicated	8,740	2.38	20,700	668
Inferred				
Fairbride	15,200	2.28	34,700	1,114
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	16,600	2.34	38,900	1,251
Total mineral resource	33,682	2.36	79,600	2,562

Group Mineral Resource Statement cont.

Phoenix Mineral Resource

During February 2010 the Mineral Resource for the Phoenix Tailing retreatment project was independently verified by Geologix (Pty) Limited. Tabled below is the current inventory held:

Mineral Reserves classification	Tons (kt)	Grade (g/t)	Contained PGMs (kg)	(koz)	Mineral Resources classification	Tons (kt)	Grade (g/t)	Contained PGMs (kg)	(koz)
Proved					Measured	3,224	3.09	9,975	321
Total Proved					Total Measured	3,224	3.09	9,975	321
Probable					Indicated	618	3.20	1,977	63
Total Probable					Total Indicated	618	3.20	1,977	63
					Inferred	804	3.33	2,672	85
					Total Inferred	804	3.33	2,672	85
Total Proven and Probable	–	–	–	–	Total Mineral Resource	4,646	3.15	14,624	469

Mineral Resource content is reported as 4E (Platinum, Palladium, Rhodium and Gold)

A full project progress report is published under the operational section of the report.

Pan African combined Mineral Resource inventory (Gold operations and Manica projects – Mozambique)

Mineral Reserves classification	Tons (kt)	Grade (g/t)	Contained gold (kg)	(koz)	Mineral Resources classification	Tons (kt)	Grade (g/t)	Contained gold (kg)	(koz)
Proved	1,418	6.91	9,795	315	Measured	13,622	3.76	51,181	1,645
Total Proved	1,418	6.91	9,795	315	Total Measured	13,622	3.76	51,181	1,645
Probable	900	11.97	10,777	346	Indicated	10,699	3.82	40,831	1,314
Total Probable	900	11.97	10,777	346	Total Indicated	10,699	3.82	40,831	1,314
					Inferred	17,531	2.98	52,189	1,676
	–	–	–	–	Total inferred	17,531	2.98	52,189	1,676
Total Proven and Probable	2,318	8.87	20,572	661	Total Mineral Resource	41,852	3.45	144,201	4,635

Mineral Reporting Code

Pan African defines its Mineral Resources/Reserves in line with the SAMREC Code and its definitions.

Mineral Resource classification structure applied by the Group is outlined below:

Exploration results

Mineral resources
Reported as *in situ* mineralisation estimates

Modifying factors

Ore reserves
Reported as mineable production estimates

Increasing level of geoscientific knowledge and confidence

Inferred

Mineral resources		Ore reserves
Indicated	⟷	Probable
Measured	⟷	Proved

Consideration of mining, metallurgical, economic, marketing, legal, environmental. social and governmental factors (the "modifying factors")

> "Pan African ensures that international acceptable standards are adhered to in its Mineral Resource reporting process"

Mineral Resources definitions (according to SAMREC code)

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

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 reasonable level of confidence. It is based on exploration, sampling and the testing of information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

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.

Mineral Reserve definitions (according to SAMREC code)

An ore reserve is the economically mineable material derived from a Measured and/or Indicated Resource. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a pre-feasibility study for a project, or a life of mine plan for an operation, must have been carried out, including consideration of and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors). Such modifying factors must be disclosed.

A "Probable ore reserve" is the economically mineable material derived from a Measured and/or Indicated Mineral Resource. It is estimated with a lower level of confidence than a proved ore reserve. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a pre-feasibility study for a project, or a life of mine plan for an operation, must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Such modifying factors must be disclosed.

A "Proven ore reserve" is the economically mineable material derived from a Measured Resource. It is estimated with a high level of confidence. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a pre-feasibility study for a project, or a life of mine plan for an operation, must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Such modifying factors must be disclosed.

The specific gravity used during Mineral Resource modelling is as follows:
Barberton Mines

- Fairview mines – 2.83t/m^3
- Sheba Mine – 2.73 t/m (ZK orebody) and 2.93 t/m (MRC orebody)
- New Consort mine – 2.88 t/m^3

Manica – 2.7 t/m^3

Pan African utilises various external consultants in modelling, auditing and thereby ensures that internationally acceptable standards are maintained in its Mineral Resource reporting. Mineral Resource modelling for the Manica Project uses 3D geological and geostatistical modelling done within the Datamine environment. Models generated are signed off by both in-house and external competent persons all affiliated with the South African Council of Natural Scientists ("SACNAS"). Martin Bevelander is SACNAS accredited. See his qualifications on page 48.

Barberton Mines utilises classical evaluation techniques in its Mineral Resource modelling. The mine has identified certain areas where geological continuity and physical geological character of the orebody allows for geostatistical modelling and these methods are applied in these instances.

Martin Bevelander
Group Consulting Geologist

30 August 2010

Board of Directors

Executive directors

Jan Nelson (40)
Chief Executive Officer
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 CEO when the Company transformed from an exploration company to a gold mining company. He was involved in the acquisition of Barberton Mines and was also instrumental in acquiring Phoenix Platinum, 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.

Cobus Loots (32)
Financial Director
Appointment date: 26 August 2009
Qualifications: CA(SA), CFA® Charterholder

Cobus Loots is a principal with Shanduka Resources (Pty) Limited. 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.

Non-executive directors

Cyril Ramaphosa (58)
Non-executive Chairman
Appointment date: 17 September 2009
Qualifications: BProc
Committees: Nominations (Chairman)

Cyril Ramaphosa joined the board of South African Breweries Limited 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 the 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.

Keith Spencer (60)

Lead independent, Non-executive Deputy Chairman

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 two 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 Metorex Limited. Keith has managed some of the largest gold mines in the world.

Rob Still (55)

Non-executive Director

Appointment date: 9 September 2004

Qualifications: BCom (Hons), CTA

Committees: Audit (Acting Chairman), Remuneration, Nominations

Rob has vast experience in mining, specialising in mining finance. He started his career as a Chartered Accountant, becoming a partner at 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.

Rowan Smith (45)

Non-executive Director

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.

John Hopwood

Independent Non-Executive

Appointment date: 2 June 2008

Deceased: 19 March 2010

Qualifications: BCom, CA(SA)

Committees: Audit, Remuneration, Nominations

Board purpose and function

The board's purpose is to ensure corporate governance, risk, strategy and shareholder interests are priorities at all times. According to the Articles of Association the board may consist of not less than four and not more than eight members. At the end of the financial year under review, the board consisted of six members, following the untimely death of Mr John Hopwood.

Except for as disclosed, Pan African is not aware of any director, or of the families of any directors, having any interest, direct or indirect, in any transaction during the last financial year or in any proposed transaction with any company in the Pan African Group which has affected or will materially affect Pan African or its investment interest or subsidiaries.

Board changes

It is with deep regret that the board of Pan African reports the untimely death of Mr John Hopwood on 19 March 2010. John brought a great deal of wisdom and experience to the board of Pan African and will be sorely missed.

Resignation

Maritz Smith	Financial Director	26 August 2009

Appointments

Cyril Ramaphosa	Non-executive Chairman	17 September 2009
Rowan Smith	Non-executive	17 September 2009
Cobus Loots	Financial Director	26 August 2009

Succession plan

The Nominations Committee, which functions as a sub-committee of the board, is tasked with ensuring succession planning for both executive and non-executive board positions.

Board meetings

During the year under review, the board of Pan African held a board meeting per quarter as required by the Articles of Association. Meeting dates and attendance are set out below:

Name	17 September 2009	20 November 2009	19 March 2010	18 June 2010
Cyril Ramaphosa	√	√	√	√
Keith Spencer	√	√	√	√
Jan Nelson	√	√	√	√
Cobus Loots	√	√	√	√
Rowan Smith	√	√	√	√
Rob Still	√	√	√	√
John Hopwood	√	√	•	•

√ Attended

• Mr John Hopwood passed away on 19 March 2010.

Chairman and CEO roles

The roles of Chairman and Chief Executive Officer are held by two different people and are separate and distinct. Although the Chairman, Cyril Ramaphosa, is not independent, the benefit of his experience and expertise is deemed by the board to outweigh any potential conflict related to his position. In addition, the board has nominated Mr Keith Spencer as lead independent director, as required by the JSE.

Board induction and training

All board members have vast experience and therefore no additional formal training or induction is considered necessary. The existing board members are available at all times to ensure the smooth induction of any new board member. Where board members require additional training, the Company makes resources available.

Access to management and independent advice

The board members have access to the executive management of the Company at all times. All board members are entitled to seek independent third party expert advice, when considered necessary. From time to time members of executive management are requested to attend board meetings in order to present projects or updates.

Delegation of authority

The board has formed various committees in order to allow directors to excel in areas where their experience lies and, in doing so, the board as a whole has delegated authority in certain areas to the relevant sub-committees and directors, who report back to the board on a regular basis. Despite this delegation of authority, the entire board remains responsible for the performance of its duties.

Board self-assessment

The board performs a self-assessment on an annual basis, to ensure it has the requisite skills and experience to fulfil its duties. Any weaknesses or inadequacies are addressed in a timely manner.

Executive directors

The executive directors all have employee contracts with the Company and are remunerated by the Company for services performed.

Non-executive directors

In accordance with the Company's Articles of Association, non-executive directors are entitled to directors' fees (please refer to note 32). These fees are paid quarterly.

Rotation of directors

In accordance with the Company's Articles of Association, one-third of the board retire by rotation annually, and any directors appointed between AGMs need to be re-elected. This year, Rob Still and Jan Nelson retire by rotation and will seek re-election at the forthcoming AGM.

Board 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 attended	Responsibilities
Audit	John Hopwood	18 August 2008	Deceased	25 August 2009 17 September 2009 1 February 2010	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. Reviewing the expertise and experience of the Financial Director on an annual basis. Reviewing the use of external auditors for non-audit purposes.
	Rob Still (Acting Chairman)	18 August 2008		25 August 2009 17 September 2009 1 February 2010	
	Keith Spencer	17 September 2009		17 September 2009 1 February 2010	
Remuneration	John Hopwood	2 June 2008	Deceased	6 August 2009 2 December 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.
	Rob Still	9 September 2004		6 August 2009 2 December 2009 19 March 2010	
	Rowan Smith (Chairman)	20 October 2009		6 August 2009 2 December 2009 19 March 2010	
Nominations	Cyril Ramaphosa (Chairman)	20 October 2009		20 November 2009 18 June 2010	Determining the slate of director nominees for election to the board. Identifying and recommending candidates to fill vacancies occurring between shareholder meetings. Reviewing, evaluating and recommending changes to the Company's corporate governance guidelines. Reviewing the Company's policies and programme that relate to matters of corporate citizenship, including public issues of significance to the Company and its stakeholders.
	John Hopwood	20 October 2009	Deceased	20 November 2009	
	Keith Spencer	20 October 2009		20 November 2009 18 June 2010	
	Rob Still	19 March 2010		18 June 2010	
SHEC	Keith Spencer (Chairman)	12 October 2009		12 October 2009 17 June 2010	Establishing a Safety, Health, Environment and Community policy framework for the Company. Strategically reviewing the safety performance of all operations compared to the policy framework. Implementing corrective measures when necessary to achieve the objectives of the policy framework.
	Jan Nelson†	12 October 2009		12 October 2009 17 June 2010	
	Mario Gericke†	12 October 2009		12 October 2009 17 June 2010	
	Ron Holding†	12 October 2009		12 October 2009	
	Karishma Sewpersad‡	12 October 2009		12 October 2009 17 June 2010	

† *Executive management of Pan African*

‡ *Shanduka external consultant*

Board of Directors cont.

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.

Executive management – Pan African

The Executive Committee ("Exco") of Pan African consists of the following members:

Name	Age	Qualification	Areas of responsibility
Jan Nelson	40	BSc (Hons)	Chief Executive Officer
Cobus Loots	32	CA(SA), CFA® Charterholder	Chief Financial Officer
Mario Gericke	43	BEng (Mining), PrEng (Mining Engineering), Mine Managers Certificate of Competency (Metalliferous), Certificate in Strata Control	Executive: Mining Operations
Festus van Rooyen	46	National Diploma Police Administration	Executive: Security
Pieter Wiese	47	BSc (Hons)	Executive: New Business
Ron Holding	58	NDT Mining Metalliferous (Wits) AMM (SA) MDP (UCT)	Operations Manager: Phoenix Platinum
Martin Bevelander	48	BSc (Hons) Geology	Group Consulting Geologist

Executive management – Barberton Mines

Name	Age	Qualification	Areas of responsibility
Casper Strydom	52	National Higher Diploma Metalliferous Mining Mine Managers Certificate	General Manager
Pierre Human	49	Mine Managers Certificate of Competency	Manager Mining
Dario Negri	49	National Technical Diploma (Mech)	Manager Engineering
Neal Reynolds	27	BCom (Hons), CA(SA)	Manager Finance and Administration
André van den Bergh	54	Diploma in HR Management Diploma in LR Management	Manager Human Resources
Jonathan Irons	44	National Higher Diploma Extractive Metallurgy	Metallurgical Manager
Brian Chirove	42	BSc Engineering (Hons) Mining	Manager Mineral Resources

Corporate Governance

> "The Group recognises its responsibility for the broader impact of our activities on stakeholders"

Nominated Adviser and Broker

RBC Capital Markets is 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.

Sponsor

Macquarie First South Advisers (Pty) Limited is, in accordance with the Listings Requirements of the JSE, the Company's appointed Sponsor. Macquarie is therefore responsible to ensure that the Company is at all times guided and advised as to the application of the Listings Requirements of the JSE.

Sustainability includes:

Data measurement techniques and the basis of calculations including assumptions and techniques for underlying estimations applied to the compilation of the indicators and other information in the report as well as explaining any decisions not to apply or to substantially diverge from, the governance protocols.

Pan African 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. Pan African engages with its immediate communities in order 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 embraces sustainable development as one of its duties as a responsible corporate citizen and a responsible operating company.

A detailed sustainability report is available on the Group's website.

Stakeholder communication

Pan African has an 'open door' policy regarding communication between the Company and the various stakeholders. The executive directors are available for correspondence and respond to email, letters or faxes received in a timely manner.

Definition of stakeholders

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

Broad-Based Black Economic Empowerment ("BBBEE")

Pan African is committed to the principles and objectives of BBBEE and reports on its achievements based on the BBBEE pillars below:

Ownership

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

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% Historically Disadvantaged South African representation at senior and top management at Barberton Mines.

Procurement and enterprise development

Pan African supports the development of small and medium enterprises that are Black owned. At Barberton Mines level during 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:

Name	Description	Total monetary contribution
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.	
Sinqobile Vegetable Project	A community-run vegetable initiative. The project will be advanced in a phased manner to full co-operative status.	
Verulam Soup Kitchen	Supplies Thandanani Drop-Inn Centre in Emjindini with food supplies on a weekly basis.	
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).
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).
Other Welfare	Assistance given on an *ad hoc* basis.	

Safety, Health, Environment and Community ("SHEC")

Safety, health, environment and community development policy

Pan African is unashamedly committed to protect the environment and prevent pollution while taking care of the health and safety of those who work at or visit our sites in a manner that is respectful of international standards and local laws, as well as the well-being of the communities in which we operate. The most important legacy we want to leave is a contented community, well-equipped and positioned for the future.

Our guiding principles are:

- Identify the hazards and risks that may have a negative impact on the health and safety of our people and those visiting our sites, the environment in which we operate, and anything that may be to the detriment of the communities in which we operate;
- Develop SHEC management systems ensuring the implementation and maintenance of processes and other controls required to achieve our goal of zero incidents, injuries and illnesses; and
- Encourage employees to adopt and embrace a lifestyle that is healthy, safe and conscious of the importance of the environment.

In support of this, we will:

- Provide our leaders with the means to improve our SHEC performance continuously while holding them accountable for the outcomes;
- Facilitate leadership to understand the SHEC responsibilities and accountabilities and demonstrate their commitment visibly through their actions in the quest for zero incidents, injuries and illnesses;
- Treat legal requirements as minimum standards and, in the absence thereof, apply leading practice;
- Ensure compliance with adopted SHEC standards and management systems by means of regular audits and performance review;
- Encourage employee and stakeholder involvement and buy-in through training, communication and regular meetings;
- Reduce our environmental footprint by:
  - Improving energy efficiency and natural resource consumption;
  - Improving the use, re-use and recycling of materials; and
  - Protecting and restoring natural biodiversity while reducing greenhouse gas emissions;
- Understand the needs of our communities while developing support programmes to ensure their upliftment and well-being;
- Assist communities in which we operate with health safeguarding programmes and sustainable wealth creating initiatives; and
- Insist that suppliers and contractors provide us with products and services in support of our goals and objectives.

Safety and health

Safety performance frequency rates

Frequency rates	2010	2009
Non lost time injury frequency rate ("NLTFR")	28	29.8
Lost time injury frequency rate ("LTIFR")	4.2	6.4
Total recordable injury frequency rate ("TRIFR")	33.3	36.2
Reportable injury frequency rate ("RIFR")	1.1	1.7
Serious injury frequency rate ("SIFR")	1.1	1.7
Lost day severity rate ("LDSR")	6.9	6.2
Fatal injury frequency rate ("FFR")	0.18	0

Barberton Mines completed the 2010 financial year with an overall improvement in accident statistics of 188 total accidents (2009: 202 accidents). There was no significant decrease in the number of dressing station cases. However the more serious lost time accidents improved by 32% and the reportable accidents improved by 33%.

An updated Safety and Health management system is being designed and implemented on the mine. This should be completed during 2011.

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.

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 Programmes ("EMP") for all three mines were updated during the year and submitted to the DMR at the end of August 2010. 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	2010	2009
Level 1	1	6
Level 2	8	9
Level 3	5	1
Level 4	–	–
Level 5	–	–

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.

The water use licence application has been submitted to the Department of Water Affairs. The Environmental Impact Assessment ("EIA") for the Fairview tailings dam extension was completed and submitted.

Progress made during the year on the environmental programme:

- 247 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; and
- The sulphur stockpile remains but it is not a significant environmental threat.

Company secretary

St James's Corporate Services Limited was appointed company secretary on 8 July 2008. All directors have access to the advice and services of the Company secretary who is responsible to the board for ensuring compliance procedures and regulations of a statutory nature are met. 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.

The Company secretary, in conjunction with the Company's legal advisors, is responsible for drawing the attention of the directors to their legal duties and in collaboration with the Company's NOMAD, is responsible for ensuring that new directors are effectively informed in terms of their duties and responsibilities.

Further, the Company secretary, together with the Company's investor relations representatives, provides a direct communication link with investors and liaises with the Company's share registrars on all issues affecting shareholders. The Company secretary maintains the statutory books of the Company and also provides mandatory information required by various regulatory bodies and stock exchanges on which the Company is listed.

Code of ethics

On 1 November 2009, Pan African committed to the following code of ethics:

"As leaders and employees of Pan African, we hereby commit ourselves to the highest ethical conduct and agree to:

- Respect the laws of the Republic of South Africa and of any other country in which we may operate or visit;
- Live the principle of integrity in all our activities and refrain from any behaviour, overt and otherwise, that may damage the organisation's image and/or performance of whatever nature;
- Treat our employees and any other person with dignity, respect and in a just manner irrespective of race, religion, gender, disability, age, or nationality or any other characteristic;
- Be honest in all our dealings and undertake to distance ourselves from any activity that has the potential of being regarded as incoherent with what is expected of a responsible company and individual;
- Avoid any potential conflict of interest and when it may exist, disclose it to affected parties without any delay;
- Reject any form of bribery and act upon any non-compliance as strongly as possible;
- Accept the full responsibility and ultimate accountability when we make decisions that may impact on the health and safety of our employees and the communities in which we operate, and take full responsibility for the environment and the well-being of the communities; and
- Assist in developing our colleagues and teams to become worthy team players and responsible South African citizens."

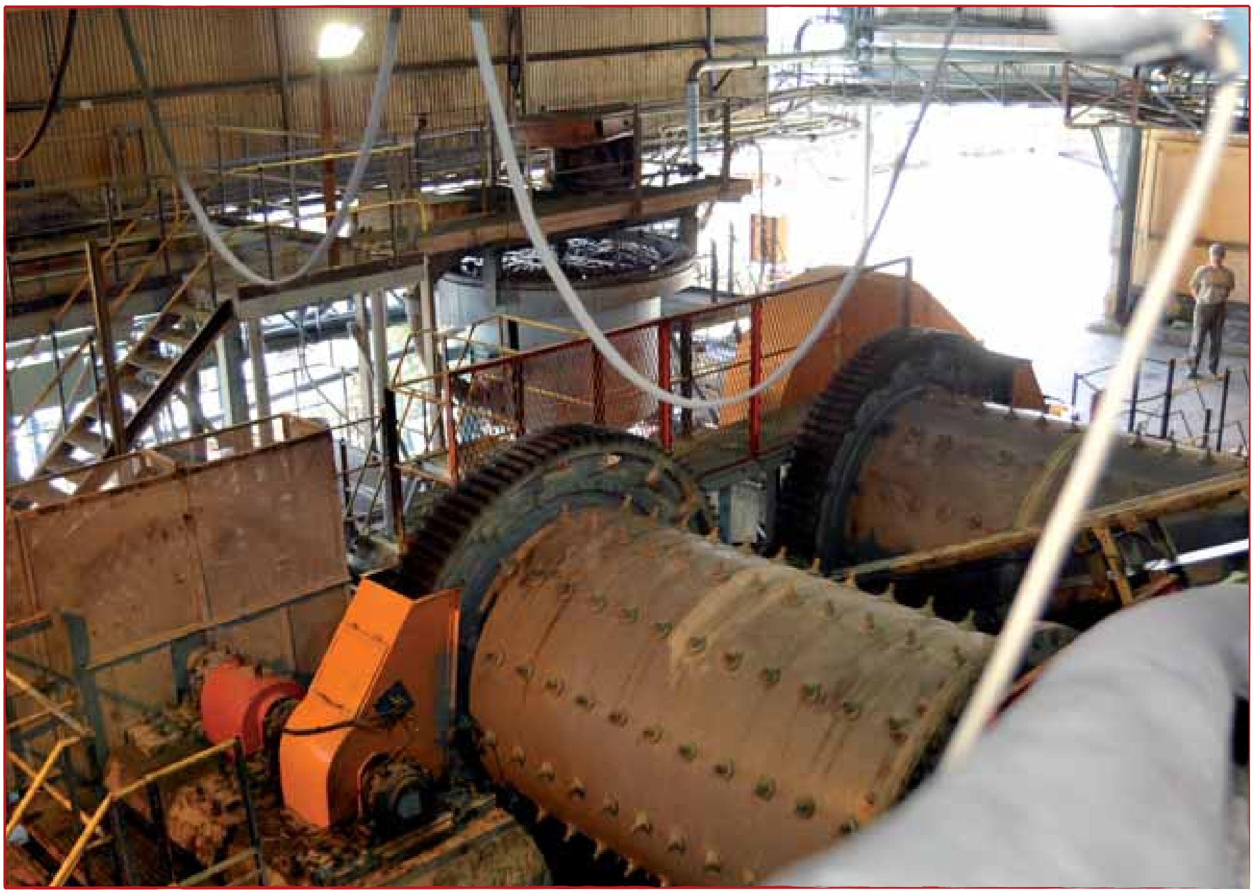
Restrictions on share dealings

All directors and employees are prohibited from dealing in shares during any period in which price sensitive information is available. The CEO distributes memoranda, informing the affected parties of these periods. Should a senior employee or director wish to trade Pan African shares, written permission must be granted from either the CEO or CFO.

Risk 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	Responsibility towards employees/ negative effect on labour/ skills turnover and reduced efficiencies.	The Company runs recognised HIV/Aids programmes.



Directors' Report

The directors present their annual report and the audited financial statements for the year ended 30 June 2010.

Principal activities

The Group's principal activity during the year was gold mining and exploration activities. A full review of the activities of the business and of future prospects is contained in the Chief Executive Officer's Report which accompanies these financial statements, with financial and non-financial key performance indicators ("KPIs") shown below.

Key performance indicators

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

Results and dividends

The results for the year are disclosed in the Consolidated Statement of Comprehensive Income on page 64. The salient features of these results can be found on page 4.

The board of directors recommends a final dividend for the year ended 30 June 2010 of 0.3723p per share (2009: dividend paid of 0.2555p per share), to be approved by shareholders at the forthcoming annual general meeting of the Company.

Policy for payment of creditors

It is the Company's policy to settle all agreed transactions within the terms established with suppliers. The Company's credit days are a maximum of 60 days.

Risk management

The key business risks to which the Company is exposed have been considered and addressed on pages 54 to 55.

Internal control

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

Internal financial control procedures undertaken by the board include:

- Review of monthly financial reports and monitoring performance;
- Review of internal audit reports and follow-up action of weaknesses identified by these reports;
- Review of competency and experience of senior management staff;
- Prior approval of all significant expenditure including all major investment decisions; and
- Review and debate of treasury and other policies.

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

Going concern

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

The Group is debt free and has a profit margin of approximately 27% after capital expenditure and depreciation at Barberton Mines. Should the need arise the Group can cease most exploration and capital activities and in doing so conserve cash.

Events after the reporting period

Subsequent to the year end, an additional 4,000,000 ordinary shares were issued for cash at 4.0p per share on 23 August 2010, in relation to share options exercised.

Directors

The following were directors during the year under review:

Mr K C Spencer*	
Mr J P Nelson	
Mr R G Still*	
Mr C M Ramaphosa	(appointed 17 September 2009)
Mr R M Smith	(appointed 17 September 2009)
Mr J A J Loots	(appointed 26 August 2009)
Mr M Smith	(resigned 26 August 2009)
Mr J G Hopwood*	(deceased 19 March 2010)

** Independent*

Auditors

Deloitte LLP have been appointed as Group auditors until the conclusion of the next Annual General Meeting.

Each of the persons who is a director at the date of approval of this annual report confirms that:

- So far as the director is aware, there is no relevant information of which the Company's auditors are unaware; and
- The director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with S418 of the UK Companies Act 2006.

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

By order of the board,

Jan Nelson
Chief Executive Officer

30 August 2010

Key Performance Indicators (KPIs)

Level	KPI	Measurable	2010	2009	% change	Achievement	Comment
Corporate	US$/oz	Costs	650	469	38.59%	Moderate	Increased largely due to strong ZAR and increases in the cost of electricity, labour and security.
	Gold sold	Revenue	98,091oz	97,353oz	0.76%	Moderate	Increase in underground mining productivity, prior year there was surface tailings sales.
	Capital expenditure	Growth	£5.9 million	£4.3 million	37.21%	Good	Strong focus on investment in development and maintenance of the mine.
	Tax	Effective tax rate	34.55%	50.39%	31.43%	Moderate	Prior effective rate was high due to the impairment charge, which was not tax deductible.
Mining	Tons	Volume	313Kt	313Kt	0%	Good	Sustainable production achieved.
	g/t	Quality	10.61g/t	10.32g/t	2.81%	Good	Focus on increasing resources and sustainable head grades.
	% total recovery	Gold sales	91%	91%	0%	Moderate	No significant change.
	BEE	Mining title	26%	26%	0%	Good	The Group complies with relevant legislation.
	Fatal accidents	Safety	1	0	(100%)	Poor	Safety still remains the Group's top priority and focus area.
Growth	Resource base	Sustainability	4,635Moz	4,582Moz	1.16%	Good	Group resource base increased due to the MRM initiatives.

Statement of Directors' Responsibilities

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

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

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

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

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

By order of the board.

Jan Nelson
Chief Executive Officer

Jacobus Loots
Financial Director

UK Independent Auditors' Report

To the members of Pan African

We have audited the financial statements of Pan African for the year ended 30 June 2010 which comprise the Group and Parent Company Statement of Comprehensive Income, the Group and Parent Company Statement of Financial Position, the Group and Parent Company Cash Flow Statement, the Group and Parent Company Statement of Changes in Equity and the related notes 1 to 36. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the UK Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 June 2010 and of the Group's and the parent company's profit for the year then ended;
- The financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- The financial statements have been prepared in accordance with the requirements of the UK Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 1 to the financial statements, the Group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board ("IASB").

In our opinion the Group financial statements comply with IFRSs as issued by the IASB.

Opinion on other matters prescribed by the UK Companies Act 2006

In our opinion:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the UK Companies Act 2006 we are required to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Deborah Thomas
(Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, UK

30 August 2010

Show Me
The Money

Independent Auditors' Report

To the members of Pan African Resources PLC

We have audited the Group annual financial statements and annual financial statements of Pan African Resources Plc, which comprise the consolidated and separate statements of financial position as at 30 June 2010, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the financial year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 68 to 77.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Pan African Resources Plc as at 30 June 2010, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche
Per IT Marshall
Partner

30 August 2010

Deloitte & Touche – Registered Auditors
Buildings 1 and 2, Deloitte Place
The Woodlands, 20 Woodlands Drive, Woodmead, Sandton, 2196
Johannesburg, South Africa

National executive: GG Gelink Chief Executive AE Swiegers Chief Operating Officer GM Pinnock Audit DL Kennedy Tax & Legal and Risk Advisory L Geeringh Consulting L Bam Corporate Finance CR Beukman Finance TJ Brown Clients & Markets NT Mtoba Chairman of the Board MJ Comber Deputy Chairman of the Board

A full list of partners and directors is available on request.

Certificate of the Company Secretary

I hereby certify that Pan African has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act 2006. All such returns are true, correct and up to date.

St James's Corporate
Services Limited

St James's Corporate Services Limited

30 August 2010

Consolidated and Company Statement of Comprehensive Income

for the year ended 30 June 2010

		Group		Company	
		30 June 2010	30 June 2009	30 June 2010	30 June 2009
	Notes	£	£	£	£
Revenue					
Gold sales	4	68,506,394	53,000,352	–	–
Realisation costs		(162,791)	(140,546)	–	–
On-mine revenue		68,343,603	52,859,806	–	–
Cost of production	5	(40,553,886)	(28,504,686)	–	–
Depreciation	16	(3,125,093)	(2,360,431)	–	–
Mining profit		24,664,624	21,994,689	–	–
Other (expenses)/income		(1,929,787)	(1,465,336)	8,165,247	9,764,359
Impairment costs		(335,401)	(5,025,463)	(335,401)	(5,056,290)
Royalty costs		(837,378)	–	–	–
Net income before finance income and finance costs		21,562,058	15,503,890	7,829,846	4,708,069
Finance income	4, 9	661,645	816,754	468,490	113,205
Finance costs	9	(67,915)	(9,933)	(79)	(689)
Profit before taxation	10	22,155,788	16,310,711	8,298,257	4,820,585
Taxation	13	(7,655,913)	(8,219,425)	–	–
Profit after taxation		14,499,875	8,091,286	8,298,257	4,820,585
Other comprehensive income:					
Foreign currency translation differences		2,379,762	3,649,901	–	–
Total comprehensive income for the year		16,879,637	11,741,187	8,298,257	4,820,585
Profit attributable to:					
Owners of the parent		14,277,232	4,403,535	8,298,257	4,820,585
Non-controlling interest		222,643	3,687,751	–	–
		14,499,875	8,091,286	8,298,257	4,820,585
Total comprehensive income attributable to:					
Owners of the parent	14	16,809,093	7,485,801	8,298,257	4,820,585
Non-controlling interest	14	70,544	4,255,386	–	–
		16,879,637	11,741,187	8,298,257	4,820,585
From continuing operations:					
Basic earnings per share (pence)		1.04	0.40	–	–
Diluted earnings per share (pence)		1.03	0.40	–	–

Consolidated and Company Statement of Financial Position

at 30 June 2010

	Notes	Group 30 June 2010 £	Group 30 June 2009 £	Company 30 June 2010 £	Company 30 June 2009 £
Assets					
Non-current assets					
Property, plant and equipment and mineral rights	16	37,495,010	31,801,235	27,642	20,547
Other intangible assets	17	13,087,880	12,038,616	–	–
Goodwill	18	21,000,714	21,000,714	–	–
Investments	19	–	–	53,259,921	38,499,708
Rehabilitation trust fund	20	2,740,546	2,357,266	–	–
		74,324,150	67,197,831	53,287,563	38,520,255
Current assets					
Inventories	21	1,126,374	358,363	–	–
Receivables from subsidiaries	34	–	–	10,984,384	10,341,443
Trade and other receivables	22	3,794,659	2,201,213	162,337	23,286
Cash and cash equivalents	23	12,756,262	2,389,301	14,240,891	1,507,134
		17,677,295	4,948,877	25,387,612	11,871,863
TOTAL ASSETS		92,001,445	72,146,708	78,675,175	50,392,118
Equity and liabilities					
Capital and reserves					
Share capital	25	14,095,406	11,125,891	14,095,406	11,125,891
Share premium		49,732,830	37,899,997	49,732,830	37,899,997
Translation reserve		4,495,865	1,964,004	–	–
Share option reserve		754,394	549,690	739,519	626,003
Retained income		25,814,783	11,537,551	6,233,564	(2,064,693)
Realisation of equity reserve		(10,701,093)	–	–	–
Merger reserve		(10,705,308)	(10,705,308)	1,560,000	1,560,000
Equity attributable to owners of the parent		73,486,877	52,371,825	72,361,319	49,147,198
Non-controlling interest		–	3,988,577		–
Total equity		73,486,877	56,360,402	72,361,319	49,147,198
Non-current liabilities					
Long term provisions	27	3,338,198	2,933,105	–	–
Deferred taxation	28	8,092,332	6,752,432	–	–
		11,430,530	9,685,537	–	–
Current liabilities					
Trade and other payables	26	5,041,754	3,719,787	534,427	253,101
Short term liabilities – Interest bearing	26	–	20,669	–	–
Short term provisions	27	1,465,299	1,151,895	41,411	37,060
Payable to other group companies	34	–	954,759	5,738,018	954,759
Current tax liability		576,985	253,659	–	–
		7,084,038	6,100,769	6,313,856	1,244,920
TOTAL EQUITY AND LIABILITIES		92,001,445	72,146,708	78,675,175	50,392,118

Consolidated and Company Cash Flow Statements

for the year ended 30 June 2010

		Group		Company	
		30 June 2010	30 June 2009	30 June 2010	30 June 2009
	Notes	£	£	£	£
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	36	18,325,307	8,567,361	(128,716)	(3,527,515)
INVESTING ACTIVITIES					
Dividends received		–	–	9,032,496	11,275,545
Additions to property, plant and equipment, mineral rights		(5,935,346)	(4,318,425)	(17,075)	(7,396)
Additions to intangibles		(976,373)	(1,580,349)	–	–
Loans to subsidiaries		–	–	(642,941)	(4,316,065)
Funding of rehabilitation trust fund		147,458	193,347	–	–
Cash outflow on acquisition of subsidiary		–	(4,205,144)	–	(4,205,144)
NET (CASH USED IN)/FROM INVESTING ACTIVITIES		(6,764,261)	(9,910,571)	8,372,480	2,746,940
FINANCING ACTIVITIES					
Borrowings raised		–	1,145,710	–	1,145,710
Borrowings repaid		(954,759)	(190,952)	(954,759)	(190,952)
Loans from subsidiaries		–	–	5,738,018	–
Shares issued	25	48,000	–	–	–
Share issue costs		(5,866)	–	(5,866)	–
NET CASH FROM FINANCING ACTIVITIES		(912,625)	954,758	4,777,393	954,758
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		10,648,421	(388,452)	13,021,157	174,183
Cash and cash equivalents at the beginning of the year		2,389,301	5,419,489	1,507,134	1,455,587
Effect of foreign exchange rate changes		(281,460)	(2,641,736)	(287,400)	(122,636)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	23	12,756,262	2,389,301	14,240,891	1,507,134

Consolidated and Company Statement of Changes in Equity

for the year ended 30 June 2010

	Share capital £	Share premium account £	Translation reserve £	Share option reserve £	Retained earnings £	Realisation of equity reserve £	Merger reserve £	Non-controlling interest £	Total £
GROUP									
Balance at 30 June 2008	10,998,664	37,267,475	(1,118,262)	285,312	9,946,021	–	(10,705,308)	3,694,869	50,368,771
Issue of shares	127,227	632,522	–	–	–	–	–	–	759,749
Current year movement	–	–	3,082,266	–	–	–	–	567,635	3,649,901
Profit for the year	–	–	–	–	4,403,535	–	–	3,687,751	8,091,286
Dividend issue	–	–	–	–	(2,812,005)	–	–	(3,961,678)	(6,773,683)
Share based payment – Charge for the year	–	–	–	264,378	–	–	–	–	264,378
Balance at 30 June 2009	11,125,891	37,899,997	1,964,004	549,690	11,537,551	–	(10,705,308)	3,988,577	56,360,402
Issue of shares	2,969,515	11,838,699	–	–	–	(10,701,093)	–	(4,059,121)	48,000
Share issue costs	–	(5,866)	–	–	–	–	–	–	(5,866)
Current year movement	–	–	2,531,861	–	–	–	–	(152,099)	2,379,762
Profit for the year	–	–		–	14,277,232	–	–	222,643	14,499,875
Share Based payment – Charge for the year	–	–	–	204,704	–	–	–	–	204,704
Balance at 30 June 2010	14,095,406	49,732,830	4,495,865	754,394	25,814,783	(10,701,093)	(10,705,308)	–	73,486,877
COMPANY									
Balance at 30 June 2008	10,998,664	37,267,475	–	491,320	(4,073,273)	–	1,560,000	–	46,244,186
Issue of shares	127,227	632,522	–	–	–	–	–	–	759,749
Profit for the year	–	–	–	–	4,820,585	–	–	–	4,820,585
Dividend issue	–	–	–	–	(2,812,005)	–	–	–	(2,812,005)
Charge for the year	–	–	–	134,683	–	–	–	–	134,683
Balance at 30 June 2009	11,125,891	37,899,997	–	626,003	(2,064,693)	–	1,560,000	–	49,147,198
Issue of shares	2,969,515	11,838,699	–	–	–	–	–	–	14,808,214
Share issue costs	–	(5,866)	–	–	–	–	–	–	(5,866)
Current year movement	–	–	–	–	–	–	–	–	–
Profit for the year	–	–	–	–	8,298,257	–	–	–	8,298,257
Dividend issue	–	–	–	–	–	–	–	–	–
Charge for the year	–	–	–	113,516	–	–	–	–	113,516
Balance at 30 June 2010	14,095,406	49,732,830	–	739,519	6,233,564	–	1,560,000	–	72,361,319

1. General information

Pan African is a company incorporated in England and Wales under the Companies Act 1985. The Company has a dual primary listing on the AIM Market ("AIM") of the London Stock Exchange and the JSE Limited ("JSE"). The move to the JSE main board occurred on 1 December 2009, resulting in the Company's dual primary listing. The Company previously had a secondary listing on AltX, a division of the JSE. The nature of the Group's operations and its principal activities was of gold mining and exploration activities. The financial statements are presented in Pounds Sterling. Foreign operations are included in accordance with the policies set out below. The individual financial statements of each Group Company are maintained in their functional currencies, which is determined by reference to the primary economic environment in which it operates. For the purpose of the consolidated financial statements, the results and financial position of each Group Company is expressed in Pounds Sterling. The financial statements have been prepared on the going concern basis.

The financial statements have also been prepared in accordance with the International Financial Reporting Standards ("IFRS") adopted by the European Union and the Republic of South Africa.

2. Accounting policies

Basis of preparation and general information

The annual financial statements have been prepared under the historical cost basis, except for certain financial instruments which are stated at fair value. The principal accounting policies are set out below and are consistent in all material respects with those applied in the previous year, except where otherwise indicated.

Historic 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.

Going concern

The financial position of the Group, its cash flows and liquidity position are described in note 29. In addition, note 29 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to credit risk.

The Group has, during the current and previous financial years, benefited from high gold prices and increased underground mining production. The Group is largely debt free and currently generates sufficient cash through its operations to fund future capital on its operations. Future growth projects will be funded by internally generated cashflows, third party funding, or by a combination of both. The directors ensure that funding requirements for future growth projects do not compromise the ability of the Group to continue as a going concern. The Group is currently forecasting positive cash flows for the foreseeable future.

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

New and revised International Financial Reporting Standards not yet adopted

The Group applies all applicable IFRS in preparation of the financial statements. Consequently, all IFRS statements that were effective at 30 June 2010 and are relevant to its operations have been applied.

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

Standard/ Interpretation	Description	Effective for annual periods beginning on or after
New standards:		
IFRS 9	Financial Instruments: Classification and Measurement of Financial Assets	1 January 2013
Amendments to existing standards:		
IFRS 2	Share-based Payments:	
	Group Cash-settled Share-based Payment Transactions	1 January 2010
IFRS 3	Business Combinations: Revisions to certain key areas of the standard	1 July 2009
IAS 24	Related Party Disclosures	1 January 2011
IAS 32	Financial Instruments: Presentation – Classification of Rights Issue	1 February 2010
IAS 39	Financial Instruments: Recognition and Measurement: Amendments to IAS 39 for eligible hedged items:	
	Inflation in a financial hedged item	1 July 2009
	A one-side risk in hedge item	1 July 2009
Improvements to IFRS – May 2008:		
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations: Classification of non-current assets (or disposal groups) classified as held for sale or discontinued operations	1 July 2009
Improvements to IFRS – April 2009:		
IFRS 2	Share-based Payments: Consequential Amendment Relating to Business Combinations	1 July 2009
IFRS 5	Non-current Assets held for Sale and Discontinued Operations: Disclosures Required in Respect of Non-current Assets (or Disposal Groups) Classified as Held for Sale or Discontinued Operations	1 January 2010
IFRS 8	Operating Segments: Disclosure Information about Segment Assets	1 January 2010
IAS 1	Presentation of Financial Statements: Current/Non-current Classification of Convertible Instruments	1 January 2010
IAS 7	Statement of Cash Flows: Classification of Expenditures on Unrecognised Assets	1 January 2010
IAS 17	Leases: Classification of leases on land and buildings	1 January 2010
IAS 18	Revenue: Determining whether an Entity is Acting as a Principal or as an Agent	1 January 2010
IAS 36	Impairment of Assets: Allocation of Goodwill to Cash Generating Units	1 January 2010
IAS 38	Intangible Assets: Acquisition of Intangible Assets in a Business Combination	1 July 2009
IAS 39	Financial Instruments: Recognition and Measurement:	
	Scope Exemption of Business Combination Contracts	1 January 2010
	Cash Flow Hedge Accounting	1 January 2010
IFRIC 9	Reassessment of Embedded Derivatives: Scope of IFRIC 9	1 July 2009

New and revised International Financial Reporting Standards not yet adopted (continued)

Standard/ Interpretation	Description	Effective for annual periods beginning on or after
Improvements to IFRS – May 2010:		
IFRS 1	First Time Adoption of IFRS:	
	Accounting Policy Changes in the year of adoption	1 January 2011
	Use of Deemed Cost for Rate Regulated Activities	1 January 2011
IFRS 3	Business Combinations:	
	Measurement of Non-controlling Interest	1 July 2010
	Un-replaced and Voluntarily Replaced Share-based Payment Awards	1 July 2010
	Transitional Provisions for Contingent Consideration from a Business Combination that occurred before the Effective Date of the Revised IFRS	1 July 2010
Improvements to IFRS – May 2010:		
IFRS 7	Financial Instruments: Disclosures	
	Clarification of Disclosures	1 January 2011
IAS 1	Presentation of Financial Statements: Clarification of Presentation of Statement of Changes in Equity	1 January 2011
IAS 27	Consolidated and Separate Financial Statements: Transitional Provisions	1 July 2010
IAS 34	Interim Financial Reporting: Significant Events and Transactions	1 January 2011
IFRIC 13	Customer Loyalty Programmes: Fair Value of Award Credits	1 January 2011
New Interpretations:		
IFRIC 17	Distributions of Non-cash Assets to Owners	1 July 2009
IFRIC 18	Transfer of Assets from Customers	1 July 2009
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Amendments to existing interpretations:		
IFRIC 14	Prepayments of a Minimum Funding Requirement	1 January 2011

The impact of the adoption of the above standards and interpretations still needs to be considered, but is not expected to have a material impact on the financial results.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) to 30 June each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. The results of the subsidiaries acquired or disposed of during the year are included in the consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Inter-company transactions and balances between Group entities are eliminated on consolidation.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of a business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs-to-sell.

Goodwill arising on acquisitions is recognised as an asset, and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss. The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of net fair value of the assets, liabilities and contingent liabilities recognised.

Change in ownership interest

In terms of IAS 27, changes in a parent's ownership interest in a subsidiary that do not result in a change of control are accounted for as equity transactions.

Property, plant and equipment

Mining assets

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

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

Mineral and surface rights

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

Land

Land is shown at cost and is not depreciated.

Gain or loss on disposal or retirement of assets

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

Depreciation

Mining assets, mineral and surface rights mining assets, mine development costs, mineral and surface rights and plant mine facilities are depreciated over the estimated LOM to their residual values using the units-of-production method based on estimated proven and probable ore reserves.

Other mining plant and equipment is depreciated on the straight-line basis over the shorter of the LOM or their estimated useful lives.

Depreciation of non-mining assets

Buildings and other non-mining assets are recorded at cost and depreciated on the straight-line basis over their expected useful lives, which vary between three to ten years.

Mining exploration – Change in accounting policy on Greenfield prospects

Previously expenditure on exploration activities on Greenfield prospects was capitalised until the viability of the mining venture was proven. If the mining venture was subsequently considered non-viable, the expenditure was charged against income when that fact became known.

Exploration expenditure on Greenfield prospects is now expensed in the year in which it is incurred. When a decision is taken by the directors that a mining property/project is potentially commercially viable (normally when the project has reached the pre-feasibility stage, once it is considered probable that future economic benefits will be realised and that development may be commissioned) all further directly attributable pre-production expenditure is capitalised. Capitalisation of the pre-production expenditure ceases when commercial levels of production are achieved, at which stage the respective assets are depreciated.

The change in accounting policy will not impact current-year or prior-year financial results.

Impairment (except for goodwill)

At each Statement of Financial Position date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists both the value in use and the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment losses are immediately recognised as an expense. A reversal of an impairment loss is recognised immediately in the Statement of Comprehensive Income.

Goodwill

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

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the CGU may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the CGU, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the CGU pro rata on the basis of the carrying amount of each asset in the CGU. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, associate or jointly-controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Taxation

The charge for current tax is based on the results for the year as adjusted for items which are non-deductible or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction, which affects neither tax nor accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date. The measurement of deferred tax liabilities and asset reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also recorded within equity, or where they arise from the initial accounting for a business combination. In a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

The carrying amount of deferred tax assets are reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or parts of the assets to be recovered.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation resulting from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Statement of Financial Position date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Lease assets

The Group leases certain property plant and equipment. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the Group. Other leases are classified as operating leases.

Finance lease assets are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability.

Foreign currencies

Transactions in currencies other than the functional currency of the relevant subsidiary are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in such other currencies are retranslated at the rates ruling at the Statement of Financial Position date. Profits and losses arising on exchange are dealt with in the Statement of Comprehensive Income. In order to hedge its exposure to foreign exchange risks, the Group may enter into forward contracts. On consolidation, the assets and liabilities of the Group's foreign operations are translated into Pounds Sterling at exchange rates ruling at the Statement of Financial Position date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising from the translation of foreign operations are classified as equity and are recognised as income or expenses in the period in which the operation is disposed of. Translation differences on foreign loans to subsidiaries which are classified as equity loans are also accounted for as equity.

Consumable stores and product inventories

Consumable stores are valued at the lower of cost, determined on a weighted average basis, and estimated net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Obsolete and slow-moving consumable stores are identified and are written down to their economic or realisable values. Product inventories are valued at the lower of cost, determined on a weighted-average basis, and net realisable value. Costs include direct mining costs and mine overheads.

Retirement and pension benefits

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed schemes are dealt with as defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

Post-retirement benefits other than pension

Historically Barberton Mines provided retirement benefits by way of medical-aid scheme contributions for certain employees. The practice has been discontinued for some years. The net present value of estimated future costs of company contributions towards medical aid schemes for these retirees is recorded as a provision on the Group Statement of Financial Position. The provision is reviewed annually with movements in the provision recorded in the Statement of Comprehensive Income.

Equity participation plan

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 33. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each Statement of Financial Position date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Statement of Comprehensive Income such that the cumulative expense reflects the revised estimate, with corresponding adjustments to the equity-settled employee benefits reserve.

Provision for environmental rehabilitation costs

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

Provision for closure costs

The Group provides for closure costs other than rehabilitation costs, if any, when the directors have prepared a detailed plan for closure of the particular operation, the remaining life of which is such that significant changes to the plan are unlikely, and the directors have raised a valid expectation in those affected that it will carry out the closure by starting to implement that plan or announcing its main features to those affected by it.

Revenue recognition

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

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

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments and that are not quoted in an active market are classed as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less impairment if necessary. Interest income is recognised by applying the effective interest rate, except for short-term receivables, when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at Fair Value Through Profit and Loss ("FVTPL"), are assessed for indicators of impairment at each Statement of Financial Position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been negatively impacted.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities FVTPL or "other financial liabilities".

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing in the near future; or
- It is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. The Group has no financial liabilities classified as FVTPL.

Other financial liabilities

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

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

Financial liabilities and equity instruments issued by the Group (continued)

Derecognition of financial liabilities

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

Derivative financial instruments

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

Derivatives are initially recognised at cost at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each Statement of Financial Position date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

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

Fair value hedge

Changes in the fair value of any derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the Statement of Comprehensive Income relating to the hedged item. Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedge

The effective portion of changes in the fair value of any derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "other gains and losses" line of the Statement of Comprehensive Income. Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the Statement of Comprehensive Income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Hedge accounting is discontinued when the Group revokes the hedging relationships, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash-on-hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3. Critical accounting estimates and judgements

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

Critical accounting estimates and judgements made by management

The following judgements, that have the most significant effect on the amounts recognised in the financial statements, have been made by management in the process of applying the Group's accounting policies:

- Estimates made in determining the present obligation of environmental provisions including decommissioning and rehabilitation;
- Estimates made in determining the recoverable amount of assets where there is an indication that an asset may be impaired, this includes the estimation of cash flows and the discount rates used;
- Estimates made in determining the life of the mines. The Life of Mine is determined from development plans based on mine management's estimates and includes total mineral reserve and a portion of the mineral resource. These plans are updated from time to time and take into consideration the actual current cost of extraction, as well as certain forward projections. These projections are reviewed by the board.
- Estimates made of legal or constructive obligations resulting in the raising of provisions, and the expected date of probable outflow of economic benefits to assess whether the provision should be discounted;
- Estimates of mineral resources and ore reserves in accordance with the SAMREC code (2000) for South African properties. Such estimates relate to the category for the resource (measured, indicated or inferred), the quantum and the grade;
- Estimates of the carrying value of goodwill and intangible assets;
- Estimates of the fair value of assets at acquisition are made in accordance with IFRS and take into account the replacement value of assets; and
- Estimates of feasibility studies related to exploration and growth projects.

	Group 30 June 2010 £	Group 30 June 2009 £	Company 30 June 2010 £	Company 30 June 2009 £
4. Revenue				
Gold sales	68,506,394	53,000,352	–	–
Finance income	661,645	816,754	468,490	113,205
	69,168,039	53,817,106	468,490	113,205
5. Cost of production				
Salaries and wages	(18,064,485)	(12,652,511)	–	–
Mining	(5,494,006)	(4,444,537)	–	–
Processing	(5,424,230)	(4,581,547)	–	–
Engineering and technical services	(2,919,966)	(2,562,747)	–	–
Electricity	(3,528,059)	(2,044,367)	–	–
Security	(2,714,009)	(813,041)	–	–
Administration and other	(2,409,131)	(1,405,936)	–	–
	(40,553,886)	(28,504,686)	–	–

6. Segmental analysis

A segment is a distinguishable component of the Group that is engaged in providing products or services in a particular business sector (business segment), which is subject to risk and rewards that are different to those of other segments. The Group's business activities were conducted through three business segments, firstly in Barberton Mines located in Barberton South Africa, the Group's corporate and exploration activities and Phoenix Platinum Mining. The Chief Executive Officer reviews the operations in accordance with the disclosures presented below.

	30 June 2010				30 June 2009			
	Barberton Mines £	*Phoenix Platinum £	Corporate and Growth Projects £	Group £	Barberton Mines £	*Phoenix Platinum £	Corporate and Growth Projects £	Group £
Revenue								
Gold sales	68,506,394	–	–	68,506,394	53,000,352	–	–	53,000,352
Realisation costs	(162,791)	–	–	(162,791)	(140,546)	–	–	(140,546)
On-mine revenue	68,343,603	–	–	68,343,603	52,859,806	–	–	52,859,806
Cost of production	(40,553,886)	–	–	(40,553,886)	(28,504,686)	–	–	(28,504,686)
Depreciation	(3,125,093)	–	–	(3,125,093)	(2,360,431)	–	–	(2,360,431)
Mining profit	24,664,624	–	–	24,664,624	21,994,689	–	–	21,994,689
Other (expenses)/income	(173,988)	–	(1,755,799)	(1,929,787)	(100,324)	–	(1,365,012)	(1,465,336)
Impairment costs	–	–	(335,401)	(335,401)	–	–	(5,025,463)	(5,025,463)
Royalty costs	(837,378)	–	–	(837,378)	–	–	–	–
Net income before finance income and finance costs	23,653,258	–	(2,091,200)	21,562,058	21,894,365	–	(6,390,475)	15,503,890
Finance income	193,155	–	468,490	661,645	703,549	–	113,205	816,754
Finance costs	(67,836)	–	(79)	(67,915)	(9,244)	–	(689)	(9,933)
Profit before taxation	23,778,577	–	(1,622,789)	22,155,788	22,588,670	–	(6,277,959)	16,310,711
Taxation	(7,655,913)	–	–	(7,655,913)	(8,219,425)	–	–	(8,219,425)
Profit after taxation	16,122,664	–	(1,622,789)	14,499,875	14,369,245	–	(6,277,959)	8,091,286
Other comprehensive income: Foreign currency translation differences	1,936,738	443,024	–	2,379,762	3,301,475	348,426	–	3,649,901
Total comprehensive income for the year	18,059,402	443,024	(1,622,789)	16,879,637	17,670,720	348,426	(6,277,959)	11,741,187

** Costs directly attributable to Phoenix Platinum, along with attributable overheads, are capitalised to intangible assets.*

6. Segmental analysis (continued)

	30 June 2010 Barberton Mines £	30 June 2010 *Phoenix Platinum £	30 June 2010 Corporate and Growth Projects £	30 June 2010 Group £	30 June 2009 Barberton Mines £	30 June 2009 *Phoenix Platinum £	30 June 2009 Corporate and Growth Projects £	30 June 2009 Group £
Segmental assets	43,420,283	4,858,063	22,722,385	71,000,731	31,965,438	4,447,159	14,733,397	51,145,994
Segmental liabilities	18,049,443	85,206	379,919	18,514,568	14,619,687	31,585	1,135,034	15,786,306
Goodwill	–	–	–	21,000,714	–	–	–	21,000,714
Net assets (excluding goodwill)	25,370,840	4,772,857	22,342,466	52,486,163	17,345,751	4,415,574	13,598,363	35,359,688
Capital expenditure	5,918,271	–	17,075	5,935,346	4,052,655	4,831,606	265,770	9,150,031

** Costs directly attributable to Phoenix Platinum, along with overheads, are capitalised to intangibles.*

7. Operating leases

At the financial year end, the Group and Company had outstanding commitments under non-cancellable operating leases mainly in respect of office equipment, security cameras, building rentals and compressors, which fall due as follows:

	Group 30 June 2010 £	Group 30 June 2009 £	Company 30 June 2010 £	Company 30 June 2009 £
Within one year	204,240	176,651	41,407	33,890
Years 2 to 5	121,350	298,331	19,865	57,581
	325,590	474,982	61,272	91,471
Minimum lease payments under operating leases recognised as an expense in the year:	182,762	164,760	23,237	29,348
Leases are negotiated for an average term of three to five years.				

8. Other (expenses)/income

	Group 30 June 2010 £	Group 30 June 2009 £	Company 30 June 2010 £	Company 30 June 2009 £
Dividends received – subsidiaries	–	–	9,032,496	11,275,545
Foreign exchange gain	101,369	86,484	101,369	86,484
Operating leases	(182,762)	(164,760)	(23,237)	(29,348)
Company depreciation	–	–	(9,980)	(8,519)
Sundry other	(1,848,394)	(1,387,060)	(935,401)	(1,559,803)
	(1,929,787)	(1,465,336)	8,165,247	9,764,359

9. Finance income/(costs)

	Group 30 June 2010 £	Group 30 June 2009 £	Company 30 June 2010 £	Company 30 June 2009 £
Interest received – Bank	661,645	816,754	468,490	113,205
Interest paid – Bank	(67,915)	(9,933)	(79)	(689)
	593,730	806,821	468,411	112,516

10. Profit before taxation

Profit for the year has been arrived at after charging:

	Group 30 June 2010 £	Group 30 June 2009 £	Company 30 June 2010 £	Company 30 June 2009 £
Management fee expense/(income)				
– Metorex	335,289	388,685	–	–
– Shanduka	76,688	51,854	–	–
Share option expense	204,704	264,378	113,516	134,683
Depreciation	3,125,093	2,360,431	9,980	8,519
Impairment costs	335,401	5,025,463	335,401	5,056,290
Staff costs	18,772,545	12,993,897	708,060	147,280
Operating leases	182,762	164,760	23,237	29,348

The Company impairment relates to the final impairment of the inter-company loan to Central African Republic exploration project.

	Group		Company	
	30 June 2010 £	30 June 2009 £	30 June 2010 £	30 June 2009 £
11. Auditor's remuneration				
Fees payable to the Company's auditors for the audit of the Company's annual accounts	10,000	10,000	10,000	10,000
Audit of the consolidated financial statements	48,180	32,000	48,180	32,000
Audit of the Company's subsidiaries pursuant to legislation	40,880	22,577	–	–
Under provision of audit fee in the prior year	19,280	88,447	19,280	88,447
Total audit fees	118,340	153,024	77,460	130,447
Other services rendered by the Auditors	2,012	–	2,012	–
Total non-audit fees	2,012	–	2,012	–
12. Staff costs	Number	Number	Number	Number
The average number of employees were:				
Corporate and Growth Projects	12	7	10	7
Mining	1,783	1,708	–	–
	1,795	1,715	10	7
Their aggregate remuneration comprised:	£	£	£	Number
Salary and wages	17,503,662	12,108,815	682,278	146,523
Other pension costs	1,268,883	885,082	25,782	757
	18,772,545	12,993,897	708,060	147,280
13. Taxation				
Income tax expense				
South African normal taxation				
– current year	7,283,602	7,804,762	–	–
– prior year	(356,490)	–	–	–
Deferred taxation				
– current year	728,801	414,663	–	–
Total taxation charge	7,655,913	8,219,425	–	–
Profit before taxation	22,155,788	16,310,711	8,298,257	4,820,586
Taxation at the domestic taxation rate of 28%	6,203,621	4,566,999	2,323,512	1,349,764
Non-deductible expenses/(exempt income)	151,229	1,466,315	(2,503,143)	(1,690,838)
Taxation rate differential	1,301,063	2,186,111	–	–
Tax effect of utilisation of tax losses	–	–	179,631	341,074
Taxation expense for the year	7,655,913	8,219,425	–	–
Effective taxation rates	%	%	%	%
Statutory rate	28.00	28.00	28.00	28.00
Taxation rate differential	5.87	13.40	–	–
Non-deductible expenses/(exempt income)	0.68	8.99	(30.16)	(35.08)
Tax effect of utilisation of tax losses	–	–	2.16	7.08
Effective taxation rate	34.55	50.39	0.00	0.00

There are no significant unrecognised temporary differences associated with undistributed profits of overseas subsidiaries. South African mining tax on mining income is determined according to a formula which takes into account the profit and revenue from mining operations. South African mining taxable income is determined after the deduction of all mining capital expenditure, with the proviso that this cannot result in an assessed loss. Capital expenditure amounts not deducted are carried forward as unredeemed capital expenditure to be deducted from future mining income. The Group has no unredeemed capital carried forward deductible against future profits.

14. Earnings per share

Basic and diluted earnings per share

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

	30 June 2010 Net profit £	30 June 2010 Weighted average number of shares	30 June 2010 Earnings per share Pence	30 June 2009 Net profit £	30 June 2009 Weighted average number of shares	30 June 2009 Earnings per share Pence
From continuing operations						
Basic EPS	14,277,232	1,366,268,709	1.04	4,403,535	1,104,367,219	0.40
Share options		13,611,714			2,881,444	–
Diluted EPS	14,277,232	1,379,880,423	1.03	4,403,535	1,107,248,663	0.40

Headline earnings per share

Headline earnings per share is based on the Group's headline earnings divided by the weighted average number of shares in issue during the year.

Reconciliation between earnings and headline earnings from continuing operations:

	30 June 2010 Net profit £	30 June 2010 Weighted average number of shares	30 June 2010 Earnings per share Pence	30 June 2009 Net profit £	30 June 2009 Weighted average number of shares	30 June 2009 Earnings per share Pence
Earnings as reported	14,277,232	1,366,268,709	1.04	4,403,535	1,104,367,219	0.40
Adjustments:						
Impairment costs	335,401	1,366,268,709	0.03	5,025,463	1,104,367,219	0.45
Headline earnings per share*	14,612,633	1,366,268,709	1.07	9,428,998	1,104,367,219	0.85
Share options		13,611,714	–		2,881,444	–
Diluted headline earnings per share	14,612,633	1,379,880,423	1.06	9,428,998	1,107,248,663	0.85

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

15. Dividends

The board of directors recommend a final dividend for the year ended 30 June 2010 of 0.3723p per share (2009: dividend paid of 0.2555p per share), to be approved by shareholders at the forthcoming annual general meeting of the Company.

16. Property, plant and equipment and mineral rights

Group	Land* £	Mineral rights and mining property £	Building and infra-structure £	Plant and machinery £	Shafts £	Exploration £	Other £	Total £
COST								
Balance at 30 June 2008	6,775	4,591,927	1,293,458	7,890,030	13,860,305	269,488	279,924	28,191,907
Additions	–	–	–	1,558,610	2,032,679	461,366	265,770	4,318,425
Acquisition of subsidiary	17,830	4,813,776	–	–	–	–	–	4,831,606
Impairment	–	–	–	–	–	–	(242,730)	(242,730)
Disposal	–	–	–	–	–	–	(5,082)	(5,082)
Foreign currency translation reserve	3,031	1,450,511	295,990	2,017,793	3,448,567	124,505	28,180	7,368,577
Balance at 30 June 2009	27,636	10,856,214	1,589,448	11,466,433	19,341,551	855,359	326,062	44,462,703
Additions	–	–	24,760	1,811,948	3,774,572	306,991	17,075	5,935,346
**Impairment	–	–	–	–	–	–	(294,916)	(294,916)
Foreign currency translation reserve	2,706	1,062,711	156,442	1,184,752	2,023,133	94,286	120	4,524,150
Balance at 30 June 2010	30,342	11,918,925	1,770,650	14,463,133	25,139,256	1,256,636	48,341	54,627,283

Group	Land* £	Mineral rights and mining property £	Building and infra-structure £	Plant and machinery £	Shafts £	Exploration £	Other £	Total £
ACCUMULATED DEPRECIATION								
Balance at 30 June 2008	–	(1,539,122)	(432,282)	(2,268,323)	(3,882,366)	–	–	(8,122,093)
Charge for the year		(330,172)	(93,139)	(719,080)	(1,209,521)	–	(8,519)	(2,360,431)
Foreign currency translation reserve	–	(397,175)	(111,607)	(617,008)	(1,053,154)	–	–	(2,178,944)
Balance at 30 June 2009	–	(2,266,469)	(637,028)	(3,604,411)	(6,145,041)	–	(8,519)	(12,661,468)
Charge for the year	–	(358,353)	(112,550)	(961,664)	(1,574,982)	(107,564)	(9,980)	(3,125,093)
Foreign currency translation reserve	–	(234,186)	(66,229)	(385,903)	(655,695)	(3,699)	–	(1,345,712)
Balance at 30 June 2010	–	(2,859,008)	(815,807)	(4,951,978)	(8,375,718)	(111,263)	(18,499)	(17,132,273)
CARRYING AMOUNT								
At 30 June 2009	27,636	8,589,745	952,420	7,862,022	13,196,510	855,359	317,543	31,801,235
At 30 June 2010	30,342	9,059,917	954,843	9,511,155	16,763,538	1,145,373	29,842	37,495,010

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

** *The final impairment of the exploration machinery in the Central African Republic which was finally written off during the closure and deregistration of the company.*

16. Property, plant and equipment and mineral rights (continued)

Company	Land* £	Mineral rights and mining property £	Building and infra-structure £	Plant and machinery £	Shafts £	Exploration £	Other £	Total £
COST								
Balance at 30 June 2008	–	–	–	–	–	–	21,670	21,670
Additions	–	–	–	–	–	–	7,396	7,396
Balance at 30 June 2009	–	–	–	–	–	–	29,066	29,066
Additions	–	–	–	–	–	–	17,075	17,075
Balance at 30 June 2010	–	–	–	–	–	–	46,141	46,141

Company	Land* £	Mineral rights and mining property £	Building and infra-structure £	Plant and machinery £	Shafts £	Exploration £	Other £	Total £
ACCUMULATED DEPRECIATION								
Balance at 30 June 2008	–	–	–	–	–	–	–	–
Charge for the year	–	–	–	–	–	–	(8,519)	(8,519)
Balance at 30 June 2009	–	–	–	–	–	–	(8,519)	(8,519)
Charge for the year	–	–	–	–	–	–	(9,980)	(9,980)
Balance at 30 June 2010	–	–	–	–	–	–	(18,499)	(18,499)
CARRYING AMOUNT								
At 30 June 2009	–	–	–	–	–	–	20,547	20,547
At 30 June 2010	–	–	–	–	–	–	27,642	27,642

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

** *The final impairment of the exploration machinery in the Central African Republic which was finally written off during the closure and deregistration of the company.*

17. Other intangible assets

	Group £
EXPLORATION AND EVALUATION ASSETS	
Balance at 30 June 2008	12,837,045
Purchase of Ghana Exploration Licence	720,000
Purchase of Central African Republic Mining Licence	39,749
Purchase of subsidiary	239,997
Exploration expenditure	1,580,349
Impairment	(4,651,335)
Foreign currency translation reserve	1,272,811
Balance at 30 June 2009	12,038,616
Exploration expenditure	976,373
Foreign currency translation reserve	72,891
Balance at 30 June 2010	13,087,880

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

18. Goodwill

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

	Group		Company	
	30 June 2010 £	30 June 2009 £	30 June 2010 £	30 June 2009 £
Opening and closing balance	21,000,714	21,000,714	–	–

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

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates of 12%, which reflect current market assessments of the time value of money and the risks specific to the CGUs to the extent not already reflected in the cash flows being discounted, an average gold price between US$900 – US$1,150 and exchange rate of ZAR7.80 – ZAR10.0 to the dollar over the life of projects. The life of projects were estimated at 10 years for Barberton Mines, and 10 years for the Manica gold project. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

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

19. Investments

	Company 30 June 2010 £	Company 30 June 2009 £
Investments	53,259,921	38,499,708

At 30 June 2010 the Company held the following shares in subsidiary undertakings:

Name of undertaking	Country of incorporation	Principal activity	Proportion of capital effectively held by Company	Carrying amount 2010 £	Carrying amount 2009 £
Barberton Mines	South Africa	Mining	100%	45,770,663	31,010,450
Explorator Limitada	Mozambique	Exploration	100%	88,972	88,972
Mistral Resource Development Corporation	British Virgin Isles	Exploration	100%	584,705	584,705
Brampton Capital Overseas Limited	British Virgin Isles	Exploration	100%	2,485,000	2,485,000
Phoenix Platinum	South Africa	Mining	100%	4,330,581	4,330,581
				53,259,921	38,499,708

20. Rehabilitation trust fund

	Group 30 June 2010 £	Group 30 June 2009 £	Company 30 June 2010 £	Company 30 June 2009 £
Funds held in trust fund (refer to note 27)	2,740,546	2,357,266	–	–

21. Inventories

	Group 30 June 2010 £	Group 30 June 2009 £	Company 30 June 2010 £	Company 30 June 2009 £
Consumable stores	1,222,381	410,995	–	–
Provision for obsolete stock	(96,007)	(52,632)	–	–
	1,126,374	358,363	–	–

22. Trade and other receivables

	Group 30 June 2010 £	Group 30 June 2009 £	Company 30 June 2010 £	Company 30 June 2009 £
Trade receivables	2,905,338	1,476,643	48,589	23,286
Other receivable and prepayments	347,054	218,573	86,483	–
VAT receivables	542,267	505,997	27,265	–
	3,794,659	2,201,213	162,337	23,286

There are no material amounts owing that are past due and/or requiring impairment.

22. Trade and other receivables (continued)

The average credit period is:

	Group	
	30 June 2010	30 June 2009
Number of days	15	10

No interest is charged on trade receivables.

Before accepting any new customers, the Group uses a credit bureau or performs a credit assessment to assess the potential customer's credit limit and credit quality. The Group only transacts with credit worthy customers and large institutions within South Africa.

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

23. Cash and cash equivalents

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

	Group		Company	
	30 June 2010 £	30 June 2009 £	30 June 2010 £	30 June 2009 £
Cash and cash equivalents	12,756,262	2,389,301	14,240,891	1,507,134
CREDIT FACILITIES				
The Group has the following credit facilities at 30 June 2010:				
Overdraft facility	1,647,389	1,579,479	–	–
Asset finance facility	–	45,015	–	–
Guarantee	587,222	236,922	–	–
Credit card	8,670	10,661	–	–
	2,243,281	1,872,077	–	–

The overdraft facility and asset finance facilities are unsecured. The overdraft facility attracts interest at prime in South Africa.

24. Acquisition of additional shares in subsidiary

Acquiring additional shares in the subsidiary after control was obtained is accounted for as an equity transaction with owners.

On 19 June 2009 the Company announced that it had concluded an agreement with Shanduka and Shanduka's holding company, Shanduka Resources (Proprietary) Limited, whereby Pan African would acquire Shanduka's 26% shareholding in Barberton Mines, in exchange for the issue of new ordinary shares in Pan African to Shanduka. On 21 August 2009 Pan African announced that the transaction had become unconditional and that the shares had been issued and allotted to Shanduka. Barberton Mines became a wholly-owned subsidiary of Pan African from this date. The new shares issued to Shanduka (295,751,549 ordinary shares) represent 21% of the enlarged issued share capital of Pan African following implementation of this transaction. Shanduka acquired a further 5% of the issued ordinary share capital of Pan African via the Metorex book build, thereby increasing its shareholding to 26%.

24. Acquisition of additional shares in subsidiary (continued)

For accounting purposes the Group consolidated 100% of profits from Barberton Mines from 21 August 2009.

The accounting treatment for the Shanduka and Pan African transaction was in accordance with IAS 27 (revised). Changes in a parent's ownership interest in a subsidiary that do not result in a change of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). Therefore the additional investment of £14,760,214 through the Pan African share issue to Shanduka and non-controlling interest of £4,059,121 as at 21 August 2009 were eliminated on consolidation, and the Group's realisation of equity reserve increased by £10,701,093.

25. Share capital

	Group		Company	
	30 June 2010 £	30 June 2009 £	30 June 2010 £	30 June 2009 £
Authorised				
2,000,000,000 (2009: 2,000,000,000) ordinary shares of £0.01 each	20,000,000	20,000,000	20,000,000	20,000,000
Issued and fully paid up				
1,409,540,711 (2009: 1,112,589,162) ordinary shares of £0.01 each	14,095,406	11,125,891	14,095,406	11,125,891

The following non-cash issue of shares was made during the year:
On 21 August 2009, 295,751,549 ordinary shares were issued in terms of the Share Exchange Agreement between Pan African Resources and Shanduka at 65 cents per share.

The following cash issue of shares was made during the year:
On 10 June 2010; 1,200,000 ordinary shares were issued to Mr N Steinberg at 4.0p per share for cash in relation to share options exercised.

Subsequent to the year-end the following cash issues of shares has been made:
On 23 August 2010; 4,000,000 ordinary shares were issued to Mr N Steinberg at 4.0p per share for cash in relation to share options exercised.

Current number of share options outstanding at 30 June 2010 is 52,145,000 (2009: 49,945,000).

26. Borrowings

	Group		Company	
	30 June 2010 £	30 June 2009 £	30 June 2010 £	30 June 2009 £
Trade and other payables	4,064,830	3,719,877	200,338	253,101
Accruals	976,924	–	334,089	–
Total trade and other payables	5,041,754	3,719,877	534,427	253,101
Short-term liabilities – interest bearing				
Amount due within 12 months	–	20,669	–	–
Amount due for settlement after 12 months	–	–	–	–
Total borrowings	–	20,669	–	–

Borrowings in the prior year represented instalment finance loans and were secured by plant and equipment with a net book value of £249,786. These borrowings bore interest at South African prime less 1.5% and were paid in full in the current year. The Group has no finance leases at 30 June 2010.

27. Provisions

GROUP	Post retirement benefits £	Rehabilitation £	Leave pay and bonuses £	Total £
Balance at 30 June 2008	122,990	2,096,964	711,085	2,931,039
Provided during the year	–	193,347	1,104,397	1,297,744
Utilised during the year	(12,790)	–	(842,253)	(855,043)
Foreign currency translation	26,402	506,192	178,666	711,260
Balance at 30 June 2009	136,602	2,796,503	1,151,895	4,085,000
Provided/(utilised) during the year	(18,470)	147,458	1,488,831	1,617,819
Utilised during the year	(14,937)	–	(1,291,205)	(1,306,142)
Foreign currency translation	12,223	278,819	115,778	406,820
Balance at 30 June 2010	115,418	3,222,780	1,465,299	4,803,497
Balance at 30 June 2009				
Long-term provisions	136,602	2,796,503	–	2,933,105
Current provisions	–	–	1,151,895	1,151,895
	136,602	2,796,503	1,151,895	4,085,000
Balance at 30 June 2010				
Long-term provisions	115,418	3,222,780	–	3,338,198
Current provisions	–	–	1,465,299	1,465,299
	115,418	3,222,780	1,465,299	4,803,497
COMPANY				
Balance at 30 June 2008	–	–	–	–
Provided during the year	–	–	37,060	37,060
Utilised during the year	–	–	–	–
Balance at 30 June 2009	–	–	37,060	37,060
Provided during the year	–	–	76,410	76,410
Utilised during the year	–	–	(72,059)	(72,059)
Balance at 30 June 2010	–	–	41,411	41,411
Balance at 30 June 2009				
Long-term provisions	–	–	–	–
Current provisions	–	–	37,060	37,060
	–	–	37,060	37,060
Balance at 30 June 2010				
Long-term provisions	–	–	–	–
Current provisions	–	–	41,411	41,411
	–	–	41,411	41,411

Rehabilitation trust fund

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

Leave pay

The provision for leave pay is provided for, based on the total cost of employment of employees and the amount of leave days owing to them.

28. Deferred taxation

	Note	Group 30 June 2010 £	Group 30 June 2009 £	Company 30 June 2010 £	Company 30 June 2009 £
Deferred tax liabilities					
Property, plant and equipment		8,881,636	7,240,069	–	–
Provisions		(789,304)	(487,637)	–	–
Net deferred tax liabilities		8,092,332	6,752,432	–	–
Reconciliation of deferred tax liabilities:					
Net deferred liabilities at the beginning of the year		6,752,432	5,201,245	–	–
Deferred tax asset acquired		–	(110,179)	–	–
Deferred tax charge for the year	13	728,801	414,663	–	–
Translation difference		611,099	1,246,703	–	–
Net deferred liabilities at the end of the year		8,092,332	6,752,432	–	–

29. Financial instruments

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

	Group 30 June 2010 £	Group 30 June 2009 £	Company 30 June 2010 £	Company 30 June 2009 £
Components of capital:				
Interest-bearing debt	–	20,669	–	–
Cash and cash equivalents	(12,756,262)	(2,389,301)	(14,240,891)	(1,507,134)
Net interest-bearing assets	(12,756,262)	(2,368,632)	(14,240,891)	(1,507,134)
Equity	73,486,877	56,360,402	72,361,319	49,147,198
Net debt to equity ratio (%)	(0.17)	(0.04)	(0.20)	(0.03)
Categories of financial instruments:				
Financial assets:				
Cash and cash equivalents	12,756,262	2,389,301	14,240,891	1,507,134
Receivables	3,794,659	2,201,213	162,337	23,286
Financial liabilities:				
Amortised cost	5,041,754	4,695,215	575,838	1,207,860

29. Financial instruments (continued)

Financial risk management objectives

The Group seeks to minimise the effects of financial risks by using derivative financial instruments to hedge risk exposures where appropriate. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with the policies and exposure limits is reviewed on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative use.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Statement of Financial Position are net of allowances for doubtful receivables of £11,916 (2009: £16,771), estimated by the Group's management based on the current economic environment. The credit risk on liquid funds is limited because the counterparties are dealt with in accordance with the Group's credit policy. The Group has one major customer that represents more than 5% of the trade receivables balance for the individual companies.

	Group	
	30 June 2010 £	30 June 2009 £
Customers above 5%	2,856,749	1,480,138

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and the gold price. Where appropriate, the Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk and the commodity price risk. Market risk exposures are measured using sensitivity analysis.

Foreign currency risk

The Group undertakes certain transactions in foreign currencies. Hence, exposures to exchange rate fluctuation arise. Exchange rate exposures are managed within approved policy parameters.

Commodity price risk

The Group may enter into forward contracts to hedge their exposure to fluctuations in gold prices and exchange rates on specific transactions. The contracts are matched with anticipated future cash flows from gold sales.

Interest rate and liquidity risk

Fluctuations in the interest rates impact on short-term investment and financing activities, giving rise to interest rate risk. In the ordinary course of business, the Group receives cash proceeds from its operations and is required to fund working capital and capital expenditure requirements. Cash is managed to ensure that surplus funds are invested to maximise returns whilst ensuring that capital is safeguarded to the maximum extent by only investing with reputable financial institutions. Contractual arrangements for committed borrowing facilities are maintained to meet the Group's normal and contingent funding needs.

Currency and commodity price risk

Currency and gold price	Closing rate at 30 June 2010	Average rate for the year ended 30 June 2010
Pound Sterling/Rand	11.53	11.93
Gold price	$1,241	$1,098

29. Financial instruments (continued)

Currency and commodity price risk (continued)

	Impact of 10% currency or gold price movement on profit/(loss) £
Foreign currency/gold price sensitivity	
2010	4,485,530
2009	3,355,982

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

	South African Rands	GBP	Total
2010			
Assets	3,273,465	14,403,830	17,677,295
Liabilities	4,507,327	534,427	5,041,754
2009			
Assets	3,378,274	1,212,240	4,590,514
Liabilities	3,466,390	253,397	3,719,787

Commodity hedges

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

Interest rate risk

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

Interest rate sensitivity

Based on the low level of interest-bearing balances on the Statement of Financial Position, an interest rate sensitivity is not performed as the interest rate exposure to the Group is minimal.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowings facilities, by continually monitoring forecasts and actual cash flows and matching maturity profiles of financial assets and liabilities.

The Group has access to financing facilities at its mining operations, of which the total unutilised portion is currently £133,720 (2009: £1,900,000). The Group expects to meets its other obligations from operating cash flows and proceeds of maturing financial assets.

29. Financial instruments (continued)

Liquidity risk analysis

The following table indicates the Group's remaining contractual maturity from its financial liabilities:

	Weighted average interest rate	Less than 12 months £	1-5 years	Total
Group				
2010				
Trade payables	0%	4,064,830	–	4,064,830
Long-term liabilities	0%	–	–	–
Other-short term liabilities	0%	–	–	–
Group				
2009				
Trade payables	0%	3,719,787	–	3,719,787
Long-term liabilities	0%	–	–	–
Other-short term liabilities	0%	975,428	–	975,428
Company				
2010				
Trade payables	0%	200,338	–	200,338
2009				
Trade payables	0%	1,207,860	–	1,207,860

Fair value of financial instruments

The directors consider that the carrying amounts of financial assets and liabilities recorded approximate their fair values.

30. Post retirement benefit information

All employees are required to be members of either the Barberton Retirement Fund, Sentinel Retirement Fund or Mine Workers Provident Fund or the Shanduka Group Provident Fund. These are defined contribution funds and are registered under and governed by the South African Pension Act, 1956 as amended. The assets of the scheme are held separately from those of the Group in funds and they are in the control of the trustees. The total costs charged to the Statement of Comprehensive Income of £1,268,883 (2009: £885,082) represent employer contributions payable to the schemes by the Group at rates specified in the rules of the scheme. The calculation of the provision for post retirement medical benefits is performed internally by management using the South African Revenue Services life expectancy tables as the benefits payable are a fixed amount per pensioner.

31. Commitments , contingent liabilities and guarantees

Group

Commitments

The Group had outstanding open orders contracted for at year end of £111,905 (2009: £62,231).

Contingent liabilities

The Group had no contingent liability in the current financial year, in the prior year £48,976 was in relation to a pending legal case in which a settlement was reached in the current financial year.

Guarantees

The Group had guarantees of £334,044 (2009: £225,285) in favour of Eskom, and £253,178 (2009: £1,579) in favour of the DMR at year end.

Company

There were no commitments, contingent liabilities and guarantees for the Company for the year ended 30 June 2010 (2009: £nil).

32. Directors' emoluments

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

	30 June 2010 £	30 June 2009 £
Executive directors		
Emoluments	260,278	92,168
Share options	–	–
Total	260,278	92,168
Non-executive directors		
Emoluments	153,918	42,500
Over-provision in the prior year	–	(30,000)
Total	153,918	12,500
Total remuneration	414,196	104,668

Individual	Share options exercised and sold £	Cost to Company £	Bonuses £	Total 2010 £	Total 2009 £
Executive					
Mr J Nelson	–	138,647	58,764	197,411	92,168
Mr J A J Loots	–	62,867	–	62,867	–
Total	–	201,514	58,764	260,278	92,168

Individual	Share options exercised and sold £	Directors' fees £	Bonuses £	Total 30 June 2010 £	Total 30 June 2009 £
Non-executive					
Mr R G Still	–	26,823	–	26,823	15,000
Mr J Hopwood	–	24,832	–	24,832	17,500
Mr K C Spencer	–	37,720	–	37,720	10,000
Mr R M Smith	–	22,632	–	22,632	–
Mr C M Ramaphosa	–	41,911	–	41,911	–
Total	–	153,918	–	153,918	42,500

Non-executive directors

During the year under review, the non-executive directors were Mr R G Still, Mr J Hopwood, Mr K Spencer, Mr C M Ramaphosa and Mr R M Smith.

Non-executive directors are entitled to the following fees as approved annually by the Remuneration Committee for services rendered, based on their appointment to the respective board sub-committees:

	Chairperson £	Member £
Board of directors Chairman	35,624	–
Board of directors Deputy Chairman	20,956	–
Board of directors	–	16,345
Remuneration Committee	6,287	4,191
Audit Committee	8,382	6,287
SHEC Committee	–	6,287
Nominations Committee	6,287	4,191

In the prior year the non-executive directors were entitled to an annual fee of £15 000.

32. Directors' emoluments (continued)

	Total options 1 July 2009	Average option price (Pence)	Total options 30 June 2010
2010 share options			
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

	Total options 1 July 2008	Average option price (Pence)	Total options 30 June 2009
2009 share options			
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 2010 the CEO, Mr J P Nelson, held 122,442 shares in Pan African Resources, including a purchase of 75,134 shares at 95 cents per share on 16 October 2009.

As at 30 June 2010 the Financial Director, Mr J A J Loots, held 130,000 shares, purchased at 76 cents per share on 24 February 2010.

Mr R G Still is a director of Pangea Exploration (Proprietary) Limited (Pangea) and a trustee of a family trust which owns 33.33% of Pangea. Mr R G Still, a non-executive director of Pan African, is therefore deemed to have an indirect, non-beneficial interest in Pangea's holding in the Company. Pangea holds 2.67% of the current issued share capital of Pan African.

Substantial shareholdings

As at 25 June 2010 the substantial shareholdings of which the Company is aware are as follows:
Shares in issue: 1,409,540,711

Name	Number of shares	Percentage held
Shanduka Gold	366,168,585	25.98%
Coronation Fund Managers	221,821,092	15.74%
Investec Asset Management	149,898,928	10.63%
Allan Gray Investment Council	76,294,036	5.41%
J P Morgan Asset Management	58,955,000	4.18%

33. Share options

On 1 September 2005, the Company established a share option programme relating to equity-settled share options entitling specific employees, officers, directors and qualifying consultants as approved by the board of directors of the Company and its subsidiaries to purchase shares in the Company. The share option exercise price is determined using the closing price at which shares are traded on the JSE or AIM (as determined by the board of directors), on the trading date immediately preceding the date upon which the board authorised the grant of the opportunity to acquire the relevant share options, as the case may be to a participant. Pursuant to resolutions of the board passed in accordance with the rules of the share option programme, share options may be released from the share option programme to participants, share options may be exercised by participants and allocation shares may be delivered to participants as follows for allocations prior to 21 July 2008:

33. Share options (continued)

(i) 33.33% of the total number of shares allocated after one year has elapsed from the grant date by the participant of the grant;

(ii) up to 66.67% of the total number of shares allocated after two years have elapsed from the grant date by the participant of the grant;

(iii) the balance of the shares allocated after three years have elapsed from the grant date by the participant of the grant;

and for allocations subsequent to 21 July 2008 as follows:

(i) 25% of the total number of shares allocated after one year has elapsed from the grant date by the participant of the grant;

(ii) up to 50% of the total number of shares allocated after two years have elapsed from the grant date by the participant of the grant;

(iii) up to 75% of the total number of shares allocated after three years have elapsed from the grant date by the participant of the grant; and

(iv) the balance of the shares after four years have elapsed from the grant date by the participant of the grant; provided that the board may, at its discretion, anticipate or postpone such dates.

An option holder may not exercise a share option under the share option programme by later than the end of the year preceding the tenth anniversary of the grant date. Upon death of an option holder the estate would be entitled to exercise the options vested to date within twelve months of the date of death, if the options are not exercised the total available share options would lapse. The directors have the discretion to approve the vesting of the deceased total number of unvested share options.

The number of vested share options to which an option holder is entitled expires after a period of six months due to retirement, redundancy or disability of the option holder.

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

	30 June 2010		30 June 2009	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at 1 July	4.7p	49,945,000	4.7p	49,945,000
Granted during the year	6.1p	3,400,000	–	–
Exercised during the year	4.0p	(1,200,000)	–	–
Lapsed in the year	–	–	–	–
Outstanding and exercisable at 30 June	4.8p	52,145,000	4.7p	49,945,000

	30 June 2010		30 June 2009	
	Vested	Unvested	Vested	Unvested
Total number share options at year end	37,019,583	15,125,417	29,533,333	20,411,667

The fair value of services received for share options granted is based on the fair value of share options granted, measured using for all issues prior to 20 March 2010 a Black Scholes model and a variant of the Binomial model for issues on 20 March 2010, with the following inputs:

	30 June 2010	30 June 2009
Share price	68c	6.2p
Exercise price	68c	7.0p
Expected volatility	58.61%	72.39%
Expected life	3 – 6 years	1 – 3 years
Risk-free interest rate	8.145%	5.31%

33. Share options (continued)

A Company dividend rate has not yet been determined and therefore is not taken into account in option fair value calculations. The volatility of the Company's share price on each date of grant was calculated as the average of volatilities of share prices of the Company on the corresponding dates. The volatility of share price of the Company was calculated as the average of annualised standard deviations of daily continuously compounded returns on the Company's stock, calculated over one to four years back from the date of grant. Therefore, volatility of the Company's share prices was calculated over the period commensurate with the expected life of the options under consideration, giving more weight to more recent historical data to account for volatility persistence.

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

The Group recognised total expenses of £204,704 (2009: £264,378) related to equity-settled share-based payment transactions during the reporting period.

34. Related party transactions

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

	Statement of comprehensive income 30 June 2010 £	Statement of comprehensive income 30 June 2009 £	Statement of financial position 30 June 2010 £	Statement of financial position 30 June 2009 £
* Dividends received	(9,032,496)	(11,275,545)	–	–
* Fee received from Barberton Mines	885,163	194,107	–	–
* Admin fee received from Ghana	–	4,600	–	–
* Admin fee received from Central African Republic	–	5,050	–	–
* Admin fee received from Metorex	–	3,291	–	–
* Admin fee received from Phoenix Platinum	181,707	27,246	–	–
Fee paid to Metorex	335,289	388,685	–	–
Fee paid to Shanduka	76,688	51,854	–	–
	(7,553,649)	(10,600,712)	–	–
Loans to/(from) subsidiaries				
*Barberton Mines	–	–	–	207,842
*Mistral Resources	–	–	8,982,300	8,802,157
*Or Oubangui	–	–	–	3,150,247
*Phoenix Platinum	–	–	2,002,084	1,067,883
	–	–	10,984,384	13,228,129
Payable to another Group Company				
**Metorex	–	–	–	(954,759)
*Barberton Mines	–	–	(5,738,018)	–
	–	–	(5,738,018)	(954,759)
Purchase of subsidiary				
Purchase of Phoenix Platinum from Metorex	–	–	–	4,209,606

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

** *Metorex was the holding company of Pan African up to 1 July 2010, therefore was a related party to the Group in the prior year.*

The loan from Metorex was the balance owing in relation to the outstanding purchase consideration for Phoenix Platinum. The loan incurred no interest and was paid on 30 September 2009 in full.

35. Events after the reporting period

Subsequent to the year end, an additional 4,000,000 ordinary shares were issued for cash at 4.0p per share on 23 August 2010 for cash at 2.0p per share in relation to share options exercised.

36. Reconciliation of profit before taxation to cash generated by/(utilised in) operations

	Group		Company	
	30 June 2010 £	30 June 2009 £	30 June 2010 £	30 June 2009 £
Profit before taxation	22,155,788	16,310,711	8,298,257	4,820,585
Adjusted for:	3,908,846	6,843,451	(9,042,010)	(6,188,569)
Dividends received	–	–	(9,032,496)	(11,275,545)
Impairment	335,401	5,025,463	335,401	5,056,290
Share option costs	204,704	264,378	113,516	134,683
Net finance income	(593,730)	(806,821)	(468,411)	(112,516)
Royalty costs	837,378	–	–	–
Depreciation	3,125,093	2,360,431	9,980	8,519
Operating cashflows before working capital changes	26,064,634	23,154,162	(743,753)	(1,367,984)
Working capital changes	(857,137)	2,266,079	146,626	539,958
(Increase)/decrease in inventories	(768,011)	19,611	–	–
(increase)/decrease in trade and other receivables	(1,593,446)	771,563	(139,051)	286,907
Increase in trade and other payables and provisions	2,019,795	2,033,531	285,677	253,051
Non-cash items	(515,475)	(558,626)	–	–
Cash generated by/(utilised in) operations	25,207,497	25,420,241	(597,127)	(828,026)
Income taxes paid	(6,685,351)	(10,886,018)	–	–
Royalties paid	(790,569)	–	–	–
Net finance income	593,730	806,821	468,411	112,516
Dividends paid	–	(2,812,005)	–	(2,812,005)
Dividends paid to minorities	–	(3,961,678)	–	–
Net cash from/(used in) operating activities	18,325,307	8,567,361	(128,716)	(3,527,515)
Taxation paid during the year:				
Taxation charge per the statement of comprehensive income	7,655,913	8,219,425		
Less: Deferred taxation	(728,801)	(414,663)		
	6,927,112	7,804,762		
Taxation unpaid at beginning of year	253,659	3,055,393		
Taxation unpaid at end of year	(528,566)	(253,659)		
Foreign currency translation	33,146	279,522		
Taxation paid during year	6,685,351	10,886,018		
Royalty paid during the year:				
Royalty costs unpaid at beginning of year	–	–		
Royalty costs unpaid at end of year	(48,419)	–		
Royalty costs	837,378	–		
Foreign currency translation	1,610	–		
Royalty paid	790,569	–		

37. Special resolutions

Special resolutions of members passed in accordance with the company's articles of association at the Annual General Meeting held on 14 December 2009.

It was resolved

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

(a) the maximum aggregate number of ordinary shares which may be purchased is 140,834,071 (representing approximately 10 per cent 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 JSE Limited pertaining to the general authority to repurchase securities for cash.

That, the draft regulations in the form produced to the meeting be adopted as the articles of association of the Company in substitution for and to the exclusion of the existing articles of association.

38. Shareholder analysis

Register date: 25 June 2010

Issued share capital: 1,409,540,711 shares

Shareholder spread	Number of shareholders	Percentage	Number of shares	Percentage
1 – 1,000 shares	198	5.85	131,466	0.01
1,001 – 10,000 shares	1,259	37.23	7,008,787	0.50
10,001 – 100,000 shares	1,468	43.41	52,334,255	3.71
100,001 – 1,000,000 shares	327	9.67	104,563,720	7.42
1,000,001 shares and over	130	3.84	1,245,502,483	88.36
Total	3,382	100.00	1,409,540,711	100.00

Distribution of shareholders	Number of shareholders	Percentage	Number of Shares	Percentage
Banks	20	0.59	227,835,843	16.16
Brokers	8	0.24	3,815,457	0.27
Close corporations	37	1.09	1,780,484	0.13
Endowment funds	6	0.19	2,329,196	0.17
Individuals	2,725	80.57	92,707,763	6.58
Insurance companies	4	0.12	11,834,200	0.84
Investment companies	12	0.35	49,363,413	3.50
Mutual funds	34	1.01	242,725,414	17.22
Nominees and trusts	392	11.59	243,094,143	17.25
Other corporations	24	0.71	552,698	0.04
Pension funds	61	1.80	102,346,422	7.26
Private companies	42	1.24	419,114,537	29.73
Public companies	17	0.50	12,041,141	0.85
Total	3,382	100.00	1,409,540,711	100.00

Public/Non-public shareholder	Number of shareholders	Percentage	Number of shares	Percentage
Director non-public shareholders	2	0.06	252,442	0.02
Strategic Holdings (more than 10%) non-public	3	0.03	737,888,605	52.35
Public shareholders	3,377	99.91	671,399,664	47.63
Total	3,382	100.00	1,409,540,711	100.00

Beneficial holding of 3% or more	Number of shareholders	Percentage
Shanduka Gold	366,168,585	25.98
Coronation Fund Managers	221,821,092	15.74
Investec Asset Management	149,898,928	10.63
Allan Gray Investment Council	76,294,036	5.41
JP Morgan Asset Management	58,955,000	4.18

Show Me The Money

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2010 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, 15 November 2010 at 10h00 (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 2010.
2. To re-elect Mr R G Still as a Director of the Company, who retires by rotation pursuant to the Articles of Association of the Company.
3. To re-elect Mr J P Nelson as a Director of the Company, who retires by rotation pursuant to the Articles of Association of the Company.
4. To approve the final dividend of 0.3723p per share for the year ended 30 June 2010.
5. 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 Resolution 6 will be proposed as an Ordinary Resolution and Resolutions 7 and 8 will be proposed as Special Resolutions:

6. 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 £6,553,793.42; such authority shall, unless previously revoked or varied by the Company in general meeting, expire on the conclusion of the Annual General Meeting of the Company to be held in 2011 or on 31 December 2011, 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.

7. 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 6 above 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 Annual General Meeting of the Company to be held in 2011 or on 31 December 2011, whichever is the earlier, and such power is limited to the allotment of equity securities:
   (a) in connection with rights issues and other pre-emptive 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 £287,450 in connection with the exercise of options granted to various parties (including Directors);
   (c) up to a maximum aggregate nominal value of £709,770.36 (being approximately 5 per cent. of the issued share capital of the Company as at the date of this notice) in connection with the granting of options by the Company granted in accordance with the Pan African Resources PLC Share Option Plan; and
   (d) up to a maximum aggregate value of £709,770.36 (being approximately 5 per cent. 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 JSE Limited pertaining to general issues of shares for cash.

8. 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 70,977,035 (representing approximately 5 per cent of the issued share capital of the Company at 15 October 2010;
(b) the minimum price (excluding expenses) which may be paid for each ordinary share is 1p;
(c) the maximum price (excluding expenses) which may be paid for any ordinary share does not exceed 5 per cent. above the average closing price of such shares for the five business days on the London Stock Exchange prior to the date of purchase;
(d) this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2011 or on 31 December 2011, 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 JSE Limited pertaining to the general authority to repurchase securities for cash.

By Order of the Board

St James's Corporate
Services Limited

St James's Corporate Services Limited
Company Secretary

15 October 2010

6 St James's Place
London
England
SW1A 1NP

And Lastly . . .

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:
   - 16h00 on Friday, 12 November 2010; or,
   - if the AGM is adjourned, at 18h00 on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the AGM.

Appointment of proxies

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

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

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy this 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 AGM.

Appointment of proxy using hard copy proxy form

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

   To appoint a proxy using the proxy form, the form must be:
   - completed and signed; and
   - sent or delivered to Capita Registrars at Proxies Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001, South Africa (PO Box 61051, Marshalltown 2107, Johannesburg, South Africa); no later than 10h00 on Friday, 12 November 2010.

   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 applies 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) Limited, 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 Registrar 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) Limited no later than 10h00 on Friday, 12 November 2010. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

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

Issued shares and total voting rights

10. As at 18h00 on 15 October 2010, the Company's issued share capital comprised 1,413,540,711 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 15 October 2010 was 1,413,540,711.

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

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 10h00 on Friday, 12 November 2010 (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 message 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 and Abbreviations

Term	Definition
Adit	A mining tunnel that is mined from the side of a mountain or mining pit
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 is a flotation plant constructed to recover PGMs 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 evacuation at an inclined angle – normally a shaft
Development Capital	Capital expenditure incurred in development of the workings areas and creation of additional Mineral Resources to support the mining operations
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 occurring 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 employee's similar occupation for a period of 14 days or more
Underground mining	Mining activities occurring below the earth's surface
Vamping tons	Reef tons emanating from cleaning out of old underground working places

Abbreviation	Definition
Barberton Mines	Barberton Mines (Pty) Limited
BBBEE	Broad Based Black Economic Empowerment
BFS	Bankable Feasibility Study
BIOX®	Biological Oxidation
CIL	Carbon-in-leach
CTRP	Chromite Tailings Retreatment Plant
DMR	Department of Mineral Resources: South African Governmental department (Previously DME)
IRR	Internal Rate of Return
Maintenance Capital	Capital expenditure incurred to support or improve the current mining operations
Metorex	Metorex Limited – held 53.4% in Pan African until 1 July 2009
Mining Profit	Mining profit represents the profits earned from the Group's mines and is stated before royalties, impairment of exploration assets and other (expenses)/income not directly related to the Group's mining operations
MPRDA	The South African Mineral and Petroleum Resources Development Act 28 of 2002
NPV	Net Present Value
Pan African or the Company	Pan African Resources PLC
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
Phoenix Platinum	Phoenix Platinum Mining (Pty) Limited – The Chromite Tailings Retreatment Plant in the North-West province, South Africa
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
Shanduka	Shanduka Gold (Pty) Limited, a 100% subsidiary of Shanduka Resources (Pty) Limited

Notes

Form of Proxy – Pan African Resources PLC

(Incorporated and registered in England and Wales under Companies Act 1985
with registration number 3937466 on 25 February 2000)
Share code on AIM: PAF ISIN: GB0004300496 Share code JSE: PAN

This Form of Proxy is for use by all non-South African shareholders and for South African certificated shareholders and South African own name dematerialised shareholders only.

I/We, the undersigned, being a member of the above-named company, hereby appoint the Chairman of the Meeting or (see note 1)

Name of proxy	Number of shares proxies appointed over

as my/our proxy to attend, speak and vote on my/our behalf at the Annual General Meeting of Pan African Resources Plc to be held at the office of Fasken Martineau LLP, Fourth Floor, 17 Hanover Square, London W1S 1HU at 10h00 on Monday, 15 November 2010 at any adjournment thereof.

If you wish to appoint multiple proxies please see note 1 below. ☐ Please also tick here if you are appointing more than one proxy.

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

ORDINARY BUSINESS:	For	Against	Voting Withheld*	Discretionary**
1. To receive the Accounts and the reports of the directors and auditors thereon				
2. To re-elect Mr R G Still as a Director of the Company				
3. To re-elect Mr J P Nelson as a Director of the Company				
4. To approve the final dividend of 0.3723p per share for the year ended 30 June 2010.				
5. To re-appoint Deloitte LLP as auditors of the Company and to authorise the Directors to determine their remuneration				
SPECIAL BUSINESS:	**For**	**Against**	**Voting Withheld***	**Discretionary****
6. To authorise the Directors to allot equity securities				
7. To disapply the statutory pre-emption rights				
8. To approve off market purchases of Ordinary Shares				

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

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

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

Print Name: ______________________

(BLOCK CAPITALS)

Signature: ______________________

Address: ______________________

____

____

Dated this __________ day of __________ 2010

Notes

1. To appoint as a proxy a person other than the Chairman of the meeting insert the full name in the space provided. To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. A proxy need not be a member of the Company.
2. This form is for use of shareholders only and will be used only in the event of a poll being directed or demanded.
3. You may, if you wish, delete the words "the Chairman of the Meeting" and substitute the names(s) of your choice. Please initial such alteration.
4. To be effective, this form of proxy must be lodged at the Company's registrars, Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or Computershare Investor Services 2004 (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001, South Africa not later than 48 hours before the start of the meeting.
5. In the case of a corporation, the form must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.
6. In the case of joint holders, the signature of any of them will suffice but the names of all joint holders should be shown. The vote of the senior joint holder who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.
7. Dematerialised shareholders in South Africa who are not own name dematerialised shareholders and who wish to attend the AGM should instruct their CSDP or broker to issue them with the necessary authority to attend the meeting in person, in the manner stipulated in the custody agreement governing the relationship between such shareholders and their CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature. Dematerialised shareholders in South Africa who are not own name dematerialised shareholders and who cannot attend but who wish to vote at the AGM should provide their CSDP or broker with their voting instructions, in the manner stipulated in the custody agreement governing the relationship between such shareholders and their CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature.
8. Shares held in uncertificated form (i.e. in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual.

Second Fold

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Computershare

2107 MARSHALLTOWN

First Fold

Third Fold
and tuck in flap opposite

The difference

- Dividend paying gold company
- Unhedged and debt free
- Gold production: shallow, low cost & high grade
- Consistent year-on-year improvement in productivity
- Low cost & high grade platinum production from surface due in 2011
- Management team with a proven track record of delivery

Platinum - tipped gold – with a yield

PAN AFRICAN RESOURCES PLC

www.panafricanresources.com